



Quarterly Report
March 31, 2023 (Un-audited)



**Bank as free
as a bird**

Content

- 02 Company Information
- 03 Directors' Report
- 09 Directors' Report Urdu
- 12 Condensed Interim Unconsolidated Statement of Financial Position
- 13 Condensed Interim Unconsolidated Profit and Loss Account
- 14 Condensed Interim Unconsolidated Statement of Comprehensive Income
- 15 Condensed Interim Unconsolidated Statement of Changes in Equity
- 16 Condensed Interim Unconsolidated Cash Flow Statement
- 17 Notes to the Condensed Interim Unconsolidated Financial Statements
- 54 Condensed Interim Consolidated Statement of Financial Position
- 55 Condensed Interim Consolidated Profit and Loss Account
- 56 Condensed Interim Consolidated Statement of Comprehensive Income
- 57 Condensed Interim Consolidated Statement of Changes in Equity
- 58 Condensed Interim Consolidated Cash Flow Statement
- 59 Notes to the Condensed Interim Consolidated Financial Statements

Company Information

Board of Directors

Mr. Adil Matcheswala	Chairman
Ms. Nargis Ghaloo	Independent Director
Lt. Gen. (R) Sadiq Ali	Independent Director
Mr. Shahnawaz Haider Nawabi	Independent Director
Syed Mumtaz Ali Shah	Independent Director
Mr. Usman Yousaf Mobin	Independent Director
Mr. Basir Shamsie	President & CEO/ Executive Director

Audit Committee

Ms. Nargis Ghaloo	Chairperson
Mr. Shahnawaz Haider Nawabi	Member
Lt. Gen. (R) Sadiq Ali	Member

Human Resource, Remuneration

& Nomination Committee

Syed Mumtaz Ali Shah	Chairman
Mr. Adil Matcheswala	Member
Mr. Usman Yousaf Mobin	Member

Risk Management Committee

Syed Mumtaz Ali Shah	Chairman
Lt. Gen. (R) Sadiq Ali	Member
Mr. Shahnawaz Haider Nawabi	Member
Mr. Basir Shamsie	Member

Board IT Committee

Mr. Usman Yousaf Mobin	Chairman
Ms. Nargis Ghaloo	Member
Mr. Basir Shamsie	Member

Chief Financial Officer

Mr. Amin Muhammad Virani

Company Secretary

Mr. Hasan Shahid

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road, Karachi.

Legal Advisors

Bawaney & Partners
Haidermota & Co.
Liaquat Merchant Associates

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shakra-e-Faisal,
Karachi.

Registered office

JS Bank Limited
Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box 4847 Karachi-74200, Pakistan
UAN: +92 21 111 JS Bank (572-265)
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Directors' Report

We are pleased to present the unaudited financial statements of JS Bank Limited ("JSBL") for the quarter ended March 31, 2023.

Economy review

Driven by higher energy and food prices, headline inflation continued its upward journey with March's reading clocked in at 35.4% as compared to 12.7% in the same month last year. Domestic production is also showing a slump as LSM recorded a 5.6%YoY contraction in 8MFY23. Non- Food-Non-Energy (NFNE) inflation has also been on the rise most likely on the back of higher exchange rate, pass-through effect, and the build-up of inflation expectations. In order to curb inflation, the Central Bank has increased the Policy Rate by a cumulative 500bps during 2023 so far, taking it to 21%.

Owing to 21%YoY reduction in imports, the trade deficit came down to USD 4.1 billion in 8MFY23 from USD 12.3 billion in the same period last year, thus resulting in 68% reduction in the current account deficit. However, despite this marked improvement in the external account, the country's forex reserves continued to remain under pressure on the back of external debt obligations resulting in PKR sliding from PKR 227 per USD at the start of the year to PKR 284 of late.

On the external funding front, Pakistan appears to have made visible progress. Out of USD 6 billion funding gap identified by the IMF, Pakistan has secured USD 3 billion (from KSA and UAE). However, IMF recently issues a statement saying that Pakistan needs to bridge the remaining USD 3 billion gap for the successful completion of 9th review of the ongoing Extended Fund Facility.

Banking sector review

In line with monetary tightening, the banking sector's weighted average Spreads also increased by 251bp YoY in 2MCY23 to 6.95%. Banking sector Deposits touched PKR 23,562 billion in March (up 15% YoY) while Advances also grew by ~15% to reach PKR 11,836 billion. Thus, the sector maintained the ADR exactly at 50%. On the other hand, as per the latest available data, the sector's gross NPLs have increased by 3%QoQ in December 2022 to reach PKR 938,670 million. However, due to 7.5% increase in Advances during September and December 2022, the sector's Gross Infection Ratio actually came down from 8.2% in September 2022 to 7.8% in December 2022.

Performance overview

For the first quarter ended March 31, 2023, the Bank reported a Profit before Tax of PKR 1,526 million (Profit after Tax of PKR 856 million), as compared to a Profit before Tax of PKR 675 million (Profit after Tax of PKR 410 million) during the corresponding period last year. During this period, Bank's Net Interest Income increased by 54%YOY primarily owing to improvement in Bank's deposit mix. While overall deposits witnessed a decline of 6% since December 2022 (primarily due to 16% reduction in Term Deposits), Non-Remunerative Deposits increased by 5% resulting in the share of Non-Remunerative Deposit in total Deposit improving from 31% in 4Q2022 to 34% in 1Q2023.

Anticipating that the SBP's monetary tightening would continue, Bank offloaded a part of its Government Securities holding in January resulting in a loss of PKR 494 million. This turned out to be a prudent move as the Central Bank has since increased the Policy Rate by another 400 bps. Furthermore, this loss has been more than offset by growth in the Bank's other Non-Markup Income which has resulted in the Bank recording an overall Non-Markup Income of PKR 2,207 million – 82% higher than in the same period last year.

Administrative expenses witnessed an increase of 41%YoY mainly on the back of three factors. First, compensation expense was increased significantly in order to help employees – especially junior staff – cope with increasing inflation. Second, workforce was hired for our digital banking platform 'Zindigi' while gaps were also filled in Retail Banking's frontline staff. Third, marketing expenditures were increased in order to push 'Zindigi' and other products in the market including credit card and RDA offerings. Despite higher administrative expenses, Bank's operating cost to income ratio significantly improved to 67.8% as compared to 77.7% during the corresponding period last year. Moreover, Bank's NPL Coverage Ratio has improved to 49.1% (December 31, 2022: 44.0%), while Capital Adequacy Ratio has increased to 13.51% (December 2022 = 13.26%).

The highlights of the financial results of the Bank for the first quarter ended March 31, 2023, are presented below:

Financial Position	PKR Million	
	March 31, 2023	December 31, 2022
Shareholders' Equity	21,584.11	21,546.62
Total Deposits	436,987.79	464,131.92
Total Assets	542,797.31	616,715.49
Advances Net	223,564.40	231,101.82
Investments Net	238,416.20	303,464.86
Financial Performance	March 31, 2023	March 31, 2022
Mark-up/Interest Income – Net	5,055.76	3,278.81
Non-Markup/Interest Income	2,206.83	1,209.52
Operating Expenses	4,923.25	3,486.73
Provisions and write offs - net	762.69	313.28
Profit/(Loss) Before Tax	1,525.61	674.81
Profit After Tax	856.17	409.62
Basic/Diluted Earnings Per Share – Rupee	0.66	0.32

Consolidated Financial Statements

On a consolidated basis, JS Bank along with its subsidiaries JS Global Capital Limited and JS Investments Limited recorded a profit before tax of PKR 1,573 million (profit after tax of PKR 883 million) for the first quarter ended March 31, 2023, as compared to a profit before tax of PKR 890 million (profit after tax of PKR 618 million) in the corresponding period last year. The earnings per share stood at PKR 0.68 for the first quarter ended March 31, 2023. Consolidated Capital Adequacy Ratio as at March 31, 2023, stood at 14.05% (December 31, 2022, 13.75%)

Acquisition of BankIslami Pakistan Limited ('BIPL')

Update on acquisition of BIPL is disclosed in note 1.3 and note 1.4 to the unaudited unconsolidated and consolidated financial statements of the Bank for the quarter ended March 31, 2023 respectively.

Credit Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has assigned to the Bank a long-term rating of "AA-" (Double A Minus) and a short-term rating of "A1+" (A One Plus) which is the highest possible rating for this category.

Acknowledgments

On behalf of JS Bank, we would like to express our gratitude to our customers and stakeholders for their patronage. We would also like to thank the Ministry of Finance, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan, and other regulatory authorities for their guidance and support to our Bank. Finally, we extend our appreciation to the management team and the staff for their persistent commitment to working together as a winning team.

For and on behalf of the Board,

Basir Shamsie
President & CEO

Adil Matcheswala
Chairman

Karachi: April 26, 2023

بینک اسلامی پاکستان لمیٹڈ (BIPL) کا حصول:

31 مارچ 2023 کو ختم ہونے والی سہ ماہی کیلئے BIPL کے حصول سے متعلق معلومات کا انکشاف غیر پڑتال شدہ مجموعی مالیاتی گوشواروں میں نوٹ 1.3 اور نوٹ 1.4 میں بالترتیب کیا گیا ہے۔

کریڈٹ ریٹنگ:

پاکستانی کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پاکرا) نے بینک کو "AA-" (ڈبل اے مائنس) کی طویل مدتی درجہ بندی اور "A1+" (اے ون پلس) کی مختصر مدتی درجہ بندی تفویض کی ہے، جو کہ اس زمرے کے لئے سب سے زیادہ ممکنہ درجہ بندی ہے۔

اظہار تشکر:

جے ایس بینک کی جانب سے ہم اپنے صارفین اور اسٹیک ہولڈرز کے تعاون اور سرپرستی پر دل سے ان کے شکر گزار ہیں۔ ہم وزارت خزانہ، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کا بینک کو تعاون فراہم کرنے کیلئے بھی ممنون ہیں۔ اختتام پر، ہم انتظامی ٹیم اور اپنے تمام ساتھیوں کا ان کی زیادہ سے زیادہ کامیابیوں اور ترقی کی کوشش کے عزم پر شکر یہ ادا کرنا چاہتے ہیں۔

منجانب بورڈ

باصرتی

صدر اور سی ای او

عادل ماچس والا

چیئر مین

کراچی: 26 اپریل 2023

31 مارچ 2023 کو ختم ہونے والی پہلی سہ ماہی کیلئے بینک کے مالی نتائج کا خلاصہ درج ذیل ہے:

مالی پوزیشن		مالی پاکستانی روپے
31 مارچ 2023	31 دسمبر 2022	
شیر ہولڈرز اکیویٹی	21,584.11	21,546.62
مجموعی ڈپازٹس	436,987.79	464,131.92
مجموعی اثاثہ جات	542,797.31	616,715.49
خالص ایڈوانسز	223,564.40	231,101.82
خالص سرمایہ کاریاں	238,416.20	303,464.86

مالیاتی کارکردگی		
31 مارچ 2023	31 مارچ 2022	
مارک اپ/ انٹریٹ آمدنی - خالص	5,055.76	3,278.81
غیر مارک اپ/ انٹریٹ آمدنی	2,206.83	1,209.52
آپریٹنگ اخراجات	4,923.25	3,486.73
پروویڈنر اور رٹ آف - خالص	762.69	313.28
قبل از ٹیکس منافع/ (خسارہ)	1,525.61	674.81
بعد از ٹیکس منافع	856.17	409.62
بنیادی/ ڈیلویو پیئڈ آمدنی فی حصص - روپے میں	0.66	0.32

مجموعی مالیاتی بیانات:

مجموعی مالیاتی بیانات کی بنیاد پر، 31 مارچ 2023 کو ختم ہونے والی پہلی سہ ماہی میں بے ایس بینک نے اپنی ذیلی کمپنیوں بے ایس گلوبل کیپیٹل لمیٹڈ اور بے ایس انویسٹمنٹس لمیٹڈ کے ساتھ قبل از ٹیکس منافع 1,573 ملین روپے (بعد از ٹیکس منافع 883 ملین روپے) حاصل کیا جس کا موازنہ گذشتہ سال کی اسی مدت کے قبل از ٹیکس منافع 890 ملین روپے (بعد از ٹیکس منافع 618 ملین روپے) سے کیا جاسکتا ہے۔ 31 مارچ 2023 کو ختم ہونے والی پہلی سہ ماہی کے لیے فی حصص آمدنی 0.68 روپے رہی۔ 31 مارچ 2023 کو جمع شدہ سرمائے کی مناسبت کا تناسب 14.05 فیصد (31 دسمبر 2022، 13.75%) تھا۔

بینکنگ سیکٹر کا جائزہ:

مالیاتی سختی کے بعد، اوسط ویڈیو ایوریج اسپرڈز میں بھی 251bp سالانہ اضافہ ہوا جو 6.95 فیصد تک پہنچ گیا۔ مارچ کے مہینے میں بینکنگ سیکٹر کے ذخائر 23,562 بلین روپے (سالانہ 15 فیصد زائد) تک پہنچ گئے، جبکہ شعبہ کے ایڈوانسز میں سالانہ 15 فیصد اضافہ ہوا جو کہ 11,836 بلین روپے تک پہنچ گیا۔ اس طرح اس سیکٹر نے ADR کو 50 فیصد پر برقرار رکھا۔ دوسری جانب، تازہ ترین اعداد و شمار کے مطابق، دسمبر 2022 میں سیکٹر کے مجموعی NPLs میں سے ماہی 3 فیصد کا اضافہ ہوا اور یہ 938,670 بلین روپے تک پہنچ گیا۔ تاہم، ستمبر اور دسمبر 2022 کے دوران ایڈوانسز میں 7.5 فیصد اضافہ ہوا جس کی وجہ سے، سیکٹر کا مجموعی نفلکیشن کا تناسب ستمبر 2022 میں 8.2 فیصد سے کم ہو کر دسمبر 2022 میں 7.8 فیصد رہ گیا۔

مالیاتی کارکردگی:

31 مارچ 2023 کو ختم ہونے والی پہلی سہ ماہی کیلئے، بینک کا قبل از ٹیکس منافع 1,526 بلین روپے (بعد از ٹیکس منافع مبلغ 856 بلین روپے) رہا، جس کا موازنہ گذشتہ سال کی اسی مدت کے قبل از ٹیکس منافع 674 بلین روپے (بعد از ٹیکس منافع 410 بلین روپے) سے کیا جاسکتا ہے۔ دوران مدت بینک کی خالص سودی آمدنی میں سالانہ 54 فیصد اضافہ ہوا جو کہ بنیادی طور پر بینک ڈپازٹ کس میں بہتری کے باعث تھا۔ جبکہ دسمبر 2022 کے بعد سے مجموعی طور پر ڈپازٹ میں 6 فیصد کمی (بنیادی طور پر ٹرم ڈپازٹس میں 16 فیصد کمی کے باعث) کی ہوئی، نان ریونیورڈ ڈپازٹس میں 5 فیصد اضافہ ہوا جس کے نتیجے میں مالی سال 2022 کی چوتھی سہ ماہی میں کل ڈپازٹ میں نان ریونیورڈ ڈپازٹ کا حصہ 31 فیصد سے بڑھ کر مالی سال 2023 کی پہلی سہ ماہی میں 34 فیصد ہو گیا۔

اس توقع کے ساتھ کہ اسٹیٹ بینک کی مالیاتی سختی جاری رہے گی، بینک نے جنوری میں اپنی گورنمنٹ سکیورٹیز ہولڈنگ کے ایک حصہ کو آف لوڈ کیا جس کے نتیجے میں 494 بلین روپے کا خسارہ ہوا۔ یہ ایک دانشمندانہ اقدام ثابت ہوا کیونکہ سینٹرل بینک نے پالیسی ریٹ میں مزید 400bps کا اضافہ کر دیا۔ مزید برآں، یہ خسارہ بینک کی دیگر نان فنڈڈ ڈاکم میں اضافہ سے زیادہ ہوا جس کے نتیجے میں بینک کو مجموعی طور پر 2,207 ملین روپے نان مارک اپ آمدنی حاصل ہوئی جو گذشتہ سال کی اسی مدت کے مقابلے میں 82 فیصد زیادہ ہے۔

انتظامی اخراجات میں سالانہ 41 فیصد اضافہ ہوا جو کہ بنیادی طور پر تین عوامل کی وجہ سے ہوا۔ پہلا، بڑھتی ہوئی مہنگائی سے نبرد آزما ہونے کیلئے ملازمین خاص طور پر جو نیٹز اسٹاف کی مدد کیلئے معاوضہ کے اخراجات میں نمایاں اضافہ کیا گیا۔ دوسرا، ہمارے ڈیجیٹل بینکنگ پلیٹ فارم ’زندگی‘ کیلئے افرادی قوت کی خدمات حاصل کی گئیں جبکہ ریٹیل بینکنگ کے فرٹ لائن اسٹاف میں بھی خلاء کو پُر کیا گیا۔ تیسرا، مارکیٹنگ کے اخراجات میں اضافہ کیا گیا تاکہ مارکیٹ میں ’زندگی‘ اور دیگر پروڈکٹس بشمول کریڈٹ کارڈ اور RDA کی پیشکشوں کو آگے بڑھایا جاسکے۔ زائد انتظامی اخراجات کے باوجود، بینک آپریننگ لاگت سے آمدنی کا تناسب نمایاں طور پر بہتر ہوا اور 67.8 فیصد ہو گیا جس کا موازنہ گذشتہ سال کی اسی مدت کے دوران 77.7 فیصد سے کیا جاسکتا ہے۔ مزید برآں، بینک NPL کو رتنج رلیٹو بہتر ہو کر 49.1 فیصد (31 دسمبر 2022: 44.0 فیصد) ہو گیا، جبکہ کیپیٹل ایڈیکسی رلیٹو بڑھ کر 13.51 فیصد (دسمبر 2022: 13.26 فیصد) ہو گیا۔

ڈائریکٹرز رپورٹ

ہم 31 مارچ 2023 کو ختم ہونے والی سہ ماہی کیلئے جے ایس بینک لمیٹڈ (جے ایس بی ایل) غیر پڑتال شدہ مالیاتی گوشوارے پیش کرنے میں مسرت محسوس کرتے ہیں۔

اقتصادی جائزہ:

توانائی اور ایشیاے خورد و نوش کی بلند قیمتوں کے باعث، بلند افراط زر نے اپنا سفر اوپر کی جانب جاری رکھا اور مارچ کی ریڈنگ 35.4 فیصد رہی جو کہ گذشتہ سال کے اسی مہینے میں 12.7 فیصد تھی۔ ملکی پیداوار میں بھی کمی دکھائی دے رہی ہے کیونکہ LSM نے سال 2023 کے 8 ماہ کے دوران سالانہ 5.6 فیصد کمی دیکھی گئی ہے۔ زائد شرح مبادلہ، پاس تھر واقیٹ، اور افراط زر کی توقعات میں اضافے کی وجہ سے نان فوڈ ٹان انرجی (NFNE) افراط زر میں بھی اضافہ ہوا ہے۔ افراط زر پر قابو پانے کیلئے، 2023 کے دوران سینٹرل بینک نے اب تک پالیسی ریٹ میں مجموعی طور پر 500bps کا اضافہ کیا ہے جو اسے 21 فیصد تک لے چا چکا ہے۔

درآمدات میں سالانہ 21 فیصد کمی کے باعث، سال 2023 کے 8 ماہ کے دوران تجارتی خسارہ کم ہو کر 4.1 بلین امریکی ڈالر ہو گیا جو گذشتہ سال اسی مدت میں 12.3 بلین امریکی ڈالر تھا۔ اس طرح موجودہ کھاتے کے خسارے میں 68 فیصد کمی آئی۔ تاہم بیرونی کھاتے میں اس نمایاں بہتری کے باوجود، بیرونی قرضہ جات کی ادائیگیوں کے باعث ملک کے زربادلہ کے ذخائر مسلسل دباؤ میں رہے جس کے نتیجے میں سال کے آغاز میں پاکستانی روپیہ 227 روپے فی امریکی ڈالر سے کم ہو کر 284 روپے تک پہنچ گیا۔

بیرونی فنڈنگ کے محاذ پر پاکستان نے واضح پیشرفت کی ہے۔ IMF کی طرف سے 6 بلین امریکی ڈالر کے فنڈنگ گپ کی نشاندہی کی گئی ہے، پاکستان نے 3 بلین امریکی ڈالر (سعودی عرب اور امارات سے) حاصل کئے ہیں۔ تاہم، حال ہی میں IMF نے ایک بیان میں کہا ہے کہ پاکستان کو جاری ایکٹیوڈ فنڈ فیسلٹی کے نوں جائزے کی کامیاب تکمیل کیلئے بقیہ 3 بلین امریکی ڈالر کے فرق کو پورا کرنے کی ضرورت ہے۔



HIMALAYAN BULBUL

The Himalayan Bulbul flies over tropical forests and open habitats, including town gardens and city parks. As sweet as its name, Bulbuls are renowned for their melodious sound and the songs they sing to communicate with their own kind. They familiarize and acquaint themselves with diverse cultures and environments, just like the partnerships we seek with our customers at JS Bank coming from all walks of life. Through our products and services, we aim to craft long-term relationships with our customers.





