







Report for the half year ended June 30, 2023

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Corporate Information

Board Of Directors	Mr. Waqar Ahmed Malik - Chairman Mr. Sarfaraz Ahmed Rehman Mr. Arif Ur Rehman Dr. Nadeem Inayat Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed Mr. Kamran Yousuf Mirza Ms. Zoya Mohsin Nathani Ms. Samina Rizwan Raja Muhammad Abbas Mr. Atif R. Bokhari - President & Chief Executive
Board Audit Committee	Mr. Kamran Yousuf Mirza - Chairman Dr. Nadeem Inayat Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed Raja Muhammad Abbas
Shariah Board	Mufti Muhammad Zahid - Chairman Mufti Zakir Hassan Naumani - Member Dr. Lutfullah Saqib - Member Dr. Muhammad Tahir Mansoori - Resident Shariah Board Member
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisors	M/s RIAA, Barker Gillette Advocates & Corporate Counselors
Company Secretary	Syed Ali Safdar Naqvi
Registered Office	AWT Plaza, The Mall, P. O. Box No. 1084 Rawalpindi - 46000, Pakistan Tel: (92 51) 8092624, UAN: (92 51) 111 000 787 Fax: (92 51) 2857448 Email: ir@askaribank.com.pk
Registrar & Share Transfer Office	CDC Share Registrar Services Limited (CDCSRSL) Mezzanine Floor, South Tower, LSE Plaza 19-Khayaban-e-Aiwan-e-Iqbal, Lahore Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275) Tel: (92 42) 36362061-66 Fax: (92 42) 36300072 Email: info@cdcsrsl.com Website: www.cdcsrsl.com
Entity Ratings	Long Term: AA+ Short Term: A1+ By PACRA
Website	www.askaribank.com
Social Media	 askaribankpakistan  Askari_Bank  askaribankpk  askaribanklimited  AskariBankOfficial

DIRECTORS' REVIEW

Dear Shareholders

The Directors present the unaudited condensed interim unconsolidated financial statements for the quarter and half year ended June 30, 2023.

At the outset, we would like to inform that consequent upon election of directors held in March 2023, the composition of the Board of Directors has changed. We take this opportunity to place on record our profound appreciation for the valuable services of outgoing directors, Mr. Aftab Mansoor and Mr. Mushtaq Malik. We further extend a warm welcome to incoming directors, Mr. Kamran Yousuf Mirza and Ms. Samina Rizwan and look forward to their wise council on the Board of Directors.

Economy:

Pakistan's economy continued to face strong headwinds amidst soaring inflation, supply chain imbalances, reserve position and political uncertainty. The severe impacts of last year's floods, commodity price shock from Ukraine-Russia tensions and tough management of financing requirements; both external and domestic, exacerbated economic challenges and impeded recovery.

CPI inflation was recorded at 29.2 percent for the fiscal year 2023 compared to 12.2 percent for the last fiscal, though recent data reflects moderate trend as month-on-month CPI showed a decline of 0.3 percent for June 2023. Current account deficit narrowed to USD 2.6 billion for fiscal 2023 from USD 17.5 billion last year mainly due to contraction in imports and was sufficient to offset the decline in exports and remittances. For the month of June 2023, current account is showing a surplus of USD 334 million. The nine-month Stand-By Arrangement (SBA) with the IMF has been the key stabilization measure for the current period as it largely addressed the near-term external sector's stability concerns. The receipt of first tranche under the SBA and additional funds in bilateral support have increased SBP's foreign exchange reserves to USD 8.2 billion in July 2023 thus reducing economic uncertainty. On the domestic front, growth in private sector credit declined substantially due to cumulative impact of monetary tightening and slowdown in economic activity across major sectors as growth in money supply was driven by increased public sector borrowing.

Looking ahead, inflation is estimated to generally maintain a downward trajectory due to favorable outlook for commodity prices and positive base effect, despite the rise in electricity tariffs, fuel price and changes in duties on consumer items and raw materials. The economic growth is projected in the range of 2.0 to 3.0 percent for fiscal 2024. A higher and sustainable economic

growth will require prudent and effective economic decisions and policies, political and economic certainty along with sufficient foreign exchange financing. The recent IMF SBA coupled with bilateral and multilateral inflows are expected to pave the way to further improve the macroeconomic environment and investor confidence.

Financial Performance:

The financial results of Askari Bank for the for the half year ended June 30, 2023. are summarized as under:

	(Rupees in million)	
	Six months Ended	
	June 30, 2023	June 30, 2022
Net mark-up and non fund income	31,584	22,827
Administrative and other expenses	(13,961)	(10,566)
Operating profit	17,623	12,261
Provisions reversals - net	(617)	(110)
Profit before taxation	17,006	12,151
Taxation	(8,168)	(5,841)
Profit after taxation	8,838	6,310
		Re-stated
Basic earning per share - Rupees	6.10	4.35

The Bank's profit before tax for the six months increased by 40 percent year on year (yoy) and is reported at Rs 17.0 billion compared to Rs. 12.2 billion last year. Profit after taxation increased to Rs.8.84 billion, also showing an increase of 40 percent yoy after incorporating the impact of additional super tax as announced in the federal budget 2023-24. The earnings per share at Rs 5.94 for the current period compares with restated EPS of Rs 4.35 last year.

Net aggregate revenues increased by 38 percent to Rs 31.6 billion as net mark-up income increased to Rs.24.8 billion, a 44 percent yoy growth enabled by volumetric increase in earning assets, effective duration management and improving spreads. Non-markup income increased by 21 percent mainly driven by fee and commission incomes that posted a growth of 33 percent yoy. Major contributions were recorded in card income (debit and credit card combined) on account of higher spend on e-commerce and point-of-sale transaction. Income on trade, guarantees and credit also increased by 42 percent yoy. Non-mark-up expenses increased by 33 percent reflecting the effects of inflation, Rupee devaluation and additional cost of 42 new branches added to the nation-wide network. The Bank continues to maintain a check on growth of administrative expenses and managing costs prudently while investing in technologies and infrastructure to support revenue streams. The Bank's cost to income ratio improved to 44 percent for the current six months compared to 46 percent for the same period last year.

Customer deposits are reported at Rs 1.27 trillion; current and saving accounts constituted 81 percent of the total deposit as at June 30, 2023 while current to total deposit ratio improved to 32 as on that date. Gross advances stood at Rs 654 billion, an increase of 6.4 percent during the half year. Non-performing loans registered a slight increase of 1.5 percent while provision coverage ratio remained unchanged at 99.9 percent.

The Bank's entity rating was reaffirmed at 'AA+' (Double A Plus) for the long-term by Pakistan Credit Rating Agency Limited (PACRA), with outlook assigned as 'Stable'. The Bank's strong brand and affiliation with Fauji Foundation are recognized as the key rating drivers, supported by Bank's experienced management team, prudent risk management policies, and deep-rooted relationship with clients. Lately, retention of profits in the bank to bolster the capital structure is also a testimonial of support. The short-term rating was maintained at 'A1+' (A One Plus).

During the half year, the Bank's wholly owned subsidiary, Askari Securities Limited was amalgamated with Foundation Securities Limited (FSL) pursuant to the scheme of amalgamation sanctioned by the Honourable Sindh High Court. Earlier, the amalgamation was approved by the State Bank of Pakistan subject to AKBL holding majority equity stake in the merged FSL. Consequently, at June 30, 2023 AKBL held 51 percent equity stake in FSL. The amalgamation has synergized business and operating platform while extending the suite of financial offerings to a larger customer segment.

Given the macroeconomic challenges and the effects of fiscal and monetary developments, Askari Bank will continue to align with changing business dynamics to maintain its position for sustainable growth supported by enhanced governance, compliance, credit and risk management. While supporting trade volumes and increasing penetration in cash management and transactional banking, the Bank remains focused on increasing share in low-cost deposits and is pursuing accelerated digital adoption by improving process efficiencies and turn-around-times for enhanced customer experience. Alongside, branch network will continue to grow, extending outreach to serve a larger customer base with best and innovative banking solutions. Investment in human capital and creating a caring culture, process improvement and automation, remains a key priority. The Bank is making an assessment of business strategies to enhance contributions to priority sectors in support of the economic agenda.

Acknowledgment:

On behalf of the Board, we would like to place on record our gratitude to our valued customers and shareholders for their continued patronage to the Askari brand; our profound thanks to the State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory authorities for their guidance and assistance. We would also like to place on record our

appreciation for the efforts of the Sharia Board for Strengthening sharia compliance and governance framework for Askari Ikhlas Islamic Banking. Lastly, we express our deepest appreciation and gratitude to our staff for the hard work and dedication.

-sd-

Atif R. Bokhari
President & Chief Executive

-sd-

Waqar Ahmed Malik
Chairman, Board of Directors

Rawalpindi
August 21, 2023

ششماہی کے دوران، بینک کی مکمل ملکیتی ذیلی کمپنی عسکری سیکورٹیز لمیٹڈ کو فاؤنڈیشن سیکورٹیز لمیٹڈ (FSL) کے ساتھ ضم کیا گیا جس کی منظوری سندھ ہائی کورٹ نے دی تھی۔ قبل ازیں، انضمام کی منظوری اسٹیٹ بینک آف پاکستان نے دی تھی جس کے تحت عسکری بینک لمیٹڈ (AKBL) ضم شدہ فاؤنڈیشن سیکورٹیز لمیٹڈ میں اکثریتی ایکویٹی حصص رکھتا ہے۔ نتیجتاً، 30 جون 2023 کو عسکری بینک لمیٹڈ کے پاس فاؤنڈیشن سیکورٹیز لمیٹڈ میں 51 فیصد ایکویٹی حصص تھے۔ انضمام نے کاروبار اور آپریٹنگ پلیٹ فارم کو ہم آہنگ کیا ہے جبکہ مالیاتی پیشکش کو کسٹمرز کے ایک بڑے طبقے تک بڑھایا ہے۔

معاشی چیلنجز اور مالیاتی پیشرفت کے اثرات کے پیش نظر، عسکری بینک بہتر قیادت، عمل داری، کریڈٹ اور رسک مینجمنٹ کے ذریعے تعاون یافتہ پائیدار ترقی کے لیے اپنی پوزیشن کو برقرار رکھنے کے لیے بدلتی ہوئی کاروباری ضروریات کے ساتھ ہم آہنگ رہے گا۔ تجارتی حجم کو سپورٹ کرتے ہوئے اور کیش کے انتظام اور ٹرانزیکشنل بینکنگ کی جانب پیش رفت کو بڑھاتے ہوئے، بینک کم لاگت والے ڈپازٹس میں حصہ بڑھانے پر توجہ مرکوز کیے ہوئے ہے، استعداد کار کی بہتری اور صارفین کے بہتر تجربے کے لیے مختلف اوقات میں وہ تیزی سے ڈیجیٹل سسٹم کو اپنانے کی کوشش کر رہا ہے۔ اس کے ساتھ ساتھ بینک اپنا برانچ نیٹ ورک بڑھاتا رہے گا، بینکنگ کے بہترین اور اختراعی حل کو وسیع تر کسٹمر بیس کی خدمت کے لیے بڑھاتا رہے گا۔ افرادی قوت میں سرمایہ کاری اور ہمدردی کے کلچر کی تشکیل، عمل میں بہتری اور آٹومیشن، ایک اہم ترجیح ہے۔ بینک اقتصادی ایجنڈے کی حمایت میں ترجیحی شعبوں میں شراکت کو بڑھانے کے لیے کاروباری حکمت عملیوں کا جائزہ لے رہا ہے۔

اعترافات:

عسکری برانڈ کی مسلسل سرپرستی کرنے پر بورڈ کی جانب سے ہم اپنے قابل قدر صارفین اور شیئرز ہولڈرز کا شکریہ ادا کرنا چاہتے ہیں۔ ہم اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کا ان کی رہنمائی اور مدد کے لیے تہ دل سے شکریہ ادا کرتے ہیں۔ ہم شریعت کی تعمیل کو مضبوط بنانے اور عسکری اخلاص اسلامی بینکنگ کے لیے گورننس فریم ورک دینے پر شریعہ بورڈ کی کوششوں کی تعریف کو بھی ریکارڈ پر رکھنا چاہیں گے۔ آخر میں، ہم سخت محنت اور لگن کا مظاہرہ کرنے پر اپنے عملے کی بھی تہ دل سے تعریف اور شکریہ ادا کرتے ہیں۔

دستخط

وقار احمد ملک

چیرمین، بورڈ آف ڈائریکٹرز

دستخط

عاطف ریاض بخاری

صدر و چیف ایگزیکٹو

راولپنڈی

21 اگست 2023

(روپے بلین میں)		
ششماہی کا اختتام		
2022، جون 30	2023، جون 30	
22,827	31,584	نیٹ مارک اپ اور غیر فنڈ آمدنی
(10,566)	(13,961)	انتظامی اور دیگر اخراجات
12,261	17,623	آپریٹنگ منافع
(110)	(617)	پروویژن ریورسل نیٹ
12,151	17,006	قبل از ٹیکس منافع
(5,841)	(8,168)	ٹیکس
6,310	8,838	بعد از ٹیکس منافع
ری سٹیڈ		
4.35	6.10	بنیادی آمدنی فی شیئر - روپے

چھ ماہ کے لیے بینک کے ٹیکس سے پہلے کے منافع میں سال بہ سال 40 فیصد اضافہ ہوا ہے اور یہ پچھلے سال 12.2 ارب کے مقابلہ میں 17.0 ارب روپے رپورٹ کیا گیا ہے۔ ٹیکس لگانے کے بعد منافع بڑھ کر 8.84 بلین روپے ہو گیا ہے جو کہ وفاقی بجٹ برائے سال 2023-24 میں اعلان کردہ اضافی سپر ٹیکس کے اثرات کو شامل کرنے کے بعد سالانہ 40 فیصد کا اضافہ بھی ظاہر کرتا ہے۔ موجودہ مدت کے لیے فی شیئر آمدن پچھلے سال کے ری سٹیڈ 4.35 روپے کے مقابلہ میں بڑھ کر 6.10 روپے فی شیئر ہو گئی ہے۔

خالص مجموعی آمدنی 38 فیصد بڑھ کر 31.6 ارب روپے ہو گئی، خالص مارک اپ آمدنی بڑھ کر 24.8 ارب روپے ہو گئی ہے سالانہ 44 فیصد کا یہ اضافہ آمدنی کے لیے اثاثہ جات کا حجم بڑھنے، دورانہ کام موثر انتظام اور سپر ایڈ کو بہتر بنانے سے ممکن ہوا ہے۔ نان مارک اپ آمدنی میں 21 فیصد اضافہ ہوا ہے جو بنیادی طور پر فیس اور کمیشن کی آمدنیوں کی وجہ سے ہے جس میں سالانہ 33 فیصد اضافہ ہوا ہے۔ جس میں اہم اشتراک کارڈ (ڈیبٹ اور کریڈٹ کارڈ دونوں) کی آمدنی کا ہے جو کہ ای کامرس اور پوائنٹ آف سیل ٹرانزیکشن پر زیادہ خرچ کی وجہ سے ریکارڈ کی گئی ہیں۔ تجارت، گارنٹیوں اور قرضوں پر ہونے والی آمدنی میں بھی سالانہ 42 فیصد اضافہ ہوا۔ نان مارک اپ اخراجات میں 33 فیصد اضافہ ہوا جو مہنگائی، پاکستانی روپے کی قدر میں کمی اور ملک گیر نیٹ ورک میں شامل 42 نئی برانچوں کی اضافی لاگت کے اثرات کو ظاہر کرتا ہے۔ بینک انتظامی اخراجات کی نمو پر نظر رکھے ہوئے ہے اور آمدنی کے سلسلے کو سپورٹ کرنے کے لیے ٹیکنالوجی اور انفراسٹرکچر میں سرمایہ کاری کرتے ہوئے اخراجات میں احتیاط اختیار کرتا ہے۔ بینک کی لاگت سے آمدنی کا تناسب موجودہ چھ مہینوں کے لیے بہتر ہو کر 44 فیصد ہو گیا ہے جو گزشتہ سال کی اسی مدت کے لیے 46 فیصد تھا۔

صارفین کے ڈیپازٹس 1.27 ٹریلین روپے بتائے گئے ہیں۔ کرنٹ اور سیونگ اکاؤنٹس 30 جون 2023 تک کل ڈپازٹس کا 81 فیصد تھے جب کہ اسی تاریخ تک کرنٹ اکاؤنٹس سے ٹوٹل ڈپازٹس کا تناسب بہتر ہو کر 32 فیصد ہو گیا۔ مجموعی قرضے 654 ارب روپے رہے جو کہ اس ششماہی کے دوران 6.4 فیصد زیادہ ہیں۔ غیر فعال قرضوں میں 1.5 فیصد کا معمولی اضافہ ریکارڈ کیا گیا جبکہ پروویژن کوریج کا تناسب 99.9 فیصد پر برقرار رہا۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے طویل مدت کے لیے بینک کی درجہ بندی ڈبل اے پلس (AA+) پر دوبارہ تصدیق کی گئی جبکہ بینک کی آؤٹ لک کو مستحکم قرار دیا گیا ہے۔ بینک کا مضبوط برانڈ اور فوجی فاؤنڈیشن کے ساتھ وابستگی اس کی بہتر ریٹنگ میں کلیدی کردار ادا کرتا ہے، جسے بینک کی تجربہ کار انتظامی ٹیم، رسک مینجمنٹ کی سمجھدار پالیسیاں اور کلائنٹس کے ساتھ گہرے تعلقات کی معاونت حاصل ہے۔ حال ہی میں، سرمایہ کے انفراسٹرکچر کو تقویت دینے کے لیے بینک میں منافع کو برقرار رکھنا بھی اسی حمایت کا ثبوت ہے۔ مختصر مدت کی درجہ بندی کو اے ون (A1+) پر برقرار رکھا گیا۔

ڈائریکٹرز 30 جون 2023 کو ختم ہونے والی سہ ماہی اور ششماہی کے لیے غیر آڈٹ شدہ، عبوری وغیرہ نمٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

