

**Dubai Islamic Bank  
Pakistan Limited**

Condensed Interim Financial Information  
for the period ended  
September 30, 2023

**Dubai Islamic Bank Pakistan Limited**  
**Condensed Interim Statement of Financial Position**  
*As at September 30, 2023*

|                                       |      | September 30,<br>2023<br>(Un-audited) | December 31,<br>2022<br>(Audited) |
|---------------------------------------|------|---------------------------------------|-----------------------------------|
|                                       | Note | ---- Rupees in '000 ----              |                                   |
| ASSETS                                |      |                                       |                                   |
| Cash and balances with treasury banks | 6    | 30,031,987                            | 45,632,108                        |
| Balances with other banks             | 7    | 1,854,479                             | 1,146,321                         |
| Due from financial institutions       | 8    | -                                     | 23,500,000                        |
| Investments                           | 9    | 115,961,355                           | 103,361,135                       |
| Islamic financing and related assets  | 10   | 242,168,923                           | 247,767,953                       |
| Property and equipment                | 11   | 1,676,629                             | 1,655,824                         |
| Right-of-use assets                   | 12   | 4,023,334                             | 3,680,399                         |
| Intangible assets                     | 13   | 514,496                               | 409,352                           |
| Deferred tax assets                   | 14   | 4,766,677                             | 2,001,279                         |
| Other assets                          | 15   | 24,124,719                            | 16,236,091                        |
| Total assets                          |      | 425,122,599                           | 445,390,462                       |
| LIABILITIES                           |      |                                       |                                   |
| Bills payable                         | 16   | 3,363,193                             | 7,207,894                         |
| Due to financial institutions         | 17   | 34,330,251                            | 35,875,060                        |
| Deposits and other accounts           | 18   | 321,495,033                           | 345,811,211                       |
| Lease liabilities                     | 19   | 4,418,037                             | 3,807,378                         |
| Subordinated sukuks                   | 20   | 7,120,000                             | 7,120,000                         |
| Deferred tax liabilities              |      | -                                     | -                                 |
| Other liabilities                     | 21   | 19,971,724                            | 15,462,102                        |
| Total liabilities                     |      | 390,698,238                           | 415,283,645                       |
| NET ASSETS                            |      | 34,424,361                            | 30,106,817                        |
| REPRESENTED BY                        |      |                                       |                                   |
| Share capital                         |      | 11,652,288                            | 11,652,288                        |
| Reserves                              |      | 4,811,515                             | 3,875,828                         |
| Deficit on revaluation of investments | 22   | (1,041,152)                           | (674,055)                         |
| Unappropriated profit                 |      | 19,001,710                            | 15,252,756                        |
|                                       |      | 34,424,361                            | 30,106,817                        |

**CONTINGENCIES AND COMMITMENTS**

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The annexed notes 1 to 39 form an integral part of this condensed interim financial information.

**President & CEO**

**Chief Financial Officer**

**Director**

**Director**

**Director**

**Dubai Islamic Bank Pakistan Limited**  
**Condensed Interim Profit and Loss Account (Un-Audited)**  
*For the period ended September 30, 2023*