UNCONSOLIDATED FINANCIAL STATEMENTS



Condensed Interim Unconsolidated Statement of Financial Position

As at March 31, 2023

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

ASSETS

Cash and balances with treasury banks	6	33,982,736	24,764,967
Balances with other banks	7	3,491,193	1,800,436
Lendings to financial institutions	8	837,339	11,351,162
Investments	9	238,416,203	303,464,863
Advances	10	223,564,406	231,101,816
Fixed assets	11	9,912,728	10,004,318
Intangible assets	12	3,933,623	3,832,137
Deferred tax assets	18	279,001	-
Other assets	13	28,380,079	30,395,794
		542,797,308	616,715,493

LIABILITIES

Bills payable	14	6,209,629	5,402,945
Borrowings	15	52,087,293	97,808,216
Deposits and other accounts	16	436,987,799	464,131,920
Liabilities against assets subject to finance lease		-	-
Subordinated debts	17	6,995,000	6,995,000
Deferred tax liabilities	18	-	320,000
Other liabilities	19	18,933,477	20,510,793
		521,213,198	595,168,874

NET ASSETS

21,584,110	21,546,619
-------------------	-------------------

REPRESENTED BY

Share capital - net		10,119,242	10,119,242
Reserves		3,174,550	2,787,201
(Deficit) / surplus on revaluation of assets	20	(285,018)	795,021
Unappropriated profit		8,575,336	7,845,155
		21,584,110	21,546,619

CONTINGENCIES AND COMMITMENTS 21

The annexed notes 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

 President and
 Chief Executive Officer

 Chief Financial Officer

 Director

 Director

 Chairman

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

For the Quarter Ended March 31, 2023

	Note	March 31, 2023	March 31, 2022
		----- Rupees in '000 -----	
Mark-up / return / interest earned	23	20,981,916	13,802,525
Mark-up / return / interest expensed	24	15,926,154	10,523,720
Net mark-up / interest income		5,055,762	3,278,805
Non mark-up / interest income			
Fee, commission and brokerage income	25	954,664	749,342
Dividend income		129,619	42,792
Foreign exchange income		1,720,657	339,674
Loss from derivatives		(124,560)	(18,462)
(Loss) / gain on securities - net	26	(507,474)	102,570
Other income / (loss)	27	33,925	(6,395)
Total non mark-up / interest income		2,206,831	1,209,521
Total Income		7,262,593	4,488,326
Non mark-up / interest expenses			
Operating expenses	28	4,923,256	3,486,737
Workers' welfare fund	29	31,477	13,499
Other charges	30	19,562	-
Total non-mark-up / interest expenses		4,974,295	3,500,236
Profit before provisions		2,288,298	988,090
Provisions and write offs - net	31	762,692	313,278
Profit before taxation		1,525,606	674,812
Taxation	32	669,434	265,194
Profit after taxation		856,172	409,618
		----- Rupee -----	
Basic and diluted earnings per share	33	0.66	0.32

The annexed notes 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

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

For the Quarter Ended March 31, 2023

	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----	
Profit after taxation for the period	856,172	409,618
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods		
Effect of translation of net investment in foreign branch	216,115	39,234
Movement in deficit on revaluation of investments - net of tax (Pakistan operations)	(883,466)	(700,780)
Movement in deficit of debt investments at FVOCI - net of tax (Bahrain operations)	(167,224)	(172,249)
	(1,050,690)	(873,029)
	21,597	(424,177)
Items that will not be reclassified to profit and loss account in subsequent periods		
Movement in surplus / (deficit) of equity investments at FVOCI - net of tax (Bahrain operations)	15,894	(18,185)
Total comprehensive income / (loss) for the period	37,491	(442,362)

The annexed notes 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Unconsolidated Statement of Changes In Equity

For the Quarter Ended March 31, 2023

	Share capital - net	Statutory reserve	Capital reserve - exchange translation	Surplus / (deficit) on revaluation of			Unappropriated profit	Total
				Investments	Fixed Assets	Non-banking assets		
----- Rupees in '000 -----								
Balance as at January 01, 2022 (Audited)	10,119,242	2,137,058	194,012	1,146,128	1,201,316	119,714	7,106,613	22,024,083
Total comprehensive income for the three months ended March 31, 2022								
Profit after taxation	-	-	39,234	(891,214)	-	-	409,618	409,618
Other comprehensive income / (loss) - net of tax	-	-	39,234	(891,214)	-	-	409,618	(851,930)
Transfer to statutory reserve	-	81,924	-	-	-	-	(81,924)	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	(5,773)	(19)	5,792	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	(3,746)	-	-	3,746	-
Balance as at March 31, 2022 (Un-audited)	10,119,242	2,218,982	233,246	251,168	1,195,543	119,695	7,443,845	21,581,721
Total comprehensive income for the nine months ended December 31, 2022								
Profit after taxation	-	-	223,941	(728,259)	(32,007)	(98)	555,160	555,160
Other comprehensive income / (loss) - net of tax	-	-	223,941	(728,259)	(32,007)	(98)	501,321	(590,262)
Transfer to statutory reserve	-	111,032	-	-	-	-	(111,032)	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	(15,807)	(12,514)	28,321	-
Loss on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	17,300	-	-	(17,300)	-
Balance as at December 31, 2022 (Audited)	10,119,242	2,330,014	457,187	(459,791)	1,147,729	107,083	7,845,155	21,546,619
Total comprehensive income for the three months ended March 31, 2023								
Profit after taxation	-	-	216,115	(1,034,796)	-	-	856,172	856,172
Other comprehensive income / (loss) - net of tax	-	-	216,115	(1,034,796)	-	-	856,172	(818,681)
Transfer to statutory reserve	-	171,234	-	-	-	-	(171,234)	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	(30,758)	(5)	30,763	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	(14,480)	-	-	14,480	-
Balance as at March 31, 2023 (Un-audited)	10,119,242	2,501,248	673,302	(1,509,067)	1,116,971	107,078	8,575,336	21,584,110

The annexed notes 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the Quarter Ended March 31, 2023

	Note	March 31, 2023	March 31, 2022
		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,525,606	674,812
Less: Dividend income		(129,619)	(42,792)
		<u>1,395,987</u>	<u>632,020</u>
Adjustments:			
Depreciation on fixed assets	28	237,017	204,831
Depreciation on right-of-use assets	28	263,554	236,829
Amortisation	28	57,561	36,660
Interest expense on lease liability against right-of-use assets	24	76,965	91,797
Charge for defined benefit plan		30,899	38,481
Unrealised loss on revaluation of investments classified as held-for-trading - net	26	19,117	388
Provisions and write offs - net	31	762,692	313,278
Provision for workers' welfare fund	29	31,477	13,499
(Gain) / loss on sale of fixed assets - net	27	(25,366)	11,253
Gain on termination of leases - net	27	(7,107)	(4,858)
		<u>1,446,809</u>	<u>942,158</u>
		<u>2,842,796</u>	<u>1,574,178</u>
Decrease / (increase) in operating assets			
Lendings to financial institutions		10,513,823	31,611,628
Held-for-trading securities		(2,667,927)	(155,284)
Advances		6,824,425	6,693,492
Other assets (excluding advance taxation)		2,036,733	(1,672,449)
		<u>16,707,053</u>	<u>36,477,387</u>
(Decrease) / increase in operating liabilities			
Bills payable		806,684	(1,320,218)
Borrowings		(46,462,106)	37,712,177
Deposits and other accounts		(27,144,121)	(9,754,375)
Other liabilities		(1,516,385)	108,081
		<u>(74,315,928)</u>	<u>26,745,665</u>
		<u>(54,766,078)</u>	<u>64,797,230</u>
Income tax paid		(358,513)	(305,002)
Net cash (used in) / generated from operating activities		<u>(55,124,591)</u>	<u>64,492,228</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		17,989,163	11,346,234
Net investments in held-to-maturity securities		47,766,503	(81,542,289)
Dividend received		19,081	295
Investments in fixed assets		(284,645)	(431,229)
Investments in intangible assets		(158,170)	(109,279)
Proceeds from sale of fixed assets		104,406	6,402
Effect of translation of net investment in foreign branch		216,115	39,234
Net cash generated from / (used in) investing activities		<u>65,652,453</u>	<u>(70,690,632)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(360,495)	(246,760)
Repayment of subordinated debt		-	-
Net cash used in financing activities		<u>(360,495)</u>	<u>(246,760)</u>
Increase / (decrease) in cash and cash equivalents		<u>10,167,367</u>	<u>(6,445,164)</u>
Cash and cash equivalents at beginning of the period		25,273,672	35,145,996
Cash and cash equivalents at end of the period	34	<u><u>35,441,039</u></u>	<u><u>28,700,832</u></u>

The annexed notes 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

1. STATUS AND NATURE OF BUSINESS

- 1.1** JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 281 (December 31, 2022: 281) branches / sub-branches in Pakistan and 1 wholesale banking branch in Bahrain (December 31, 2022: 1). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at A1+ (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely repayment of financial commitments.

- 1.2** Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL, in their respective extra-ordinary general meetings held on July 31, 2006, approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

- 1.3** The shareholders of the Bank had at their Annual General Meeting held on March 29, 2023, approved that 42.45%, i.e., 470,603,772 ordinary voting shares and control of BankIslami Pakistan Limited (BIPL), may be acquired from existing sponsors and other shareholders of BIPL (including but not limited to, Jahangir Siddiqui & Co. Ltd., the holding company of the Bank). The acquisition be made through agreements against the issuance of 532,629,349 new shares of the Bank by way of other than rights and other than cash consideration, i.e., 1.1318 ordinary shares of the Bank to be issued as consideration for every 1 ordinary share of BIPL.

The Shareholders further approved that a public offer for a minimum of 24.88% ordinary shares of BIPL be made to all public shareholders as required under the Regulations in exchange for (as consideration in combination to be calculated at the pertinent time) a maximum of 59.56% shares and 67.90% ordinary shares of JS Investments Limited and JS Global Capital Limited (subsidiary companies of the Bank) respectively, currently held by the Bank as required and permissible under the Regulations.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

The acquisition is subject to necessary permission from the State Bank of Pakistan (SBP) and the Competition Commission of Pakistan, as well as other regulatory approvals and compliance of all regulatory and statutory formalities as may be applicable. The issuance of shares other than rights is subject to permission of the Securities and Exchange Commission of Pakistan (SECP).

Subsequently, the Board of Directors, at their duly convened meeting held on April 26, 2023 have resolved (subject to the approval of shareholders in the general meeting by way of special resolution) to change the consideration for public offer portion to be in cash. In connection therewith, the Board has also decided to issue 17% Right Shares, i.e. 17 right shares for every 100 shares held, at par value of Rs. 10/- each.

2. BASIS OF PRESENTATION

The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34.

These condensed interim unconsolidated financial statements are separate financial statements of the Bank in which the investments in subsidiaries and associates are stated at cost and are accounted for on the basis of direct equity interest rather than on the basis of reported results. The condensed interim consolidated financial statements of the Bank are being issued separately.

These condensed interim unconsolidated financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Bank operates and functional currency of the Bank, in that environment as well.

2.1 Statement of compliance

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

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

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, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

These condensed interim unconsolidated financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2022.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies vide BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks vide its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 56(I)/2016 dated January 28, 2016, that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim unconsolidated financial statements.

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

There are certain new and amended standards, interpretations of and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2023 but are considered not to be relevant or do not have any significant effect on the Bank's operations.

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

The application of the International Financial Reporting Standard (IFRS) 9, 'Financial Instruments' for all companies to prepare their financial statements in accordance with the requirements of IFRS 9 was implemented by SECP for reporting period / year ending on or after June 30, 2019 through its S.R.O. 229 (I)/2019 dated February 14, 2019. However, State Bank of Pakistan (SBP) has extended the effective date of applicability of IFRS 9 to January 01, 2023 through its BPRD Circular No. 03 dated July 05, 2022 in case of banks having assets size of Rs. 500 billion or above. The said circular contained application instructions for quarterly, half yearly and annual parallel run reporting of IFRS 9 for year 2022 and 2023 within given timelines.

Subsequent to March 31, 2023, SBP has extended the effective date of applicability of IFRS 9 to January 01, 2024 through its BPRD Circular Letter No. 07 of 2023 dated April 13, 2023.

As of reporting date, till the implementation of IFRS 9, the Bank has continued to fulfil the requirements of Prudential Regulations and other SBP directives currently providing the accounting framework for the measurement and valuation of assets and provisions / impairment against non-performing assets.

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these condensed interim unconsolidated financial statements.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
6. CASH AND BALANCES WITH TREASURY BANKS	Note	---- Rupees in '000 ----	
In hand			
Local currency		9,244,895	7,824,288
Foreign currencies		<u>1,082,845</u>	<u>488,360</u>
		10,327,740	8,312,648
With State Bank of Pakistan in			
Local currency current account		18,572,958	15,207,132
Foreign currency current account - non remunerative		950,703	815,151
Foreign currency deposit account - remunerative		<u>2,804,427</u>	<u>364,657</u>
		22,328,088	16,386,940
With National Bank of Pakistan in			
local currency current accounts		1,315,636	58,322
National Prize Bonds		11,272	7,057
		<u>33,982,736</u>	<u>24,764,967</u>
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		401,622	255,029
In deposit accounts		<u>73</u>	<u>73</u>
		401,695	255,102
Outside Pakistan			
In current accounts		<u>3,089,557</u>	<u>1,545,369</u>
		3,491,252	1,800,471
Less: General provision under IFRS 9	7.1	<u>(59)</u>	<u>(35)</u>
		<u>3,491,193</u>	<u>1,800,436</u>
7.1	This represents general provision held under IFRS 9 by Bahrain branch of the Bank.		
8. LENDINGS TO FINANCIAL INSTITUTIONS		(Un-audited) March 31, 2023	(Audited) December 31, 2022
		---- Rupees in '000 ----	
Repurchase agreement lendings (reverse repo)		<u>837,339</u>	<u>11,351,162</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

	(Un-audited) March 31, 2023				(Audited) December 31, 2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
9. INVESTMENTS								
9.1 Investments by type	Note							
Rupees in '000								
Held-for-trading securities								
Federal Government Securities								
Market Treasury Bills	2,701,355	-	(19,117)	2,682,238	33,538	-	(107)	33,431
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	53,948,663	-	(669,226)	53,279,437	40,317,081	-	(395,161)	39,921,920
Pakistan Investment Bonds - Fixed	33,787,428	-	(2,223,712)	31,563,716	34,811,083	-	(1,399,722)	33,411,361
Pakistan Investment Bonds - Floater	38,607,605	-	(81,584)	38,526,021	69,406,348	-	(31,328)	69,375,020
Government of Pakistan Eurobonds	1,848,628	(101,933)	(1,006,183)	740,512	1,470,530	(49,083)	(743,736)	677,711
	128,192,324	(101,933)	(3,980,705)	124,109,686	146,005,042	(49,083)	(2,569,947)	143,386,012
Shares								
Listed Companies								
Ordinary shares	3,439,868	-	1,536,630	4,976,498	3,190,873	-	1,941,804	5,132,677
Preference shares	136,589	(136,589)	-	-	136,589	(136,589)	-	-
Unlisted Companies								
Ordinary shares	11,000	-	-	11,000	11,000	-	-	11,000
	3,587,457	(136,589)	1,536,630	4,987,498	3,338,462	(136,589)	1,941,804	5,143,677
Non Government Debt Securities								
Listed								
Term Finance Certificates	393,446	(143,446)	5,929	255,929	393,446	(143,446)	-	250,000
Sukuk Certificates	200,000	-	-	200,000	244,083	-	91	244,174
Unlisted								
Term Finance Certificates	140,133	(140,133)	-	-	140,133	(140,133)	-	-
Sukuk Certificates	1,142,486	-	-	1,142,486	1,212,440	-	-	1,212,440
Preference shares	27,733	(27,733)	-	-	27,733	(27,733)	-	-
	1,903,798	(311,312)	5,929	1,598,415	2,017,835	(311,312)	91	1,706,614
Foreign Securities								
Government Debt Securities	1,395,966	(178,085)	(183,119)	1,034,762	410,164	(129,576)	(146,817)	133,771
Non Government Debt Securities	-	-	-	-	679,632	(394)	(5,374)	673,864
Ordinary shares	92,570	-	(26,226)	66,344	335,143	-	(28,705)	306,438
	1,488,536	(178,085)	(209,345)	1,101,106	1,424,939	(129,970)	(180,896)	1,114,073
Open End Mutual Funds	125,000	-	5	125,005	500,000	-	2,298	502,298
Held-to-maturity securities								
Federal Government Securities								
Market Treasury Bills	57,788,746	-	-	57,788,746	105,615,196	-	-	105,615,196
Pakistan Investment Bonds - Fixed	10,216,518	-	-	10,216,518	10,136,487	-	-	10,136,487
Pakistan Investment Bonds - Floater	33,666,070	-	-	33,666,070	33,686,154	-	-	33,686,154
	101,671,334	-	-	101,671,334	149,437,837	-	-	149,437,837
Associates								
Omar Ultran Engineering Industries Limited	180,000	-	-	180,000	180,000	-	-	180,000
Veda Transit Solutions (Private) Limited	41,800	-	-	41,800	41,800	-	-	41,800
Intercity Touring Company (Private) Limited	20,267	(20,267)	-	-	20,267	(20,267)	-	-
	242,067	(20,267)	-	221,800	242,067	(20,267)	-	221,800
Subsidiaries								
JS Global Capital Limited	1,357,929	-	-	1,357,929	1,357,929	-	-	1,357,929
JS Investments Limited	561,192	-	-	561,192	561,192	-	-	561,192
	1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
Total Investments	241,830,992	(748,186)	(2,666,603)	238,416,203	304,918,841	(647,221)	(806,757)	303,464,863

9.1.1 The market value of securities classified as measured at amortised cost as at March 31, 2023 amounted to Rs. 96,848.850 million (December 31, 2022: Rs. 147,022.393 million).