ابتداء میں ہم یہ بتانا چاہیں گے کہ مارچ 2023 میں ہونے والے ڈائریکٹرز کے انتخابات کے نتیجے میں بورڈ آف ڈائریکٹرز کی ساخت تبدیل ہو گئی ہے۔ ہم اس موقع سے فائدہ اٹھاتے ہوئے اپنے سبکدوش ہونے والے ڈائریکٹرز محترم آفتاب منظور اور محترم مشتاق ملک کی گراں قدر خدمات پر انہیں خراج تحسین پیش کرتے ہیں۔ ہم آنے والے ڈائریکٹرز محترم کامران یوسف مرزا اور محترمہ شمینہ رضوان کا پر تپاک خیر مقدم کرتے ہیں اور بورڈ آف ڈائریکٹرز میں ان کی دانشمندانہ تجاویز کے منتظر ہیں۔

معیشت:

بڑھتی ہوئی مہنگائی، سپلائی چین کے عدم توازن، ریزرو پوزیشن اور غیر یقینی سیاسی صورتحال کے درمیان پاکستان کی معیشت کو شدید مشکلات کا سامنا رہا ہے۔ گزشتہ سال کے شدید سیلاب کے اثرات، یوکرین اور روس کی کشیدگی سے اشیاء کی قیمتوں میں اضافہ اور مالیاتی ضروریات کے انتظامات میں مشکلات، اندرونی و بیرونی دونوں قسم کے بڑھتے ہوئے معاشی چیلنجز بھی معاشی ریکوری میں رکاوٹ بنے ہیں۔

سی پی آئی افراط زر مالی سال 2023 کے لیے 29.2 فیصد ریکارڈ کیا گیا جو گزشتہ مالی سال کے لیے 12.2 فیصد تھا، حالانکہ حالیہ اعداد و شمار اعتدال پسند رجحان کی عکاسی کرتے ہیں کیونکہ سی پی آئی نے جون 2023 کے لیے ماہانہ 0.3 فیصد کمی ظاہر کی ہے۔ کرنٹ اکاؤنٹ خسارہ مالی سال 2023 کے لیے 2.6 بلین امریکی ڈالر تک محدود ہو گیا ہے جو گزشتہ سال 17.5 بلین امریکی ڈالر تھا جو کہ بنیادی طور پر درآمدات میں کمی کی وجہ سے اور برآمدات اور ترسیلات زر میں کمی کو پورا کرنے کے لیے کافی ہے۔ ماہ جون 2023 کے لیے کرنٹ اکاؤنٹ 334 بلین امریکی ڈالر کا سرپلس رہا۔ آئی ایم ایف کے ساتھ نومبر ماہ کا اسٹینڈ بائی معاہدہ (SBA) موجودہ مدت کے لیے کلیدی استحکام کا پیمانہ رہا ہے کیونکہ اس نے بڑی حد تک بیرونی شعبے کے قلیل مدتی استحکام کے خدشات کو دور کیا۔ معاہدہ کے تحت پہلی قسط کی وصولی اور دوطرفہ تعاون میں اضافی فنڈز نے جولائی 2023 میں اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر کو 8.2 بلین امریکی ڈالر تک بڑھا دیا ہے اس طرح معاشی غیر یقینی صورتحال میں کمی آئی ہے۔ اندرونی محاذ پر، مالیاتی سختی اور بڑے شعبوں میں معاشی سرگرمیوں میں سست روی کے مجموعی اثرات کی وجہ سے نجی شعبے کے قرضے میں خاطر خواہ کمی واقع ہوئی کیونکہ سرکاری شعبے کے قرضوں میں اضافہ سے رقم کی طلب بڑھ گئی تھی۔

مستقبل میں، بجلی کے نرخوں میں بڑھوتی، ایندھن کی قیمتوں میں اضافے اور صارفین کی اشیاء اور خام مال پر ڈیوٹیوں میں تبدیلی کے باوجود، اجناس کی قیمتوں کے لیے سازگار نقطہ نظر اور مثبت بنیاد پر اثر کی وجہ سے افراط زر میں کمی برقرار رہنے کا اندازہ لگایا گیا ہے۔ مالی سال 2024 کے لیے معاشی ترقی کی شرح 2.0 سے 3.0 فیصد کی حد تک رہنے کی توقع ہے۔ ایک اعلیٰ اور پائیدار معاشی نمو کے لیے دانشمندانہ اور موثر اقتصادی فیصلوں اور پالیسیوں، سیاسی اور معاشی یقین کے ساتھ ساتھ کافی زرمبادلہ کی مالی اعانت کی ضرورت ہوگی۔ آئی ایم ایف کے ساتھ حالیہ اسٹینڈ بائی معاہدہ کے ساتھ دوطرفہ اور کثیر جہتی آمدن سے بھی توقع کی جاتی ہے کہ وہ میکرو اکنامک ماحول اور سرمایہ کاروں کے اعتماد کو مزید بہتر بنانے کی راہ ہموار کرے گا۔

مالیاتی کارکردگی:

30 جون، 2023 کو ختم ہونے والی ششماہی کے لیے عسکری بینک کے مالیاتی نتائج کا خلاصہ درج ذیل ہے۔



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Askari Bank Limited

Report on review of the Unconsolidated Condensed Interim Financial Statements

Introduction

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

Scope of Review

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

Conclusion

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

Other Matters

The figures for the unconsolidated condensed interim statement of profit or loss account and unconsolidated condensed interim statement of comprehensive income for the quarter ended 30 June 2023 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

Lahore

Date: 23 August 2023

UDIN: RR202310183qTSn9NjGV

KPMG Taseer Hadi & Co.
Chartered Accountants

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2023

		(Un-audited)	(Audited)
		June 30,	December 31,
		2023	2022
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	128,348,502	70,950,067
Balances with other banks	7	17,492,927	9,677,123
Lendings to financial institutions	8	99,999	406,934
Investments	9	1,098,816,418	762,696,638
Advances	10	622,816,273	583,810,931
Fixed assets	11	24,445,742	24,484,412
Intangible assets	12	1,519,104	1,375,625
Deferred tax assets	13	15,717,463	7,545,677
Other assets	14	79,810,586	64,723,402
		1,989,067,014	1,525,670,809
LIABILITIES			
Bills payable	15	27,962,286	11,878,563
Borrowings	16	540,355,869	233,432,089
Deposits and other accounts	17	1,269,627,069	1,142,574,606
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	12,000,000	12,000,000
Deferred tax liabilities		-	-
Other liabilities	19	62,300,952	52,463,298
		1,912,246,176	1,452,348,556
NET ASSETS		76,820,838	73,322,253
REPRESENTED BY			
Share capital		14,492,992	12,602,602
Reserves		56,667,742	43,385,854
(Deficit) / surplus on revaluation of assets - net of tax	20	(2,581,518)	3,952,356
Unappropriated profit		8,241,622	13,381,441
		76,820,838	73,322,253
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

-sd-
Chief Financial Officer

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President & Chief Executive

-sd-
Director

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Director

-sd-
Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2023

	<u>For the quarter ended</u>		<u>For the half year ended</u>	
	<u>June 30,</u> <u>2023</u> <u>(Rupees in '000)</u>	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2023</u> <u>(Rupees in '000)</u>	<u>June 30,</u> <u>2022</u>
Profit after taxation	4,134,122	2,703,869	8,837,543	6,309,263
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in Wholesale Bank Branch	36,380	427,677	907,083	555,410
Movement in surplus / (deficit) on revaluation of investments - net of tax	565,981	3,566,581	(6,533,874)	2,236,640
	602,361	3,994,258	(5,626,791)	2,792,050
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit plan	287,833	(857)	287,833	(857)
Total comprehensive income	5,024,316	6,697,270	3,498,585	9,100,456

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

-sd-
Chief Financial Officer-sd-
President & Chief Executive-sd-
Director-sd-
Director-sd-
Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2023

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Un-appropriated profit / (loss)	Total
						Investments	Fixed / Non banking assets		
	(Rupees in '000)								
Balance as at January 1, 2022	12,602,602	549,520	234,669	14,198,903	17,747,205	(4,962,187)	6,925,806	8,605,975	55,902,493
Total comprehensive income for the half year ended June 30, 2022									
Net profit for the half year ended June 30, 2022	-	-	-	-	-	-	-	6,309,263	6,309,263
Other comprehensive income related to equity	-	555,410	-	-	-	2,236,640	-	(857)	2,791,193
	-	555,410	-	-	-	2,236,640	-	6,308,406	9,100,456
Transfer to Statutory reserve	-	-	-	630,926	-	-	-	(630,926)	-
Transfer to General reserve	-	-	-	-	8,605,975	-	-	(8,605,975)	-
Balance as at June 30, 2022	12,602,602	1,104,930	234,669	14,829,829	26,353,180	(2,725,547)	6,925,806	5,677,480	65,002,949
Total comprehensive income for the six months ended December 31, 2022									
Net profit for the six months ended December 31, 2022	-	-	-	-	-	-	-	7,752,332	7,752,332
Other comprehensive income related to equity	-	88,012	-	-	-	(4,823,608)	5,240,207	62,361	566,972
	-	88,012	-	-	-	(4,823,608)	5,240,207	7,814,693	8,319,304
Transfer to Statutory reserve	-	-	-	775,234	-	-	-	(775,234)	-
Transfer from surplus on revaluation of assets to unappropriated profit on disposal	-	-	-	-	-	-	(664,502)	664,502	-
Balance as at December 31, 2022	12,602,602	1,192,942	234,669	15,605,063	26,353,180	(7,549,155)	11,501,511	13,381,441	73,322,253
Total comprehensive income for the half year ended June 30, 2023									
Net profit for the half year ended June 30, 2023	-	-	-	-	-	-	-	8,837,543	8,837,543
Other comprehensive income related to equity	-	907,083	-	-	-	(6,533,874)	-	287,833	(5,338,958)
	-	907,083	-	-	-	(6,533,874)	-	9,125,376	3,498,585
Transfer to Statutory reserve	-	-	-	883,754	-	-	-	(883,754)	-
Transfer to General reserve	-	-	-	-	13,381,441	-	-	(13,381,441)	-
Transactions with owners, recorded directly in equity									
Bonus shares issued @ 15%	1,890,390	-	(234,669)	-	(1,655,721)	-	-	-	-
Balance as at June 30, 2023	14,492,992	2,100,025	-	16,488,817	38,078,900	(14,083,029)	11,501,511	8,241,622	76,820,838

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

 -sd-
Chief Financial Officer

 -sd-
President & Chief Executive

 -sd-
Director

 -sd-
Director

 -sd-
Chairman

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended June 30, 2023

	Note	For the half year ended	
		June 30, 2023	June 30, 2022
		(Rupees in '000)	
Cash flow from operating activities			
Profit before taxation		17,005,780	12,150,563
Less: dividend income		(360,789)	(185,615)
		<u>16,644,991</u>	<u>11,964,948</u>
Adjustments:			
Depreciation		472,859	453,841
Amortization		82,922	69,163
Depreciation on ROU assets		811,224	773,035
Markup expense on lease liability against ROU assets		495,230	445,599
Termination of lease contracts under IFRS - 16 Leases		(9,900)	(13,700)
Charge for defined benefit plan		256,877	232,795
Provisions and write offs - net	30	663,472	153,609
Unrealized (gain) / loss on held for trading securities		(9,476)	18,477
Gain on sale of fixed assets		(4,019)	(37,501)
		<u>2,759,189</u>	<u>2,095,318</u>
		<u>19,404,180</u>	<u>14,060,266</u>
Decrease in operating assets			
Lendings to financial institutions		321,795	(23,500,000)
Held for trading securities		274,747	(3,415,824)
Advances		(39,474,073)	(69,978,127)
Other assets (excluding advance taxation)		(17,149,438)	(5,960,475)
		<u>(56,026,969)</u>	<u>(102,854,426)</u>
Increase / (decrease) in operating liabilities			
Bills payable		16,083,723	918,506
Borrowings from financial institutions		306,923,780	204,027,356
Deposits		127,052,463	69,870,354
Other liabilities (excluding current taxation)		9,884,853	7,016,913
		<u>459,944,819</u>	<u>281,833,129</u>
Net cash flow generated from operations		<u>423,322,030</u>	<u>193,038,969</u>
Payment made to defined benefit plan		(221,353)	(388,062)
Income tax paid		(6,205,499)	(4,603,534)
Net cash flow generated from operating activities		<u>416,895,178</u>	<u>188,047,373</u>
Cash flow from investing activities			
Net investments in available for sale securities		(349,509,447)	(159,499,413)
Net investments in held to maturity securities		(1,635,665)	3,422,751
Dividend received		333,498	181,146
Investments in operating fixed assets - net of adjustments		(580,787)	(560,136)
Investments in intangible assets		(225,782)	(183,909)
Proceeds from sale of fixed assets		6,869	50,356
Effect of translation of net investment in Wholesale Bank Branch		907,083	555,410
Net cash used in investing activities		<u>(350,704,231)</u>	<u>(156,033,795)</u>
Cash flow from financing activities			
Payments against lease liabilities		(975,538)	(912,744)
Dividend paid		(1,170)	(3,189)
Net cash used in financing activities		<u>(976,708)</u>	<u>(915,933)</u>
Increase in cash and cash equivalents		<u>65,214,239</u>	<u>31,097,645</u>
Cash and cash equivalents at beginning of the period		<u>80,627,190</u>	<u>92,887,074</u>
Cash and cash equivalents at end of the period		<u>145,841,429</u>	<u>123,984,719</u>

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

-sd-
Chief Financial Officer

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2023

1. STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on June 30, 2023. The ultimate parent of the Bank is Fauji Foundation. The Bank has 602 branches (December 31, 2022: 600 branches); 601 in Pakistan and Azad Jammu and Kashmir including 120 (December 31, 2022: 120) Islamic Banking branches and 59 (December 31, 2022: 57) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PREPARATION

2.1.1 These unconsolidated condensed interim financial statements represent separate financial statements of Askari Bank Limited. The consolidated condensed interim financial statements of the Group are being issued separately.

2.1.2 The unconsolidated condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand.

2.1.3 These unconsolidated financial statements have been prepared under the historical cost convention as modified for certain investments and derivative financial instruments which are carried at fair value, non-banking assets

2.2 STATEMENT OF COMPLIANCE

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

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

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

- 2.2.2** The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', vide BPRD Circular No.04 dated February 25, 2015, International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, Investment Property, vide BSD Circular Letter no. 10 dated August 26, 2002, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 2.2.3** These unconsolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and International Accounting Standard 34 'Interim Financial Reporting' and do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements of the Bank for the financial year ended December 31, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual unconsolidated 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 new and amended standards, interpretations and amendments to accounting and reporting standards 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 are therefore not detailed in these unconsolidated condensed interim financial statements.

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

The SBP vide its BPRD Circular Letter No. 7 of 2023 has extended the implementation date of IFRS 9 to January 01, 2024. However, during the transition period, the banks are required to carry out the parallel run reporting.

There are various other standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current period. These are not likely to have material effect on the Bank's financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. FINANCIAL RISK MANAGEMENT

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

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Rupees in '000	
6. CASH AND BALANCES WITH TREASURY BANKS		
<i>In hand:</i>		
Local currency	27,183,777	22,700,376
Foreign currencies	5,447,712	3,407,920
	<u>32,631,489</u>	<u>26,108,296</u>
<i>With the State Bank of Pakistan in:</i>		
Local currency current accounts	69,616,417	43,901,951
Foreign currency current account	7,652,516	647,093
Foreign currency deposit account	14,232,384	-
	<u>91,501,317</u>	<u>44,549,044</u>
<i>With National Bank of Pakistan in:</i>		
Local currency current accounts	4,184,963	260,731
Prize Bonds	30,733	31,996
	<u>128,348,502</u>	<u>70,950,067</u>
7. BALANCES WITH OTHER BANKS		
<i>In Pakistan</i>		
In current accounts	3,951	32,629
<i>Outside Pakistan</i>		
In current accounts	3,926,635	3,383,544
In deposit accounts	13,562,347	6,260,952
	<u>17,488,982</u>	<u>9,644,496</u>
Provision held against balances with other banks	(6)	(2)
	<u>17,492,927</u>	<u>9,677,123</u>
7.1	This includes Rs.759,194 thousand (December 31, 2022: Nil) marked as lien with correspondent Bank against issue of SBLC.	
	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Rupees in '000	
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (reverse repo)	204,025	525,820
Provision held against lending to financial institutions	(104,026)	(118,886)
Lending to financial institutions - net of provision	<u>99,999</u>	<u>406,934</u>

9. INVESTMENTS

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value

(Rupees in '000)

9.1 Investments by type:

Held for trading securities

Fully paid ordinary shares	189,971	-	9,476	199,447	464,718	-	(60,647)	404,071
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Available for sale securities

Federal Government Securities	994,159,981	(601,099)	(27,838,939)	965,719,943	646,356,442	(526,353)	(13,520,293)	632,309,796
Shares	6,148,110	(946,488)	225,190	5,426,812	5,109,394	(809,454)	126,617	4,426,557
Units of open end mutual funds	750,000	(160,920)	(18,157)	570,923	750,000	(144,205)	37,490	643,285
Fully paid preference shares	27,314	(11,914)	12,750	28,150	27,314	(11,914)	12,750	28,150
Non Government Debt Securities	13,752,987	(1,298,339)	5,374	12,460,022	13,085,795	(1,319,740)	99,304	11,865,359
	1,014,838,392	(3,018,760)	(27,613,782)	984,205,850	665,328,945	(2,811,666)	(13,244,132)	649,273,147

Held to maturity securities

Federal Government Securities	115,079,977	(865,556)	-	114,214,421	111,642,002	(585,365)	-	111,056,637
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	-	-	-	-	1,802,310	(5,146)	-	1,797,164
	115,189,977	(975,556)	-	114,214,421	113,554,312	(700,511)	-	112,853,801

Associate - Note 9.4	-	-	-	-	165,619	-	-	165,619
Subsidiary - Note 9.4	196,700	-	-	196,700	-	-	-	-

Total investments	1,130,415,040	(3,994,316)	(27,604,306)	1,098,816,418	779,513,594	(3,512,177)	(13,304,779)	762,696,638
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(Un-audited) (Audited)
June 30, December 31,
2023 2022
(Rupees in '000)

9.1.1 Investments given as collateral

The market value of investment given as collateral is as follows

Market Treasury Bills	54,006,421	14,650,739
Pakistan Investment Bonds	424,358,113	163,347,300
Turkish Euro Bonds	-	1,797,861
Shares	80,129	177,855
	478,444,663	179,973,755

	<u>(Un-audited)</u>	<u>(Audited)</u>
	June 30, 2023	December 31, 2022
9.2 Provision for diminution in value of investments	(Rupees in '000)	
9.2.1 Opening balance	3,512,177	2,304,644
Exchange adjustments	295,325	134,098
Charge / (reversals)		
Charge for the period / year	198,364	560,165
Charge for the period / year under IFRS 9 related to WBB	54,466	760,372
Reversals for the period / year	(21,403)	(67,045)
Net charge	231,427	1,253,492
Reversal on disposals	(44,613)	(180,057)
Closing balance	3,994,316	3,512,177

9.2.2 Particulars of provision against debt securities

	<u>June 30, 2023 (Un-audited)</u>		<u>December 31, 2022 (Audited)</u>	
	NPI	Provision	NPI	Provision
Category of classification	(Rupees in '000)			
Domestic				
Loss	1,408,339	1,408,339	1,429,740	1,429,740

9.2.3 Included in above, Bank's Bahrain branch holds general provision of Rs 1,466,655 thousand (December 31, 2022: Rs 1,116,864 thousand) against investments in accordance with ECL requirement of IFRS 9.