|                                    |    | Quarter ended              |                       | Nine months period ended |                       |
|------------------------------------|----|----------------------------|-----------------------|--------------------------|-----------------------|
|                                    |    | September 30,<br>2023      | September 30,<br>2022 | September 30,<br>2023    | September 30,<br>2022 |
| Note                               |    | ----- Rupees in '000 ----- |                       |                          |                       |
| Profit / return earned             | 24 | 17,931,588                 | 13,219,434            | 48,207,063               | 31,468,984            |
| Profit / return expensed           | 25 | (9,897,924)                | (7,823,045)           | (26,521,418)             | (18,130,985)          |
| Net Profit / return                |    | 8,033,664                  | 5,396,389             | 21,685,645               | 13,337,999            |
| OTHER INCOME                       |    |                            |                       |                          |                       |
| Fee and commission income          | 26 | 526,076                    | 488,235               | 1,622,504                | 1,588,856             |
| Dividend income                    |    | -                          | -                     | -                        | -                     |
| Foreign exchange income            |    | 445,475                    | 217,844               | 1,146,245                | 1,193,260             |
| Gain on securities                 |    | -                          | -                     | -                        | -                     |
| Other income / (loss)              | 27 | 1,167                      | (4,093)               | 1,150                    | 172                   |
| Total other income                 |    | 972,718                    | 701,986               | 2,769,899                | 2,782,288             |
| Total income                       |    | 9,006,382                  | 6,098,375             | 24,455,544               | 16,120,287            |
| OTHER EXPENSES                     |    |                            |                       |                          |                       |
| Operating expenses                 | 28 | (3,182,694)                | (2,650,331)           | (8,929,058)              | (7,349,875)           |
| Workers Welfare Fund               |    | (112,469)                  | (56,528)              | (262,061)                | (132,748)             |
| Other charges                      | 29 | (1,900)                    | (9,985)               | (16,476)                 | (11,804)              |
| Total other expenses               |    | (3,297,063)                | (2,716,844)           | (9,207,595)              | (7,494,427)           |
| Profit before provisions           |    | 5,709,319                  | 3,381,531             | 15,247,949               | 8,625,860             |
| Provisions and write offs - net    | 30 | (2,128,196)                | (555,160)             | (6,416,393)              | (1,988,492)           |
| PROFIT BEFORE TAXATION             |    | 3,581,123                  | 2,826,371             | 8,831,556                | 6,637,368             |
| Taxation                           | 31 | (1,761,870)                | (1,415,975)           | (4,153,121)              | (3,221,922)           |
| PROFIT AFTER TAXATION              |    | 1,819,253                  | 1,410,396             | 4,678,435                | 3,415,446             |
| ----- Rupees -----                 |    |                            |                       |                          |                       |
| Basic & diluted earnings per share | 32 | 1.57                       | 1.21                  | 4.02                     | 2.93                  |

The annexed notes 1 to 39 form an integral part of this condensed interim financial information.

**President & CEO**

**Chief Financial Officer**

**Director**

**Director**

**Director**

# Dubai Islamic Bank Pakistan Limited

## Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the period ended September 30, 2023

|  | Quarter ended              |                       | Nine months period ended |                       |
|--|----------------------------|-----------------------|--------------------------|-----------------------|
|  | September 30,<br>2023      | September 30,<br>2022 | September 30,<br>2023    | September 30,<br>2022 |
|  | ----- Rupees in '000 ----- |                       |                          |                       |
| Profit after taxation for the period   | <b>1,819,253</b>           | 1,410,396             | <b>4,678,435</b>         | 3,415,446             |
| <b>Other comprehensive income</b>  |                            |                       |                          |                       |
| <b>Items that may be reclassified to profit and loss account in subsequent periods:</b>      |                            |                       |                          |                       |
| Movement in revaluation of investments - net of tax  | <b>(164,177)</b>           | (664,262)             | <b>(367,097)</b>         | (1,543,662)           |
| <b>Items that will not be reclassified to profit and loss account in subsequent periods:</b> |                            |                       |                          |                       |
| Effect of change in tax rate on remeasurement gain on defined benefit obligations            | -                          | -                     | <b>6,206</b>             | 2,661                 |
| <b>Total comprehensive income</b>  | <b><u>1,655,076</u></b>    | <u>746,134</u>        | <b><u>4,317,544</u></b>  | <u>1,874,445</u>      |

The annexed notes 1 to 39 form an integral part of this condensed interim financial information.