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

9.2 Investments given as collateral	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
	Cost	Market value	Cost	Market value
----- Rupees in '000 -----				
Federal Government Securities				
Market Treasury Bills	3,930,000	3,636,670	-	-
Pakistan Investment Bonds - Floater	13,500,000	13,162,500	62,800,000	62,198,080
	17,430,000	16,799,170	62,800,000	62,198,080

9.3 Provision for diminution in value of investments	Note	(Un-audited)	(Audited)
		March 31, 2023	December 31, 2022
----- Rupees in '000 -----			
Opening balance		647,221	616,699
Exchange rate adjustments		49,752	28,126
Charge for the period / year		-	24,570
Reversals for the period / year		-	(104,869)
	31	-	(80,299)
Impairment under IFRS 9 in Bahrain branch			
Charge during the period / year		51,213	82,695
Closing Balance		748,186	647,221

9.3.1 Particulars of provision against debt securities

Category of classification	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
----- Rupees in '000 -----				
Domestic				
Loss	311,312	311,312	311,312	311,312
	311,312	311,312	311,312	311,312

10. ADVANCES	Note	Performing		Non-Performing		Total	
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
----- Rupees in '000 -----							
Loans, cash credits, running finances, etc.		203,326,554	212,191,088	15,876,052	16,311,887	219,202,606	228,502,975
Bills discounted and purchased		12,487,438	10,021,695	-	-	12,487,438	10,021,695
Advances - gross	10.1	215,813,992	222,212,783	15,876,052	16,311,887	231,690,044	238,524,670
Provision against advances							
- Specific		-	-	(7,794,622)	(7,210,740)	(7,794,622)	(7,210,740)
- General		(278,790)	(200,614)	-	-	(278,790)	(200,614)
- General provision - under IFRS 9	10.3.2	(52,226)	(11,500)	-	-	(52,226)	(11,500)
	10.3	(331,016)	(212,114)	(7,794,622)	(7,210,740)	(8,125,638)	(7,422,854)
Advances - net of provision		215,482,976	222,000,669	8,081,430	9,101,147	223,564,406	231,101,816

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
10.1 Particulars of advances (gross)		
In local currency	220,157,657	229,336,508
In foreign currencies	11,532,387	9,188,162
	<u>231,690,044</u>	<u>238,524,670</u>

10.2 Advances include Rs. 15,876.052 million (December 31, 2022: Rs. 16,311.887 million) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
	Non- Performing Loans	Provision	Non- Performing Loans	Provision
	----- Rupees in '000 -----			
Domestic				
Other Assets Especially Mentioned *	562,394	5,966	413,839	252
Substandard	679,976	52,463	1,300,581	171,165
Doubtful	1,377,748	319,289	1,808,030	462,049
Loss	13,255,934	7,416,904	12,789,437	6,577,274
Total	<u>15,876,052</u>	<u>7,794,622</u>	<u>16,311,887</u>	<u>7,210,740</u>

* The Other Assets Especially Mentioned category pertains to agriculture, housing and small enterprises financing.

10.3 Particulars of provision against advances

	(Un-audited) March 31, 2023				(Audited) December 31, 2022			
	Specific	General	General provision - under IFRS 9	Total	Specific	General	General provision - under IFRS 9	Total
Note	----- Rupees in '000 -----							
Opening balance	7,210,740	200,614	11,500	7,422,854	6,569,829	87,787	25,193	6,682,809
Exchange rate adjustments	-	-	5,903	5,903	-	-	5,122	5,122
Charge for the period / year	837,984	78,176	34,823	950,983	1,731,847	112,827	-	1,844,674
Reversals for the period / year	(243,901)	-	-	(243,901)	(870,683)	-	(18,815)	(889,498)
31	594,083	78,176	34,823	707,082	861,164	112,827	(18,815)	955,176
Amounts written off	(10,201)	-	-	(10,201)	(220,253)	-	-	(220,253)
Closing balance	<u>7,794,622</u>	<u>278,790</u>	<u>52,226</u>	<u>8,125,638</u>	<u>7,210,740</u>	<u>200,614</u>	<u>11,500</u>	<u>7,422,854</u>
10.3.1								

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

10.3.1 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at March 31, 2023, the Bank has availed cumulative FSV benefit under the directives of the SBP of Rs. 6,335.046 million (December 31, 2022: Rs. 6,820.087 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 3,610.976 million (December 31, 2022: Rs. 3,478.244 million). The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend to shareholders or bonus to employees under the requirements of Prudential Regulations of Corporate / Commercial Banking of SBP.

10.3.2 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
11. FIXED ASSETS			
Capital work-in-progress	11.1	844,518	845,168
Property and equipment	11.2 & 11.3	6,846,816	6,872,431
Right-of-use assets	11.4	2,221,394	2,286,719
		<u>9,912,728</u>	<u>10,004,318</u>

11.1 Capital work-in-progress

Civil works	179,452	159,515
Advances to suppliers	290	290
Equipment	664,776	685,363
	<u>844,518</u>	<u>845,168</u>

	(Un-audited) January - March 2023	January - March 2022
	----- Rupees in '000 -----	
11.2 Additions to fixed assets		

The following additions have been made to fixed assets during the period:

Capital work-in-progress - net	119,452	299,293
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Property and equipment

Leasehold improvements	92,850	172,934
Furniture and fixture	50,231	49,501
Electrical, office and computer equipments	142,214	138,616
	<u>285,295</u>	<u>361,051</u>

Total	11.2.1	<u>404,747</u>	<u>660,344</u>
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Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

11.2.1 This includes transfer from capital work in progress during the period of Rs. 120.102 million (March 31, 2022: Rs. 229.960 million).

	(Un-audited)	
	January - March 2023	January - March 2022
	----- Rupees in '000 -----	
11.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Property and equipment		
Building on leasehold land	61,165	-
Leasehold improvements	1,219	-
Furniture and fixture	1,846	1,341
Electrical, office and computer equipments	11,172	9,725
Vehicles	3,638	6,589
Total	<u>79,040</u>	<u>17,655</u>

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
11.4 Right-of-use assets		
Note		
Opening balance	2,286,719	2,845,079
Additions / renewals	216,017	833,564
Terminations	(18,221)	(303,538)
Depreciation charge	(263,554)	(1,056,517)
Exchange rate adjustments	5,725	6,266
Other adjustments	(5,292)	(38,135)
Closing balance	<u>2,221,394</u>	<u>2,286,719</u>

12. INTANGIBLE ASSETS

Capital work-in-progress	12.1	807,082	775,702
Computer software	12.1	1,662,917	1,592,811
Goodwill		1,463,624	1,463,624
		<u>3,933,623</u>	<u>3,832,137</u>

	(Un-audited)	
	January - March 2023	January - March 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 - net		132,435	109,168
Computer software	12.1.1	<u>126,790</u>	-
		<u>259,225</u>	<u>109,168</u>

12.1.1 This includes transfer from capital work in progress during the period of Rs. 101.055 million (March 31, 2022: Nil).

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
13. OTHER ASSETS	Note	----- Rupees in '000 -----	
Mark-up / return / interest accrued in local currency		11,150,545	12,291,533
Mark-up / return / interest accrued in foreign currencies		2,711	33,276
Advances, deposits, advance rent and other prepayments		1,004,849	847,457
Acceptances		2,390,023	6,586,244
Dividend receivable		110,538	-
Advance taxation (payments less provision)		820,153	938,509
Receivable from defined benefit plans		88,624	119,523
Receivable against bancassurance / bancatakaful		11,098	17,498
Receivable in respect of home remittance		38,668	22,004
Due from State Bank of Pakistan		818,654	752,409
Rebates receivable - net		222,800	226,094
Non-banking assets acquired in satisfaction of claims		3,658,412	3,664,799
Mark to market gain on derivative instruments		725	14,874
Mark to market gain on forward foreign exchange contracts		5,552,961	1,108,517
Advance against investments in securities		1,178,306	1,178,306
Branchless banking fund settlement		-	326,775
Inter bank fund transfer settlement		243,475	1,164,134
Credit card settlement		356,046	338,269
Insurance claims receivable		26,972	27,437
Others		608,342	641,951
		<u>28,283,902</u>	<u>30,299,609</u>
Less: Provision held against other assets	13.1	(11,241)	(11,241)
Other assets - net of provisions		<u>28,272,661</u>	<u>30,288,368</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	107,418	107,426
		<u>28,380,079</u>	<u>30,395,794</u>

13.1 Provision held against other assets

Advances, deposits, advance rent and other prepayments	10,184	10,184
Others	1,057	1,057
	<u>11,241</u>	<u>11,241</u>

13.1.1 Movement in provision held against other assets

Opening balance	11,241	11,241
Charge during the period / year	-	13,870
Reversals during the period / year	-	(13,870)
	-	-
Closing balance	<u>11,241</u>	<u>11,241</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
14. BILLS PAYABLE		
In Pakistan	5,807,943	5,083,176
Outside Pakistan	401,686	319,769
	<u>6,209,629</u>	<u>5,402,945</u>
15. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under:		
Export refinancing scheme	19,183,345	20,288,522
Long-term finance facility	2,510,516	2,337,963
Financing facility for storage of agricultural produce	117,758	133,097
Financing facility for renewable energy projects	1,010,785	1,078,480
Refinance for women entrepreneurs	76,809	82,127
Refinance scheme for payment of wages & salaries	1,042	7,179
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	66,585	70,911
Refinance facility for combating COVID-19	210,662	230,090
Temporary economic refinance facility	4,921,723	4,832,742
Small enterprise financing and credit guarantee scheme for special persons	2,774	3,039
Refinance facility for working capital of SMEs (SAAF) scheme	192	385
Refinance facility for SME Asaan Finance (SAAF) scheme	1,802,060	1,607,471
Repurchase agreement borrowings	13,500,000	62,800,000
	43,404,251	93,472,006
Borrowing from financial institutions:		
Repurchase agreement borrowings	3,619,537	-
Refinancing facility for mortgage loans	3,030,556	3,044,444
	6,650,093	3,044,444
	<u>50,054,344</u>	<u>96,516,450</u>
Unsecured		
Overdrawn nostro accounts	2,032,949	1,291,766
	<u>52,087,293</u>	<u>97,808,216</u>
15.1 Particulars of borrowings		
In local currency	50,054,344	96,516,450
In foreign currencies	2,032,949	1,291,766
	<u>52,087,293</u>	<u>97,808,216</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

16. DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) March 31, 2023			(Audited) December 31, 2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	120,383,360	9,990,231	130,373,591	118,168,325	9,299,899	127,468,224
Savings deposits	115,569,566	7,128,435	122,698,001	117,063,409	6,410,101	123,473,510
Term deposits	135,945,176	15,926,480	151,871,656	169,651,265	10,755,327	180,406,592
Margin deposits	17,286,334	2,105	17,288,439	13,179,090	289	13,179,379
	389,184,436	33,047,251	422,231,687	418,062,089	26,465,616	444,527,705
Financial Institutions						
Current deposits	1,404,295	477,681	1,881,976	1,373,845	710,695	2,084,540
Savings deposits	6,502,232	695	6,502,927	9,346,187	1,279	9,347,466
Term deposits	6,371,209	-	6,371,209	8,172,209	-	8,172,209
	14,277,736	478,376	14,756,112	18,892,241	711,974	19,604,215
	403,462,172	33,525,627	436,987,799	436,954,330	27,177,590	464,131,920

17. SUBORDINATED DEBTS

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
Term Finance Certificates - Second Issue	17.1	1,996,000	1,996,000
Term Finance Certificates - Third Issue	17.2	2,500,000	2,500,000
Term Finance Certificates - Fourth Issue	17.3	2,499,000	2,499,000
		6,995,000	6,995,000

- 17.1 In 2017, the Bank had issued Rs. 2 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by the State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 29, 2017
Tenure:	Up to Seven years from the issue date.
Maturity Date:	December 29, 2024
Rating:	A + (Single A Plus)

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base Rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of principal and profit to all other indebtedness of the Bank, including deposits, and will not be redeemable before maturity without prior approval of SBP.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbercy clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular No. 06 dated August 15, 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 319,982,544 shares.

- 17.2** In 2018, the Bank had issued Rs. 2.5 billion of rated, privately placed, unsecured, subordinated, perpetual and non-cumulative term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by the State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute towards the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 31, 2018
Maturity date:	Perpetual
Rating:	A (Single A)

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

Profit Rate:	Floating rate of return at Base rate + 2.25 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The Issue is unsecured
Subordination:	The Issue is subordinated as to payment of Principal and profit to all other claims except common shares.
Call Option:	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbency clause:	
Pre-Specified Trigger (PST)	<p>Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013 which stipulates that if an issuer's Common Equity Tier 1 (CET 1) ratio falls to or below 6.625% of Risk Weighted Assets (RWA), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:</p> <ul style="list-style-type: none"> - If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible); - The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and - In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the issuer.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

Point of Non-Viability (PONV)	<p>Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, 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 Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below:</p> <p>The PONV trigger event is the earlier of:</p> <ul style="list-style-type: none"> - A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable; - The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP. - The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.
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- 17.3** In 2021, the Bank has issued Rs. 2.5 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 28, 2021
Tenure:	Up to Seven years from the issue date.
Maturity Date:	December 28, 2028
Rating:	A + (Single A Plus)
Profit Rate:	<p>Floating rate of return at Base rate + 2 percent per annum;</p> <p>Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.</p>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured
Subordination:	The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbcency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 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 400,647,739 shares.

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
18. DEFERRED TAX ASSET / (LIABILITIES)	Note	----- Rupees in '000 -----	
Deductible Temporary Differences on:			
Provision against investments		70,212	70,212
Provision against loans and advances		152,302	277,487
Other assets		18,273	130,747
Surplus on revaluation of investments classified as available-for-sale	20	<u>1,138,419</u>	<u>346,859</u>
		<u>1,379,206</u>	<u>825,305</u>
Taxable Temporary Differences on:			
Accelerated tax depreciation		(165,914)	(187,808)
Goodwill		(629,358)	(629,358)
Surplus on revaluation of fixed assets	20	(304,593)	(327,796)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	(340)	(343)
		<u>(1,100,205)</u>	<u>(1,145,305)</u>
		<u>279,001</u>	<u>(320,000)</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
19. OTHER LIABILITIES		
	Note	----- Rupees in '000 -----
Mark-up / return / interest payable in local currency	5,133,528	4,857,150
Mark-up / return / interest payable in foreign currencies	131,716	45,769
Unearned income on guarantees	404,103	368,800
Accrued expenses	580,344	584,968
Acceptances	2,390,023	6,586,244
Unclaimed dividends	4,214	4,214
Mark to market loss on derivative instruments	125,294	13,588
Mark to market loss on forward foreign exchange contracts	1,960,080	529,887
Withholding taxes payable	671,539	639,608
Donation payable to Future Trust	57,952	26,475
Security deposits against leases, lockers and others	2,325,891	2,468,743
Workers' welfare fund	29 232,516	201,040
Payable in respect of home remittance	875,091	435,629
Insurance payable	187,939	209,834
Payable to vendors against SBS goods	358,664	380,040
Lease liability against right-of-use assets	19.1 2,453,221	2,545,780
Debit card settlement	179,184	269,365
Branchless banking fund settlement	99,702	-
Clearing and settlement accounts	513,407	49,938
Others	249,069	293,721
	<u>18,933,477</u>	<u>20,510,793</u>

19.1 Lease liabilities

The carrying amounts of lease liabilities and the movements during the period / year is as below:

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
Opening balance	2,545,780	3,129,904
Additions / renewals	216,017	852,268
Terminations	(24,670)	(476,475)
Mark-up on lease liability against right-of-use assets	76,965	355,571
Payments	(361,022)	(1,322,720)
Exchange rate adjustments	5,574	7,232
Other adjustments	(5,423)	-
Closing balance	<u>2,453,221</u>	<u>2,545,780</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
20. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS	Note	----- Rupees in '000 -----	
(Deficit) / Surplus on revaluation of:			
- Available for sale securities	9.1	(2,647,486)	(806,650)
- Fixed assets		1,421,564	1,475,525
- Non-banking assets acquired in satisfaction of claims	13	107,418	107,426
		<u>(1,118,504)</u>	<u>776,301</u>
Deferred tax on (deficit) / surplus on revaluation of:			
- Available for sale securities		1,138,419	346,859
- Fixed assets		(304,593)	(327,796)
- Non-banking assets acquired in satisfaction of claims		(340)	(343)
		<u>833,486</u>	<u>18,720</u>
		<u>(285,018)</u>	<u>795,021</u>
20.1 Available-for-sale securities			
Pakistan:			
- Equity securities		1,536,630	1,941,804
- Open end mutual funds		5	2,298
- Debt securities		(2,968,593)	(1,826,120)
		<u>(1,431,958)</u>	<u>117,982</u>
Bahrain:			
- Equity securities		(26,226)	(28,705)
- Debt securities		(1,189,302)	(895,927)
		<u>(1,215,528)</u>	<u>(924,632)</u>
		<u>(2,647,486)</u>	<u>(806,650)</u>
Related deferred tax liability		<u>1,138,419</u>	<u>346,859</u>
		<u>(1,509,067)</u>	<u>(459,791)</u>
21. CONTINGENCIES AND COMMITMENTS			
Guarantees	21.1	75,340,611	83,175,591
Commitments	21.2	115,165,994	93,959,209
Other contingencies	21.3	646,479	646,479
		<u>191,153,084</u>	<u>177,781,279</u>
21.1 Guarantees			
Financial guarantees		766,176	3,668,949
Performance guarantees		33,075,930	34,702,865
Other guarantees		41,498,505	44,803,777
		<u>75,340,611</u>	<u>83,175,591</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
21.2 Commitments	Note	----- Rupees in '000 -----	
Documentary credits and short-term trade-related transactions		32,796,590	22,381,092
- Letters of credit			
Commitments in respect of:			
- Forward foreign exchange contracts	21.2.1	68,857,248	68,486,603
- Derivative instruments	21.2.2	12,283,328	2,344,191
- Forward lending	21.2.3	284,067	284,067
Commitments for acquisition of:			
- Fixed assets and intangible assets		944,761	463,256
		<u>115,165,994</u>	<u>93,959,209</u>
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		37,687,652	41,239,463
Sale		31,169,596	27,247,140
		<u>68,857,248</u>	<u>68,486,603</u>
21.2.2 Commitments in respect of derivative instruments			
Purchase		12,283,328	2,109,891
Sale		-	234,300
		<u>12,283,328</u>	<u>2,344,191</u>
Cross currency swaps			
Purchase		-	234,300
Sale		-	234,300
		<u>-</u>	<u>468,600</u>
Forward securities contract			
Purchase		<u>12,283,328</u>	<u>1,875,591</u>
21.2.3 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend		<u>284,067</u>	<u>284,067</u>
21.2.3.1 This represents commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.			
21.2.4 This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware & network equipment, electrical equipment and computer software.			
		(Un-audited) March 31, 2023	(Audited) December 31, 2022
21.3 Other contingencies	Note	----- Rupees in '000 -----	
21.3.1 Claims against the Bank not acknowledged as debts	21.3.1.1	<u>646,479</u>	<u>646,479</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

21.3.1.1 These mainly represent counter claims filed by borrowers for damages, claims by former employees of the Bank and other claims relating to banking transactions.

Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these condensed interim unconsolidated financial statements.

21.3.2 Tax related contingencies are disclosed in note 32.1.

22. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Forward Exchange Contracts, Cross Currency Swaps and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Bank.

The Bank has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The Bank has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

These transactions cover the aspects of both market making and hedging.