9.3 Market value of held to maturity securities other than classified investments is Rs. 102,251,304 thousand (December 31, 2022: Rs. 101,813,767 thousand).

9.4

The Honorable Sindh High Court vide its order dated March 13, 2023 approved the scheme of arrangement for amalgamation of Askari Securities Limited (ASL) inclusive of all properties, assets, rights, liabilities, trademarks, patents and obligations with and into Foundation Securities (Private) Limited (FSL), wholly owned by Fauji Foundation, as of the effective date of scheme i.e. July 01, 2021 against issuance of 27,140,000 ordinary shares of Rs. 10 each of FSL at par value (1.18 shares of FSL) against 1 share of ASL held by the Bank.

Earlier, the amalgamation was approved by the State Bank of Pakistan subject to the Bank holding atleast 51% equity stake in the post amalgamated FSL. Accordingly, subsequent to merger the Bank acquired 2,236,031 ordinary shares of Rs. 10 each of FSL to hold 51% equity stake in FSL.

Since FSL and the Bank are under common control of Fauji Foundation before and after this transaction therefore, the transaction has been recorded by restating the comparative figures in accordance with the requirements of SECP's approved Accounting Standard on "Accounting of Common Control Transactions". However, this restatement has no impact on the net assets, EPS and cash flows presented in these condensed interim unconsolidated financial statements. As on June 30, 2023 investment in FSL has been classified as investment in subsidiary due to 51% shareholding, while comparative information has been restated and classified as investment in associate being 47.12% interest in FSL under approved scheme of arrangement.

	Performing		Non Performing		Total	
	(Un-audited) June 30, 2023	(Audited) December 31, 2022	(Un-audited) June 30, 2023	(Audited) December 31, 2022	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	504,744,380	473,649,618	26,945,077	26,450,298	531,689,457	500,099,916
Islamic financing and related assets	98,527,097	82,206,609	2,851,795	2,894,335	101,378,892	85,100,944
Bills discounted and purchased	19,507,923	27,931,036	1,831,846	1,802,149	21,339,769	29,733,185
Advances - gross	622,779,400	583,787,263	31,628,718	31,146,782	654,408,118	614,934,045
Provision against advances						
- Specific	-	-	(29,760,712)	(29,297,528)	(29,760,712)	(29,297,528)
- General	(1,831,133)	(1,825,586)	-	-	(1,831,133)	(1,825,586)
	(1,831,133)	(1,825,586)	(29,760,712)	(29,297,528)	(31,591,845)	(31,123,114)
Advances - net of provision	620,948,267	581,961,677	1,868,006	1,849,254	622,816,273	583,810,931
					(Un-audited) June 30, 2023	(Audited) December 31, 2022
					(Rupees in '000)	
10.1 Particulars of advances (Gross)					615,204,020	573,258,877
In local currency					39,204,098	41,675,168
In foreign currencies					654,408,118	614,934,045

10.2 Advances include Rs. 31,628,718 thousand (December 31, 2022: Rs. 31,146,782 thousand) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	98,747	1,056	122,279	1,437
Substandard	1,634,050	398,600	1,596,854	394,848
Doubtful	895,624	447,187	844,347	413,258
Loss	29,000,297	28,913,869	28,583,302	28,487,985
	31,628,718	29,760,712	31,146,782	29,297,528

10.3 Particulars of provision against advances

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Specific	General	Consumer financing-General	Total	Specific	General	Consumer financing-General	Total
	(Rupees in '000)							
Opening balance	29,297,528	1,010,000	815,586	31,123,114	28,518,930	974,026	735,260	30,228,216
Exchange adjustment	-	21,213	-	21,213	4,041	36,465	-	40,506
Charge for the period / year	1,328,358	56,191	25,121	1,409,670	2,675,775	133,850	113,551	2,923,176
Provision under IFRS 9 related to WBB	-	(52,927)	-	(52,927)	(27,403)	(112,950)	-	(140,353)
Reversal for the period / year	(865,174)	(13,181)	(30,870)	(909,226)	(1,821,378)	(21,391)	(33,225)	(1,875,994)
	463,184	(9,917)	(5,749)	447,517	826,994	(491)	80,326	906,829
Amounts written off	-	-	-	-	(198)	-	-	(198)
Amounts charged off- agriculture financing	-	-	-	-	(52,239)	-	-	(52,239)
Closing balance	29,760,712	1,021,296	809,837	31,591,845	29,297,528	1,010,000	815,586	31,123,114

10.3.1 The net FSV benefit already availed has been reduced by Rs. 9,778 thousand, which has resulted in increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced before and after tax profit for the period would have been higher by 9,778 thousand (June 30, 2022: Rs. 81,046 thousand) and Rs. 4,987 thousand (June 30, 2022: Rs. 41,333 thousand) respectively. Further, at June 30, 2023, cumulative net of tax benefit availed for Forced Saled Value (FSV) was Rs. 21,870 thousand (December 31, 2022: Rs.26,865 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

	<u>(Un-audited)</u> June 30, 2023	<u>(Audited)</u> December 31, 2022
11. FIXED ASSETS	(Rupees in '000)	
Capital work-in-progress - note 11.1	209,869	220,511
Property and equipment	17,488,053	17,372,333
Right of use asset - IFRS 16	6,747,820	6,891,568
	<u>24,445,742</u>	<u>24,484,412</u>

11.1 This represents civil works in progress during the year.

	<u>(Un-audited)</u>	
	<u>Period ended</u> June 30, 2023	<u>Period ended</u> June 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	98,355	104,711
Property and equipment		
Land - freehold	-	16,970
Renovation of premises	165,657	46,375
Furniture, fixtures and office equipment	118,694	81,662
Machine and equipment	191,419	134,957
Computer equipment	107,728	155,091
Vehicles	7,716	20,370
	<u>591,214</u>	<u>455,425</u>
Right of use assets under IFRS 16	393,512	392,138
Total	<u>1,083,081</u>	<u>952,274</u>

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Renovation of premises	-	168
Furniture, fixtures and office equipment	2,193	4,453
Machine and equipments	657	3,110
Vehicles	-	5,124
Total	<u>2,850</u>	<u>12,855</u>

	<u>(Un-audited)</u> June 30, 2023	<u>(Audited)</u> December 31, 2022
12. INTANGIBLE ASSETS	(Rupees in '000)	
Computer software	1,155,895	1,130,815
Capital work in progress	363,209	244,810
	<u>1,519,104</u>	<u>1,375,625</u>

		(Un-audited)	
		Period ended June 30, 2023	Period ended June 30, 2022
		(Rupees in '000)	
12.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress	179,625	117,807
	Directly purchased	46,157	66,102
		<u>225,782</u>	<u>183,909</u>
		(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
		(Rupees in '000)	
13.	DEFERRED TAX ASSETS		
	Deductible temporary differences on		
	- Post retirement employee benefits	-	(65,004)
	- Accelerated tax depreciation	34,792	36,767
	- Deficit on revaluation of investments	13,530,753	5,694,977
	- Provision against advances	2,151,918	1,878,936
		<u>15,717,463</u>	<u>7,545,677</u>
14.	OTHER ASSETS		
	Income / mark-up accrued in local currency - net of provision	49,671,730	37,216,850
	Income / mark-up accrued in foreign currencies	1,397,009	1,241,333
	Advances, deposits, advance rent and other prepayments	1,009,451	678,674
	Advance taxation (payments less provisions)	3,750,138	5,983,883
	Non-banking assets acquired in satisfaction of claims	839,058	847,462
	Assets held for sale	1,750,000	1,750,000
	Branch adjustment account	-	40,219
	Mark to market gain on forward foreign exchange contracts - net	85,544	-
	Stationary and stamps in hand	284,617	68,093
	Dividend receivable	32,277	4,986
	Acceptances	19,233,169	14,925,859
	Receivable from defined benefit plan	58,689	-
	Receivable against trading of securities - net	29,791	485,673
	Others	715,980	527,204
		<u>78,857,453</u>	<u>63,770,236</u>
	Provision held against other assets - note 14.1	<u>(182,641)</u>	<u>(182,608)</u>
	Other assets - net of provision	<u>78,674,812</u>	<u>63,587,628</u>
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	<u>1,135,774</u>	<u>1,135,774</u>
	Other assets - total	<u>79,810,586</u>	<u>64,723,402</u>
14.1	Provision held against other assets		
	Advances, deposits, advance rent and other prepayments	4,838	4,838
	Others	177,803	177,770
		<u>182,641</u>	<u>182,608</u>

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
14.1.1 Movement in provision held against other assets	(Rupees in '000)	
Opening balance	182,608	175,845
Charge for the period / year	180	9,315
Reversals for the period / year	(147)	(2,552)
Net charge for the period / year	33	6,763
Closing balance	<u>182,641</u>	<u>182,608</u>
15. BILLS PAYABLE		
In Pakistan	<u>27,962,286</u>	<u>11,878,563</u>
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	20,780,718	22,741,967
Long term financing facility	9,538,407	9,904,417
Financing facility for storage of agricultural produce	29,541	44,311
Renewable energy financing facility	3,924,220	3,944,124
Refinance from SBP		
Credit guarantee scheme for women entrepreneurs	-	67
Payment of wages and salaries	-	454,197
Temporary Economic Relief	12,614,272	9,680,778
Modernization of SME	10,451	12,215
Combating COVID-19	473,215	563,711
Askari Ujala	-	3,117
Rupee based discounting of bills / receivable	2,242,023	1,891,099
	<u>49,612,847</u>	<u>49,240,003</u>
Repurchase agreement borrowings		
State Bank of Pakistan	425,000,000	100,000,000
Financial institutions	61,376,355	80,826,007
	<u>486,376,355</u>	<u>180,826,007</u>
Refinance from Pakistan Mortgage Refinance Company	2,366,667	3,366,079
Total secured	<u>538,355,869</u>	<u>233,432,089</u>
Unsecured		
Call borrowings	2,000,000	-
Total unsecured	<u>2,000,000</u>	<u>-</u>
	<u>540,355,869</u>	<u>233,432,089</u>

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
17. DEPOSITS AND OTHER ACCOUNTS	(Rupees in '000)					
Customers						
Current accounts	375,155,377	31,980,736	407,136,113	323,359,037	25,268,830	348,627,867
Savings deposits	545,059,764	71,927,179	616,986,943	500,472,663	60,092,675	560,565,338
Fixed deposits	192,908,347	33,777,153	226,685,500	195,530,848	26,160,189	221,691,037
	<u>1,113,123,488</u>	<u>137,685,068</u>	<u>1,250,808,556</u>	<u>1,019,362,548</u>	<u>111,521,694</u>	<u>1,130,884,242</u>
Financial institutions						
Current accounts	1,234,100	94,197	1,328,297	1,047,450	32,749	1,080,199
Savings deposits	1,584,016	-	1,584,016	4,517,990	-	4,517,990
Fixed deposits	15,906,200	-	15,906,200	6,092,175	-	6,092,175
	<u>18,724,316</u>	<u>94,197</u>	<u>18,818,513</u>	<u>11,657,615</u>	<u>32,749</u>	<u>11,690,364</u>
	<u>1,131,847,804</u>	<u>137,779,265</u>	<u>1,269,627,069</u>	<u>1,031,020,163</u>	<u>111,554,443</u>	<u>1,142,574,606</u>

	<u>(Un-audited)</u>	<u>(Audited)</u>
	June 30,	December 31,
	2023	2022
	(Rupees in '000)	
18. SUBORDINATED DEBTS		
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	6,000,000
	<u>12,000,000</u>	<u>12,000,000</u>

18.1 The Bank has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Bank's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Bank including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	<u>Term Finance Certificates - VI (ADT-1)</u>	<u>Term Finance Certificates - VII</u>
Outstanding amount - Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity Date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Listed
Profit payment frequency	Payable six monthly	Payable quarterly
Redemption	Perpetual	109-120th month: 100%
Profit Rate	Base Rate plus 1.50%	Base Rate plus 1.20%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.
Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares.

	<u>(Un-audited)</u> June 30, 2023	<u>(Audited)</u> December 31, 2022
19. OTHER LIABILITIES	(Rupees in '000)	
Mark-up / return / interest payable in local currency	17,947,608	11,177,244
Mark-up / return / interest payable in foreign currencies	1,294,808	523,791
Unearned commission and income on bills discounted	2,340,624	2,485,237
Accrued expenses	1,389,620	2,141,323
Advance payments	454,031	446,546
Acceptances	19,233,169	14,925,859
Dividend payable	194,549	195,719
Advance against sale of non-banking assets	1,242,540	494,255
Mark to market loss on forward foreign exchange contracts	-	110,688
Branch adjustment account	466,665	-
Payable to defined benefit plan	-	194,714
Provision for employees' compensated absences	702,011	635,913
Security deposit against lease / Ijarah financing	3,871,030	4,145,427
Levies and taxes payable	1,426,447	1,156,266
Workers' Welfare Fund	1,006,385	768,486
Switch settlement accounts	342,939	2,747,463
Provision against off-balance sheet obligations - note 19.1	134,239	134,767
Lease liability against ROU assets as per IFRS - 16 Leases	8,277,876	8,084,073
Others	1,976,411	2,095,527
	<u>62,300,952</u>	<u>52,463,298</u>

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

19.1 Provision against off-balance sheet obligations

Opening balance	134,767	1,143,768
Exchange adjustment	121	404
Reversal for the period / year	(649)	(1,009,405)
Closing balance	<u>134,239</u>	<u>134,767</u>

20. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

(Deficit) / surplus on revaluation of:

- Available for sale securities	(27,613,782)	(13,244,132)
- Fixed Assets	10,365,737	10,365,737
- Non-banking assets acquired in satisfaction of claims	1,135,774	1,135,774
	<u>(16,112,271)</u>	<u>(1,742,621)</u>

Deferred tax on deficit on revaluation of:

- Available for sale securities	13,530,753	5,694,977
	<u>(2,581,518)</u>	<u>3,952,356</u>

Pursuant to relaxation provided by the SBP, the Bank had availed the benefit of staggering the unrealized loss on PIBs having aggregate face value of Rs 85,168 million at December 31, 2022. Accordingly, the Bank had reversed an amount of revaluation loss of Rs. 6,486 million upto December 31, 2022. The relaxation is not available at June 30, 2023.

	<u>(Un-audited)</u> June 30, 2023	<u>(Audited)</u> December 31, 2022
21. CONTINGENCIES AND COMMITMENTS	(Rupees in '000)	
- Guarantees - note 21.1	361,224,855	313,699,274
- Commitments - note 21.2	545,744,003	473,577,812
- Other contingent liabilities - note 21.3	2,292,284	1,720,383
	<u>909,261,142</u>	<u>788,997,469</u>
21.1 Guarantees		
Financial guarantees	10,869,347	9,494,557
Performance guarantees	199,751,019	180,122,513
Other guarantees	150,604,489	124,082,204
	<u>361,224,855</u>	<u>313,699,274</u>
21.2 Commitments		
Documentary credits and short-term trade-related transactions - letters of credit	224,195,797	187,240,002
Commitments in respect of:		
- forward foreign exchange contracts - note 21.2.1	318,965,856	269,232,712
- forward government securities transactions	-	15,400,000
- non government securities transactions - note 21.2.2	2,036,120	1,366,896
Commitments for acquisition of:		
- operating fixed assets	118,579	82,807
- intangible assets	427,651	255,395
	<u>545,744,003</u>	<u>473,577,812</u>
21.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	178,648,788	150,899,164
Sale	140,317,068	118,333,548
	<u>318,965,856</u>	<u>269,232,712</u>
The above commitments have maturities falling within one year.		
21.2.2 Commitments in respect of non government securities transactions		
Purchase	2,036,120	1,035,290
Sale	-	331,606
	<u>2,036,120</u>	<u>1,366,896</u>
21.3 Other contingent liabilities		
These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these condensed interim unconsolidated financial statements	1,447,293	1,254,927
This represent stand by letters of credit issued by correspondent banks on behalf of the Bank.	844,991	465,456
	<u>2,292,284</u>	<u>1,720,383</u>

22. DERIVATIVE INSTRUMENTS

The Bank does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Bank's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

	(Un-audited)	
	Period ended June 30, 2023	Period ended June 30, 2022
23. MARK-UP / RETURN / INTEREST EARNED	(Rupees in '000)	
On:		
Loans and advances	51,765,694	25,186,060
Investments	75,416,614	36,074,142
Lendings to financial institutions	72,958	78,222
Balances with banks	239,575	1,829
Securities purchased under resale agreements	517,039	382,031
	<u>128,011,880</u>	<u>61,722,284</u>
24. MARK-UP / RETURN / INTEREST EXPENSED		
On:		
Deposits	67,807,224	31,389,502
Borrowings	32,270,412	10,318,338
Subordinated debts	1,165,762	760,075
Cost of foreign currency swaps against foreign currency deposits / borrowings	1,451,990	1,565,921
Interest expense on lease liability against ROU assets	495,230	445,599
	<u>103,190,618</u>	<u>44,479,435</u>
25. FEE AND COMMISSION INCOME		
Branch banking customer fees	382,800	402,848
Consumer finance related fees	47,729	55,184
Card related fees (debit and credit cards)	712,684	549,179
Credit related fees	433,658	270,934
Investment banking fees	155,433	115,127
Commission on trade	871,295	496,025
Commission on guarantees	634,152	488,053
Commission on remittances including home remittances	94,390	104,949
Commission on bancassurance	16,503	42,632
Others	44,503	17,791
	<u>3,393,147</u>	<u>2,542,722</u>
26. GAIN / (LOSS) ON SECURITIES		
Realised - note 26.1	16,289	34,446
Unrealised - note 9.1	9,476	(18,617)
	<u>25,765</u>	<u>15,829</u>
26.1 Realised gain / (loss) on:		
Federal Government Securities	(153,747)	12,187
Shares	127,469	9,101
Non Government Debt Securities	37,833	300
Mutual Funds	4,734	12,858
	<u>16,289</u>	<u>34,446</u>