**President & CEO**

**Chief Financial Officer**

**Director**

**Director**

**Director**

**Dubai Islamic Bank Pakistan Limited**  
**Condensed Interim Statement of Changes in Equity (Un-Audited)**  
*For the period ended September 30, 2023*

|   | Share capital     | Statutory reserve | Surplus / (deficit) on revaluation of investments | Unappropriated profit | Total             |
|---|-------------------|-------------------|---|-----------------------|-------------------|
|   | Rupees in '000    |                   |   |                       |                   |
| <b>Opening balance as at January 01, 2022</b>                                     | 11,652,288        | 3,092,713         | 683,374   | 12,138,684            | 27,567,059        |
| Profit after taxation   | -                 | -                 | -   | 3,415,446             | 3,415,446         |
| Other comprehensive (loss) / income - net of tax                                  | -                 | -                 | -   | -                     | -                 |
| Movement in revaluation of investments - net of tax                               | -                 | -                 | (1,543,662)                                       | -                     | (1,543,662)       |
| Effect of change in tax rate on remeasurement gain on defined benefit obligations | -                 | -                 | -   | 2,661                 | 2,661             |
|   | -                 | -                 | (1,543,662)                                       | 2,661                 | (1,541,001)       |
| Transfer to statutory reserve   | -                 | 683,089           | -   | (683,089)             | -                 |
| <b>Opening balance as at October 01, 2022</b>                                     | 11,652,288        | 3,775,802         | (860,288)   | 14,873,702            | 29,441,504        |
| Profit after taxation   | -                 | -                 | -   | 500,128               | 500,128           |
| Other comprehensive (loss) / income - net of tax                                  | -                 | -                 | -   | -                     | -                 |
| Movement in revaluation of investments - net of tax                               | -                 | -                 | 186,233   | -                     | 186,233           |
| Remeasurment loss on defined benefit obligation - net of tax                      | -                 | -                 | -   | (21,048)              | (21,048)          |
|   | -                 | -                 | 186,233   | (21,048)              | 165,185           |
| Transfer to statutory reserve   | -                 | 100,026           | -   | (100,026)             | -                 |
| <b>Opening balance as at January 01, 2023</b>                                     | 11,652,288        | 3,875,828         | (674,055)   | 15,252,756            | 30,106,817        |
| Profit after taxation   | -                 | -                 | -   | 4,678,435             | 4,678,435         |
| Other comprehensive (loss) / income - net of tax                                  | -                 | -                 | -   | -                     | -                 |
| Movement in revaluation of investments - net of tax                               | -                 | -                 | (367,097)   | -                     | (367,097)         |
| Effect of change in tax rate on remeasurement gain on defined benefit obligations | -                 | -                 | -   | 6,206                 | 6,206             |
|   | -                 | -                 | (367,097)   | 6,206                 | (360,891)         |
| Transfer to statutory reserve   | -                 | 935,687           | -   | (935,687)             | -                 |
| <b>Closing balance as at September 30, 2023</b>                                   | <b>11,652,288</b> | <b>4,811,515</b>  | <b>(1,041,152)</b>                                | <b>19,001,710</b>     | <b>34,424,361</b> |

The annexed notes 1 to 39 form an integral part of this condensed interim financial information.

**President & CEO**

**Chief Financial Officer**

**Director**

**Director**

**Director**

Dubai Islamic Bank Pakistan Limited  
Condensed Interim Cash Flow Statement (Un-Audited)  
For the period ended September 30, 2023