		March 31, 2023 (Un-audited)					
		Cross currency swaps		Forward securities		Total	
		Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
22.1 Product analysis		----- Rupees in '000 -----					
With Banks							
Hedging		-	-	-	-	-	-
Market making		-	-	-	-	-	-
With FIs other than banks							
Hedging		-	-	-	-	-	-
Market making		-	-	12,283,328	(124,569)	12,283,328	(124,569)
		-	-	12,283,328	(124,569)	12,283,328	(124,569)
Total							
Hedging		-	-	-	-	-	-
Market making		-	-	12,283,328	(124,569)	12,283,328	(124,569)
		-	-	12,283,328	(124,569)	12,283,328	(124,569)
		----- Rupees in '000 -----					
		Cross currency swaps		Forward securities		Total	
		Notional principal	Mark to market	Notional principal	Mark to Market	Notional principal	Mark to Market
With Banks							
Hedging		468,600	710	-	-	468,600	710
Market making		-	-	-	-	-	-
		468,600	710	-	-	468,600	710
With FIs other than banks							
Hedging		-	-	1,875,591	576	1,875,591	576
Market making		-	-	-	-	-	-
		-	-	1,875,591	576	1,875,591	576
Total							
Hedging		468,600	710	1,875,591	576	2,344,191	1,286
Market making		-	-	-	-	-	-
		468,600	710	1,875,591	576	2,344,191	1,286

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

		(Un-audited)	
		March 31, 2023	March 31, 2022
		----- Rupees in '000 -----	
23. MARK-UP / RETURN / INTEREST EARNED	Note		
On:			
Loans and advances		9,091,518	6,398,829
Investments		11,313,869	7,044,553
Lendings to financial institutions		33,322	44,523
Securities purchased under resale agreements		489,607	314,620
Balances with other banks		53,600	-
		<u>20,981,916</u>	<u>13,802,525</u>
24. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		10,954,022	7,489,644
Borrowings		4,505,908	2,488,328
Subordinated debts		327,149	225,826
Cost of foreign currency swaps against foreign currency deposits / borrowings		62,110	228,125
Lease liability against right-of-use assets		76,965	91,797
		<u>15,926,154</u>	<u>10,523,720</u>
25. FEE, COMMISSION AND BROKERAGE INCOME			
Branch banking customer fees		39,524	25,375
Consumer finance related fees		134,451	88,428
Card related fees (debit and credit cards)		98,472	87,559
Investment banking fees		28,750	24,473
Commission on trade		222,066	216,056
Commission on guarantees		169,095	131,553
Commission on cash management		14,845	4,425
Commission on remittances including home remittances		41,038	17,827
Commission on bancassurance		20,880	16,341
Commission on distribution of mutual funds		-	847
Commission on online services		94,800	71,737
Postage and courier income		2,818	5,003
Rebate income		87,925	59,718
		<u>954,664</u>	<u>749,342</u>
26. (LOSS) / GAIN ON SECURITIES - NET			
Realised	26.1	(488,357)	102,958
Unrealised - held for trading		(19,117)	(388)
		<u>(507,474)</u>	<u>102,570</u>
26.1 Realised (loss) / gain on:			
Federal government securities			
Market treasury bills		(423,025)	(122,524)
Pakistan investment bonds		(85,186)	182,227
Ijara sukuk certificates		13,848	28
		<u>(494,363)</u>	<u>59,731</u>
Non Government Debt Securities			
Term finance certificates		-	(1,045)
Mutual fund units		5,646	44,272
Foreign currency bonds		360	-
		<u>(488,357)</u>	<u>102,958</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

	(Un-audited)	
	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----	
27. OTHER INCOME / (LOSS)		
Rent income	1,452	-
Gain / (loss) on sale of fixed assets - net	25,366	(11,253)
Gain on termination of leases - net	7,107	4,858
	<u>33,925</u>	<u>(6,395)</u>
28. OPERATING EXPENSES		
Total compensation expense	1,943,371	1,490,662
Property expense		
Rent and taxes	7,307	9,150
Utilities cost	110,151	86,024
Security (including guards)	92,250	72,524
Repair and maintenance (including janitorial charges)	82,007	55,744
Depreciation	71,344	53,765
Depreciation on right-of-use assets	263,554	236,829
Depreciation on non-banking assets	6,395	4,241
	<u>633,008</u>	<u>518,277</u>
Information technology expenses		
Software maintenance	233,003	191,858
Hardware maintenance	23,717	38,621
Depreciation	79,360	70,504
Amortisation	57,561	36,660
Network charges	70,576	57,905
	<u>464,217</u>	<u>395,548</u>
Other operating expenses		
Directors' fees and allowances	3,000	6,450
Legal and professional charges	62,211	66,170
Insurance	56,205	90,411
Outsourced services costs	60,259	57,066
Travelling and conveyance	50,772	36,615
NIFT clearing charges	13,487	10,944
Depreciation	86,313	80,562
Training and development	6,699	16,833
Postage and courier charges	14,326	22,773
Communication	44,662	45,846
Stationery and printing	95,753	71,471
Marketing, advertisement and publicity	732,767	166,632
Donations	31,477	13,499
Auditors' remuneration	3,788	2,549
Staff auto fuel and maintenance	137,175	69,516
Bank charges	20,604	12,438
Stamp duty	15,032	10,096
Online verification charges	32,089	8,861
Brokerage, fee and commission	8,812	10,873
Card related fees (debit and credit cards)	136,657	91,276
Consultancy fee	17,790	4,951
Deposit protection premium	42,316	44,867
Entertainment expenses	40,379	18,069
Repair and maintenance	19,751	18,283
Cash handling charges	54,170	41,668
Fee and subscription	31,482	28,490
Employees social security	2,121	1,502
Generator fuel and maintenance	50,041	20,870
Others	12,522	12,669
	<u>1,882,660</u>	<u>1,082,250</u>
	<u>4,923,256</u>	<u>3,486,737</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

29. WORKERS' WELFARE FUND

The Bank has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

		(Un-audited)	
		March 31, 2023	March 31, 2022
		----- Rupees in '000 -----	
30. OTHER CHARGES	Note		
Penalties imposed by State Bank of Pakistan		<u>19,562</u>	<u>-</u>
31. PROVISIONS AND WRITE OFFS - NET			
Reversals for diminution in value of investments	9.3	-	(8,421)
Provisions against loans & advances - specific	10.3	594,083	179,133
Provisions against loans & advances - general	10.3	78,176	143,077
Provisions / (reversals) under IFRS 9	31.1	86,050	(511)
Other provisions and write offs		4,383	-
		<u>762,692</u>	<u>313,278</u>
31.1 Provisions / (reversals) under IFRS 9			
Balances with other banks		14	(5)
Lendings to financial institutions		-	(2)
Investments	9.3	51,213	8,626
Advances	10.3	34,823	(9,130)
		<u>86,050</u>	<u>(511)</u>
32. TAXATION			
Current		476,869	269,587
Prior years		-	-
Deferred		192,565	(4,393)
		<u>669,434</u>	<u>265,194</u>
32.1	There are no material changes in tax contingencies as disclosed in annual unconsolidated financial statements for the year ended December 31, 2022.		
33. BASIC AND DILUTED EARNINGS PER SHARE		(Un-audited)	
		March 31, 2023	March 31, 2022
		----- Rupees in '000 -----	
Profit after taxation for the period - attributable to ordinary equity holders of the Bank		<u>856,172</u>	<u>409,618</u>
		----- Number of shares -----	
Weighted average number of outstanding ordinary shares during the period		<u>1,297,464,262</u>	<u>1,297,464,262</u>
		----- Rupee -----	
Basic and diluted earnings per share		<u>0.66</u>	<u>0.32</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

		(Un-audited) March 31, 2023	(Audited) December 31, 2022	(Un-audited) March 31, 2022
34. CASH AND CASH EQUIVALENTS	Note		----- Rupees in '000 -----	
Cash and balances with treasury banks	6	33,982,736	24,764,967	27,901,904
Balances with other banks - Gross of provision	7	3,491,252	1,800,471	1,343,940
Overdrawn nostro accounts	15	(2,032,949)	(1,291,766)	(545,012)
		<u>35,441,039</u>	<u>25,273,672</u>	<u>28,700,832</u>

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

International Financial Reporting Standard (IFRS) 13, 'Fair Value Measurement' defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements. Fair value of unquoted debt securities, fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for 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 assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3:** Fair value measurements using unobservable inputs for the asset or liability.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

35.1 Valuation techniques used in determination of fair values within level:

Item	Valuation approach and input used
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Financial instruments - Level 1

Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange / Bloomberg.
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Financial instruments - Level 2

Mutual fund units	Fair values of investments in mutual fund units are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills (MTB), Pakistan Investment Bonds (PIB) and GoP Sukuks	Fair values of Pakistan Investment Bonds, Market Treasury Bills and GoP Sukuks are derived using PKRV, PKFRV and PKISRV rates.
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising of Term Finance Certificates, Bonds and any other security issued by a company or a corporate body for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas & Euro Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

Financial instruments - Level 3

Currently, no financial instruments are classified in level 3.
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and, unavailability of reliable data regarding market rates for similar instruments.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

Non-financial assets - Level 3

Fixed assets - Land and building	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these condensed interim unconsolidated financial statements.
Non-banking assets acquired in satisfaction of claims	

- 35.2** The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between Levels 1 and 2 during the year.
- 35.3** The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

(Un-audited)
March 31, 2023

Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Federal Government Securities	-	126,791,924	-	126,791,924
Shares	4,976,498	-	-	4,976,498
Non Government Debt Securities	-	455,929	-	455,929
Foreign Securities	66,344	1,034,762	-	1,101,106
Open end mutual funds	-	125,005	-	125,005
	5,042,842	128,407,620	-	133,450,462

Financial assets - disclosed but not measured at fair value

Investments

Federal Government Securities	-	96,848,850	-	96,848,850
	5,042,842	225,256,470	-	230,299,312

Non-financial assets - measured at fair value

Revalued fixed assets	-	-	3,664,203	3,664,203
Non-banking assets acquired in satisfaction of claims	-	-	3,765,830	3,765,830
	-	-	7,430,033	7,430,033

Off balance sheet financial instruments

Commitments in respect of:

Forward foreign exchange contracts

Purchase	-	32,157,526	-	32,157,526
Sale	-	29,232,216	-	29,232,216

Derivative instruments

Forward securities contract

Purchase	-	12,158,759	-	12,158,759
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Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

(Audited)

December 31, 2022

Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Federal Government Securities	-	143,419,443	-	143,419,443
Shares	5,132,677	-	-	5,132,677
Non Government Debt Securities	-	494,174	-	494,174
Foreign Securities	301,472	807,635	-	1,109,107
Open end mutual funds	-	502,298	-	502,298
	<u>5,434,149</u>	<u>145,223,550</u>	<u>-</u>	<u>150,657,699</u>

Financial assets - disclosed but not measured at fair value

Investments

Federal Government Securities	-	147,022,393	-	147,022,393
	<u>5,434,149</u>	<u>292,245,943</u>	<u>-</u>	<u>297,680,092</u>

Non-financial assets - measured at fair value

Revalued fixed assets	-	-	3,748,375	3,748,375
Non-banking assets acquired in satisfaction of claims	-	-	3,772,225	3,772,225
	<u>-</u>	<u>-</u>	<u>7,520,600</u>	<u>7,520,600</u>

Off balance sheet financial instruments

Commitments in respect of:

Forward foreign exchange contracts

Purchase	-	40,275,960	-	40,275,960
Sale	-	26,862,267	-	26,862,267

Derivative instruments

Cross currency swaps

Purchase	-	247,888	-	247,888
Sale	-	248,598	-	248,598

Forward securities contract

Purchase	-	187,617	-	187,617
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Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

36. SEGMENT INFORMATION

36.1 Segment Details with respect to Business Activities:

	For the three months ended March 31, 2023 (Un-audited)						
	Retail Banking	Wholesale Banking	Treasury	Investment Banking	Zindigi	Others	Total
Profit and loss account	Rupees in '000						
Net mark-up / return / interest income / (expense)	(3,066,539)	574,233	7,719,000	80,002	(5,404)	(245,530)	5,055,762
Inter segment revenue - net	7,888,911	1,551,215	(9,598,280)	(74,344)	59,138	173,360	-
Non mark-up / return / income	503,061	782,008	701,256	25,750	66,467	128,289	2,206,831
Total income / (loss)	5,325,433	2,907,456	(1,178,024)	31,408	120,201	56,119	7,262,593
Segment direct expenses	2,227,643	316,578	42,509	19,615	865,999	1,501,951	4,974,295
Inter segment expense allocation	1,095,010	198,875	46,453	4,469	105,356	(1,450,163)	-
Total expenses	3,322,653	515,453	88,962	24,084	971,355	51,788	4,974,295
Provisions and write offs - net	120,095	642,597	-	-	-	-	762,692
Profit / (loss) before tax	1,882,685	1,749,406	(1,266,986)	7,324	(851,154)	4,331	1,525,606
	For the three months ended March 31, 2022 (Un-audited)						
	Retail Banking	Wholesale Banking	Treasury	Investment Banking	Zindigi	Others	Total
Profit and loss account	Rupees in '000						
Net mark-up / return / interest income / (expense)	(1,393,401)	40,052	4,758,246	69,734	(104)	(195,722)	3,278,805
Inter segment revenue - net	4,004,796	935,241	(4,895,918)	(72,978)	28,857	-	-
Non mark-up / return / income	426,034	298,532	401,481	36,329	42,553	4,592	1,209,521
Total income / (loss)	3,037,431	1,273,825	263,809	33,085	71,306	(191,130)	4,488,326
Segment direct expenses	2,148,050	216,477	41,867	10,821	279,733	803,288	3,500,236
Inter segment expense allocation	724,213	171,479	38,652	3,780	101,352	(1,039,476)	-
Total expenses	2,872,263	387,956	80,519	14,601	381,085	(236,188)	3,500,236
Provisions / (reversals)	189,480	124,082	-	-	-	(284)	313,278
Profit / (loss) before tax	(24,312)	761,787	183,290	18,484	(309,779)	45,342	674,812
	As at March 31, 2023 (Un-audited)						
	Retail Banking	Wholesale Banking	Treasury	Investment Banking	Zindigi	Others	Total
Statement of financial position	Rupees in '000						
Cash and Bank balances	16,005,634	49,469	20,922,414	-	496,412	-	37,473,929
Lendings to financial institutions	-	-	837,339	-	-	-	837,339
Investments	-	6,581,708	225,017,585	1,950,571	-	4,866,339	238,416,203
Net inter segment lending	194,692,055	36,164,944	-	-	2,898,521	-	233,755,520
Advances - performing	72,999,849	137,614,158	-	-	-	5,199,984	215,813,991
Advances - non-performing	6,257,726	9,519,977	-	-	-	98,350	15,876,053
Advances - provisions - net	(5,168,981)	(2,156,003)	-	-	-	(800,654)	(8,125,638)
	74,088,594	144,978,132	-	-	-	4,497,680	223,564,406
Others	-	-	-	-	-	42,505,431	42,505,431
Total Assets	284,786,283	187,774,253	246,777,338	1,950,571	3,394,933	51,869,450	776,552,828
Borrowings	8,200,764	24,557,277	19,329,252	-	-	-	52,087,293
Deposits and other accounts	270,503,283	163,089,583	-	-	3,394,933	-	436,987,799
Subordinated debts	-	-	-	-	-	6,995,000	6,995,000
Net inter segment borrowing	-	-	227,448,086	1,950,571	-	4,356,863	233,755,520
Others	6,082,236	127,393	-	-	-	18,933,477	25,143,106
Total Liabilities	284,786,283	187,774,253	246,777,338	1,950,571	3,394,933	30,285,340	754,968,718
Equity	-	-	-	-	-	21,584,110	21,584,110
Total Equity and Liabilities	284,786,283	187,774,253	246,777,338	1,950,571	3,394,933	51,869,450	776,552,828
Contingencies and Commitments	70,101,833	59,825,402	61,225,850	-	-	-	191,153,084

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

	As at December 31, 2022 (Audited)						
	Retail Banking	Wholesale Banking	Treasury	Investment Banking	Zindigi	Others	Total
Statement of financial position	----- Rupees in '000 -----						
Cash and bank balances	26,561,450	-	-	-	3,953	-	26,565,403
Lendings to financial institutions	-	-	11,351,162	-	-	-	11,351,162
Investments	-	1,786,820	297,472,425	2,064,697	-	2,140,921	303,464,863
Net inter-segment lending	188,156,779	59,940,115	-	-	2,878,829	-	250,975,723
Advances - performing	75,221,124	141,415,256	-	-	407	5,575,996	222,212,783
Advances - non-performing	6,699,317	9,528,889	-	-	-	83,681	16,311,887
Advances - provisions - net	(3,269,248)	(4,141,732)	-	-	-	(11,874)	(7,422,854)
	78,651,193	146,802,413	-	-	407	5,647,803	231,101,816
Others	-	-	-	-	-	44,232,249	44,232,249
Total Assets	293,369,422	208,529,348	308,823,587	2,064,697	2,883,189	52,020,973	867,691,216
Borrowings	8,350,957	24,594,549	64,862,710	-	-	-	97,808,216
Deposits and other accounts	277,923,067	183,325,314	-	350	2,883,189	-	464,131,920
Subordinated debts	-	-	-	-	-	6,995,000	6,995,000
Net inter-segment borrowing	-	-	243,960,877	2,064,347	-	4,950,499	250,975,723
Others	7,095,398	609,485	-	-	-	18,528,855	26,233,738
Total Liabilities	293,369,422	208,529,348	308,823,587	2,064,697	2,883,189	30,474,354	846,144,597
Equity	-	-	-	-	-	21,546,619	21,546,619
Total Equity and Liabilities	293,369,422	208,529,348	308,823,587	2,064,697	2,883,189	52,020,973	867,691,216
Contingencies and Commitments	63,653,775	25,780,043	86,645,804	-	-	1,701,657	177,781,279

37. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, directors, key management personnel, subsidiaries, associates and other related parties.

The Bank enters into transactions with related parties in the ordinary course of business and 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.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

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

	As at March 31, 2023 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees in '000					
Statement of financial position						
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the period	-	-	-	-	-	41,117,600
Repaid during the period	-	-	-	-	-	(41,117,600)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Investments						
Opening balance	-	-	-	1,919,121	269,800	5,067,465
Investment made during the period	-	-	-	-	-	1,200,000
Investment redeemed / disposed off during the period	-	-	-	-	-	(1,575,000)
Deficit on investments	-	-	-	-	-	(371,850)
Closing balance	-	-	-	1,919,121	269,800	4,320,615
Provision in value of diminution in investments	-	-	-	-	48,000	-
Advances						
Opening balance	-	-	498,310	-	232,166	2,642,159
Addition during the period	-	-	23,326	-	-	466,796
Repaid during the period	-	-	(29,840)	-	(15,478)	(818,426)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	491,796	-	216,688	2,290,529
Other Assets						
Mark-up / return / interest accrued	-	-	204	-	-	185,845
Receivable against bancassurance / bancatakaful	-	-	-	-	-	11,098
Prepaid insurance	-	-	-	-	-	180,443
Net defined benefit plan	-	-	-	-	-	88,624
Dividend Receivable	-	-	-	-	-	98,808
Advance against investment in securities	-	-	-	-	-	1,178,306
Other receivable	-	-	-	-	-	13,870
Provision against other assets	-	-	-	-	-	-
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the period	-	-	-	-	-	-
Settled during the period	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	130,430	290	47,853	1,374,281	2,621	12,800,727
Received during the period	446,375	421	96,964	30,193,342	76,642	37,325,545
Withdrawn during the period	(502,671)	(551)	(80,895)	(30,298,535)	(75,847)	(40,661,960)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	74,134	160	63,922	1,269,088	3,416	9,464,312
Subordinated debts						
Opening balance	-	-	-	-	-	124,714
Issued during the period	-	-	-	-	-	-
Redeemed during the period	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	124,714
Other liabilities						
Interest / return / mark-up payable on deposits	-	-	-	-	-	9,915
Interest / return / mark-up payable on subordinated debts	-	-	-	-	-	5,819
Donation payable	-	-	-	-	-	57,952
Contingencies and commitments						
Letter of guarantee	-	-	-	-	-	22,783
Letter of credit	-	-	-	-	-	294,000
Forward lending	-	-	-	-	5,924	-