		(Un-audited)	
		Period ended	Period ended
		June 30, 2023	June 30, 2022
27.	OTHER INCOME	(Rupees in '000)	
	Gain on sale of fixed assets	4,019	37,501
	Rent of lockers	25,403	24,172
	Recovery of expenses from customers	160,482	151,295
	Termination of lease contracts under IFRS - 16 Leases	9,900	13,700
		<u>199,804</u>	<u>226,668</u>
28.	OPERATING EXPENSES		
	Total compensation expenses - note 28.1	6,952,448	5,500,134
	Property expense		
	Rent and taxes	72,469	63,367
	Insurance	45,924	42,883
	Utilities cost	622,111	416,398
	Security (including guards)	381,112	285,593
	Repair & maintenance (including janitorial charges)	211,294	160,378
	Depreciation on ROU assets	811,224	773,035
	Depreciation	120,980	141,378
		<u>2,265,114</u>	<u>1,883,032</u>
	Information technology expenses		
	Software maintenance	334,067	245,600
	Hardware maintenance	80,107	30,429
	Depreciation	113,404	87,693
	Amortisation	82,922	69,163
	Network charges	261,287	138,734
		<u>871,787</u>	<u>571,619</u>
	Other operating expenses		
	Directors' fees, allowances	15,200	16,700
	Fees and allowances to shariah board	4,746	4,539
	Rates, taxes, insurance etc.	89,800	104,287
	Legal and professional charges	48,917	56,400
	Brokerage and commission	100,672	73,923
	NIFT clearing charges	52,342	34,423
	Repair and maintenance	401,987	182,467
	Communications	475,841	337,945
	Stationery and printing	301,362	171,123
	Marketing, advertisement and publicity	54,077	81,489
	Donations	524,397	67,150
	Auditors' remuneration	26,389	21,401
	Travelling, conveyance and entertainment	194,534	138,843
	Depreciation	238,475	224,770
	Security service charges	356,972	192,153
	Training and development	11,603	11,841
	Deposit premium expense	351,160	323,717
	Outsourced service cost	102,216	42,280
	Other expenditure	159,049	178,129
		<u>3,509,739</u>	<u>2,263,580</u>
		<u>13,599,088</u>	<u>10,218,365</u>
28.1	Total compensation expense		
	Managerial remuneration	5,194,287	4,302,002
	Charge for defined benefit / contribution plan	423,655	376,697
	Other staff cost - note 28.1.1	1,334,506	821,435
		<u>6,952,448</u>	<u>5,500,134</u>
28.1.1	Other staff cost includes incentive to consumer sales staff, dearness allowance, cash handling allowance, staff group insurance, provision for severance etc.		

29. This represents penalties imposed by the State Bank of Pakistan.

	(Un-audited)	
	Period ended June 30, 2023	Period ended June 30, 2022
30. PROVISIONS AND WRITE OFFS - NET	(Rupees in '000)	
Provision for diminution in value of investments	231,427	425,752
Provision against loans and advances	447,517	629,981
Provision against other assets and balances with other banks	37	11,739
Reversal of provision against repurchase agreement lendings	(14,860)	(14,861)
Reversal of provision against off-balance sheet obligations	(649)	(897,777)
Reversal of provision against intangible assets	-	(1,225)
Recovery of written off / charged off bad debts	(46,196)	(43,469)
	617,276	110,140
31. TAXATION		
Current	8,439,244	5,778,624
Deferred	(271,007)	62,676
	8,168,237	5,841,300

- 31.1 i) The Bank has filed tax returns for and up to tax year 2022. The assessments for and up to tax year 2022 were amended by the tax authorities creating accumulated additional tax demand, mainly in the matters of admissibility of recoveries against doubtful debts for Rs 1,119.049 million, provision for diminution in the value of investments for Rs 2,530.226 million, bad debts written off for Rs 86.922 million, provision for substandard advances for Rs 74.95 million, Provision against other assets and fixed assets for Rs 142.494 million, disallowance of employee benefit expenses Rs 228.680 Million and Other disallowances of expenses/credits for Rs 326.846 million. Bank's Appeals against these orders are currently pending before Commissioner Appeals, Appellate Tribunal and Islamabad High Court. The management and tax advisor of the Bank are confident that these matters will be decided in favor of the Bank and consequently no provision has been made thereon. Tax payments by the Bank against certain matters are being carried forward as receivable, as management and tax advisor of the Bank are confident of their realization.

- ii) Consequent upon the amalgamation with and into the Bank, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However, the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

	(Un-audited)	
	Period ended June 30, 2023	Period ended June 30, 2022
32. BASIC EARNINGS PER SHARE		
Profit for the period - Rupees in '000	8,837,543	6,309,263
Weighted average number of Ordinary Shares - numbers	1,449,299,207	1,449,299,207
		Restated
Basic earnings per share - Rupees	6.10	4.35

There is no dilutive effect on the basic earnings per share of the Bank, therefore dilutive earnings per share have not been presented separately. Further, the prior period earnings per share has been restated for the effect of bonus shares issued @15% during the year.

33. FAIR VALUE MEASUREMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments are estimated using the break-up value of the investee company.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

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

33.1 Fair value of financial assets

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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) available at MUFAP and Reuters page.
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims	Land and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these condensed interim unconsolidated financial statements.

The following table provides the fair values of those of the Bank's financial assets and liabilities that are recognized or disclosed at fair value in these unconsolidated condensed interim financial statements:

June 30, 2023 (Un-audited)					
Carrying / Notional Value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	965,719,943	5,128,668	960,591,275	-	965,719,943
Shares	4,576,259	4,576,259	-	-	4,576,259
Units of open end mutual funds	570,923	-	570,923	-	570,923
Fully paid preference shares	28,150	28,150	-	-	28,150
Non Government Debt Securities	12,460,022	-	12,460,022	-	12,460,022
	<u>983,355,297</u>	<u>9,733,077</u>	<u>973,622,220</u>	<u>-</u>	<u>983,355,297</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	114,214,421	10,718,376	103,496,045	-	114,214,421
Unlisted shares	1,050,000	-	-	-	-
Foreign Securities	-	-	-	-	-
Cash and balances with treasury banks	128,348,502	-	-	-	-
Balances with other banks	17,492,927	-	-	-	-
Lendings to financial institutions	99,999	-	-	-	-
Advances	622,816,273	-	-	-	-
Other assets	71,051,719	-	-	-	-
	<u>955,073,841</u>	<u>10,718,376</u>	<u>103,496,045</u>	<u>-</u>	<u>114,214,421</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	178,648,788	-	161,364	-	161,364
Forward sale of foreign exchange	140,317,068	-	(75,820)	-	(75,820)

December 31, 2022 (Audited)					
Carrying / Notional Value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	632,309,796	3,896,424	628,413,372	-	632,309,796
Shares	3,780,628	3,780,628	-	-	3,780,628
Units of open end mutual funds	643,285	-	643,285	-	643,285
Fully paid preference shares	28,150	28,150	-	-	28,150
Non Government Debt Securities	11,865,359	-	11,865,359	-	11,865,359
Foreign securities	-	-	-	-	-
	<u>648,627,218</u>	<u>7,705,202</u>	<u>640,922,016</u>	<u>-</u>	<u>648,627,218</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Unlisted shares	1,050,000	-	-	-	-
Subsidiary	-	-	-	-	-
Federal Government Securities	111,056,637	8,644,666	102,411,971	-	111,056,637
Foreign Securities	1,797,164	1,797,164	-	-	1,797,164
Cash and balances with treasury banks	70,950,067	-	-	-	-
Balances with other banks	9,677,123	-	-	-	-
Lendings to financial institutions	406,934	-	-	-	-
Advances	583,810,931	-	-	-	-
Other assets	53,738,462	-	-	-	-
	<u>832,487,318</u>	<u>10,441,830</u>	<u>102,411,971</u>	<u>-</u>	<u>112,853,801</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	150,899,164	-	419,729	-	419,729
Forward sale of foreign exchange	118,333,548	-	(530,417)	-	(530,417)

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 such transfer to takes place. There were no transfers between levels 1 and 2 during the year.

	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
	(Rupees in '000)	
	Level 3	Level 3
33.2 Fair value of non-financial assets		
Fixed assets		
Property and equipment (freehold and leasehold land)	13,238,392	13,238,392
Other assets		
Non-banking assets acquired in satisfaction of claims	1,974,832	1,983,236

34. Segment Information

34.1 Segment details with respect to Business Activities

The segment analysis with respect to business activity is as follows:

	June 30, 2023 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(40,637,694)	17,975,386	39,738,449	2,213,650	5,823,754	1,121,604	(1,413,887)	24,821,262
Inter segment revenue - net	58,025,034	(15,577,459)	(44,492,217)	(1,676,681)	(1,776,600)	(835,287)	6,333,210	-
Non mark-up / return / interest income	1,090,027	2,279,515	2,494,311	376,161	357,570	16,154	149,208	6,762,946
Total income	18,477,367	4,677,442	(2,259,457)	913,130	4,404,724	302,471	5,068,531	31,584,208
Segment direct expenses	7,360,735	491,248	210,020	753,599	1,613,145	116,030	3,416,375	13,961,152
Inter segment expense allocation	675,266	495,989	10,506	25,972	-	-	(1,207,733)	-
Total expenses	8,036,001	987,237	220,526	779,571	1,613,145	116,030	2,208,642	13,961,152
Provisions	(188,600)	609,273	183,504	(12,751)	(40,593)	-	66,443	617,276
Profit before tax	10,629,966	3,080,932	(2,663,487)	146,310	2,832,172	186,441	2,793,446	17,005,780
	June 30, 2023 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	34,196,052	-	100,505,379	759,194	10,236,792	93,562	50,450	145,841,429
Investments	-	8,437,417	1,033,683,841	-	40,394,404	15,847,044	453,712	1,098,816,418
Lendings to financial institutions	-	-	99,999	-	-	-	-	99,999
Advances - performing - net of provision	11,289,944	477,763,210	-	19,957,704	98,486,872	5,375,926	8,074,611	620,948,267
Advances - non-performing - net of provision	280,319	517,246	-	95,560	974,881	-	-	1,868,006
Others	929,806	35,112,346	24,519,880	668,840	11,495,447	429,614	48,336,963	121,492,895
Total Assets	46,696,121	521,830,219	1,158,809,099	21,481,298	161,588,396	21,746,146	56,915,736	1,989,067,014
Borrowings	1,626,582	41,997,115	488,376,353	2,366,667	5,989,152	-	-	540,355,869
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	854,239,151	303,145,572	-	3,300	110,156,151	1,972,947	109,948	1,269,627,069
Net inter segment balances - net	(827,365,330)	132,779,582	664,214,420	18,609,307	24,763,747	19,233,136	(32,234,862)	-
Others	18,195,718	43,907,950	6,218,326	502,024	8,484,856	540,063	12,414,302	90,263,238
Total liabilities	46,696,121	521,830,219	1,158,809,099	21,481,298	161,588,396	21,746,146	56,915,736	1,912,246,176
Equity	-	-	-	-	12,194,490	-	64,626,348	76,820,838
Total Equity and liabilities	46,696,121	521,830,219	1,158,809,099	21,481,298	161,588,396	21,746,146	56,915,736	1,989,067,014
Contingencies and commitments	6,685,939	560,329,387	321,001,976	844,991	18,440,777	-	1,958,072	909,261,142
	June 30, 2022 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(20,632,154)	9,889,774	23,957,135	1,753,684	2,324,068	872,377	(922,035)	17,242,849
Inter segment revenue - net	33,091,009	(7,266,333)	(27,447,342)	(1,129,377)	-	(92,579)	2,844,622	-
Non mark-up / return / interest income	864,707	1,590,876	2,483,253	265,936	246,835	14,323	118,103	5,584,033
Total income	13,323,562	4,214,317	(1,006,954)	890,243	2,570,903	794,121	2,040,690	22,826,882
Segment direct expenses	5,754,727	436,065	154,751	538,740	1,252,587	69,823	2,359,486	10,566,179
Inter segment expense allocation	446,614	431,517	5,837	69,167	-	-	(953,135)	-
Total expenses	6,201,341	867,582	160,588	607,907	1,252,587	69,823	1,406,351	10,566,179
Provisions	(59,501)	(320,427)	454,629	(19,043)	51,887	(78,920)	81,515	110,140
Profit before tax	7,181,722	3,667,162	(1,622,171)	301,379	1,266,429	803,218	552,824	12,150,563
	December 31, 2022 (Audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	24,540,132	-	49,189,748	-	6,862,101	35,209	-	80,627,190
Investments	-	8,125,443	699,774,652	-	39,942,674	14,338,254	515,615	762,696,638
Net inter segment lending	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	406,934	-	-	-	-	406,934
Advances - performing - net of provision	13,644,831	447,812,623	-	21,143,917	82,166,386	9,999,101	7,194,819	581,961,677
Advances - non-performing - net of provision	281,669	453,499	-	130,836	983,250	-	-	1,849,254
Others	1,003,140	27,107,590	19,094,660	594,298	7,097,474	418,422	42,813,532	98,129,116
Total Assets	39,469,772	483,499,155	768,465,994	21,869,051	137,051,885	24,790,986	50,523,966	1,525,670,809
Borrowings	1,744,212	42,909,471	179,432,046	3,366,079	4,586,320	1,393,961	-	233,432,089
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	751,762,235	293,324,608	-	3,686	96,297,085	1,094,507	92,485	1,142,574,606
Net inter segment balances - net	(731,928,308)	122,512,889	586,421,413	17,862,227	19,475,830	22,068,820	(36,412,871)	-
Others	17,891,633	24,752,187	2,612,535	637,059	6,684,620	233,698	11,530,129	64,341,861
Total liabilities	39,469,772	483,499,155	768,465,994	21,869,051	127,043,855	24,790,986	(12,790,257)	1,452,348,556
Equity	-	-	-	-	10,008,030	-	63,314,223	73,322,253
Total Equity and liabilities	39,469,772	483,499,155	768,465,994	21,869,051	137,051,885	24,790,986	50,523,966	1,525,670,809
Contingencies and commitments	6,295,329	480,881,779	280,146,274	483,545	19,620,329	-	1,570,213	788,997,469

35. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at the period end. The Bank has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

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 and balances are as follows:

	As at June 30, 2023 (Un-audited)					As at December 31, 2022 (Audited)				
	Parent	Directors	Key management personnel	Subsidiary / Associate Note - 9.4	Other related parties	Parent	Directors	Key management personnel	Associate Note - 9.4	Other related parties
Rupees in '000										
Investments										
Opening balance	-	-	-	165,619	1,165,448	-	-	-	165,619	1,189,341
Investment made during the period / year	-	-	-	31,081	76,432	-	-	-	-	44,195
Revaluation adjustment	-	-	-	-	(56,277)	-	-	-	-	(81,568)
Transfer in / (out) - net	-	-	-	-	13,745	-	-	-	-	13,480
Closing balance	-	-	-	196,700	1,199,348	-	-	-	165,619	1,165,448
Provision for diminution in value of investments	-	-	-	-	87,862	-	-	-	-	87,248
Advances										
Opening balance	29,986,315	60	507,549	-	16,983,652	4,523,915	43	441,248	-	10,521,710
Addition during the period / year	138,713,893	6,069	46,760	800,482	27,885,648	352,713,101	20,581	469,897	-	10,892,307
Repaid during the period / year	(168,606,218)	(5,278)	(130,489)	(1,000,000)	(20,348,894)	(327,250,701)	(20,564)	(419,988)	-	(4,430,365)
Transfer in / (out) - net	-	-	(32,745)	200,000	3,474,156	-	-	16,392	-	-
Closing balance	93,990	851	391,075	482	27,994,562	29,986,315	60	507,549	-	16,983,652
Other Assets										
Interest / mark-up receivable	3,767	-	75,298	-	923,325	369,907	-	71,132	-	790,833
Receivable from staff retirement fund	-	-	-	-	58,689	-	-	-	-	-
Advance rent	225	-	-	-	-	1,254	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	3,366,079	-	-	-	-	2,372,387
Borrowings during the period / year	-	-	-	-	-	-	-	-	-	1,200,000
Settled during the period / year	-	-	-	-	(999,412)	-	-	-	-	(206,308)
Closing balance	-	-	-	-	2,366,667	-	-	-	-	3,366,079
Deposits and other accounts										
Opening balance	38,816,364	34,615	193,107	200,843	38,867,218	56,224,390	24,009	211,259	268,208	42,288,557
Received during the period / year	576,016,064	386,548	1,498,960	2,234,514	517,665,587	988,405,154	79,294	2,726,090	1,012,631	992,693,856
Withdrawn during the period / year	(582,210,789)	(326,103)	(1,331,561)	(2,789,371)	(514,731,353)	(1,005,813,179)	(68,689)	(2,683,283)	(1,079,996)	(996,115,195)
Transfer in / (out) - net	-	(202)	(332)	455,771	(455,771)	-	-	(60,959)	-	-
Closing balance	32,621,639	94,858	360,173	101,757	41,345,682	38,816,364	34,615	193,107	200,843	38,867,218
Other Liabilities										
Interest / mark-up payable	71,139	8	3,813	-	490,623	625,832	-	3,299	-	361,829
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	194,714
Security deposits payable	-	-	-	-	470,958	-	-	-	-	470,698
Others	-	-	34,984	-	-	-	-	18,607	-	-
Contingencies and Commitments										
Contingencies and Commitments	177,550	-	-	-	7,830,668	1,183,172	-	-	40,000	2,447,138
Others										
Securities held as custodian	3,962,500	-	58,209	-	9,596,477	3,462,500	-	36,500	100,000	7,105,000
Securities given as collateral	-	-	-	-	80,129	-	-	-	-	177,855

For the half year ended June 30, 2023 (Un-Audited)					For the half year ended June 30, 2022 (Un-Audited)					
Parent	Directors	Key management personnel	Subsidiary / Associate Note - 9.4	Other related parties	Parent	Directors	Key management personnel	Associate Note - 9.4	Other related parties	
----- Rupees in '000 -----										
Income										
Mark-up / return / interest earned	207,620	-	5,283	1,240	2,523,478	212,968	-	14,017	-	748,251
Fee and commission received	505	-	-	-	33,577	3,284	-	-	39	15,175
Dividend income	-	-	-	-	124,793	-	-	-	-	53,268
Gain on sale of fixed assets	-	-	-	-	-	-	-	7,250	-	-
Expense										
Mark-up / return / interest expensed	4,006,138	597	21,819	8,622	2,356,502	1,676,168	3	4,702	2,261	1,131,623
Charge to defined benefit plan	-	-	-	-	164,141	-	-	-	-	165,608
Contribution to defined contribution plan	-	-	-	-	166,693	-	-	-	-	143,902
Remuneration and allowances	-	-	545,403	-	4,746	-	-	363,812	-	4,539
Rent	1,029	-	-	-	-	887	-	-	-	-
Communications	-	-	-	-	62,471	-	-	-	-	31,664
Brokerage and Commission	-	-	-	15	43,834	-	-	-	-	38,525
Directors' Fee, Allowances	-	15,200	-	-	-	4,650	12,050	-	-	-
Donations	524,397	-	-	-	-	177,278	-	-	-	-

In addition to above, rent free sub-branches are operating at FFC Sona Tower, FFBL Tower and Foundation University (along with booth and ATM).