|  |      | September 30,<br>2023      | September 30,<br>2022 |
|--|------|----------------------------|-----------------------|
|  | Note | ----- Rupees in '000 ----- |                       |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                 |      |                            |                       |
| Profit before taxation                                     |      | 8,831,556                  | 6,637,368             |
| <b>Adjustments:</b>  |      |                            |                       |
| Depreciation   | 28   | 346,743                    | 258,774               |
| Depreciation on right-of-use assets                        | 28   | 728,457                    | 701,871               |
| Amortisation   | 28   | 87,266                     | 67,090                |
| Finance charges on leased assets                           | 25   | 382,225                    | 245,733               |
| Gain on sale of property and equipment                     | 27   | (1,150)                    | (172)                 |
| Provisions and write offs - net                            | 30   | 6,416,393                  | 1,988,492             |
|  |      | 7,959,934                  | 3,261,788             |
|  |      | 16,791,490                 | 9,899,156             |
| <b>Decrease / (increase) in operating assets</b>           |      |                            |                       |
| Due from financial institutions                            |      | 23,500,000                 | 1,031,302             |
| Islamic financing and related assets                       |      | (817,363)                  | (61,488,127)          |
| Others assets  |      | (6,584,297)                | (10,118,287)          |
|  |      | 16,098,340                 | (70,575,112)          |
| <b>(Decrease) / increase in operating liabilities</b>      |      |                            |                       |
| Bills payable  |      | (3,844,701)                | (4,102,222)           |
| Due to financial institutions                              |      | (1,544,170)                | 43,130,248            |
| Deposits and other accounts                                |      | (24,316,178)               | 40,016,566            |
| Other liabilities (excluding current taxation)             |      | 2,626,622                  | 1,468,221             |
|  |      | (27,078,427)               | 80,512,813            |
|  |      | 5,811,403                  | 19,836,857            |
| Income tax paid  |      | (5,841,639)                | (2,639,854)           |
| <b>Net cash (used in) / flow from operating activities</b> |      | (30,236)                   | 17,197,003            |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                 |      |                            |                       |
| Net investments in available-for-sale securities           |      | (13,459,141)               | (21,557,033)          |
| Investments in property and equipment                      |      | (491,748)                  | (264,343)             |
| Disposal of property and equipment                         |      | 3,387                      | 9,511                 |
| Investments in intangibles                                 |      | (192,411)                  | (90,849)              |
| <b>Net cash flow used in investing activities</b>          |      | (14,139,913)               | (21,902,714)          |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                 |      |                            |                       |
| Payments of lease obligations against right-of-use assets  | 19   | (721,175)                  | (699,387)             |
| <b>Decrease in cash and cash equivalents</b>               |      | (14,891,324)               | (5,405,098)           |
| Cash and cash equivalents at beginning of the period       |      | 46,777,790                 | 27,068,101            |
| <b>Cash and cash equivalents at end of the period</b>      | 33   | 31,886,466                 | 21,663,003            |

The annexed notes 1 to 39 form an integral part of this condensed interim financial information.

President & CEO

Chief Financial Officer

Director

Director

Director

# Dubai Islamic Bank Pakistan Limited

## Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

For the period ended September 30, 2023

### 1. STATUS AND NATURE OF BUSINESS

- 1.1 Dubai Islamic Bank Pakistan Limited (the Bank) was incorporated in Pakistan as an unlisted public limited company on May 27, 2005 under the Companies Act, 2017 to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shari'a.
- 1.2 The State Bank of Pakistan (the SBP) granted a "Scheduled Islamic Commercial Bank" license to the Bank on November 26, 2005 and subsequently the Bank received the Certificate of Commencement of Business from the Securities and Exchange Commission of Pakistan (the SECP) on January 26, 2006. The Bank commenced its operations as a scheduled Islamic Commercial Bank with effect from March 28, 2006 on receiving certificate of commencement of business from the SBP. The Bank is principally engaged in corporate, commercial, consumer, investing and retail banking activities.
- 1.3 VIS Credit Rating Company Limited on June 26, 2023 has reaffirmed the Bank's medium to long-term rating at 'AA' (Double A) and the short term rating at 'A-1+' (A-One Plus) with stable outlook.
- 1.4 The Bank is operating through 235 branches as at September 30, 2023 (December 31, 2022: 235 branches). The registered office of the Bank is situated at Hassan Chambers, DC-7, Block-7 Kehkashan, Clifton, Karachi. The Bank is a wholly owned subsidiary of Dubai Islamic Bank PJSC, UAE (the Holding Company).