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

	As at December 31, 2022 (Audited)					Other related parties
	Parent	Directors	Key management personnel	Subsidiaries	Associates	
	Rupees in '000					
Statement of financial position						
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	96,591,372
Repaid during the year	-	-	-	-	-	(96,591,372)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Investments						
Opening balance	-	-	-	1,919,121	269,800	4,734,303
Investment made during the year	-	-	-	-	-	4,245,951
Investment redeemed / disposed off during the year	-	-	-	-	-	(3,550,000)
Deficit on investments	-	-	-	-	-	(362,789)
Closing balance	-	-	-	1,919,121	269,800	5,067,465
Provision for diminution in value of investments	-	-	-	-	48,000	-
Advances						
Opening balance	-	125,769	458,181	96,775	442,315	5,229,319
Addition during the year	-	-	367,341	7,411	26,550	4,769,450
Repaid during the year	-	-	(121,474)	(104,186)	(236,699)	(6,716,615)
Transfer in / (out) - net	-	(125,769)	(205,738)	-	-	(639,995)
Closing balance	-	-	498,310	-	232,166	2,642,159
Other Assets						
Interest / mark-up accrued	-	-	697	-	8,010	19,745
Receivable against bancassurance	-	-	-	-	-	17,498
Prepaid insurance	-	-	-	-	-	34,933
Net defined benefit plan	-	-	-	-	-	119,523
Advance against investment in securities	-	-	-	-	-	1,178,306
Other receivable	-	-	-	-	-	14,249
Provision against other assets	-	-	-	-	-	379
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	312,787,717
Settled during the year	-	-	-	-	-	(312,787,717)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	912,327	214,211	42,227	1,354,967	41,310	14,572,975
Received during the year	15,376,414	62,632	823,876	353,446,011	1,494,000	191,456,450
Withdrawn during the year	(16,158,311)	(62,805)	(802,683)	(353,426,148)	(1,532,689)	(192,234,920)
Transfer in / (out) - net	-	(213,748)	(15,567)	(549)	-	(993,778)
Closing balance	130,430	290	47,853	1,374,281	2,621	12,800,727
Subordinated debts						
Opening balance	-	-	-	-	-	639,776
Issued during the year	-	-	-	-	-	-
Redeemed during the year	-	-	-	-	-	(79)
Transfer in / (out) - net	-	-	-	-	-	(514,983)
Closing balance	-	-	-	-	-	124,714
Other liabilities						
Interest / return / mark-up payable on deposits	-	-	-	-	-	536,091
Interest / return / mark-up payable on subordinated debts	-	-	-	-	-	143
Donation payable	-	-	-	-	-	26,475
Contingencies and commitments						
Letter of guarantee	-	-	-	-	-	20,398
Letter of Credit	-	-	-	-	-	65,585
Forward lending	-	-	-	-	5,924	-

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

For the three months ended March 31, 2023 (Un-audited)						
Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	
Rupees in '000						
Profit and loss account						
Income						
Mark-up / return / interest earned	-	-	5,870	-	10,838	70,395
Fee, commission and brokerage income	-	-	320	2	6	21,544
Dividend income	-	-	-	-	-	98,808
Gain on sale of securities - net	-	-	-	-	-	5,647
Reversal / (provisions) and write offs - net						
Provision for diminution in value of investments - net	-	-	-	-	-	-
Expense						
Mark-up / return / interest expensed	5,166	-	374	59,739	-	257,747
Commission / charges paid	-	-	-	325	-	-
Remuneration paid	-	-	145,370	-	-	-
Non-executive directors' fee	-	3,000	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	77,180
Net charge for defined benefit plans	-	-	-	-	-	30,899
Insurance expense	-	-	-	-	-	34,687
Donation	-	-	-	-	-	31,477
Legal charges	4,724	-	-	-	-	-
Consultancy charges	-	-	-	-	-	10,500
Other expenses	-	-	1,154	-	-	2,448
Payments made during the period						
Insurance premium paid	-	-	-	-	-	180,207
Insurance claims settled	-	-	-	-	-	5,003
Other Transactions						
Sale of Government Securities	-	-	15,317	-	-	24,955,530
Purchase of Government Securities	-	-	14,712	-	-	735,720
Sale of Foreign Currencies	-	-	-	-	-	11,047,920
Purchase of Foreign Currencies	-	-	-	-	-	8,760,363

For the three months ended March 31, 2022 (Un-audited)						
Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	
Rupees in '000						
Profit and loss account						
Income						
Mark-up / return / interest earned	-	75	6,128	1,271	11,539	109,092
Fee, commission and brokerage income	-	8	50	151	26	18,756
Dividend income	-	-	-	-	-	42,497
Gain on sale of securities - net	-	-	-	-	-	7,604
Reversal / (provisions) and write offs - net						
Provision for diminution in value of investments - net	-	-	-	-	-	-
Expense						
Mark-up / return / interest expensed	39,162	148	458	41,145	363	282,659
Commission / charges paid	-	-	-	684	-	-
Remuneration paid	-	11,853	81,942	-	-	-
Non-executive directors' fee	-	6,450	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	64,104
Net charge for defined benefit plans	-	-	-	-	-	38,481
Advisory fee	-	-	-	-	-	1,214
Other expenses	-	83	-	-	-	197
Payments made during the period						
Insurance premium paid	-	-	-	-	-	189,761
Insurance claims settled	-	-	-	-	-	2,024
Other transactions						
Sale of Government Securities	1,560,765	-	-	-	-	14,607,092
Purchase of Government Securities	-	-	-	-	-	1,121,127
Purchase of Non Government Securities	-	-	-	-	-	206,041
Sale of Foreign Currencies	-	-	-	-	-	17,885,420
Purchase of Foreign Currencies	-	-	-	-	-	14,924,915

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>10,119,242</u>	<u>10,119,242</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>18,958,712</u>	18,161,246
Eligible Additional Tier 1 (ADT 1) Capital	<u>2,500,000</u>	2,500,000
Total Eligible Tier 1 Capital	<u>21,458,712</u>	20,661,246
Eligible Tier 2 Capital	<u>3,226,056</u>	4,097,720
Total Eligible Capital (Tier 1 + Tier 2)	<u>24,684,768</u>	<u>24,758,966</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>149,124,958</u>	153,443,431
Market Risk	<u>1,236,368</u>	970,174
Operational Risk	<u>32,322,263</u>	32,322,263
Total	<u>182,683,589</u>	<u>186,735,868</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>10.38%</u>	<u>9.73%</u>
Tier 1 Capital Adequacy Ratio	<u>11.75%</u>	<u>11.06%</u>
Total Capital Adequacy Ratio	<u>13.51%</u>	<u>13.26%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>21,458,712</u>	20,661,246
Total Exposures	<u>680,321,064</u>	683,834,651
Leverage Ratio	<u>3.15%</u>	<u>3.02%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>119,859,592</u>	141,619,653
Total Net Cash Outflow	<u>77,601,704</u>	74,673,572
Liquidity Coverage Ratio	<u>154.45%</u>	<u>189.65%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>363,552,089</u>	369,449,898
Total Required Stable Funding	<u>291,328,401</u>	294,199,283
Net Stable Funding Ratio	<u>124.79%</u>	<u>125.58%</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Quarter Ended March 31, 2023

39. GENERAL

39.1 Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.

39.2 The figures in these condensed interim unconsolidated financial statements have been rounded off to the nearest thousand unless otherwise stated.

40. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on April 26, 2023.

President and
Chief Executive Officer

Chief Financial Officer

Director

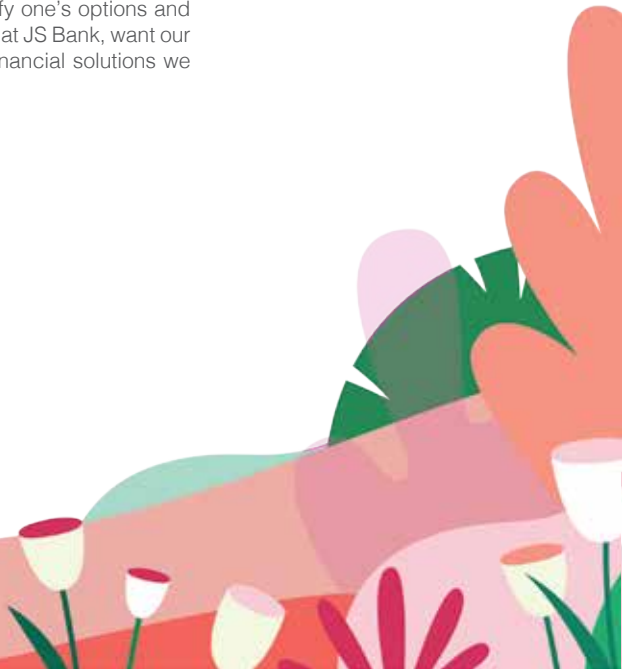
Director

Chairman



GREATER SPOTTED EAGLE

This majestic brown-coloured bird mostly inhabits wooded habitats, flying over open wet forests and floodplain forests. This eagle is unlike any other eagle; it builds nests on scrubs, cliffs, or bushes even in the absence of trees. The bird signifies the ability to diversify one's options and never feel restricted. Just like how we, at JS Bank, want our customers to feel with the assorted financial solutions we provide them.





CONSOLIDATED FINANCIAL STATEMENTS



Condensed Interim Consolidated Statement of Financial Position

As at March 31, 2023

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	6	33,983,041	24,765,248
Balances with other banks	7	3,904,891	1,859,792
Lendings to financial institutions	8	837,339	11,351,162
Investments	9	238,237,696	303,368,466
Advances	10	224,029,851	231,558,755
Fixed assets	11	11,114,317	11,234,696
Intangible assets	12	3,944,395	3,843,994
Deferred tax assets	18	383,118	-
Other assets	13	31,138,401	32,547,846
		547,573,049	620,529,959
LIABILITIES			
Bills payable	14	6,209,629	5,402,945
Borrowings	15	52,639,317	98,531,096
Deposits and other accounts	16	435,718,711	462,757,638
Liabilities against assets subject to finance lease		-	-
Subordinated debts	17	6,995,000	6,995,000
Deferred tax liabilities	18	-	212,327
Other liabilities	19	22,697,243	23,374,566
		524,259,900	597,273,572
NET ASSETS		<u>23,313,149</u>	<u>23,256,387</u>
REPRESENTED BY			
Share capital - net		10,119,242	10,119,242
Reserves		3,174,550	2,787,201
Surplus on revaluation of assets	20	250,161	1,342,708
Unappropriated profit		9,406,282	8,643,962
		22,950,235	22,893,113
Non-controlling interest		362,914	363,274
		<u>23,313,149</u>	<u>23,256,387</u>
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 40 form an integral part of these condensed interim consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

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

For the Quarter Ended March 31, 2023

		March 31, 2023	March 31, 2022
	Note	----- Rupees in '000 -----	
Mark-up / return / interest earned	23	21,021,902	13,847,157
Mark-up / return / interest expensed	24	15,935,720	10,535,173
Net mark-up / interest income		5,086,182	3,311,984
Non mark-up / interest income			
Fee, commission and brokerage income	25	1,144,724	883,049
Dividend income		142,620	58,980
Foreign exchange income		1,720,657	339,674
Loss from derivatives		(122,581)	(59,637)
(Loss) / gain on securities - net	26	(441,546)	389,132
Share of (loss) / profit from associates		(6,741)	6,935
Other income	27	43,168	26,641
Total non mark-up / interest income		2,480,301	1,644,774
Total income		7,566,483	4,956,758
Non mark-up / interest expenses			
Operating expenses	28	5,178,585	3,739,611
Workers' welfare fund	29	32,502	14,037
Other charges	30	19,562	-
Total non-mark-up / interest expenses		5,230,649	3,753,648
Profit before provisions		2,335,834	1,203,110
Provisions and write offs - net	31	762,692	313,278
Profit before taxation		1,573,142	889,832
Taxation	32	689,869	272,257
Profit after taxation		883,273	617,575
Attributable to:			
Equity holders of the Bank		882,413	588,268
Non-controlling interest		860	29,307
		883,273	617,575
Earnings per share for profit attributable to the equity holders of the Bank		----- Rupee -----	
Basic and diluted	33	0.68	0.45

The annexed notes 1 to 40 form an integral part of these condensed interim consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

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

For the Quarter Ended March 31, 2023

	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----	
Profit after taxation for the period	883,273	617,575
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods		
Effect of translation of net investment in foreign branch	216,115	39,234
Movement in deficit on revaluation of investments - net of tax (Pakistan operations)	(891,296)	(933,311)
Movement in deficit of debt investments at FVOCI - net of tax (Bahrain operations)	(167,224)	(172,249)
	(1,058,520)	(1,105,560)
Items that will not be reclassified to profit and loss account in subsequent periods		
Movement in surplus / (deficit) of equity investments at FVOCI - net of tax (Bahrain operations)	15,894	(18,185)
	(826,511)	(1,084,511)
Total comprehensive income / (loss) for the period	56,762	(466,936)
Attributable to:		
Equity holders of the Bank	57,122	(460,587)
Non-controlling interest	(360)	(6,349)
	56,762	(466,936)

The annexed notes 1 to 40 form an integral part of these condensed interim consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Consolidated Statement of Changes in Equity

For the Quarter Ended March 31, 2023

	Attributable to equity holders of the Bank								Non-controlling interest	Total
	Share capital - net	Reserve		Surplus / (Deficit) on revaluation of			Unappropriated profit	Sub-total		
		Statutory reserve	Capital reserve exchange translation	Investments	Fixed assets	Non banking assets				
Rupees in '000										
Balance as at January 01, 2022 (Audited)	10,119,242	2,137,057	194,012	1,357,656	1,751,559	119,714	7,764,840	23,444,080	388,327	23,832,407
Total comprehensive loss for the three months ended March 31, 2022										
Profit after taxation	-	-	-	-	-	-	588,268	588,268	29,307	617,575
Other comprehensive income / (loss) - net of tax	-	-	39,234	(1,088,089)	-	-	-	(1,048,855)	(35,656)	(1,084,511)
	-	-	39,234	(1,088,089)	-	-	588,268	(460,587)	(6,349)	(466,336)
Transfer to statutory reserve	-	81,924	-	-	-	-	(81,924)	-	-	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	(11,671)	(19)	11,690	-	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	(3,746)	-	-	3,746	-	-	-
Balance as at March 31, 2022 (Un-audited)	10,119,242	2,218,981	233,246	265,821	1,739,888	119,695	8,286,620	22,983,493	381,978	23,365,471
Total comprehensive loss for the nine months ended December 31, 2022										
Profit after taxation	-	-	-	-	-	-	493,498	493,498	(20,777)	472,721
Other comprehensive income / (loss) - net of tax	-	-	223,941	(721,875)	(32,007)	(98)	(53,839)	(583,878)	2,073	(581,805)
	-	-	223,941	(721,875)	(32,007)	(98)	439,659	(90,386)	(18,704)	(109,084)
Transfer to statutory reserve	-	111,033	-	-	-	-	(111,033)	-	-	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	(33,502)	(12,514)	46,016	-	-	-
Loss on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	17,300	-	-	(17,300)	-	-	-
Balance as at December 31, 2022 (Audited)	10,119,242	2,330,014	457,187	(438,754)	1,674,379	107,083	8,643,962	22,893,113	363,274	23,256,387
Total comprehensive income for the three months ended March 31, 2023										
Profit after taxation	-	-	-	-	-	-	882,413	882,413	860	883,273
Other comprehensive income / (loss) - net of tax	-	-	216,115	(1,041,406)	-	-	-	(825,291)	(1,220)	(826,511)
	-	-	216,115	(1,041,406)	-	-	882,413	57,122	(360)	56,762
Transfer to statutory reserve	-	171,234	-	-	-	-	(171,234)	-	-	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	(36,656)	(5)	36,661	-	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	(14,480)	-	-	14,480	-	-	-
Balance as at March 31, 2023 (Un-audited)	<u>10,119,242</u>	<u>2,501,248</u>	<u>673,302</u>	<u>(1,494,640)</u>	<u>1,637,723</u>	<u>107,078</u>	<u>9,406,282</u>	<u>22,950,235</u>	<u>362,914</u>	<u>23,313,149</u>

The annexed notes 1 to 40 form an integral part of these condensed interim consolidated financial statements.

 President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the Quarter Ended March 31, 2023

	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,573,142	889,832
Less:		
Dividend income	(142,620)	(58,980)
Share of (loss) / profit from associates	6,741	(6,935)
	1,437,263	823,917
Adjustments:		
Depreciation on fixed assets	28 258,226	230,011
Depreciation on right-of-use assets	28 273,719	246,915
Amortisation	28 58,646	38,086
Interest expense on lease liability against right-of-use assets	24 82,982	99,243
Charge for defined benefit plan	30,899	38,481
Unrealised loss / (gain) on revaluation of investments classified as held-for-trading - net	26 13,305	(37,442)
Provisions and write offs - net	31 762,692	313,278
Provision for workers' welfare fund	29 32,502	14,037
Gain on sale of fixed assets - net	27 (25,366)	(13,189)
Gain on termination of leases - net	27 (7,107)	(4,858)
	1,480,498	924,562
	2,917,761	1,748,479
Decrease / (increase) in operating assets		
Lendings to financial institutions	10,513,823	31,611,628
Held-for-trading securities	(2,603,768)	(99,029)
Advances	6,815,919	7,042,811
Other assets (excluding advance taxation)	1,439,923	(537,080)
	16,165,897	38,018,330
(Decrease) / increase in operating liabilities		
Bills payable	806,684	(1,320,218)
Borrowings	(46,632,962)	37,712,177
Deposits and other accounts	(27,038,927)	(10,849,021)
Other liabilities	(612,305)	(562,805)
	(73,477,510)	24,980,133
	(54,393,852)	64,746,942
Income tax paid	(373,814)	(317,814)
Net cash (used in) / generated from operating activities	(54,767,666)	64,429,128
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	17,998,958	11,562,264
Net investments in held-to-maturity securities	47,766,503	(81,542,289)
Dividend received	20,445	16,483
Investments in fixed assets	(287,233)	(444,755)
Investments in intangible assets	(158,170)	(109,532)
Proceeds from sale of fixed assets	104,406	33,397
Effect of translation of net investment in foreign branch	216,115	39,234
Net cash generated from / (used in) investing activities	65,661,024	(70,445,198)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(371,625)	(281,655)
Repayment of subordinated debt	-	-
Net cash used in financing activities	(371,625)	(281,655)
Increase / (decrease) in cash and cash equivalents	10,521,733	(6,297,725)
Cash and cash equivalents at beginning of the period	25,333,309	35,188,140
Cash and cash equivalents at end of the period	35,855,042	28,890,415

The annexed notes 1 to 40 form an integral part of these condensed interim consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

1. STATUS AND NATURE OF BUSINESS

1.1 The Group consists of:

Holding Company: JS Bank Limited

JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 281 (December 31, 2022: 281) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2022: 1). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at A1+ (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely repayment of financial commitments.

Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL, in their respective extra-ordinary general meetings held on July 31, 2006, approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

The ultimate parent of the Group is Jahangir Siddiqui & Co. Ltd. which holds 75.02% shares of the Bank.

1.2 Composition of the Group

	Ownership interest and voting power held by the bank			
	March 31, 2023		December 31, 2022	
	The Group	NCI	The Group	NCI
Subsidiaries				
JS Global Capital Limited	92.90%	7.10%	92.90%	7.10%
JS Investments Limited	84.56%	15.44%	84.56%	15.44%

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

1.3 Composition of the associated companies

Associates	Ownership interest and voting power held by Bank	
	March 31, 2023	December 31, 2022
Omar Jibrán Engineering Industries Limited	9.60%	9.60%
Veda Transit Solutions (Private) Limited	3.92%	3.92%
Intercity Touring Company (Private) Limited	9.12%	9.12%

- 1.4 The shareholders of the Bank had at their Annual General Meeting held on March 29, 2023, approved that 42.45%, i.e., 470,603,772 ordinary voting shares and control of BankIslami Pakistan Limited (BIPL), may be acquired from existing sponsors and other shareholders of BIPL (including but not limited to, Jahangir Siddiqui & Co. Ltd., the holding company of the Bank). The acquisition be made through agreements against the issuance of 532,629,349 new shares of the Bank by way of other than rights and other than cash consideration, i.e., 1.1318 ordinary shares of the Bank to be issued as consideration for every 1 ordinary share of BIPL.

The Shareholders further approved that a public offer for a minimum of 24.88% ordinary shares of BIPL be made to all public shareholders as required under the Regulations in exchange for (as consideration in combination to be calculated at the pertinent time) a maximum of 59.56% shares and 67.90% ordinary shares of JS Investments Limited and JS Global Capital Limited (subsidiary companies of the Bank) respectively, currently held by the Bank as required and permissible under the Regulations.

The acquisition is subject to necessary permission from the State Bank of Pakistan (SBP) and the Competition Commission of Pakistan, as well as other regulatory approvals and compliance of all regulatory and statutory formalities as may be applicable. The issuance of shares other than rights is subject to permission of the Securities and Exchange Commission of Pakistan (SECP).