The term 'key management personnel' has the same meaning as defined in IAS 24 - Related party disclosures.

36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,492,992	12,602,602
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	62,827,585	65,303,243
Eligible Additional Tier 1 (ADT 1) Capital	6,000,000	6,000,000
Total Eligible Tier 1 Capital	68,827,585	71,303,243
Eligible Tier 2 Capital	9,931,158	11,835,110
Total Eligible Capital (Tier 1 + Tier 2)	78,758,742	83,138,353
Risk Weighted Assets (RWAs):		
Credit Risk	424,416,987	412,323,250
Market Risk	17,657,655	27,675,542
Operational Risk	81,324,765	81,324,765
Total	523,399,406	521,323,556
Common Equity Tier 1 Capital Adequacy ratio	12.00%	12.53%
Tier 1 Capital Adequacy Ratio	13.15%	13.68%
Total Capital Adequacy Ratio	15.05%	15.95%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	68,827,585	71,303,243
Total Exposures	2,367,924,070	2,243,512,648
Leverage Ratio	2.91%	3.18%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	574,974,149	520,361,460
Total Net Cash Outflow	295,959,807	281,841,107
Liquidity Coverage Ratio	194.27%	184.63%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,246,875,273	1,113,842,290
Total Required Stable Funding	621,897,298	561,351,354
Net Stable Funding Ratio	200.50%	198.42%

Pursuant to relaxation provided by State Bank of Pakistan through its letter dated July 03, 2023, the Bank is allowed relaxation from the applicability of leverage ratio requirement of 3% till September 30, 2023. Provided the Bank's leverage ratio shall not fall below 2.5%.

37. Islamic Banking Business

The Bank is operating 120 Islamic banking branches including 3 sub-branches at June 30, 2023 as compared to 120 Islamic banking branches including 3 sub-branches at year ended December 31, 2022.

		(Un-audited)	(Audited)
		June 30,	December 31,
		2023	2022
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		9,875,067	6,747,452
Balances with other banks		361,725	114,649
Investments	37.1	40,394,404	39,942,674
Islamic financing and related assets - net	37.2	99,461,752	83,149,636
Fixed assets		1,939,297	1,984,521
Other assets		9,813,150	5,812,116
Total assets		161,845,395	137,751,048
LIABILITIES			
Bills payable		1,643,829	1,425,734
Due to financial institutions		5,989,149	4,586,320
Deposits and other accounts	37.3	110,156,149	96,297,085
Due to head office		25,000,000	20,175,000
Other liabilities		6,861,774	5,258,880
		149,650,901	127,743,019
NET ASSETS		12,194,494	10,008,029
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Deficit on revaluation of assets		(1,760,954)	(1,115,247)
Unappropriated profit	37.4	9,355,448	6,523,276
		12,194,494	10,008,029
CONTINGENCIES AND COMMITMENTS	37.5	18,440,777	19,620,329

The profit and loss account of the Bank's Islamic banking branches for the quarter ended March 31, 2023 is as follows:

		(Un-audited)	
		For the nine months ended	
		June 30,	June 30,
		2023	2022
	Note	(Rupees in '000)	
Profit / return earned	37.7	11,151,164	5,699,106
Profit / return expensed	37.8	7,104,010	3,375,038
Net Profit / return		4,047,154	2,324,068
Other income			
Fee and Commission Income		153,071	124,753
Dividend Income		9,123	5,177
Foreign Exchange Income		135,720	79,692
Gain / (loss) on securities		7,100	-
Other Income		52,556	37,213
Total other income		357,570	246,835
Total Income		4,404,724	2,570,903
Other expenses			
Operating expenses		1,610,704	1,252,161
Other charges		2,441	426
Total other expenses		1,613,145	1,252,587
Profit before provisions		2,791,579	1,318,316
Provisions and write offs - net		(40,593)	51,887
Profit before taxation		2,832,172	1,266,429

37.1 Investments by segments:

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Federal Government Securities:								
- Ijarah Sukuks	33,933,396	-	(1,761,856)	32,171,540	33,935,928	-	(1,115,711)	32,820,217
- Islamic Naya Pakistan Certificates	4,095,533	-	-	4,095,533	3,282,078	-	-	3,282,078
	38,028,929	-	(1,761,856)	36,267,073	37,218,006	-	(1,115,711)	36,102,295
Units of Open end Mutual Fund	100,000	-	902	100,902	100,000		464	100,464
Non Government Debt Securities:								
- Unlisted	4,563,554	(537,125)	-	4,026,429	4,283,463	(543,548)	-	3,739,915
Total investments	42,692,483	(537,125)	(1,760,954)	40,394,404	41,601,469	(543,548)	(1,115,247)	39,942,674

	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
37.2 ISLAMIC FINANCING AND RELATED ASSETS	(Rupees in '000)	
Ijarah	5,504,172	4,934,290
Murabaha - note 37.2.1	6,561,149	5,033,231
Musharakah	43,661,380	32,639,372
Diminishing Musharakah	20,012,184	17,080,337
Salam	7,322,143	7,948,100
Istisna	6,562,641	5,238,318
Receivable against sale of Istisna / Salam Inventory	1,032,222	585,400
Service Ijarah	2,458,154	2,427,176
Wakalah	496,049	-
Other Islamic Modes (Qard)	2,338,089	2,703,951
Advances against Islamic assets - note 37.2.2	879,737	4,539,685
Inventory related to Islamic financing - note 37.2.3	4,550,972	1,971,084
Gross Islamic financing and related assets	101,378,892	85,100,944
Less: provision against Islamic financings		
- Specific	1,876,915	1,911,083
- General	40,225	40,225
	1,917,140	1,951,308
Islamic financing and related assets - net of provision	99,461,752	83,149,636

37.2.1 Includes advance against Murabaha of Rs.1,089,168 thousand (December 31, 2022: Rs.954,405 thousand).

37.2.2 Advance against Islamic assets

	Ijarah	Musharakah	Diminishing Musharakah	Salam	Istisna	Total
	(Rupees in '000)					
June 30, 2023 (Un-audited)	65,896	-	813,841	-	-	879,737
December 31, 2022 (Audited)	1,524,153	-	3,015,532	-	-	4,539,685

37.2.3 Inventory related to Islamic financing

	Ijarah	Musharakah	Diminishing Musharakah	Salam	Istisna	Total
	(Rupees in '000)					
June 30, 2023 (Un-audited)	-	-	-	2,288,304	2,262,668	4,550,972
December 31, 2022 (Audited)	-	-	-	226,020	1,745,064	1,971,084

	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
37.3 DEPOSITS AND OTHER ACCOUNTS	(Rupees in '000)	

Customers

Current deposits - non remunerative	40,195,862	36,236,795
Current deposits - remunerative	1,211,955	1,353,496
Saving deposits	24,407,459	23,299,225
Term deposits	24,113,272	25,135,675
Others	4,954,230	1,589,333
	94,882,778	87,614,524

Financial Institutions

Current deposits - non remunerative	82,703	101,309
Current deposits - remunerative	37,334	131,152
Saving deposits	279,634	2,667,925
Term deposits	14,873,700	5,782,175
	15,273,371	8,682,561
	110,156,149	96,297,085

	<u>(Un-audited)</u> June 30, 2023	<u>(Audited)</u> December 31, 2022
37.4 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
Opening balance	6,523,276	3,652,897
Add: Islamic banking profit for the period	2,832,172	2,870,379
Closing Balance	<u>9,355,448</u>	<u>6,523,276</u>
37.5 CONTINGENCIES AND COMMITMENTS		
-Guarantees	10,019,748	8,971,118
-Commitments	8,421,029	10,649,211
	<u>18,440,777</u>	<u>19,620,329</u>
37.6 CHARITY FUND		
Opening balance	40,130	24,292
Additions during the period		
- Received from customers on delayed payments	17,901	55,203
- Non Shariah Compliant Income	-	170
- Profit on charity account	16	16
- Others	441	449
	18,358	55,838
Payments / utilization during the period		
- Education	(5,000)	-
- Natural Disaster	-	(40,000)
- Health	(14,264)	-
- Orphanage	(3,123)	-
	(22,387)	(40,000)
Closing balance	<u>36,101</u>	<u>40,130</u>
	(Un-audited)	
	For the six months ended	
	June 30, 2023	June 30, 2022
	(Rupees in '000)	
37.7 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS		
Profit earned on:		
Financing	8,164,225	3,985,787
Investments	2,964,521	1,702,933
Placements	22,418	10,386
	<u>11,151,164</u>	<u>5,699,106</u>
37.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	4,939,067	1,627,249
Due to financial institutions	277,811	203,533
Due to head office	1,776,600	1,448,749
Lease liability against right-of-use assets	110,532	95,507
	<u>7,104,010</u>	<u>3,375,038</u>

38. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 21, 2023.

-sd-	-sd-	-sd-	-sd-	-sd-
Chief Financial Officer	President & Chief Executive	Director	Director	Chairman



CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED
JUNE 30, 2023

(UN-AUDITED)

ASKARI BANK LIMITED

Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2023

		(Un-audited)	(Audited)
		June 30,	December 31,
		2023	2022
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	128,348,676	70,950,067
Balances with other banks	7	18,109,584	9,677,123
Lendings to financial institutions	8	99,999	406,934
Investments	9	1,098,765,321	762,531,019
Advances	10	622,816,273	583,810,931
Fixed assets	11	24,457,865	24,484,412
Intangible assets	12	1,565,756	1,375,625
Deferred tax assets	13	15,718,802	7,545,677
Other assets	14	80,308,740	65,512,059
		<u>1,990,191,016</u>	<u>1,526,293,847</u>
LIABILITIES			
Bills payable	15	27,962,286	11,878,563
Borrowings	16	540,355,869	233,432,089
Deposits and other accounts	17	1,269,627,069	1,142,373,763
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	12,000,000	12,000,000
Deferred tax liabilities		-	-
Other liabilities	19	62,924,454	53,138,956
		<u>1,912,869,678</u>	<u>1,452,823,371</u>
NET ASSETS		<u><u>77,321,337</u></u>	<u><u>73,470,476</u></u>
REPRESENTED BY			
Share capital		14,492,992	12,602,602
Reserves		43,286,301	43,487,608
(Deficit) / surplus on revaluation of assets - net of tax	20	(2,581,518)	3,975,493
Unappropriated profit		21,781,935	13,404,773
Non-controlling interest		341,628	-
		<u><u>77,321,337</u></u>	<u><u>73,470,476</u></u>
CONTINGENCIES AND COMMITMENTS	21		

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

-sd-
Chief Financial Officer-sd-
President & Chief Executive-sd-
Director-sd-
Director-sd-
Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2023

	Note	For the quarter ended		For the half year ended	
		June 30,	June 30,	June 30,	June 30,
		2023	2022	2023	2022
		(Rupees in '000)		(Rupees in '000)	
Mark-up / return / interest earned	23	70,864,396	34,982,545	128,011,880	61,731,116
Mark-up / return / interest expensed	24	57,979,011	26,188,357	103,190,618	44,479,481
Net mark-up / interest income		12,885,385	8,794,188	24,821,262	17,251,635
Non mark-up / interest income					
Fee and commission income	25	1,718,135	1,390,020	3,393,147	2,586,282
Dividend income		175,267	80,551	360,789	185,615
Foreign exchange income		1,503,436	1,589,906	2,783,441	2,613,199
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	26	117,086	(74,358)	25,765	15,829
Other income	27	108,452	90,917	199,804	226,668
Total non-markup / interest income		3,622,376	3,077,036	6,762,946	5,627,593
Total income		16,507,761	11,871,224	31,584,208	22,879,228
Non mark-up / interest expenses					
Operating expenses	28	7,042,106	5,353,488	13,599,088	10,264,562
Workers' Welfare Fund		119,679	106,333	237,899	194,193
Other charges	29	16,813	73,081	124,165	153,621
Total non-markup / interest expenses		7,178,598	5,532,902	13,961,152	10,612,376
Profit before provisions		9,329,163	6,338,322	17,623,056	12,266,852
Provisions and write offs - net	30	675,085	282,158	617,276	110,140
Extraordinary / unusual items		-	-	-	-
Profit before taxation		8,654,078	6,056,164	17,005,780	12,156,712
Taxation	31	4,519,956	3,351,139	8,168,237	5,843,256
Profit after taxation		4,134,122	2,705,025	8,837,543	6,313,456
Attributable to					
Equity holders of the Bank		4,134,122	2,705,025	8,837,543	6,313,456
Non-controlling interest		-	-	-	-
		4,134,122	2,705,025	8,837,543	6,313,456
		Rupees	Rupees	Rupees	Rupees
		Restated	Restated	Restated	Restated
Basic earnings per share	32	2.85	1.87	6.10	4.36

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

 -sd-
Chief Financial Officer

 -sd-
President & Chief Executive

 -sd-
Director

 -sd-
Director

 -sd-
Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2023

	For the quarter ended		For the half year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation	4,134,122	2,705,025	8,837,543	6,313,456
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in Wholesale Bank Branch	36,380	427,677	907,083	555,410
Movement in surplus / (deficit) on revaluation of investments - net of tax	565,981	3,566,581	(6,533,874)	2,236,641
	602,361	3,994,258	(5,626,791)	2,792,051
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit plan - net of tax	287,833	892	287,833	892
Total comprehensive income	<u>5,024,316</u>	<u>6,700,175</u>	<u>3,498,585</u>	<u>9,106,399</u>
Attributable to				
Equity holders of the Bank	5,024,316	6,700,175	3,498,585	9,106,399
Non-controlling interest	-	-	-	-
	<u>5,024,316</u>	<u>6,700,175</u>	<u>3,498,585</u>	<u>9,106,399</u>

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

-sd-
Chief Financial Officer-sd-
President & Chief Executive-sd-
Director-sd-
Director-sd-
Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2023

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Un-appropriated profit / (loss)	Non-controlling interest	Total
						Investments	Fixed / Non banking assets			
	(Rupees in '000)									
Balance as at January 1, 2022	12,602,602	549,520	234,669	14,210,403	17,837,459	(4,937,829)	6,925,805	8,618,234	-	56,040,863
Total comprehensive income for the half year ended June 30, 2022										
Net profit for the half year ended June 30, 2022	-	-	-	-	-	-	-	6,313,456	-	6,313,456
Other comprehensive income related to equity	-	555,410	-	-	-	2,236,641	-	326	-	2,792,377
	-	555,410	-	-	-	2,236,641	-	6,313,782	-	9,105,833
Transfer to Statutory reserve	-	-	-	630,926	-	-	-	(630,926)	-	-
Transfer to General reserve	-	-	-	-	8,618,234	-	-	(8,618,234)	-	-
Balance as at June 30, 2022	12,602,602	1,104,930	234,669	14,841,329	26,455,693	(2,701,188)	6,925,805	5,682,856	-	65,146,696
Total comprehensive income for the six months ended December 31, 2022										
Net profit for the six months ended December 31, 2022	-	-	-	-	-	-	-	7,759,212	-	7,759,212
Other comprehensive income related to equity	-	88,012	-	-	-	(4,824,830)	5,240,208	61,178	-	564,568
	-	88,012	-	-	-	(4,824,830)	5,240,208	7,820,390	-	8,323,780
Transfer to Statutory reserve	-	-	-	775,234	-	-	-	(775,234)	-	-
Transfer to General reserve	-	-	-	-	(12,259)	-	-	12,259	-	-
Transfer from surplus on revaluation of assets to unappropriated profit on disposal	-	-	-	-	-	-	(664,502)	664,502	-	-
Balance as at December 31, 2022	12,602,602	1,192,942	234,669	15,616,563	26,443,434	(7,526,018)	11,501,511	13,404,773	-	73,470,476
Disposal of ASL	-	-	-	(11,500)	(90,254)	(23,137)	-	(23,332)	-	(148,223)
Total comprehensive income for the half year ended June 30, 2023										
Net profit for the half year ended June 30, 2023	-	-	-	-	-	-	-	8,837,543	-	8,837,543
Other comprehensive income related to equity	-	907,083	-	-	-	(6,533,874)	-	287,833	-	(5,338,958)
	-	907,083	-	-	-	(6,533,874)	-	9,125,376	-	3,498,585
Transfer to Statutory reserve	-	-	-	883,754	-	-	-	(883,754)	-	-
Transfer to General reserve	-	-	-	-	13,381,441	-	-	(13,381,441)	-	-
Transactions with owners, recorded directly in equity										
Bonus shares issued @ 15%	1,890,390	-	(234,669)	-	(1,655,721)	-	-	-	-	-
Acquisition of FSL	-	-	-	-	-	-	-	158,872	341,628	500,499
Balance as at June 30, 2023	14,492,992	2,100,025	-	16,488,817	24,697,459	(14,083,029)	11,501,511	21,781,935	341,628	77,321,337