### 2. BASIS OF PREPARATION

- 2.1 The Bank provides Islamic financing and makes investments mainly through Murabaha, Musharaka, Running Musharaka, Shirkatulmilk, Istisna cum Wakala, Wakala Istithmar and export refinance under Islamic export refinance schemes as well as various long term refinancing facility of the SBP respectively as briefly explained in the notes to the audited annual financial statements for the year ended December 31, 2022. The transactions of purchases, sales and leases executed under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of rental / profit thereon. The income on such Islamic financing and related assets is recognised in accordance with the principles of Shari'a. However, income if any, received which does not comply with the principles of Shari'a is recognised as charity payable if so directed by the Shari'a Board / Resident Shari'a Board Member of the Bank.

### 2.2 STATEMENT OF COMPLIANCE

This condensed interim financial information (financial information) has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 39 - 'Financial Instruments: Recognition and Measurement' and IAS 40 - 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of IFRS 7 - 'Financial Instruments: Disclosures' through its notification S.R.O 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of this financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

The SBP vide its BPRD Circular Letter No. 4 dated February 25, 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits', for Islamic Banking Institutions (IBIs) relating to annual, half-yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in preparation of this financial information.

- 2.3** The condensed interim financial information does not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the year ended December 31, 2022.

### **3 Significant accounting policies**

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

#### **3.1 Amendments to approved accounting standards that are effective in the current period**

There are certain other new and amended standards that became effective during the period (enumerated in note 2 to the annual audited financial statements of the Bank for the year ended December 31, 2022). However, such standards did not have any significant effect on this condensed interim financial information.

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

There are certain other standards, amendments and interpretations with respect to the approved accounting standards that are not yet effective (enumerated in note 2 to the annual audited financial statements of the Bank for the year ended December 31, 2022) and are not expected to have any material impact on the Bank's condensed interim financial information in the period of their initial application. The SBP vide its BPRD circular letter No. 07 of 2023 has extended the implementation date of IFRS 9 to January 01, 2024. However, during the transition period, the banks are required to carry out the parallel run reporting.

### **4. BASIS OF MEASUREMENT**

#### **4.1 Accounting convention**

This condensed interim financial information have been prepared under the historical cost convention, except that certain investments, foreign currency balances and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value.

#### **4.2 Functional and presentation currency**

This condensed interim financial information have been presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

#### **4.3 Critical accounting estimates and judgments**

All critical accounting estimates adopted in the preparation of this condensed interim financial information are same as that applied in the preparation of the annual audited financial statements for the year ended December 31, 2022.

### **5. FINANCIAL RISK MANAGEMENT**

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



|  |      | September 30,<br>2023<br>(Un-audited) | December 31,<br>2022<br>(Audited) |
|--|------|---------------------------------------|-----------------------------------|
|  | Note | ----- Rupees in '000 -----            |                                   |
| <b>6 CASH AND BALANCES WITH TREASURY BANKS</b> |      |                                       |                                   |
| <b>In hand</b>                                 |      |                                       |                                   |
| - local currency                               |      | 3,961,723                             | 4,614,182                         |
| - foreign currencies                           |      | 2,456,334                             | 981,572                           |
|  |      | <u>6,418,057</u>                      | <u>5,595,754</u>                  |
| <b>With State Bank of Pakistan in</b>          |      |                                       |                                   |
| - local currency current account               | 6.1  | 18,755,093                            | 38,154,888                        |
| - foreign currency current account             |      | 290,433                               | 34,744                            |
| - foreign currency deposit accounts            |      |                                       |                                   |
| - Cash reserve account                         |      | 1,847,424                             | 1,674,570                         |
| - Special cash reserve account                 |      | 2,216,820                             | -                                 |
|  | 6.1  | <u>4,064,244</u>                      | <u>1,674,570</u>                  |
| <b>With National Bank of Pakistan in</b>       |      |                                       |                                   |
| - local currency current accounts              |      | 504,160                               | 172,152                           |
|  |      | <u>30,031,987</u>                     | <u>45,632,108</u>                 |