Subsequently, the Board of Directors, at their duly convened meeting held on April 26, 2023 have resolved (subject to the approval of shareholders in the general meeting by way of special resolution) to change the consideration for public offer portion to be in cash. In connection therewith, the Board has also decided to issue 17% Right Shares, i.e. 17 right shares for every 100 shares held, at par value of Rs. 10/- each.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements include financial statements of JS Bank Limited and its subsidiary companies, and share of the profit / reserves of associates and have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 05 dated March 22, 2019.

These condensed interim consolidated financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Group operates and the functional currency of the Bank, in that environment as well.

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

2.1 Statement of Compliance

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

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

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, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD circular letter No. 5 dated March 22, 2019 and IAS 34, 'Interim Financial Reporting'.

These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies vide BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks vide its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

International Financial Reporting Standard (IFRS) 10, 'Consolidated Financial Statements', was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 56(I)/2016 dated January 28, 2016, that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim consolidated financial statements.

2.2 Basis of Consolidation

The Group

- The condensed interim consolidated financial statements include the financial statements of the Bank and its subsidiary companies together - the Group.

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

- Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect those return through its power over the investee, except investment in mutual funds established under trust structure where International Financial Reporting Standard (IFRS) 10, 'Consolidated Financial Statements' is not applicable.
- These condensed interim consolidated financial statements incorporate the financial statements of subsidiaries from the date that control commences until the date that control ceases.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to interest which are not owned by the Bank.
- Material intra-group balances and transactions are eliminated.

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

There are certain other amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2023. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these condensed interim consolidated financial statements.

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

The application of the International Financial Reporting Standard (IFRS) 9, 'Financial Instruments', for all companies to prepare their financial statements in accordance with the requirements of IFRS 9 was implemented by SECP for reporting period / year ending on or after June 30, 2019 through its S.R.O. 229 (I)/2019 dated February 14, 2019. However, State Bank of Pakistan (SBP) has extended the effective date of applicability of IFRS 9 from January 01, 2023 through its BPRD Circular No. 03 dated July 05, 2022 in case of banks having assets size of PKR 500 billion or above. The said circular contained application instructions for quarterly, half yearly and annual parallel run reporting of IFRS 9 for year 2022 and 2023 within given timelines.

During the period, SBP has further extended the effective date of applicability of IFRS 9 to January 01, 2024 through its BPRD Circular Letter No. 07 of 2023 dated April 13, 2023.

As of reporting date, till the implementation of IFRS 9, the Bank has continued to fulfill the requirements of Prudential Regulations and other SBP directives currently providing the accounting framework for the measurement and valuation of assets and provisions / impairment against non-performing assets.

There are certain other new and amended standards, interpretations of and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024 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 condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
6.	CASH AND BALANCES WITH TREASURY BANKS	Note	----- Rupees in '000 -----
	In hand		
	Local currency	9,245,200	7,824,569
	Foreign currencies	<u>1,082,845</u>	<u>488,360</u>
		<u>10,328,045</u>	<u>8,312,929</u>
	With State Bank of Pakistan in		
	Local currency current account	<u>18,572,958</u>	<u>15,207,132</u>
	Foreign currency current account - non remunerative	<u>950,703</u>	<u>815,151</u>
	Foreign currency deposit account - remunerative	<u>2,804,427</u>	<u>364,657</u>
		<u>22,328,088</u>	<u>16,386,940</u>
	With National Bank of Pakistan in local currency current accounts	<u>1,315,636</u>	<u>58,322</u>
	National Prize Bonds	<u>11,272</u>	<u>7,057</u>
		<u><u>33,983,041</u></u>	<u><u>24,765,248</u></u>
7.	BALANCES WITH OTHER BANKS		
	In Pakistan		
	In current accounts	813,385	260,350
	In deposit accounts	<u>2,008</u>	<u>54,108</u>
		<u>815,393</u>	<u>314,458</u>
	Outside Pakistan		
	In current accounts	<u>3,089,557</u>	<u>1,545,369</u>
		<u>3,904,950</u>	<u>1,859,827</u>
	Less: General provision under IFRS 9	7.1 (59)	(35)
	Balances with other banks - net of provision	<u><u>3,904,891</u></u>	<u><u>1,859,792</u></u>
7.1	This represents general provision held under IFRS 9 by Bahrain branch of the Bank.		
		(Un-audited) March 31, 2023	(Audited) December 31, 2022
8.	LENDINGS TO FINANCIAL INSTITUTIONS		----- Rupees in '000 -----
	Repurchase agreement lendings (reverse repo)	<u>837,339</u>	<u>11,351,162</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

9. INVESTMENTS	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9.1 Investments by type:	Note	Rupees in '000						
Held-for-trading securities								
Federal Government Securities								
Market Treasury Bills	2,701,355	-	(19,117)	2,682,238	33,538	-	(107)	33,431
Shares								
Listed Companies								
Ordinary shares	527,437	-	(1,047)	526,390	559,170	-	11,528	570,698
Open End Mutual Funds	527,219	-	6,859	534,078	546,355	-	1,762	548,117
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	53,948,663	-	(669,226)	53,279,437	40,317,081	-	(395,161)	39,921,920
Pakistan Investment Bonds - Fixed	33,787,428	-	(2,223,712)	31,563,716	34,811,083	-	(1,399,722)	33,411,361
Pakistan Investment Bonds - Floater	38,607,605	-	(81,584)	38,526,021	69,406,348	-	(31,328)	69,375,020
Government of Pakistan Eurobonds	1,848,628	(101,933)	(1,006,183)	740,512	1,470,530	(49,083)	(743,736)	677,711
	128,192,324	(101,933)	(3,980,705)	124,109,686	146,005,042	(49,083)	(2,569,947)	143,396,012
Shares								
Listed Companies								
Ordinary shares	3,462,923	-	1,532,096	4,995,025	3,213,934	-	1,936,543	5,150,477
Preference shares	136,589	(136,589)	-	-	136,589	(136,589)	-	-
Unlisted Companies								
Ordinary shares	11,000	-	-	11,000	11,000	-	-	11,000
	3,610,518	(136,589)	1,532,096	5,006,025	3,361,523	(136,589)	1,936,543	5,161,477
Non Government Debt Securities								
Listed								
Term Finance Certificates	518,446	(143,446)	5,929	380,929	523,541	(143,446)	28	380,123
Sukuk Certificates	215,102	-	42	215,144	263,884	-	92	263,976
Unlisted								
Term Finance Certificates	466,589	(466,589)	-	-	466,589	(466,589)	-	-
Sukuk Certificates	1,142,486	-	-	1,142,486	1,212,440	-	-	1,212,440
Preference shares	27,733	(27,733)	-	-	27,733	(27,733)	-	-
	2,370,356	(637,768)	5,971	1,738,559	2,494,187	(637,768)	120	1,856,539
Foreign Securities								
Government Debt Securities								
Non Government Debt Securities	1,395,966	(178,085)	(183,119)	1,034,762	410,164	(129,576)	(146,817)	133,771
Ordinary shares	92,570	-	(26,226)	66,344	335,143	-	(28,705)	306,438
	1,488,536	(178,085)	(209,345)	1,101,106	1,424,939	(129,970)	(180,896)	1,114,073
Open End Mutual Funds	576,389	-	22,001	598,370	951,370	-	32,261	983,631
Held-to-maturity securities								
Federal Government Securities								
Market Treasury Bills	57,788,746	-	-	57,788,746	105,615,196	-	-	105,615,196
Pakistan Investment Bonds - Fixed	10,216,518	-	-	10,216,518	10,136,487	-	-	10,136,487
Pakistan Investment Bonds - Floater	33,666,070	-	-	33,666,070	33,686,154	-	-	33,686,154
	101,671,334	-	-	101,671,334	149,437,837	-	-	149,437,837
Associates								
Orion Joran Engineering Industries Ltd.	231,992	-	-	231,992	236,194	-	-	236,194
Veda Transist Solutions (Pvt.) Ltd.	37,918	-	-	37,918	40,457	-	-	40,457
	269,910	-	-	269,910	276,651	-	-	276,651
Total Investments	241,935,358	(1,054,375)	(2,643,287)	238,237,696	305,090,612	(853,410)	(768,736)	303,369,466

9.1.1 The market value of securities classified as held-to-maturity as at March 31, 2023 amounted to Rs. 96,848.850 million (December 31, 2022: Rs. 147,022.393 million).

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
	Cost	Market value	Cost	Market value
9.2 Investments given as collateral	----- Rupees in '000 -----			
Federal Government Securities				
Market Treasury Bills	3,930,000	3,636,670	-	-
Pakistan Investment Bonds - Floater	13,500,000	13,162,500	62,800,000	62,198,080
	<u>17,430,000</u>	<u>16,799,170</u>	<u>62,800,000</u>	<u>62,198,080</u>
			(Un-audited) March 31, 2023	(Audited) December 31, 2022
9.3 Provision for diminution in value of investments		Note	----- Rupees in '000 -----	
Opening balance			953,410	922,888
Exchange rate adjustments			49,752	28,126
Charge for the period / year			-	24,570
Reversals for the period / year			-	(104,869)
		31	-	(80,299)
Impairment under IFRS 9 in Bahrain branch				
Charge during the period / year			51,213	82,695
Closing balance			<u>1,054,375</u>	<u>953,410</u>
9.3.2 Particulars of provisions against debt securities				

	(Un-audited) March 31, 2023		(Audited) December 31, 2022			
	Non-Performing Investments	Provision	Non-Performing Investments	Provision		
Category of classification	----- Rupees in '000 -----					
Domestic						
Loss	<u>637,768</u>	<u>637,768</u>	637,768	637,768		
	Performing		Non Performing		Total	
	(Un-audited) March 31, 2023	(Audited) December 31, 2022	(Un-audited) March 31, 2023	(Audited) December 31, 2022	(Un-audited) March 31, 2023	(Audited) December 31, 2022
10. ADVANCES	----- Rupees in '000 -----					
Loans, cash credits, running finances, etc.	203,791,999	212,648,027	15,876,052	16,311,887	219,668,051	228,959,914
Bills discounted and purchased	12,487,438	10,021,695	-	-	12,487,438	10,021,695
Advances - gross	216,279,437	222,669,722	15,876,052	16,311,887	232,155,489	238,981,609
Provision against advances						
- Specific	-	-	(7,794,622)	(7,210,740)	(7,794,622)	(7,210,740)
- General	(278,790)	(200,614)	-	-	(278,790)	(200,614)
- General provision - under IFRS 9	(52,226)	(11,500)	-	-	(52,226)	(11,500)
	(331,016)	(212,114)	(7,794,622)	(7,210,740)	(8,125,638)	(7,422,854)
Advances - net of provision	<u>215,948,421</u>	<u>222,457,608</u>	<u>8,081,430</u>	<u>9,101,147</u>	<u>224,029,851</u>	<u>231,558,755</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
10.1 Particulars of advances (gross)	----- Rupees in '000 -----	
In local currency	220,623,102	229,793,447
In foreign currencies	11,532,387	9,188,162
	<u>232,155,489</u>	<u>238,981,609</u>

10.2 Advances include Rs. 15,876.052 million (December 31, 2022: Rs. 16,311.887 million) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	----- Rupees in '000 -----			
Domestic				
Other Assets Especially Mentioned *	562,394	5,966	413,839	252
Substandard	679,976	52,463	1,300,581	171,165
Doubtful	1,377,748	319,289	1,808,030	462,049
Loss	13,255,934	7,416,904	12,789,437	6,577,274
Total	<u>15,876,052</u>	<u>7,794,622</u>	<u>16,311,887</u>	<u>7,210,740</u>

* The Other Assets Especially Mentioned category pertains to agriculture, housing and small enterprises financing.

10.3 Particulars of provisions against advances

	(Un-audited) March 31, 2023				(Audited) December 31, 2022			
	Specific	General	General provision - under IFRS 9	Total	Specific	General	General provision - under IFRS 9	Total
	----- Rupees in '000 -----							
Opening balance	7,210,740	200,614	11,500	7,422,854	6,569,829	87,787	25,193	6,682,809
Exchange adjustments	-	-	5,903	5,903	-	-	5,122	5,122
Charge for the period / year	837,984	78,176	34,823	950,983	1,731,847	112,827	-	1,844,674
Reversals for the period / year	(243,901)	-	-	(243,901)	(870,683)	-	(18,815)	(889,498)
31	594,083	78,176	34,823	707,082	861,164	112,827	(18,815)	955,176
Amount written off	(10,201)	-	-	(10,201)	(220,253)	-	-	(220,253)
Closing balance	<u>7,794,622</u>	<u>278,790</u>	<u>52,226</u>	<u>8,125,638</u>	<u>7,210,740</u>	<u>200,614</u>	<u>11,500</u>	<u>7,422,854</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

10.3.1 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at March 31, 2023, the Bank has availed cumulative FSV benefit under the directives of the SBP of Rs. 6,335.046 million (December 31, 2022: Rs. 6,820.087 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 3,610.976 million (December 31, 2022: Rs. 3,478.244 million). The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend to shareholders or bonus to employees under the requirements of Prudential Regulations of Corporate / Commercial Banking of SBP.

10.3.2 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
		----- Rupees in '000 -----	
11. FIXED ASSETS	Note		
Capital work-in-progress	11.1	883,879	883,380
Property and equipment	11.2 & 11.3	7,848,683	7,894,072
Right-of-use assets	11.4	2,381,755	2,457,244
		<u>11,114,317</u>	<u>11,234,696</u>

11.1 Capital work-in-progress

Civil works	218,813	197,727
Advances to suppliers	290	685,363
Equipment	664,776	290
	<u>883,879</u>	<u>883,380</u>

	(Un-audited)	
	January - March 2023	January - March 2022
----- Rupees in '000 -----		
11.2 Additions to fixed assets		

The following additions have been made to fixed assets during the period:

Capital work-in-progress - net	119,452	299,293
--------------------------------	---------	---------

Property and equipment

Leasehold improvements	92,850	172,934
Furniture and fixture	50,231	49,501
Electrical, office and computer equipments	143,653	149,284
	<u>286,734</u>	<u>371,719</u>

Total	11.2.1	<u>406,186</u>	<u>671,012</u>
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11.2.1 This includes transfer from capital work in progress during the period of Rs. 118.953 million (March 31, 2022: Rs. 229.961 million).

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

		(Un-audited)	
		January - March 2023	January - March 2022
		----- Rupees in '000 -----	
11.3 Disposal of fixed assets	Note		
The net book value of fixed assets disposed off during the period is as follows:			
Property and equipment			
Building on leasehold land		61,165	-
Leasehold improvements		1,219	-
Furniture and fixture		1,846	1,341
Electrical, office and computer equipments		11,172	9,725
Vehicles		3,638	9,142
Total		<u>79,040</u>	<u>20,208</u>
		(Un-audited)	(Audited)
		March 31, 2023	December 31, 2022
		----- Rupees in '000 -----	
11.4 Right-of-use assets			
Opening balance		2,457,244	3,052,072
Additions / renewals		216,017	837,677
Terminations		(18,221)	(303,538)
Depreciation charge	28	(273,719)	(1,097,098)
Exchange rate adjustments		5,725	6,266
Other adjustments		(5,291)	(38,135)
Closing balance		<u>2,381,755</u>	<u>2,457,244</u>
12. INTANGIBLE ASSETS			
Capital work-in-progress	12.1	807,469	776,089
Computer software	12.1	1,668,302	1,599,281
Goodwill		1,463,624	1,463,624
Others		5,000	5,000
		<u>3,944,395</u>	<u>3,843,994</u>
		(Un-audited)	
		January - March 2023	January - March 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 - net		132,435	109,168
Computer software	12.1.1	126,790	3,620
		<u>259,225</u>	<u>112,788</u>
12.1.1	This includes transfer from capital work in progress during the period of Rs. 101.055 million (March 31, 2022: Rs. 3.620 million).		

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
13. OTHER ASSETS		----- Rupees in '000 -----	
Mark-up / return / interest accrued in local currency		11,196,075	12,324,859
Mark-up / return / interest accrued in foreign currencies		2,711	33,276
Advances, deposits, advance rent and other prepayments		1,717,708	1,995,577
Acceptances		2,390,023	6,586,244
Dividend receivable		122,175	-
Advance taxation (payments less provision)		992,652	1,113,186
Receivable from defined benefit plans		88,624	119,523
Receivable against bancassurance / bancatakaful		11,098	17,498
Receivable in respect of home remittance		38,668	22,004
Due from State Bank of Pakistan		818,654	752,409
Rebates receivable - net		222,800	226,094
Non-banking assets acquired in satisfaction of claims		3,658,412	3,664,799
Mark to market gain on derivative instruments		2,704	14,874
Mark to market gain on forward foreign exchange contracts		5,552,961	1,108,517
Advance against investments in securities		1,178,306	1,178,306
Branchless banking fund settlement		-	326,775
Inter bank fund transfer settlement		243,475	1,164,134
Credit card settlement		356,046	338,269
Insurance claims receivable		26,972	27,437
Trade receivable from brokerage and advisory business - net		2,114,051	1,085,671
Balances due from funds under management		114,730	124,679
Others		612,707	646,858
		<u>31,461,552</u>	<u>32,870,989</u>
Less: Provision held against other assets	13.1	<u>(430,569)</u>	<u>(430,569)</u>
Other assets - net of provision		<u>31,030,983</u>	<u>32,440,420</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	<u>107,418</u>	<u>107,426</u>
		<u><u>31,138,401</u></u>	<u><u>32,547,846</u></u>
13.1 Provision held against other assets			
Advances, deposits, advance rent and other prepayments		10,184	10,184
Trade receivable from brokerage and advisory business - net		419,328	419,328
Others		1,057	1,057
		<u>430,569</u>	<u>430,569</u>
13.1.1 Movement of provision held against other assets			
Opening balance		430,569	430,569
Charge during the period / year		-	13,870
Reversals during the period / year		-	(13,870)
		-	-
Closing balance		<u>430,569</u>	<u>430,569</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
14. BILLS PAYABLE		
	----- Rupees in '000 -----	
In Pakistan	5,807,943	5,083,176
Outside Pakistan	401,686	319,769
	<u>6,209,629</u>	<u>5,402,945</u>
15. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under:		
Export refinancing scheme	19,183,345	20,288,522
Long-term finance facility	2,510,516	2,337,963
Financing facility for storage of agricultural produce	117,758	133,097
Financing facility for renewable energy projects	1,010,785	1,078,480
Refinance for women entrepreneurs	76,809	82,127
Refinance scheme for payment of wages & salaries	1,042	7,179
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	66,585	70,911
Refinance facility for combating COVID-19	210,662	230,090
Temporary economic refinance facility	4,921,723	4,832,742
Small enterprise financing and credit guarantee scheme for special persons	2,774	3,039
Refinance facility for working capital of SMEs	192	385
Refinance facility for SME Asaan Finance (SAAF) scheme	1,802,060	1,607,471
Repurchase agreement borrowings	13,500,000	62,800,000
	43,404,251	93,472,006
Borrowing from financial institutions:		
Repurchase agreement borrowings	3,619,537	-
Refinancing facility for mortgage loans	3,582,580	3,675,329
Running finance	-	91,995
	<u>7,202,117</u>	<u>3,767,324</u>
	50,606,368	97,239,330
Unsecured		
Overdrawn nostro accounts	2,032,949	1,291,766
	<u>52,639,317</u>	<u>98,531,096</u>
15.1 Particulars of borrowings		
In local currency	50,606,368	97,239,330
In foreign currencies	2,032,949	1,291,766
	<u>52,639,317</u>	<u>98,531,096</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

16. DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) March 31, 2023			(Audited) December 31, 2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	120,383,360	9,990,231	130,373,591	118,168,325	9,299,899	127,468,224
Savings deposits	114,300,478	7,128,435	121,428,913	115,689,127	6,410,101	122,099,228
Term deposits	135,945,176	15,926,480	151,871,656	169,651,265	10,755,327	180,406,592
Margin deposits	17,286,334	2,105	17,288,439	13,179,090	289	13,179,379
	387,915,348	33,047,251	420,962,599	416,687,807	26,465,616	443,153,423
Financial Institutions						
Current deposits	1,404,295	477,681	1,881,976	1,373,845	710,695	2,084,540
Savings deposits	6,502,232	695	6,502,927	9,346,187	1,279	9,347,466
Term deposits	6,371,209	-	6,371,209	8,172,209	-	8,172,209
	14,277,736	478,376	14,756,112	18,892,241	711,974	19,604,215
	402,193,084	33,525,627	435,718,711	435,580,048	27,177,590	462,757,638

	Note	(Un-audited)	(Audited)
		March 31, 2023	December 31, 2022
----- Rupees in '000 -----			
17. SUBORDINATED DEBTS			
Term Finance Certificates - Second Issue	17.1	1,996,000	1,996,000
Term Finance Certificates - Third Issue	17.2	2,500,000	2,500,000
Term Finance Certificates - Fourth Issue	17.3	2,499,000	2,499,000
		6,995,000	6,995,000

- 17.1 In 2017, the Bank had issued Rs. 2 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by the State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 29, 2017
Tenure:	Up to Seven years from the issue date.
Maturity date:	December 29, 2024
Rating:	A + (Single A Plus)

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

Profit rate:	Floating rate of return at Base Rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of principal and profit to all other indebtedness of the Bank, including deposits, and will not be redeemable before maturity without prior approval of SBP.
Call option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular No. 06 dated August 15, 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 319,982,544 shares.