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

 -sd-
Chief Financial Officer

 -sd-
President & Chief Executive

 -sd-
Director

 -sd-
Director

 -sd-
Chairman

ASKARI BANK LIMITED

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended June 30, 2023

	For the half year ended	
	June 30, 2023	June 30, 2022
	(Rupees in '000)	
Cash flow from operating activities		
Profit before taxation	17,005,780	12,156,712
Less: dividend income	(360,789)	(185,615)
	<u>16,644,991</u>	<u>11,971,097</u>
Adjustments:		
Depreciation	472,859	455,069
Amortization	82,922	69,372
Depreciation on ROU assets	811,224	773,035
Markup expense on lease liability against ROU assets	495,230	445,599
Termination of lease contracts under IFRS - 16 Leases	(9,900)	(13,700)
Charge for defined benefit plan	256,877	235,395
Provisions and write offs - net	663,472	153,609
Unrealized loss on held for trading securities	(5,683)	18,477
Gain on sale of fixed assets	(4,019)	(37,501)
	<u>2,762,982</u>	<u>2,099,355</u>
	<u>19,407,973</u>	<u>14,070,452</u>
Decrease in operating assets		
Lendings to financial institutions	321,795	(23,500,000)
Held for trading securities	260,899	(3,415,824)
Advances	(39,474,073)	(69,898,613)
Other assets (excluding advance taxation)	(17,120,118)	(6,051,043)
	<u>(56,011,497)</u>	<u>(102,865,480)</u>
Increase / (decrease) in operating liabilities		
Bills payable	16,083,723	918,506
Borrowings from financial institutions	306,923,780	204,027,356
Deposits	127,253,306	69,954,653
Other liabilities (excluding current taxation)	9,845,544	6,954,461
	<u>460,106,353</u>	<u>281,854,976</u>
Net cash flow generated from operations	<u>423,502,829</u>	<u>193,059,948</u>
Payment made to defined benefit plan	(207,829)	(390,706)
Income tax paid	(6,205,499)	(4,604,480)
Net cash flow generated from operating activities	<u>417,089,501</u>	<u>188,064,762</u>
Cash flow from investing activities		
Net investments in available for sale securities	(349,546,876)	(159,499,413)
Net investments in held to maturity securities	(1,733,784)	3,422,751
Dividend received	333,498	181,137
Investments in operating fixed assets - net of adjustments	(592,910)	(560,301)
Investments in intangible assets	(272,434)	(184,749)
Proceeds from sale of fixed assets	6,869	50,461
Effect of translation of net investment in Wholesale Bank Branch	907,083	555,410
Net cash used in investing activities	<u>(350,898,554)</u>	<u>(156,034,704)</u>
Cash flow from financing activities		
Payments against lease liabilities	(975,538)	(912,744)
Cash and cash equivalents from subsidiary	616,831	-
Dividend paid	(1,170)	(3,189)
Net cash used in financing activities	<u>(359,877)</u>	<u>(915,933)</u>
Increase in cash and cash equivalents	<u>65,831,070</u>	<u>31,114,125</u>
Cash and cash equivalents at beginning of the period	<u>80,627,190</u>	<u>92,988,460</u>
Cash and cash equivalents at end of the period	<u><u>146,458,260</u></u>	<u><u>124,102,585</u></u>

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

-sd-
Chief Financial Officer

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

Notes to the consolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2023

1. STATUS AND NATURE OF BUSINESS

The Group consists of Askari Bank Limited, the holding company and Foundation Securities Limited, a 51% owned subsidiary.

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on June 30, 2023. The ultimate parent of the Bank is Fauji Foundation. The Bank has 602 branches (December 31, 2022: 600 branches); 601 in Pakistan and Azad Jammu and Kashmir including 120 (December 31, 2022: 120) Islamic Banking branches and 59 (December 31, 2022: 57) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

The Honorable Sindh High Court vide its order dated March 13, 2023 approved the scheme of arrangement for amalgamation of Askari Securities Limited (ASL) inclusive of all properties, assets, rights, liabilities, trademarks, patents and obligations with and into Foundation Securities (Private) Limited (FSL), wholly owned by Fauji Foundation, as of the effective date of scheme i.e. July 01, 2021 against issuance of 27,140,000 ordinary shares of Rs. 10 each of FSL at par value (1.18 shares of FSL) against 1 share of ASL held by the Bank.

Earlier, the amalgamation was approved by the State Bank of Pakistan subject to the Bank holding at least 51% equity stake in the post amalgamated FSL. Accordingly, subsequent to merger the Bank acquired 2,236,031 ordinary shares of Rs. 10 each of FSL to hold 51% equity stake in FSL.

Since FSL and the Bank are under common control of Fauji Foundation before and after this transaction therefore, the transaction has been recorded by restating the comparative figures in accordance with the requirements of SECP's approved Accounting Standard on "Accounting of Common Control Transactions".

Foundation Securities (Private) Limited (FSL) was incorporated in Pakistan on January 18, 2005 under the repealed Companies Ordinance, 1984 as a private limited company. The Group holds 51% Ordinary Shares of FSL. The principal activity includes equity and commodity brokerage, equity research and corporate financial advisory services. The registered office of FSL is situated in Karachi.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PREPARATION

- 2.1.1 The consolidated condensed interim financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand.
- 2.1.2 These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

2.2 STATEMENT OF COMPLIANCE

- 2.2.1 These consolidated condensed interim financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

- 2.2.2 The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', vide BPRD Circular No.04 dated February 25, 2015, International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, Investment Property, vide BSD Circular Letter no. 10 dated August 26, 2002, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 2.2.3 These consolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and International Accounting Standard 34 'Interim Financial Reporting' and do not include all the information and disclosures required in the audited annual consolidated financial statements, and should be read in conjunction with the audited annual consolidated financial statements of the Group for the financial year ended December 31, 2022.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Group 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 new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.

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

As per the SBP's BPRD Circular Letter No. 7 of 2023 dated April 13, 2023, the applicability of IFRS 9, "Financial Instruments" has been deferred to accounting periods beginning on or after January 01, 2024. The impact of application of IFRS 9 in Pakistan on the Group's Financial Statements is being assessed.

There are various other standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current period. These are not likely to have material effect on the Group's financial statements.

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

5. **FINANCIAL RISK MANAGEMENT**

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

	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
6. CASH AND BALANCES WITH TREASURY BANKS		
	Rupees in '000	
<i>In hand:</i>		
Local currency	27,183,951	22,700,376
Foreign currencies	5,447,712	3,407,920
	<u>32,631,663</u>	<u>26,108,296</u>
<i>With the State Bank of Pakistan in:</i>		
Local currency current accounts	69,616,417	43,901,951
Foreign currency current account	7,652,516	647,093
Foreign currency deposit account	14,232,384	-
	<u>91,501,317</u>	<u>44,549,044</u>
<i>With National Bank of Pakistan in:</i>		
Local currency current accounts	4,184,963	260,731
Prize Bonds	30,733	31,996
	<u>128,348,676</u>	<u>70,950,067</u>
7. BALANCES WITH OTHER BANKS		
<i>In Pakistan</i>		
In current accounts	110,739	32,629
In deposit accounts	509,870	-
	<u>620,608</u>	<u>32,629</u>
<i>Outside Pakistan</i>		
In current accounts	3,926,635	3,383,544
In deposit accounts	13,562,347	6,260,952
	<u>17,488,982</u>	<u>9,644,496</u>
Provision held against balances with other banks	(6)	(2)
	<u>18,109,584</u>	<u>9,677,123</u>
7.1 This includes Rs.759,194 thousand (December 31, 2022: Nil) marked as lien with correspondent Bank against issue of SBLC.		
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (reverse repo)	204,025	525,820
Provision held against lending to financial institutions	(104,026)	(118,886)
Lending to financial institutions - net of provision	<u>99,999</u>	<u>406,934</u>

9. **INVESTMENTS**

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited) - Restated			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value

(Rupees in '000)

9.1 **Investments by type:**

Held for trading securities

Fully paid ordinary shares	203,819	-	5,683	209,502	464,718	-	(60,647)	404,071
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Available for sale securities

Federal Government Securities	994,159,981	(601,099)	(27,838,939)	965,719,943	646,356,442	(526,353)	(13,520,293)	632,309,796
Shares	6,185,539	(946,488)	225,190	5,464,241	5,109,394	(809,454)	126,617	4,426,557
Units of open end mutual funds	750,000	(160,920)	(18,157)	570,923	750,000	(144,205)	37,490	643,285
Fully paid preference shares	27,314	(11,914)	12,750	28,150	27,314	(11,914)	12,750	28,150
Non Government Debt Securities	13,752,987	(1,298,339)	5,374	12,460,022	13,085,795	(1,319,740)	99,304	11,865,359
	1,014,875,821	(3,018,760)	(27,613,782)	984,243,279	665,328,945	(2,811,666)	(13,244,132)	649,273,147

Held to maturity securities

Federal Government Securities	115,178,096	(865,556)	-	114,312,540	111,642,002	(585,365)	-	111,056,637
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	-	-	-	-	1,802,310	(5,146)	-	1,797,164
	115,288,096	(975,556)	-	114,312,540	113,554,312	(700,511)	-	112,853,801

Total investments

	1,130,367,736	(3,994,316)	(27,608,099)	1,098,765,321	779,347,975	(3,512,177)	(13,304,779)	762,531,019
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(Un-audited)	(Audited)
June 30, 2023	December 31, 2022

(Rupees in '000)

9.1.1 **Investments given as collateral**

The market value of investment given as collateral is as follows

Market Treasury Bills	54,006,421	14,650,739
Pakistan Investment Bonds	424,358,113	163,347,300
Turkish Euro Bonds	-	1,797,861
Shares	80,129	177,855
	478,444,663	179,973,755

	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
9.2 Provision for diminution in value of investments	(Rupees in '000)	
9.2.1 Opening balance	3,512,177	2,304,644
Exchange adjustments	295,325	134,098
Charge / (reversals)		
Charge for the period / year	198,364	560,165
Charge for the period / year under IFRS 9 related to WBB	54,466	760,372
Reversals for the period / year	(21,403)	(67,045)
Net charge	231,427	1,253,492
Reversal on disposals	(44,613)	(180,057)
Closing balance	<u>3,994,316</u>	<u>3,512,177</u>

9.2.2 Particulars of provision against debt securities

	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	NPI	Provision	NPI	Provision
Category of classification	(Rupees in '000)			
Domestic				
Loss	<u>1,408,339</u>	<u>1,408,339</u>	<u>1,429,740</u>	<u>1,429,740</u>

9.2.3 Included in above, Group's Bahrain branch holds general provision of Rs 1,466,655 thousand (December 31, 2022: Rs 1,116,864 thousand) against investments in accordance with ECL requirement of IFRS 9.

9.3 Market value of held to maturity securities other than classified investments is Rs. 102,251,304 thousand (December 31, 2022: Rs. 101,813,767 thousand).

10. ADVANCES	Performing		Non Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	504,744,380	473,649,618	26,945,077	26,450,298	531,689,457	500,099,916
Islamic financing and related assets	98,527,097	82,206,609	2,851,795	2,894,335	101,378,892	85,100,944
Bills discounted and purchased	19,507,923	27,931,036	1,831,846	1,802,149	21,339,769	29,733,185
Advances - gross	622,779,400	583,787,263	31,628,718	31,146,782	654,408,118	614,934,045
Provision against advances						
- Specific	-	-	(29,760,712)	(29,297,528)	(29,760,712)	(29,297,528)
- General	(1,831,133)	(1,825,586)	-	-	(1,831,133)	(1,825,586)
	(1,831,133)	(1,825,586)	(29,760,712)	(29,297,528)	(31,591,845)	(31,123,114)
Advances - net of provision	620,948,267	581,961,677	1,868,006	1,849,254	622,816,273	583,810,931
					(Un-audited)	(Audited)
					June 30, 2023	December 31, 2022
					(Rupees in '000)	
10.1 Particulars of advances (Gross)					615,204,020	573,258,877
In local currency					39,204,098	41,675,168
In foreign currencies					654,408,118	614,934,045

10.2 Advances include Rs. 31,628,718 thousand (December 31, 2022: Rs. 31,146,782 thousand) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non Performing	Provision	Non Performing	Provision
	Loans			
Domestic	(Rupees in '000)			
Other Assets Especially Mentioned	98,747	1,056	122,279	1,437
Substandard	1,634,050	398,600	1,596,854	394,848
Doubtful	895,624	447,187	844,347	413,258
Loss	29,000,297	28,913,869	28,583,302	28,487,985
	31,628,718	29,760,712	31,146,782	29,297,528

10.3 Particulars of provision against advances

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Specific	General	Consumer financing-General	Total	Specific	General	Consumer financing-General	Total
	(Rupees in '000)							
Opening balance	29,297,528	1,010,000	815,586	31,123,114	28,518,930	974,026	735,260	30,228,216
Exchange adjustment	-	21,213	-	21,213	4,041	36,465	-	40,506
Charge for the period / year	1,328,358	56,191	25,121	1,409,670	2,675,775	133,850	113,551	2,923,176
Provision under IFRS 9 related to WBB	-	(52,927)	-	(52,927)	(27,403)	(112,950)	-	(140,353)
Reversal for the period / year	(865,174)	(13,181)	(30,870)	(909,226)	(1,821,378)	(21,391)	(33,225)	(1,875,994)
	463,184	(9,917)	(5,749)	447,517	826,994	(491)	80,326	906,829
Amounts written off	-	-	-	-	(198)	-	-	(198)
Amounts charged off- agriculture financing	-	-	-	-	(52,239)	-	-	(52,239)
Closing balance	29,760,712	1,021,296	809,837	31,591,845	29,297,528	1,010,000	815,586	31,123,114

10.3.1 The net FSV benefit already availed has been reduced by Rs. 9,778 thousand, which has resulted in increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced before and after tax profit for the period would have been higher by 9,778 thousand (June 30, 2022: Rs. 81,046 thousand) and Rs. 4,987 thousand (June 30, 2022: Rs. 41,333 thousand) respectively. Further, at June 30, 2023, cumulative net of tax benefit availed for Forced Saled Value (FSV) was Rs. 21,870 thousand (December 31, 2022: Rs.26,865 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
11. FIXED ASSETS	(Rupees in '000)	
Capital work-in-progress - note 11.1	209,869	220,511
Property and equipment	17,500,176	17,372,333
Right of use asset - IFRS 16	6,747,820	6,891,568
	<u>24,457,865</u>	<u>24,484,412</u>

11.1 This represents civil works in progress during the year.

	(Un-audited)	
	Period ended June 30, 2023	Period ended June 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	98,355	104,711
Property and equipment		
Land - freehold	-	16,970
Leasehold building	1,037	-
Renovation of premises	165,657	46,375
Furniture, fixtures and office equipment	125,005	81,662
Machine and equipments	191,419	134,957
Computer equipments	112,476	155,091
Vehicles	7,743	20,370
	603,337	455,425
Right of use assets under IFRS 16	393,512	392,138
Total	<u>1,095,204</u>	<u>952,274</u>

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Renovation of premises	-	168
Furniture, fixtures and office equipment	2,193	4,453
Machine and equipments	657	3,110
Vehicles	-	5,124
Total	<u>2,850</u>	<u>12,855</u>

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

Computer software	1,156,147	1,130,815
Capital work in progress	363,209	244,810
Goodwill	41,400	-
Membership Card	5,000	-
	<u>1,565,756</u>	<u>1,375,625</u>

		(Un-audited)	
		Period ended June 30, 2023	Period ended June 30, 2022
		(Rupees in '000)	
12.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress	179,625	117,807
	Directly purchased	<u>92,809</u>	<u>66,102</u>
		<u><u>272,434</u></u>	<u><u>183,909</u></u>
		(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
		(Rupees in '000)	
13.	DEFERRED TAX ASSETS		
	Deductible temporary differences on		
	- Post retirement employee benefits	-	(65,004)
	- Accelerated tax depreciation	34,792	36,767
	- Deficit on revaluation of investments	13,530,753	5,694,977
	- Provision against advances	2,151,918	1,878,936
	- Others	<u>1,339</u>	<u>-</u>
		<u><u>15,718,802</u></u>	<u><u>7,545,677</u></u>
14.	OTHER ASSETS		
	Income / mark-up accrued in local currency - net of provision	49,671,730	37,216,850
	Income / mark-up accrued in foreign currencies	1,397,009	1,241,333
	Advances, deposits, advance rent and other prepayments	1,227,498	1,627,272
	Advance taxation (payments less provisions)	3,829,161	5,983,883
	Non-banking assets acquired in satisfaction of claims	839,058	847,462
	Assets held for sale	1,750,000	2,076,683
	Trade debts - unsecured - considered good	212,655	-
	Branch adjustment account	-	40,219
	Mark to market gain on forward foreign exchange contracts - net	85,544	-
	Stationary and stamps in hand	284,617	68,093
	Dividend receivable	32,277	4,986
	Acceptances	19,233,169	14,925,859
	Receivable from defined benefit plan	45,165	-
	Receivable against trading of securities - net	29,791	-
	Others	<u>717,933</u>	<u>526,253</u>
		<u>79,355,607</u>	<u>64,558,893</u>
	Provision held against other assets - note 14.1	<u>(182,641)</u>	<u>(182,608)</u>
	Other assets - net of provision	<u>79,172,966</u>	<u>64,376,285</u>
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	<u>1,135,774</u>	<u>1,135,774</u>
	Other assets - total	<u><u>80,308,740</u></u>	<u><u>65,512,059</u></u>
14.1	Provision held against other assets		
	Advances, deposits, advance rent and other prepayments	4,838	4,838
	Others	<u>177,803</u>	<u>177,770</u>
		<u><u>182,641</u></u>	<u><u>182,608</u></u>

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
(Rupees in '000)		
14.1.1 Movement in provision held against other assets		
Opening balance	182,608	175,845
Charge for the period / year	180	9,315
Reversals for the period / year	(147)	(2,552)
Net charge for the period / year	33	6,763
Closing balance	<u>182,641</u>	<u>182,608</u>
15. BILLS PAYABLE		
In Pakistan	<u>27,962,286</u>	<u>11,878,563</u>
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	20,780,718	22,741,967
Long term financing facility	9,538,407	9,904,417
Financing facility for storage of agricultural produce	29,541	44,311
Renewable energy financing facility	3,924,220	3,944,124
Refinance from SBP		
Credit guarantee scheme for women entrepreneurs	-	67
Payment of wages and salaries	-	454,197
Temporary Economic Relief	12,614,272	9,680,778
Modernization of SME	10,451	12,215
Combating COVID-19	473,215	563,711
Askari Ujala	-	3,117
Rupee based discounting of bills / receivable	2,242,023	1,891,099
	49,612,847	49,240,003
Repurchase agreement borrowings		
State Bank of Pakistan	425,000,000	100,000,000
Financial institutions	61,376,355	80,826,007
	486,376,355	180,826,007
Refinance from Pakistan Mortgage Refinance Company	2,366,667	3,366,079
Total secured	<u>538,355,869</u>	<u>233,432,089</u>
Unsecured		
Call borrowings	2,000,000	-
Total unsecured	<u>2,000,000</u>	<u>-</u>
	<u>540,355,869</u>	<u>233,432,089</u>

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
17. DEPOSITS AND OTHER ACCOUNTS						
Customers						
Current accounts	375,155,377	31,980,736	407,136,113	323,233,968	25,268,830	348,502,798
Savings deposits	545,059,764	71,927,179	616,986,943	500,396,889	60,092,675	560,489,564
Fixed deposits	192,908,347	33,777,153	226,685,500	195,530,848	26,160,189	221,691,037
	1,113,123,488	137,685,068	1,250,808,556	1,019,161,705	111,521,694	1,130,683,399
Financial institutions						
Current accounts	1,234,100	94,197	1,328,297	1,047,450	32,749	1,080,199
Savings deposits	1,584,016	-	1,584,016	4,517,990	-	4,517,990
Fixed deposits	15,906,200	-	15,906,200	6,092,175	-	6,092,175
	18,724,316	94,197	18,818,513	11,657,615	32,749	11,690,364
	<u>1,131,847,804</u>	<u>137,779,265</u>	<u>1,269,627,069</u>	<u>1,030,819,320</u>	<u>111,554,443</u>	<u>1,142,373,763</u>

	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
18. SUBORDINATED DEBTS	(Rupees in '000)	
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	6,000,000
	<u>12,000,000</u>	<u>12,000,000</u>

18.1 The Group has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Group's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Group including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount - Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity Date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Listed
Profit payment frequency	Payable six monthly	Payable quarterly
Redemption	Perpetual	109-120th month: 100%
Profit Rate	Base Rate plus 1.50%	Base Rate plus 1.20%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Group's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Group's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Group being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.
Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Group's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Group and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Group's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares.

	<u>(Un-audited)</u> June 30, 2023	<u>(Audited)</u> December 31, 2022
19. OTHER LIABILITIES	(Rupees in '000)	
Mark-up / return / interest payable in local currency	17,947,608	11,177,244
Mark-up / return / interest payable in foreign currencies	1,294,808	523,791
Unearned commission and income on bills discounted	2,340,624	2,485,237
Accrued expenses	1,415,295	2,141,323
Advance payments	454,031	446,546
Acceptances	19,233,169	14,925,859
Dividend payable	194,549	195,719
Advance against sale of non-banking assets	1,683,790	494,255
Mark to market loss on forward foreign exchange contracts	-	110,688
Branch adjustment account	466,665	-
Payable to defined benefit plan	-	194,714
Provision for employees' compensated absences	702,011	635,913
Security deposit against lease / Ijarah financing	3,871,030	4,145,427
Liability against asset held for sale	-	212,780
Levies and taxes payable	1,426,447	1,156,266
Trade payables	597,828	-
Workers' Welfare Fund	1,006,385	768,486
Liability against trading of securities	-	462,925
Switch settlement accounts	342,939	2,747,463
Provision against off-balance sheet obligations - note 19.1	134,239	134,767
Lease liability against ROU assets as per IFRS - 16 Leases	8,277,876	8,084,073
Others	1,535,161	2,095,480
	<u>62,924,454</u>	<u>53,138,956</u>

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

19.1 Provision against off-balance sheet obligations

Opening balance	134,767	1,143,768
Exchange adjustment	121	404
Reversal for the period / year	(649)	(1,009,405)
Closing balance	<u>134,239</u>	<u>134,767</u>

20. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

(Deficit) / surplus on revaluation of:

- Available for sale securities	(27,613,782)	(13,220,995)
- Fixed Assets	10,365,737	10,365,737
- Non-banking assets acquired in satisfaction of claims	1,135,774	1,135,774
	(16,112,271)	(1,719,484)

Deferred tax on deficit on revaluation of:

- Available for sale securities	13,530,753	5,694,977
	<u>(2,581,518)</u>	<u>3,975,493</u>

Pursuant to relaxation provided by the SBP, the Group had availed the benefit of staggering the unrealized loss on PIBs having aggregate face value of Rs 85,168 million at December 31, 2022. Accordingly, the Group had reversed an amount of revaluation loss of Rs. 6,486 million upto December 31, 2022. The relaxation is not available at June 30, 2023.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
21. CONTINGENCIES AND COMMITMENTS	(Rupees in '000)	
- Guarantees - note 21.1	361,224,855	313,699,274
- Commitments - note 21.2	545,744,003	473,577,812
- Other contingent liabilities - note 21.3	1,533,090	1,322,856
	<u>908,501,948</u>	<u>788,599,942</u>
21.1 Guarantees		
Financial guarantees	10,869,347	9,494,557
Performance guarantees	199,751,019	180,122,513
Other guarantees	150,604,489	124,082,204
	<u>361,224,855</u>	<u>313,699,274</u>
21.2 Commitments		
Documentary credits and short-term trade-related transactions		
- letters of credit	224,195,797	187,240,002
Commitments in respect of:		
- forward foreign exchange contracts - note 21.2.1	318,965,856	269,232,712
- forward government securities transactions	-	15,400,000
- non government securities transactions - note 21.2.2	2,036,120	1,366,896
Commitments for acquisition of:		
- operating fixed assets	118,579	82,807
- intangible assets	427,651	255,395
	<u>545,744,003</u>	<u>473,577,812</u>
21.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	178,648,788	150,899,164
Sale	140,317,068	118,333,548
	<u>318,965,856</u>	<u>269,232,712</u>
The above commitments have maturities falling within one year.		
21.2.2 Commitments in respect of non government securities transactions		
Purchase	2,036,120	1,035,290
Sale	-	331,606
	<u>2,036,120</u>	<u>1,366,896</u>
21.3 Other contingent liabilities		
These represent certain claims by third parties against the Group, which are being contested in the Courts of law. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Group's favour and the possibility of any outcome against the Group is remote and accordingly no provision has been made in these condensed interim unconsolidated financial statements	1,447,293	1,254,927
This represent letter of credit issued by correspondent bank on Group's behalf	85,797	67,929
	<u>1,533,090</u>	<u>1,322,856</u>

22. **DERIVATIVE INSTRUMENTS**

The Group does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Bank's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

		(Un-audited)	
		Period ended June 30, 2023	Period ended June 30, 2022
23.	MARK-UP / RETURN / INTEREST EARNED	(Rupees in '000)	
	On:		
	Loans and advances	51,765,694	25,188,973
	Investments	75,416,614	36,075,250
	Lendings to financial institutions	72,958	78,222
	Balances with banks	239,575	6,640
	Securities purchased under resale agreements	517,039	382,031
		<u>128,011,880</u>	<u>61,731,116</u>
24.	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	Deposits	67,807,224	31,389,502
	Borrowings	32,270,412	10,318,384
	Subordinated debts	1,165,762	760,075
	Cost of foreign currency swaps against foreign currency deposits / borrowings	1,451,990	1,565,921
	Interest expense on lease liability against ROU assets	495,230	445,599
		<u>103,190,618</u>	<u>44,479,481</u>
25.	FEE AND COMMISSION INCOME		
	Branch banking customer fees	382,800	402,848
	Consumer finance related fees	47,729	55,184
	Card related fees (debit and credit cards)	712,684	549,179
	Credit related fees	433,658	270,934
	Investment banking fees	155,433	115,127
	Commission on trade	871,295	496,025
	Commission on guarantees	634,152	488,053
	Commission on remittances including home remittances	94,390	104,949
	Commission on bancassurance	16,503	42,632
	Others	44,503	61,351
		<u>3,393,147</u>	<u>2,586,282</u>
26.	GAIN / (LOSS) ON SECURITIES		
	Realised - note 26.1	16,289	34,446
	Unrealised - note 9.1	9,476	(18,617)
		<u>25,765</u>	<u>15,829</u>
26.1	Realised gain / (loss) on:		
	Federal Government Securities	(153,747)	12,187
	Shares	127,469	9,101
	Non Government Debt Securities	37,833	300
	Mutual Funds	4,734	12,858
		<u>16,289</u>	<u>34,446</u>

	(Un-audited)	
	Period ended June 30, 2023	Period ended June 30, 2022
27. OTHER INCOME		
Gain on sale of fixed assets	4,019	37,501
Rent of lockers	25,403	24,172
Recovery of expenses from customers	160,482	151,295
Termination of lease contracts under IFRS - 16 Leases	9,900	13,700
	<u>199,804</u>	<u>226,668</u>
28. OPERATING EXPENSES		
Total compensation expenses - note 28.1	6,952,448	5,531,538
Property expense		
Rent and taxes	72,469	65,802
Insurance	45,924	42,883
Utilities cost	622,111	417,357
Security (including guards)	381,112	285,593
Repair & maintenance (including janitorial charges)	211,294	161,203
Depreciation on ROU assets	811,224	773,035
Depreciation	120,980	141,378
	2,265,114	1,887,251
Information technology expenses		
Software maintenance	334,067	245,600
Hardware maintenance	80,107	30,429
Depreciation	113,404	87,693
Amortisation	82,922	69,372
Network charges	261,287	138,734
	871,787	571,828
Other operating expenses		
Directors' fees, allowances	15,200	16,700
Fees and allowances to shariah board	4,746	4,539
Rates, taxes, insurance etc.	89,800	104,287
Legal and professional charges	48,917	57,373
Brokerage and commission	100,672	73,923
NIFT clearing charges	52,342	34,423
Repair and maintenance	401,987	182,467
Communications	475,841	339,811
Stationery and printing	301,362	171,774
Marketing, advertisement and publicity	54,077	81,489
Donations	524,397	67,150
Auditors' remuneration	26,389	10,424
Travelling, conveyance and entertainment	194,534	140,363
Depreciation	238,475	225,998
Security service charges	356,972	192,153
Training and development	11,603	11,841
Deposit premium expense	351,160	323,717
Outsourced service cost	102,216	42,280
Other expenditure	159,049	193,233
	3,509,739	2,273,945
	<u>13,599,088</u>	<u>10,264,562</u>
28.1 Total compensation expense		
Managerial remuneration	5,194,287	4,331,022
Charge for defined benefit / contribution plan	423,655	379,082
Other staff cost - note 28.1.1	1,334,506	821,435
	<u>6,952,448</u>	<u>5,531,539</u>

28.1.1 Other staff cost includes incentive to consumer sales staff, dearness allowance, cash handling allowance, staff group insurance, provision for severance etc.

29. This represents penalties imposed by the State Bank of Pakistan.

	(Un-audited)	
	Period ended June 30, 2023	Period ended June 30, 2022
30. PROVISIONS AND WRITE OFFS - NET	(Rupees in '000)	
Provision for diminution in value of investments	231,427	425,752
Provision against loans and advances	447,517	629,981
Provision against other assets and balances with other banks	37	11,722
Reveral of provision against repurchase agreement lendings	(14,860)	(14,861)
Reversal of provision against off-balance sheet obligations	(649)	(897,777)
Provision against cash and bank balances	-	17
Reversal of provision against intangible assets	-	(1,225)
Recovery of written off / charged off bad debts	(46,196)	(43,469)
	<u>617,276</u>	<u>110,140</u>
31. TAXATION		
Current	8,439,244	5,780,467
Deferred	(271,007)	62,789
	<u>8,168,237</u>	<u>5,843,256</u>

31.1 i) The Group has filed tax returns for and up to tax year 2022. The assessments for and up to tax year 2022 were amended by the tax authorities creating accumulated additional tax demand, mainly in the matters of admissibility of recoveries against doubtful debts for Rs 1,119.049 million, provision for diminution in the value of investments for Rs 2,530.226 million, bad debts written off for Rs 86.922 million, provision for substandard advances for Rs 74.95 million, Provision against other assets and fixed assets for Rs 142.494 million, disallowance of employee benefit expenses Rs 228.680 Million and Other disallowances of expenses/credits for Rs 326.846 million. Group's Appeals against these orders are currently pending before Commissioner Appeals, Appellate Tribunal and Islamabad High Court. The management and tax advisor of the Group are confident that these matters will be decided in favor of the Group and consequently no provision has been made thereon. Tax payments by the Group against certain matters are being carried forward as receivable, as management and tax advisor of the Group are confident of their realization.

ii) Consequent upon the amalgamation with and into the Group, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However, the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

	(Un-audited)	
	Period ended June 30, 2023	Period ended June 30, 2022
32. BASIC EARNINGS PER SHARE		
Profit for the period - Rupees in '000	<u>8,837,543</u>	<u>6,313,456</u>
Weighted average number of Ordinary Shares - numbers	<u>1,449,299,207</u>	<u>1,449,299,207</u>
Basic earnings per share - Rupees	<u>6.10</u>	<u>Restated 4.36</u>

There is no dilutive effect on the basic earnings per share of the Group, therefore dilutive earnings per share have not been presented separately. Further, the prior period earnings per share has been restated for the effect of bonus shares issued @15% during the year.

33. FAIR VALUE MEASUREMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments are estimated using the break-up value of the investee company.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

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

33.1 Fair value of financial assets

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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) available at MUFAP and Reuters page.

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

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims	Land and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these condensed interim unconsolidated financial statements.

The following table provides the fair values of those of the Group's financial assets and liabilities that are recognized or disclosed at fair value in these unconsolidated condensed interim financial statements:

	June 30, 2023 (Un-audited)				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	965,719,943	5,128,668	960,591,275	-	965,719,943
Shares	4,623,743	4,623,743	-	-	4,623,743
Units of open end mutual funds	570,923	570,923	-	-	570,923
Fully paid preference shares	28,150	28,150	-	-	28,150
Non Government Debt Securities	12,460,022	-	12,460,022	-	12,460,022
	<u>983,402,781</u>	<u>10,351,484</u>	<u>973,051,297</u>	<u>-</u>	<u>983,402,781</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	114,312,540	10,718,376	103,594,164	-	114,312,540
Unlisted shares	1,050,000	-	-	-	-
Foreign Securities	-	-	-	-	-
Cash and balances with treasury banks	128,348,676	-	-	-	-
Balances with other banks	18,109,584	-	-	-	-
Lendings to financial institutions	99,999	-	-	-	-
Advances	622,816,273	-	-	-	-
Other assets	70,984,812	-	-	-	-
	<u>955,721,884</u>	<u>10,718,376</u>	<u>103,594,164</u>	<u>-</u>	<u>114,312,540</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	<u>178,648,788</u>	<u>-</u>	<u>161,364</u>	<u>-</u>	<u>161,364</u>
Forward sale of foreign exchange	<u>140,317,068</u>	<u>-</u>	<u>(75,820)</u>	<u>-</u>	<u>(75,820)</u>

	December 31, 2022 (Un-audited)				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	632,309,796	3,896,424	628,413,372	-	632,309,796
Shares	4,184,699	4,184,699	-	-	4,184,699
Units of open end mutual funds	643,285	-	643,285	-	643,285
Fully paid preference shares	28,150	28,150	-	-	28,150
Non Government Debt Securities	11,865,359	-	11,865,359	-	11,865,359
Foreign securities	-	-	-	-	-
	<u>649,031,289</u>	<u>8,109,273</u>	<u>640,922,016</u>	<u>-</u>	<u>649,031,289</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Unlisted shares	1,050,000	-	-	-	-
Subsidiary	-	-	-	-	-
Federal Government Securities	111,056,637	8,644,666	102,411,971	-	111,056,637
Foreign Securities	1,797,164	1,797,164	-	-	1,797,164
Cash and balances with treasury banks	70,950,067	-	-	-	-
Balances with other banks	9,677,123	-	-	-	-
Lendings to financial institute	406,934	-	-	-	-
Advances	583,810,931	-	-	-	-
Other assets	53,984,332	-	-	-	-
	<u>832,733,188</u>	<u>10,441,830</u>	<u>102,411,971</u>	<u>-</u>	<u>112,853,801</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	<u>150,899,164</u>	<u>-</u>	<u>419,729</u>	<u>-</u>	<u>419,729</u>
Forward sale of foreign exchange	<u>118,333,548</u>	<u>-</u>	<u>(530,417)</u>	<u>-</u>	<u>(530,417)</u>

The Group'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 such transfer to takes place. There were no transfers between levels 1 and 2 during the year.