- 17.2 In 2018, the Bank had issued Rs. 2.5 billion of rated, privately placed, unsecured, subordinated, perpetual and non-cumulative term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by the State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute towards the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 31, 2018
Maturity date:	Perpetual

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

Rating:	A (Single A)
Profit rate:	<p>Floating rate of return at Base Rate + 2.25 percent per annum;</p> <p>Base Rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.</p>
Profit payment:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The Issue is unsecured
Subordination:	The Issue is subordinated as to payment of principal and profit to all other claims except common shares.
Call option:	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbency clause:	
Pre-Specified Trigger (PST)	<p>Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular No. 06 dated August 15, 2013 which stipulates that if an issuer's Common Equity Tier 1 (CET 1) ratio falls to or below 6.625% of Risk Weighted Assets (RWAs), the issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:</p> <ul style="list-style-type: none"> - If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible); - The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

	<ul style="list-style-type: none"> - In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the issuer.
Point of Non-Viability (PONV)	<p>Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular No. 06 of 2013 dated August 15, 2013, 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 Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below:</p> <p>The PONV trigger event is the earlier of:</p> <ul style="list-style-type: none"> - A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable; - The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP. - The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

- 17.3 In 2021, the Bank has issued Rs. 2.5 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 28, 2021
Tenure:	Up to Seven years from the issue date.
Maturity date:	December 28, 2028
Rating:	A + (Single A Plus)

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

Profit rate:	Floating rate of return at Base rate + 2 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured
Subordination:	The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital.
Call option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbcency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 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 400,647,739 shares.

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
18. DEFERRED TAX ASSETS / (LIABILITIES)	Note		
Deductible Temporary Differences on:			
Provision against investments		70,212	70,212
Provision against loans and advances		271,000	396,175
Other assets		(95,307)	244,327
Surplus on revaluation of investments classified as held-for-trading		130,217	(130,722)
Surplus on revaluation of investments classified as available-for-sale	20	1,138,419	347,462
		1,514,541	927,454
Taxable Temporary Differences on:			
Accelerated tax depreciation		(197,132)	(182,284)
Goodwill		(629,358)	(629,358)
Surplus on revaluation of fixed assets	20	(304,593)	(327,796)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	(340)	(343)
		(1,131,423)	(1,139,781)
		383,118	(212,327)

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

		(Un-audited) March 31, 2022	(Audited) December 31, 2021
19. OTHER LIABILITIES	Note	----- Rupees in '000 -----	
Mark-up / return / interest payable in local currency		5,345,439	5,044,455
Mark-up / return / interest payable in foreign currencies		131,716	45,769
Unearned income on guarantees		404,103	368,800
Accrued expenses		689,644	730,263
Acceptances		2,390,023	6,586,244
Unclaimed dividends		7,576	7,576
Mark to market loss on derivative instruments		125,294	22,710
Mark to market loss on forward foreign exchange contracts		1,960,080	529,887
Withholding taxes payable		792,487	760,601
Donation payable to Future Trust		59,197	27,720
Security deposits against leases, lockers and others		2,325,891	2,468,743
Workers' welfare fund	29	293,298	260,796
Payable in respect of home remittance		875,091	435,629
Insurance payable		187,939	209,834
Payable to vendors against SBS goods		358,664	380,040
Lease liability against right-of-use assets	19.1	2,697,526	2,795,197
Debit card settlement		179,184	269,365
Branchless banking fund settlement		99,702	-
Clearing and settlement accounts		513,407	49,938
Trade payable from brokerage and advisory business - net		2,916,756	2,001,608
Dividend payable		4,922	4,922
Others		339,304	374,469
		<u>22,697,243</u>	<u>23,374,566</u>

19.1 Lease liabilities

The carrying amounts of lease liabilities and the movements during the period / year is as below:

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- Rupees in '000 -----	
Opening balance	2,795,197	3,415,585
Additions / renewals	216,017	856,381
Terminations	(24,670)	(480,195)
Mark-up on lease liability against right-of-use assets	82,982	384,801
Payments	(372,151)	(1,388,606)
Exchange rate adjustments	5,574	7,231
Other adjustments	(5,423)	-
Closing balance	<u>2,697,526</u>	<u>2,795,197</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

		(Un-audited) March 31, 2023			(Audited) December 31, 2022			
		Attributable to			Attributable to			
		Equity Holders	Non - Controlling Interest	Total	Equity Holders	Non - Controlling Interest	Total	
20.	SURPLUS ON REVALUATION OF ASSETS	Note	----- Rupees in '000 -----					
	(Deficit) / surplus on revaluation of:							
	- Available-for-sale securities	9.1	(2,633,059)	3,077	(2,629,982)	(786,173)	4,254	(781,919)
	- Fixed assets		1,942,316	-	1,942,316	2,002,175	-	2,002,175
	- Non-banking assets acquired in satisfaction of claims	13	107,418	-	107,418	107,426	-	107,426
			(583,325)	3,077	(580,248)	1,323,428	4,254	1,327,682
	Deferred tax on (deficit) / surplus on revaluation of:							
	- Available-for-sale securities		1,138,419	-	1,138,419	347,419	43	347,462
	- Fixed assets		(304,593)	-	(304,593)	(327,796)	-	(327,796)
	- Non-banking assets acquired in satisfaction of claims		(340)	-	(340)	(343)	-	(343)
			833,486	-	833,486	19,280	43	19,323
			250,161	3,077	253,238	1,342,708	4,297	1,347,005
21.	CONTINGENCIES AND COMMITMENTS	Note	----- Rupees in '000 -----					
	Guarantees	21.1	75,340,611			83,175,591		
	Commitments	21.2	115,544,988			94,526,372		
	Other contingencies	21.3	646,479			646,479		
			<u>191,532,078</u>			<u>178,348,442</u>		
21.1	Guarantees							
	Financial guarantees		766,176			3,668,949		
	Performance guarantees		33,075,930			34,702,865		
	Other guarantees		41,498,505			44,803,777		
			<u>75,340,611</u>			<u>83,175,591</u>		
21.2	Commitments:							
	Documentary credits and short-term trade -related transactions							
	- Letters of credit		32,796,590			22,381,092		
	Commitments in respect of:							
	- Forward foreign exchange contracts	21.2.1	68,857,248			68,486,603		
	- Derivative instruments	21.2.2	12,662,322			2,911,354		
	- Forward lending	21.2.3	284,067			284,067		
	Commitments for acquisition of:							
	- Fixed assets	21.2.4	944,761			463,256		
			<u>115,544,988</u>			<u>94,526,372</u>		

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
21.2.1	Commitments in respect of forward foreign exchange contracts	----- Rupees in '000 -----	
	Purchase	37,687,652	41,239,463
	Sale	<u>31,169,596</u>	<u>27,247,140</u>
		<u>68,857,248</u>	<u>68,486,603</u>
21.2.2	Commitments in respect of derivative instruments		
	Cross currency swaps		
	Purchase	-	234,300
	Sale	-	234,300
		<u>-</u>	<u>468,600</u>
	Forward securities contract		
	Purchase	12,283,328	1,875,591
	Sale	<u>378,994</u>	<u>567,163</u>
		<u>12,662,322</u>	<u>2,442,754</u>
21.2.3	Commitments in respect of forward lending		
	Undrawn formal standby facilities, credit lines and other commitments to lend	<u>1,008,138</u>	<u>1,395,783</u>
21.2.3.1	These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.		
21.2.4	This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware & network equipment, electrical equipment and computer software.		
		(Un-audited) March 31, 2023	(Audited) December 31, 2022
21.3	Other contingencies	Note	----- Rupees in '000 -----
21.3.1	Claims against the Bank not acknowledged as debts	21.3.1.1	<u>646,479</u> <u>646,479</u>
21.3.1.1	These mainly represent counter claims filed by borrowers for damages, claims by former employees of the Bank and other claims relating to banking transactions.		
	Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these consolidated financial statements.		
21.3.2	Tax related contingencies are disclosed in note 32.1.		

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

22. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Forward Exchange Contracts, Cross Currency Swaps and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Group.

The Group has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The Bank has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

These transactions cover the aspects of both market making and hedging.

		March 31, 2023 (Un-audited)					
		Cross currency swaps		Forward securities		Total	
		Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
22.1	Product analysis	----- Rupees in '000 -----					
	With Banks						
	Hedging	-	-	-	-	-	-
	Market making	-	-	378,994	1,979	378,994	1,979
		-	-	378,994	1,979	378,994	1,979
	With FIs other than banks						
	Hedging	-	-	-	-	-	-
	Market making	-	-	12,283,328	(124,569)	12,283,328	(124,569)
		-	-	12,283,328	(124,569)	12,283,328	(124,569)
	Total						
	Hedging	-	-	-	-	-	-
	Market making	-	-	12,662,322	(122,590)	12,662,322	(122,590)
		-	-	12,662,322	(122,590)	12,662,322	(122,590)
		----- Rupees in '000 -----					
		Cross currency swaps		Forward securities		Total	
		Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
	With Banks						
	Hedging	468,600	710	-	-	468,600	710
	Market making	-	-	567,163	(9,122)	567,163	(9,122)
		468,600	710	567,163	(9,122)	1,035,760	(8,412)
	With FIs other than banks						
	Hedging	-	-	1,875,591	576	1,875,591	576
	Market making	-	-	-	-	-	-
		-	-	1,875,591	576	1,875,591	576
	Total						
	Hedging	468,600	710	1,875,591	576	2,344,191	1,286
	Market making	-	-	567,163	(9,122)	567,163	(9,122)
		468,600	710	1,875,591	576	2,911,354	(7,836)

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

		(Un-audited)	
		March 31, 2023	March 31, 2022
		----- Rupees in '000 -----	
23.	MARK-UP / RETURN / INTEREST EARNED	Note	
	On:		
	Loans and advances	9,124,107	6,425,671
	Investments	11,320,135	7,049,369
	Lendings to financial institutions	33,322	44,523
	Securities purchased under resale agreements	489,607	314,620
	Balances with other banks	54,731	12,974
		<u>21,021,902</u>	<u>13,847,157</u>
24.	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	Deposits	10,930,221	7,447,715
	Borrowings	4,533,258	2,534,264
	Subordinated debt	327,149	225,826
	Cost of foreign currency swaps against foreign currency deposits / borrowings	62,110	228,125
	Lease liability against right-of-use assets	82,982	99,243
		<u>15,935,720</u>	<u>10,535,173</u>
25.	FEE, COMMISSION AND BROKERAGE INCOME		
	Branch banking customer fees	39,524	25,307
	Consumer finance related fees	134,326	90,867
	Card related fees (debit and credit cards)	98,472	87,559
	Investment banking fees	33,222	23,722
	Commission on trade	222,066	216,056
	Commission on guarantees	169,095	131,553
	Commission on cash management	14,845	4,425
	Commission on remittances including home remittances	41,038	17,827
	Commission on bancassurance	20,880	16,341
	Commission on distribution of mutual funds	-	847
	Commission on online services	94,800	71,737
	Postage and courier income	2,818	5,003
	Rebate income	87,925	59,718
	Brokerage income	148,012	95,884
	Management fee	37,701	36,203
		<u>1,144,724</u>	<u>883,049</u>
26.	(LOSS) / GAIN ON SECURITIES - NET		
	Realised	(428,241)	351,690
	Unrealised - held-for-trading	(13,305)	37,442
		<u>(441,546)</u>	<u>389,132</u>
26.1	Realised (loss) / gain on:		
	Federal government securities		
	Market treasury bills	(422,980)	(122,524)
	Pakistan investment bonds	(85,072)	182,285
	Ijara sukuk certificates	13,848	28
		<u>(494,204)</u>	<u>59,789</u>
	Shares		
	Listed companies	16,083	18,859
	Non Government Debt Securities		
	Term finance certificates	10,945	4,117
	Mutual fund units	38,575	268,925
	Foreign currency bonds	360	-
		<u>(428,241)</u>	<u>351,690</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

	(Un-audited)	
	March 31, 2023	March 31, 2022
	---- Rupees in '000 ----	
27. OTHER INCOME		
Rent income	5,000	-
Gain on sale of fixed assets - net	25,366	13,189
Gain on termination of leases - net	7,107	4,858
Others	5,695	8,594
	<u>43,168</u>	<u>26,641</u>
28. OPERATING EXPENSES		
Total compensation expense	2,086,780	1,627,138
Property expense		
Rent and taxes	9,031	11,881
Utilities cost	119,209	87,997
Security (including guards)	92,622	72,910
Repair and maintenance (including janitorial charges)	93,044	63,595
Depreciation	86,425	71,513
Depreciation on right-of-use assets	273,719	246,915
Depreciation on non-banking assets	6,395	4,241
	<u>680,445</u>	<u>559,052</u>
Information technology expenses		
Software maintenance	235,219	195,651
Hardware maintenance	27,726	43,790
Depreciation	81,316	73,135
Amortisation	58,646	38,086
Network charges	75,916	61,246
	<u>478,823</u>	<u>411,908</u>
Other operating expenses		
Directors' fees and allowances	3,000	7,256
Legal and professional charges	71,551	70,301
Insurance	57,238	96,645
Outsourced services costs	62,419	58,772
Travelling and conveyance	73,402	55,172
NIFT clearing charges	13,487	10,944
Depreciation	90,485	85,363
Training and development	6,900	17,065
Postage and courier charges	14,539	22,925
Communication	46,948	48,271
Stationery and printing	97,309	72,765
Marketing, advertisement and publicity	740,795	172,046
Donations	31,477	11,244
Auditors' remuneration	4,826	3,495
Staff auto fuel and maintenance	137,386	70,462
Bank charges	20,971	12,481
Stamp duty	15,037	10,181
Online verification charges	32,089	8,861
Brokerage, fee and commission	9,731	11,307
Card related fees (debit and credit cards)	136,657	91,276
CDC and other charges	6,294	6,366
Consultancy fee	19,215	6,376
Deposit protection premium	42,316	44,867
Entertainment expenses	41,693	19,132
Repair and maintenance	19,751	18,283
Cash handling charges	54,170	41,668
Fee and subscription	51,495	39,522
Employees social security	2,446	1,715
Generator fuel and maintenance	50,053	20,870
Royalty	8,750	8,750
Others	13,227	12,267
	<u>1,975,657</u>	<u>1,156,648</u>
	5,221,705	3,754,746
Less: Reimbursement of selling and distribution expenses	(43,120)	(15,135)
	<u>5,178,585</u>	<u>3,739,611</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

29. WORKERS' WELFARE FUND

The Bank has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

		(Un-audited)	
		March 31, 2023	March 31, 2022
		----- Rupees in '000 -----	
30. OTHER CHARGES	Note		
Penalties imposed by State Bank of Pakistan		<u>19,562</u>	<u>-</u>
31. PROVISIONS AND WRITE OFFS - NET			
Reversals for diminution in value of investments	9.3	-	(8,421)
Provisions against loans & advances - specific	10.3	594,083	179,133
Provisions against loans & advances - general	10.3	78,176	143,077
Provisions / (reversals) under IFRS 9	31.1	86,050	(511)
Other provisions and write offs		4,383	-
		<u>762,692</u>	<u>313,278</u>
31.1 Provisions / (reversals) under IFRS 9			
Balances with other banks		14	(5)
Lendings to financial institutions		-	(2)
Investments	9.3	51,213	8,626
Advances	10.3	34,823	(9,130)
		<u>86,050</u>	<u>(511)</u>
32. TAXATION			
Current		494,348	275,669
Prior years		-	-
Deferred		195,521	(3,412)
		<u>689,869</u>	<u>272,257</u>
32.1	There are no material changes in tax contingencies as disclosed in annual consolidated financial statements for the year ended December 31, 2022.		
		(Un-audited)	
		March 31, 2023	March 31, 2022
		----- Rupees in '000 -----	
33. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation attributable to equity holders of the Bank		<u>882,413</u>	<u>588,268</u>
		----- Numbers -----	
Weighted average number of ordinary shares		<u>1,297,464,262</u>	<u>1,297,464,262</u>
		----- Rupee -----	
Basic and diluted earnings per share		<u>0.68</u>	<u>0.45</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

		(Un-audited) March 31, 2023	(Audited) December 31, 2022	(Un-audited) March 31, 2022
34. CASH AND CASH EQUIVALENTS	Note	-----	Rupees in '000	-----
Cash and balances with treasury banks	6	33,983,041	24,765,248	27,902,224
Balances with other banks - Gross of provision	7	3,904,950	1,859,827	1,533,203
Overdrawn nostro accounts	15	(2,032,949)	(1,291,766)	(545,012)
		<u>35,855,042</u>	<u>25,333,309</u>	<u>28,890,415</u>

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

International Financial Reporting Standard (IFRS) 13, 'Fair Value Measurement' defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements. Fair value of unquoted debt securities, fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for 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 assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3:** Fair value measurements using unobservable inputs for the asset or liability.

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

35.1 Valuation techniques used in determination of fair values within level:

Item	Valuation approach and input used
Financial instruments - Level 1	
Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange / Bloomberg.
Financial instruments - Level 2	
Mutual fund units	Fair values of investments in mutual fund units are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills (MTB), Pakistan Investment Bonds (PIB) and GoP Sukuks	Fair values of Pakistan Investment Bonds, Market Treasury Bills and GoP Sukuks are derived using PKRV, PKFRV and PKISRV rates.
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising of Term Finance Certificates, Bonds and any other security issued by a company or a corporate body for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas & Euro Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

Financial instruments - Level 3

Currently, no financial instruments are classified in level 3.

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

Non-Financial assets - Level 3

Fixed assets - Land and building

Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values..

Non-banking assets acquired in satisfaction of claims

The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these condensed interim consolidated financial statements.