33.2 Fair value of non-financial assets	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
	(Rupees in '000)	
	Level 3	Level 3
Fixed assets		
Property and equipment (freehold and leasehold land)	13,238,392	13,238,392
Other assets		
Non-banking assets acquired in satisfaction of claims	1,974,832	1,983,236

34. Segment Information

34.1 Segment details with respect to Business Activities

The segment analysis with respect to business activity is as follows:

	June 30, 2023 (Un-audited)							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(40,637,694)	17,975,386	39,738,449	2,213,650	5,823,754	1,121,604	(1,413,887)	24,821,262
Inter segment revenue - net	58,025,034	(15,577,459)	(44,495,586)	(1,676,680)	(1,776,600)	(831,918)	6,333,210	1
Non mark-up / return / interest income	1,090,027	2,279,514	2,494,311	376,161	357,571	16,154	149,208	6,762,946
Total income	18,477,367	4,677,441	(2,262,826)	913,131	4,404,725	305,840	5,068,531	31,584,209
Segment direct expenses	7,360,735	491,246	210,020	753,599	1,613,147	116,030	3,416,375	13,961,152
Inter segment expense allocation	675,266	495,989	10,506	25,972	-	-	(1,207,733)	-
Total expenses	8,036,001	987,235	220,526	779,571	1,613,147	116,030	2,208,642	13,961,152
Provisions	(188,600)	609,275	183,504	(12,751)	(40,595)	-	66,443	617,276
Profit before tax	10,629,966	3,080,931	(2,666,856)	146,311	2,832,173	189,810	2,793,446	17,005,781
	June 30, 2023 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	34,196,046	-	100,505,385	759,194	10,236,792	93,562	667,281	146,458,260
Investments	-	8,437,421	1,033,683,841	-	40,394,400	15,847,044	402,615	1,098,765,321
Lendings to financial institutions	-	-	99,999	-	-	-	-	99,999
Advances - performing - net of provision	11,289,944	477,763,210	-	19,957,704	98,486,872	5,375,926	8,074,611	620,948,267
Advances - non-performing - net of provision	280,319	517,246	-	95,560	974,881	-	-	1,868,006
Others	929,805	35,112,348	24,519,874	668,840	11,508,460	429,614	48,882,222	122,051,163
Total Assets	46,696,114	521,830,225	1,158,809,099	21,481,298	161,601,405	21,746,146	58,026,729	1,990,191,016
Borrowings	1,626,582	41,997,115	488,376,353	2,366,667	5,989,152	-	-	540,355,869
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	854,239,151	303,145,572	-	3,300	110,156,151	1,972,947	109,948	1,269,627,069
Net inter segment balances - net	(827,365,330)	132,779,582	664,214,420	18,609,307	24,763,747	19,233,136	(32,234,862)	(0)
Others	18,195,711	43,907,956	6,218,326	502,024	8,497,865	540,063	13,024,795	90,886,740
Total liabilities	46,696,114	521,830,225	1,158,809,099	21,481,298	149,406,915	21,746,146	(7,100,119)	1,912,869,678
Equity	-	-	-	-	12,194,490	-	65,126,847	77,321,337
Total Equity and liabilities	46,696,114	521,830,225	1,158,809,099	21,481,298	161,601,405	21,746,146	58,026,728	1,990,191,015
Contingencies and commitments	6,685,939	563,832,047	317,499,316	85,797	18,440,777	-	1,958,072	908,501,948
	June 30, 2022 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(20,632,154)	9,889,774	23,957,135	1,753,684	2,324,068	872,377	(913,249)	17,251,635
Inter segment revenue - net	33,091,009	(7,266,333)	(27,447,342)	(1,129,377)	-	(92,579)	2,844,622	-
Non mark-up / return / interest income	864,707	1,590,876	2,483,253	265,936	246,835	14,323	161,663	5,627,593
Total income	13,323,562	4,214,317	(1,006,954)	890,243	2,570,903	794,121	2,093,036	22,879,228
Segment direct expenses	5,754,727	436,065	154,751	538,740	1,252,587	69,823	2,405,683	10,612,376
Inter segment expense allocation	446,614	431,517	5,837	69,167	-	-	(953,135)	-
Total expenses	6,201,341	867,582	160,588	607,907	1,252,587	69,823	1,452,548	10,612,376
Provisions	(59,501)	(320,427)	454,629	(19,043)	51,887	(78,920)	81,515	110,140
Profit before tax	7,181,722	3,667,162	(1,622,171)	301,379	1,266,429	803,218	558,973	12,156,712
	December 31, 2022 (Audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	24,540,132	-	49,189,748	-	6,862,101	35,209	-	80,627,190
Investments	-	8,125,443	699,774,652	-	39,942,674	14,338,254	349,996	762,531,019
Net inter segment lending	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	406,934	-	-	-	-	406,934
Advances - performing - net of provision	13,644,831	447,812,623	-	21,143,917	82,166,386	9,999,101	7,194,819	581,961,677
Advances - non-performing - net of provision	281,669	453,499	-	130,836	983,250	-	-	1,849,254
Others	1,003,140	27,107,590	19,094,660	594,298	7,097,474	418,422	43,602,189	98,917,773
Total Assets	39,469,772	483,499,155	768,465,994	21,869,051	137,051,885	24,790,986	51,147,004	1,526,293,847
Borrowings	1,744,212	42,909,471	179,432,046	3,366,079	4,586,320	1,393,961	-	233,432,089
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	751,561,392	293,324,608	-	3,686	96,297,085	1,094,507	92,485	1,142,373,763
Net inter segment balances - net	(731,727,465)	122,512,889	586,421,413	17,862,227	19,475,830	22,068,820	(36,613,714)	-
Others	17,891,633	24,752,187	2,612,535	637,059	6,684,620	233,698	12,205,787	65,017,519
Total liabilities	39,469,772	483,499,155	768,465,994	21,869,051	127,043,855	24,790,986	(12,315,442)	1,452,823,371
Equity	-	-	-	-	10,008,029	-	63,462,447	73,470,476
Total Equity and liabilities	39,469,772	483,499,155	768,465,994	21,869,051	137,051,884	24,790,986	51,147,005	1,526,293,847
Contingencies and commitments	6,295,329	480,881,779	280,146,274	18,089	19,620,329	-	1,603,042	788,564,842

35. **RELATED PARTY TRANSACTIONS**

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Group's share capital at the period end. The Group has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

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

Details of transactions with related parties and balances are as follows:

	As at June 30, 2023 (Un-audited)					As at December 31, 2022 (Audited)				
	Parent	Directors	Key management personnel	Subsidiary / Associate Note - 9.4	Other related parties	Parent	Directors	Key management personnel	Subsidiary / Associate Restated Note - 9.4	Other related parties
	Rupees in '000									
Investments										
Opening balance	-	-	-	165,619	1,165,448	-	-	-	165,619	1,189,341
Investment made during the period / year	-	-	-	31,081	76,432	-	-	-	-	44,195
Revaluation adjustment	-	-	-	-	(56,277)	-	-	-	-	(81,568)
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	13,745	-	-	-	-	13,480
Closing balance	-	-	-	196,700	1,199,348	-	-	-	165,619	1,165,448
Provision for diminution in value of investments	-	-	-	-	87,862	-	-	-	-	87,248
Advances										
Opening balance	29,986,315	60	507,549	-	16,983,652	4,523,915	43	441,248	-	10,521,710
Addition during the period / year	138,713,893	6,069	46,760	800,482	27,885,648	352,713,101	20,581	469,897	-	10,892,307
Repaid during the period / year	(168,606,218)	(5,278)	(130,489)	(1,000,000)	(20,348,894)	(327,250,701)	(20,564)	(419,988)	-	(4,430,365)
Transfer in / (out) - net	-	-	(32,745)	200,000	3,474,156	-	-	16,392	-	-
Closing balance	93,990	851	391,075	482	27,994,562	29,986,315	60	507,549	-	16,983,652
Other Assets										
Interest / mark-up receivable	3,767	-	75,298	-	923,325	369,907	-	71,132	-	790,833
Receivable from staff retirement fund	-	-	-	-	58,689	-	-	-	-	-
Advance rent	225	-	-	-	-	1,254	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	3,366,079	-	-	-	-	2,372,387
Borrowings during the period	-	-	-	-	-	-	-	-	-	1,200,000
Settled during the period	-	-	-	-	(999,412)	-	-	-	-	(206,308)
Closing balance	-	-	-	-	2,366,667	-	-	-	-	3,366,079
Deposits and other accounts										
Opening balance	38,816,364	34,615	193,106	200,843	38,867,218	56,224,390	24,009	211,259	268,208	42,288,557
Received during the period / year	576,016,064	386,548	1,498,959	2,234,514	517,665,587	988,405,154	79,294	2,726,090	1,012,631	992,693,856
Withdrawn during the period / year	(582,210,789)	(326,103)	(1,331,561)	(2,789,371)	(514,731,353)	(1,005,813,179)	(68,689)	(2,683,283)	(1,079,996)	(996,115,195)
Transfer in / (out) - net	-	(202)	(332)	455,771	(455,771)	-	-	(60,959)	-	-
Closing balance	32,621,639	94,858	360,172	101,757	41,345,682	38,816,364	34,615	193,107	200,843	38,867,218
Other Liabilities										
Interest / mark-up payable	71,139	8	3,813	-	490,623	625,832	-	3,299	-	361,829
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	194,714
Security deposits payable	-	-	-	-	470,958	-	-	-	-	470,698
Others	-	-	34,984	-	-	-	-	18,607	-	-
Contingencies and Commitments										
Contingencies and Commitments	177,550	-	-	-	7,830,668	1,183,172	-	-	40,000	2,447,138
Others										
Securities held as custodian	3,962,500	-	58,209	-	9,596,477	3,462,500	-	36,500	100,000	7,105,000
Securities given as collateral	-	-	-	-	80,129	-	-	-	-	177,855

For the half year ended June 30, 2023 (Un-Audited)					For the half year ended June 30, 2022 (Un-Audited)				
Parent	Directors	Key management personnel	Subsidiary / Associate Note - 9.4	Other related parties	Parent	Directors	Key management personnel	Subsidiary / Associate Note - 9.4	Other related parties

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

Income

Mark-up / return / interest earned	207,620	-	5,283	1,240	2,523,478	212,968	-	14,017	-	748,251
Fee and commission received	505	-	-	-	33,577	3,284	-	-	39	15,175
Dividend income	-	-	-	-	124,793	-	-	-	-	53,268
Gain on sale of fixed assets	-	-	-	-	-	-	-	7,250	-	-

Expense

Mark-up / return / interest expensed	4,006,138	597	21,819	8,622	2,356,502	1,676,168	3	4,702	2,261	1,131,623
Charge to defined benefit plan	-	-	-	-	164,141	-	-	-	-	165,608
Contribution to defined contribution plan	-	-	-	-	166,693	-	-	-	-	143,902
Remuneration and allowances	-	-	545,403	-	4,746	-	-	363,812	-	4,539
Rent	1,029	-	-	-	-	887	-	-	-	-
Communications	-	-	-	-	62,471	-	-	-	-	31,664
Brokerage and Commission	-	-	-	15	43,834	-	-	-	-	38,525
Directors' Fee, Allowances	-	15,200	-	-	-	4,650	12,050	-	-	-
Donations	524,397	-	-	-	-	177,278	-	-	-	-

In addition to above, rent free sub-branches are operating at FFC Sona Tower, FFBL Tower and Foundation University (along with booth and Atm).

The term 'key management personnel' has the same meaning as defined in IAS 24 - Related party disclosures.

36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
(Rupees in '000)		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,492,992	12,602,602
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	62,949,688	65,440,838
Eligible Additional Tier 1 (ADT 1) Capital	6,000,000	6,000,000
Total Eligible Tier 1 Capital	68,949,688	71,440,838
Eligible Tier 2 Capital	9,931,158	11,858,247
Total Eligible Capital (Tier 1 + Tier 2)	78,880,845	83,299,085
Risk Weighted Assets (RWAs):		
Credit Risk	424,653,480	412,266,206
Market Risk	17,657,655	27,675,542
Operational Risk	81,515,108	81,515,216
Total	523,826,243	521,456,964
Common Equity Tier 1 Capital Adequacy ratio	12.02%	12.55%
Tier 1 Capital Adequacy Ratio	13.16%	13.70%
Total Capital Adequacy Ratio	15.06%	15.97%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	68,949,688	71,440,838
Total Exposures	2,368,412,238	2,243,477,307
Leverage Ratio	2.91%	3.18%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	574,974,149	520,361,460
Total Net Cash Outflow	295,959,807	281,841,107
Liquidity Coverage Ratio	194.27%	184.63%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,247,314,721	1,113,890,911
Total Required Stable Funding	622,665,069	561,560,640
Net Stable Funding Ratio	200.32%	198.36%

Pursuant to relaxation provided by State Bank of Pakistan, the Group is allowed relaxation from the applicability of leverage ratio requirement of 3% till September 30, 2023. Provided the Group's leverage ratio shall not fall below 2.5%.

37. Islamic Banking Business

The Group is operating 120 Islamic banking branches including 3 sub-branches at June 30, 2023 as compared to 120 Islamic banking branches including 3 sub-branches at year ended December 31, 2022.

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		9,875,067	6,747,452
Balances with other banks		361,725	114,649
Investments	37.1	40,394,404	39,942,674
Islamic financing and related assets - net	37.2	99,461,752	83,149,636
Fixed assets		1,939,297	1,984,521
Other assets		9,813,150	5,812,116
Total assets		161,845,395	137,751,048
LIABILITIES			
Bills payable		1,643,829	1,425,734
Due to financial institutions		5,989,149	4,586,320
Deposits and other accounts	37.3	110,156,149	96,297,085
Due to head office		25,000,000	20,175,000
Other liabilities		6,861,774	5,258,880
		149,650,901	127,743,019
NET ASSETS		12,194,494	10,008,029
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Deficit on revaluation of assets		(1,760,954)	(1,115,247)
Unappropriated profit	37.4	9,355,448	6,523,276
		12,194,494	10,008,029
CONTINGENCIES AND COMMITMENTS	37.5	18,440,777	19,620,329

The profit and loss account of the Group's Islamic banking branches for the period ended June 30, 2023 is as follows:

		(Un-audited) For the six months ended	
		June 30, 2023	June 30, 2022
	Note	(Rupees in '000)	
Profit / return earned	37.7	11,151,164	5,699,106
Profit / return expensed	37.8	7,104,010	3,375,038
Net Profit / return		4,047,154	2,324,068
Other income			
Fee and Commission Income		153,071	124,753
Dividend Income		9,123	5,177
Foreign Exchange Income		135,720	79,692
Gain / (loss) on securities		7,100	-
Other Income		52,556	37,213
Total other income		357,570	246,835
Total Income		4,404,724	2,570,903
Other expenses			
Operating expenses		1,610,704	1,252,161
Other charges		2,441	426
Total other expenses		1,613,145	1,252,587
Profit before provisions		2,791,579	1,318,316
Provisions and write offs - net		(40,593)	51,887
Profit before taxation		2,832,172	1,266,429

37.1 **Investments by segments:**

Federal Government Securities:

- Ijarah Sukuks
- Islamic Naya Pakistan Certificates

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
	33,933,396	-	(1,761,856)	32,171,540	33,935,928	-	(1,115,711)	32,820,217
	4,095,533	-	-	4,095,533	3,282,078	-	-	3,282,078
	38,028,929	-	(1,761,856)	36,267,073	37,218,006	-	(1,115,711)	36,102,295
Units of Open end Mutual Fund	100,000	-	902	100,902	100,000		464	100,464
Non Government Debt Securities:								
- Unlisted	4,563,554	(537,125)	-	4,026,429	4,283,463	(543,548)	-	3,739,915
Total investments	42,692,483	(537,125)	(1,760,954)	40,394,404	41,601,469	(543,548)	(1,115,247)	39,942,674

	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
37.2 ISLAMIC FINANCING AND RELATED ASSETS	(Rupees in '000)	
Ijarah	5,504,172	4,934,290
Murabaha - note 37.2.1	6,561,149	5,033,231
Musharakah	43,661,380	32,639,372
Diminishing Musharakah	20,012,184	17,080,337
Salam	7,322,143	7,948,100
Istisna	6,562,641	5,238,318
Receivable against sale of Istisna / Salam Inventory	1,032,222	585,400
Service Ijarah	2,458,154	2,427,176
Wakalah	496,049	-
Other Islamic Modes (Qard)	2,338,089	2,703,951
Advances against Islamic assets - note 37.2.2	879,737	4,539,685
Inventory related to Islamic financing - note 37.2.3	4,550,972	1,971,084
Gross Islamic financing and related assets	101,378,892	85,100,944
Less: provision against Islamic financings		
- Specific	1,876,915	1,911,083
- General	40,225	40,225
	1,917,140	1,951,308
Islamic financing and related assets - net of provision	99,461,752	83,149,636

37.2.1 Includes advance against Murabaha of Rs.1,089,168 thousand (December 31, 2022: Rs.954,405 thousand).

37.2.2 Advance against Islamic assets

	Ijarah	Musharakah	Diminishing		Istisna	Total
			Musharakah	Salam		
	(Rupees in '000)					
June 30, 2023 (Un-audited)	65,896	-	813,841	-	-	879,737
December 31, 2022 (Audited)	1,524,153	-	3,015,532	-	-	4,539,685

37.2.3 Inventory related to Islamic financing

	Ijarah	Musharakah	Diminishing		Istisna	Total
			Musharakah	Salam		
	(Rupees in '000)					
June 30, 2023 (Un-audited)	-	-	-	2,288,304	2,262,668	4,550,972
December 31, 2022 (Audited)	-	-	-	226,020	1,745,064	1,971,084

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
37.3 DEPOSITS AND OTHER ACCOUNTS		
	(Rupees in '000)	
Customers		
Current deposits - non remunerative	40,195,862	36,236,795
Current deposits - remunerative	1,211,955	1,353,496
Saving deposits	24,407,459	23,299,225
Term deposits	24,113,272	25,135,675
Others	4,954,230	1,589,333
	<u>94,882,778</u>	<u>87,614,524</u>
Financial Institutions		
Current deposits - non remunerative	82,703	101,309
Current deposits - remunerative	37,334	131,152
Saving deposits	279,634	2,667,925
Term deposits	14,873,700	5,782,175
	<u>15,273,371</u>	<u>8,682,561</u>
	<u>110,156,149</u>	<u>96,297,085</u>
37.4 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
Opening balance	6,523,276	3,652,897
Add: Islamic banking profit for the period	2,832,172	2,870,379
Closing Balance	<u>9,355,448</u>	<u>6,523,276</u>
37.5 CONTINGENCIES AND COMMITMENTS		
-Guarantees	10,019,748	8,971,118
-Commitments	8,421,029	10,649,211
	<u>18,440,777</u>	<u>19,620,329</u>
37.6 CHARITY FUND		
Opening balance	40,130	24,292
Additions during the period		
- Received from customers on delayed payments	17,901	55,203
- Non Shariah Compliant Income	-	170
- Profit on charity account	16	16
- Others	441	449
	<u>18,358</u>	<u>55,838</u>
Payments / utilization during the period		
- Education	(5,000)	-
- Natural Disaster	-	(40,000)
- Health	(14,264)	-
- Orphanage	(3,123)	-
	<u>(22,387)</u>	<u>(40,000)</u>
Closing balance	<u>36,101</u>	<u>40,130</u>

		(Un-audited)	
		For the six months ended	
		June 30,	June 30,
		2023	2022
		(Rupees in '000)	
37.7	PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS		
	Profit earned on:		
	Financing	8,164,225	3,985,787
	Investments	2,964,521	1,702,933
	Placements	22,418	10,386
		<u>11,151,164</u>	<u>5,699,106</u>
37.8	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
	Deposits and other accounts	4,939,067	1,627,249
	Due to financial institutions	277,811	203,533
	Due to head office	1,776,600	1,448,749
	Lease liability against right-of-use assets	110,532	95,507
		<u>7,104,010</u>	<u>3,375,038</u>

38. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 21, 2023.

-sd-	-sd-	-sd-	-sd-	-sd-
Chief Financial Officer	President & Chief Executive	Director	Director	Chairman



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