- 35.2 The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between Levels 1 and 2 during the period.
- 35.3 The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

(Un-audited)
March 31, 2023

Level 1	Level 2	Level 3	Total
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Rupees in '000

On balance sheet financial instruments

Financial assets - measured at fair value

Held-for-trading securities

Investments

Federal Government Securities

Shares

Open end mutual funds

-	2,682,238	-	2,682,238
526,390	-	-	526,390
-	534,078	-	534,078
526,390	3,216,316	-	3,742,706

Available-for-sale securities

Investments

Federal Government Securities

Shares

Non Government Debt Securities

Foreign Securities

Open end mutual funds

-	124,109,686	-	124,109,686
4,995,025	-	-	4,995,025
-	1,738,559	-	1,738,559
59,986	1,034,762	-	1,094,748
-	598,370	-	598,370
5,055,011	127,481,377	-	132,536,388

Financial assets - disclosed but not measured at fair value

Investments

Federal Government Securities

-	96,848,850	-	96,848,850
526,390	100,065,166	-	100,591,556

Non-Financial assets - measured at fair value

Revalued fixed assets

Non-banking assets acquired in

satisfaction of claims

-	-	4,382,206	4,382,206
-	-	3,765,830	3,765,830
-	-	8,148,036	8,148,036

Off balance sheet financial instruments

Commitments in respect of:

Forward foreign exchange contracts

Purchase

Sale

-	43,217,778	-	43,217,778
-	29,232,351	-	29,232,351

Derivative instruments

Forward securities contract

Purchase

Sale

-	12,158,759	-	12,158,759
-	380,973	-	380,973

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

(Audited)

December 31, 2022

Level 1	Level 2	Level 3	Total
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----- Rupees in '000 -----

On balance sheet financial instruments**Held-for-trading securities**

Investments

Federal Government Securities
Shares
Open end mutual funds

-	33,431	-	33,431
570,698	-	-	570,698
-	548,117	-	548,117
570,698	581,548	-	1,152,246

Available-for-sale securities

Investments

Federal Government Securities
Shares
Non Government Debt Securities
Foreign Securities
Open end mutual funds

-	143,386,012	-	143,386,012
5,150,477	-	-	5,150,477
-	1,856,539	-	1,856,539
301,484	807,635	-	1,109,119
-	983,631	-	983,631
5,451,961	147,033,817	-	152,485,778

Financial assets - disclosed but not measured at fair value

Investments

Federal Government Securities

-	147,022,393	-	147,022,393
570,698	147,603,941	-	148,174,639

Non-Financial assets - measured at fair value

Revalued fixed assets
Non-banking assets acquired in
satisfaction of claims

-	-	4,470,715	4,470,715
-	-	3,772,225	3,772,225
-	-	8,242,940	8,242,940

Off balance sheet financial instruments

Commitments in respect of:

Forward foreign exchange contracts

Purchase
Sale

-	42,202,966	-	42,202,966
-	26,862,267	-	26,862,267

Derivative instruments**Cross currency swaps**

Purchase
Sale

-	247,888	-	247,888
-	248,598	-	248,598

Forward securities contract

Purchase
Sale

-	1,876,168	-	1,876,168
-	530,864	-	530,864

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

36. SEGMENT INFORMATION

36.1 Segment Details with respect to Business Activities:

	For the three months ended March 31, 2023 (Un-audited)								
	Retail banking	Wholesale Banking	Treasury	Investment Banking	Zindigi	Brokerage	Asset Management	Others	Total
Profit and loss account	Rupees in '000								
Net mark-up / return / interest income / (expense)	(3,066,539)	574,233	7,742,801	80,002	(5,404)	7,116	(497)	(245,530)	5,086,182
Inter segment revenue - net	7,888,911	1,551,215	(9,598,280)	(74,344)	59,138	-	-	173,360	-
Non mark-up / return / income	503,061	782,008	694,390	25,750	66,467	197,183	83,153	128,289	2,480,301
Total income / (loss)	5,325,433	2,907,456	(1,161,089)	31,408	120,201	204,299	82,656	56,119	7,566,483
Segment direct expenses	2,227,643	316,578	42,178	19,615	865,999	177,559	79,126	1,501,951	5,230,649
Inter segment expense allocation	1,095,010	198,875	46,453	4,469	105,356	-	-	(1,450,163)	-
Total expenses	3,322,653	515,453	88,631	24,084	971,355	177,559	79,126	51,788	5,230,649
Provisions and write offs - net	120,095	642,597	-	-	-	-	-	-	762,692
Profit / (loss) before tax	1,882,685	1,749,406	(1,249,720)	7,324	(851,154)	26,740	3,530	4,331	1,573,142

	For the three months ended March 31, 2022 (Un-audited)								
	Retail banking	Wholesale Banking	Treasury	Investment Banking	Zindigi	Brokerage	Asset Management	Others	Total
Profit and loss account	Rupees in '000								
Net mark-up / return / interest income / (expense)	(1,393,401)	40,052	4,800,662	69,734	(104)	(5,457)	(3,780)	(195,722)	3,311,984
Inter segment revenue - net	4,004,798	935,241	(4,895,918)	(72,978)	28,857	-	-	-	-
Non mark-up / return / income	426,034	298,532	408,416	36,329	42,553	157,645	270,673	4,592	1,644,774
Total income / (loss)	3,037,431	1,273,825	313,160	33,085	71,306	152,188	266,893	(191,130)	4,956,758
Segment direct expenses	2,148,050	216,477	37,196	10,821	279,733	171,043	87,041	803,287	3,753,648
Inter segment expense allocation	724,213	171,479	38,652	3,780	101,352	-	-	(1,039,476)	-
Total expenses	2,872,263	387,956	75,848	14,601	381,085	171,043	87,041	(236,189)	3,753,648
Provisions and write offs - net	189,480	124,082	-	-	-	-	-	(284)	313,276
Profit / (loss) before tax	(24,312)	761,787	237,312	18,484	(309,779)	(18,855)	179,852	45,343	889,832

	As at March 31, 2023 (Un-audited)								
	Retail banking	Wholesale Banking	Treasury	Investment Banking	Zindigi	Brokerage	Asset Management	Others	Total
Statement of financial position	Rupees in '000								
Cash and bank balances	16,005,634	49,469	20,922,414	-	496,412	411,437	2,566	-	37,887,932
Landings to financial institutions	-	-	837,339	-	-	-	-	-	837,339
Investments	-	6,581,708	223,146,574	1,950,571	-	560,061	1,132,443	4,866,339	238,237,696
Net inter segment lending	194,692,055	36,164,944	1,919,452	-	2,898,521	1,252,500	16,798	203	236,944,473
Advances - performing	72,999,849	137,614,158	-	-	-	463,102	2,343	5,199,984	216,279,436
Advances - non-performing	6,257,726	9,519,977	-	-	-	-	-	98,350	15,876,053
Advances - provisions - net	(5,168,981)	(2,156,003)	-	-	-	-	-	(800,654)	(8,125,638)
	74,088,594	144,978,132	-	-	-	463,102	2,343	4,497,680	224,029,851
Others	-	-	-	-	-	3,468,736	806,268	42,505,227	46,580,231
Total Assets	284,786,283	187,774,253	246,825,779	1,950,571	3,394,933	6,155,836	1,760,418	51,869,449	784,517,522
Borrowings	8,200,764	24,557,277	19,329,252	-	-	552,024	-	-	52,639,317
Deposits and other accounts	269,234,195	163,089,583	-	-	3,394,933	-	-	-	435,718,711
Subordinated debt	-	-	-	-	-	-	-	6,995,000	6,995,000
Net inter segment borrowing	1,269,088	-	227,496,527	1,950,571	-	2,287,717	1,312,537	2,628,033	236,944,473
Others	6,082,236	127,393	-	-	-	3,316,095	447,881	18,933,267	28,906,872
Total Liabilities	284,786,283	187,774,253	246,825,779	1,950,571	3,394,933	6,155,836	1,760,418	28,556,300	761,204,373
Equity	-	-	-	-	-	-	-	22,950,235	22,950,235
Non-controlling interest	-	-	-	-	-	-	-	362,914	362,914
Total Equity and Liabilities	284,786,283	187,774,253	246,825,779	1,950,571	3,394,933	6,155,836	1,760,418	51,869,449	784,517,522
Contingencies and Commitments	-	61,225,850	-	-	70,101,833	59,825,402	-	378,994	191,532,078

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

	As at December 31, 2022 (Audited)							Total	
	Retail banking	Wholesale Banking	Treasury	Investment Banking	Zindigi	Brokerage	Asset Management		Others
	Rupees in '000								
Statement of financial position									
Cash and bank balances	26,561,450	-	-	-	3,953	57,364	2,273	-	26,625,040
Lendings to financial institutions	-	-	11,351,162	-	-	-	-	-	11,351,162
Investments	-	1,786,820	295,608,155	2,064,697	-	613,423	1,154,450	2,140,921	303,368,466
Net inter segment lending	188,156,779	59,940,115	1,924,424	-	2,878,829	1,362,934	14,902	6	254,277,989
Advances - performing	75,221,124	141,415,256	-	-	407	453,896	3,043	5,575,996	222,669,722
Advances - non-performing	6,699,317	9,528,889	-	-	-	-	-	83,681	16,311,887
Advances - provisions - net	(3,269,248)	(4,141,732)	-	-	-	-	-	(11,874)	(7,422,854)
	78,651,193	146,802,413	-	-	407	453,896	3,043	5,647,803	231,558,755
Others	-	-	-	-	-	2,797,049	597,245	44,232,242	47,626,536
Total Assets	293,369,422	208,529,348	308,883,741	2,064,697	2,883,189	5,284,666	1,771,913	52,020,972	874,807,948
Borrowings	8,350,957	24,594,549	64,862,710	-	-	722,880	-	-	98,531,096
Deposits and other accounts	276,548,765	183,325,314	-	350	2,883,189	-	-	-	462,757,638
Subordinated debt	-	-	-	-	-	-	-	6,995,000	6,995,000
Net inter segment borrowing	1,374,282	-	244,021,031	2,064,347	-	2,255,938	1,318,106	3,244,285	254,277,989
Others	7,095,398	609,485	-	-	-	2,305,848	453,807	18,525,300	28,989,838
Total Liabilities	293,369,422	208,529,348	308,883,741	2,064,697	2,883,189	5,284,666	1,771,913	28,764,585	851,551,561
Equity	-	-	-	-	-	-	-	22,893,113	22,893,113
Non-controlling interest	-	-	-	-	-	-	-	363,274	363,274
Total Equity and Liabilities	293,369,422	208,529,348	308,883,741	2,064,697	2,883,189	5,284,666	1,771,913	52,020,972	874,807,948
Contingencies and									
Commitments	63,653,775	25,780,043	86,645,804	-	-	567,163	-	1,701,657	178,348,442

37. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, directors, key management personnel, associates and other related parties.

The Group enters into transactions with related parties in the ordinary course of business and 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.

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

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

	As at March 31, 2023 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	-----Rupees in '000-----				
Statement of financial position					
Lendings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the period	-	-	-	-	41,117,600
Repaid during the period	-	-	-	-	(41,117,600)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Investments					
Opening balance	7,595	-	-	269,800	11,300,638
Investment made during the period	-	-	-	-	3,417,066
Investment redeemed / disposed off during the period	-	-	-	-	(9,629,790)
Deficit on investments	-	-	-	-	(371,850)
Closing balance	7,595	-	-	269,800	4,716,064
Provision for diminution in value of investments	-	-	-	48,000	388,607
Advances					
Opening balance	-	-	524,061	232,166	2,650,315
Addition during the period	-	-	23,659	-	475,955
Repaid during the period	-	-	(55,927)	(15,478)	(820,566)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	491,793	216,688	2,305,704
Other assets					
Mark-up / return / interest accrued	245	-	204	-	185,845
Receivable against bancassurance / bancatakaful	-	-	-	-	11,098
Prepaid insurance	-	-	-	-	180,443
Net defined benefit plan	-	-	-	-	88,624
Trade receivable	-	-	375	-	117,434
Dividend receivable	-	-	-	-	98,808
Rent receivable	-	-	-	-	37,905
Other receivable	2,500	-	-	-	16,768
Provision against other assets	-	-	-	-	-
Borrowings					
Opening balance	-	-	-	-	330,885
Borrowings during the period	-	-	-	-	-
Settled during the period	-	-	-	-	(330,885)
Closing balance	-	-	-	-	-
Deposits and other accounts					
Opening balance	130,430	174,485	47,853	2,621	12,626,532
Received during the period	446,375	421	96,964	76,642	37,325,545
Withdrawn during the period	(502,671)	(551)	(80,895)	(75,847)	(40,661,960)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	74,134	174,355	63,922	3,416	9,290,117
Subordinated debt					
Opening balance	-	-	-	-	124,714
Issued during the period	-	-	-	-	-
Redeemed during the period	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	124,714
Other liabilities					
Interest / return / mark-up payable on deposits	-	-	-	-	9,915
Interest / return / mark-up payable on borrowings	-	-	-	-	6,173
Interest / return / mark-up payable on subordinated debt	-	-	-	-	5,819
Trade payable	1,514	-	13,384	-	35,217
Donation payable	-	-	-	-	59,197
Others payable	-	-	-	-	4,546
Contingencies and commitments					
Letter of guarantee	-	-	-	-	22,783
Letter of credit	-	-	-	-	294,000
Forward lending	-	-	-	5,924	-

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

	As at December 31, 2022 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	-----Rupees in '000-----				
Statement of financial position					
Lendings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the year	-	-	-	-	96,591,372
Repaid during the year	-	-	-	-	(96,591,372)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Investments					
Opening balance	9,866	-	-	269,800	4,438,648
Investment made during the period	2,595	-	-	-	10,774,779
Investment redeemed / disposed off during the period	(4,866)	-	-	-	(3,550,000)
Deficit on investments	-	-	-	-	(362,789)
Closing balance	7,595	-	-	269,800	11,300,638
Provision for diminution in value of investments	-	-	-	48,000	354,189
Advances					
Opening balance	-	125,769	483,696	442,315	5,229,319
Addition during the year	-	-	368,857	26,550	4,788,045
Repaid during the year	-	-	(122,754)	(236,699)	(6,727,054)
Transfer in / (out) - net	-	(125,769)	(205,738)	-	(639,995)
Closing balance	-	-	524,061	232,166	2,650,315
Other assets					
Mark-up / return / interest accrued	514	-	697	8,010	19,745
Receivable against bancassurance / bancatakaful	-	-	-	-	17,498
Prepaid insurance	-	-	-	-	34,933
Receivable from defined benefit plan	-	-	-	-	88,624
Trade receivable	-	-	68	-	168,341
Rent receivable	-	-	-	-	16,521
Other receivable	285	-	-	-	19,746
Provision against other assets	-	-	-	-	379
Borrowings					
Opening balance	-	-	-	-	474,283
Borrowings during the year	-	-	-	-	312,787,717
Settled during the year	-	-	-	-	(312,931,115)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	330,885
Deposits and other accounts					
Opening balance	912,327	388,406	42,227	41,310	14,398,780
Received during the year	15,376,414	62,632	823,876	1,494,000	191,456,450
Withdrawn during the year	(16,158,311)	(62,805)	(802,683)	(1,532,689)	(192,234,920)
Transfer in / (out) - net	-	(213,748)	(15,567)	-	(993,778)
Closing balance	130,430	174,485	47,853	2,621	12,626,532
Subordinated debts					
Opening balance	-	-	-	-	639,776
Issued during the year	-	-	-	-	-
Redeemed during the year	-	-	-	-	(79)
Transfer in / (out) - net	-	-	-	-	(514,983)
Closing balance	-	-	-	-	124,714
Other liabilities					
Mark-up / return / interest payable on deposits	-	-	-	-	536,091
Mark-up / return / interest payable on borrowings	-	-	-	-	6,120
Mark-up / return / interest payable on subordinated debts	-	-	-	-	143
Trade payable	138,090	-	12,386	-	173,267
Donation payable	-	-	-	-	26,053
Others payable	-	-	-	-	2,487
Contingencies and commitments					
Letters of guarantee	-	-	-	-	20,398
Letters of credit	-	-	-	-	65,585
Forward lending	-	-	-	5,924	-

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

	For the three months ended March 31, 2023 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
Profit and loss account	-----Rupees in '000-----				
Income					
Mark-up / return / interest earned	431	-	5,870	10,838	70,768
Fee, commission and brokerage income	201	-	383	6	26,831
Dividend income	-	-	-	-	98,808
Gain on sale of securities - net	-	-	-	-	15,037
Rental income	-	-	-	-	33,570
Other income	-	-	-	-	379
Provision and write offs - net					
Provision for diminution in value of investments - net	-	-	-	-	-
Expense					
Mark-up / return / interest expensed	5,166	-	374	-	257,747
Commission / charges paid	-	-	-	-	-
Remuneration paid	-	-	257,500	-	-
Non-executive directors' fee	-	16,721	-	-	-
Net charge for defined contribution plans	-	-	-	-	84,326
Net charge for defined benefit plans	-	-	-	-	30,899
Insurance expense	-	-	-	-	38,222
Donation	-	-	-	-	31,477
Rental expense	874	-	-	-	9,848
Legal charges	8,474	-	-	-	3,750
Consultancy charges	-	-	-	-	10,500
Royalty	-	-	-	-	11,250
Other expenses	-	-	1,154	-	7,333
Payments made during the period					
Insurance premium paid	-	-	-	-	183,732
Insurance claims settled	-	-	-	-	5,003
Other Transactions					
Sale of Government Securities	-	-	15,317	-	24,955,530
Purchase of Government Securities	-	-	14,712	-	735,720
Sale of Non Government Securities	-	-	-	-	888,653
Purchase of Non Government Securities	-	-	-	-	50,456
Sale of Foreign Currencies	-	-	-	-	11,047,920
Purchase of Foreign Currencies	-	-	-	-	8,760,363

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

	For the three months ended March 31, 2022 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
Profit and loss account	-----Rupees in '000-----				
Income					
Mark-up / return / interest earned	443	75	6,128	11,539	109,587
Fee, commission and brokerage income	3,451	8	230	26	62,698
Dividend income	-	-	-	-	43,595
Gain / (loss) on sale of securities - net	-	-	-	-	10,533
Provision and write offs - net					
Provision for diminution in value of investments - net	-	-	-	-	-
Expense					
Mark-up / return / interest paid	39,162	148	458	363	282,659
Remuneration paid	-	36,514	207,255	-	-
Directors' fee	-	7,050	-	-	-
Net charge for defined contribution plans	-	-	-	-	70,922
Net charge for defined benefit plans	-	-	-	-	34,481
Rental expense	75	-	-	-	6,247
Advisory fee	-	-	-	-	1,214
Royalty	-	-	-	-	8,750
Other expenses	-	83	-	-	197
Payments made during the period					
Insurance premium paid	-	-	-	-	233,293
Insurance claims settled	-	-	-	-	2,024
Other transactions					
Sale of Government Securities	1,560,765	-	-	-	14,607,092
Purchase of Government Securities	-	-	-	-	1,121,127
Sale of non Government Securities	-	-	-	-	576,356
Purchase of Non Government Securities	-	-	-	-	256,702
Sale of Foreign Currencies	-	-	-	-	17,885,420
Purchase of Foreign Currencies	-	-	-	-	14,924,915

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>10,119,242</u>	<u>10,119,242</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	20,216,279	19,151,560
Eligible Additional Tier 1 (ADT 1) Capital	<u>2,503,114</u>	<u>2,500,000</u>
Total Eligible Tier 1 Capital	<u>22,719,393</u>	<u>21,651,560</u>
Eligible Tier 2 Capital	<u>3,372,868</u>	<u>4,652,597</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>26,092,261</u>	<u>26,304,157</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>149,251,555</u>	<u>154,878,265</u>
Market Risk	<u>2,289,080</u>	<u>2,147,110</u>
Operational Risk	<u>34,159,850</u>	<u>34,339,921</u>
Total	<u>185,700,485</u>	<u>191,365,296</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>10.89%</u>	<u>10.01%</u>
Tier 1 Capital Adequacy Ratio	<u>12.23%</u>	<u>11.31%</u>
Total Capital Adequacy Ratio	<u>14.05%</u>	<u>13.75%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	22,719,394	21,657,240
Total Exposures	<u>634,278,542</u>	<u>675,826,471</u>
Leverage Ratio	<u>3.58%</u>	<u>3.20%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	145,491,656	107,591,422
Total Net Cash Outflow	<u>92,974,373</u>	<u>58,746,523</u>
Liquidity Coverage Ratio	<u>156.49%</u>	<u>183.15%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	362,416,218	369,818,259
Total Required Stable Funding	<u>294,831,529</u>	<u>298,016,768</u>
Net Stable Funding Ratio	<u>122.92%</u>	<u>124.09%</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Quarter Ended March 31, 2023

39. GENERAL

39.1 Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.

39.2 The figures in these condensed interim consolidated financial statements have been rounded off to the nearest thousand unless otherwise stated.

40. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on April 26, 2023.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman



Registered office

JS Bank Limited, Shaheen Commercial Complex,
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