- 6.1** These include local and foreign currency amounts required to be maintained by the Bank with the SBP under the Banking Companies Ordinance, 1962 and / or stipulated by the SBP. These accounts are non-remunerative in nature.

|                                    |      | September 30,<br>2023<br>(Un-audited) | December 31,<br>2022<br>(Audited) |
|------------------------------------|------|---------------------------------------|-----------------------------------|
|                                    | Note | ----- Rupees in '000 -----            |                                   |
| <b>7 BALANCES WITH OTHER BANKS</b> |      |                                       |                                   |
| <b>In Pakistan</b>                 |      |                                       |                                   |
| - in current account               |      | 168,166                               | 244,936                           |
| <b>Outside Pakistan</b>            |      |                                       |                                   |
| - in current accounts              | 7.1  | 1,686,313                             | 901,385                           |
|                                    |      | <u>1,854,479</u>                      | <u>1,146,321</u>                  |

- 7.1** This includes an amount of Rs. 110.47 million (December 31, 2022: Rs. 128.64 million) deposited with the holding company.

|  |  | September 30,<br>2023<br>(Un-audited) | December 31,<br>2022<br>(Audited) |
|--|--|---------------------------------------|-----------------------------------|
|  |  | ----- Rupees in '000 -----            |                                   |
| <b>8 DUE FROM FINANCIAL INSTITUTIONS</b> |  |                                       |                                   |
| Musharaka - unsecured                    |  | -                                     | 23,500,000                        |

## 9 INVESTMENTS

### 9.1 Investments by types:

|                                      | September 30, 2023 (Un-audited) |                                |                        |                    | December 31, 2022 (Audited) |                                |                        |                    |
|--------------------------------------|---------------------------------|--------------------------------|------------------------|--------------------|-----------------------------|--------------------------------|------------------------|--------------------|
|                                      | Cost /<br>amortised<br>cost     | Provision<br>for<br>diminution | (Deficit) /<br>surplus | Carrying<br>value  | Cost /<br>amortised cost    | Provision<br>for<br>diminution | (Deficit) /<br>surplus | Carrying<br>value  |
|                                      | ----- Rupees in '000 -----      |                                |                        |                    |                             |                                |                        |                    |
| <b>Available-for-sale securities</b> |                                 |                                |                        |                    |                             |                                |                        |                    |
| Federal Government securities        | 56,197,886                      | -                              | (296,610)              | 55,901,276         | 47,237,843                  | -                              | (218,500)              | 47,019,343         |
| Non-Government debt securities       | 38,919,816                      | (89,316)                       | 945,604                | 39,776,104         | 39,273,566                  | (89,316)                       | 1,047,563              | 40,231,813         |
| Foreign securities                   | 22,974,443                      | -                              | (2,690,468)            | 20,283,975         | 18,121,595                  | -                              | (2,011,616)            | 16,109,979         |
| <b>Total investments</b>             | <b>118,092,145</b>              | <b>(89,316)</b>                | <b>(2,041,474)</b>     | <b>115,961,355</b> | <b>104,633,004</b>          | <b>(89,316)</b>                | <b>(1,182,553)</b>     | <b>103,361,135</b> |

#### 9.1.1 Investments given as collateral

No investments given as collateral as at September 30, 2023 (December 31, 2022: Nil).

|   | September 30,<br>2023<br>(Un-audited) | December 31,<br>2022<br>(Audited) |
|---|---------------------------------------|-----------------------------------|
|   | ----- Rupees in '000 -----            |                                   |
| <b>9.2 Provision for diminution in value of investments</b> |                                       |                                   |
| <b>9.2.1 Opening balance</b>                                | <b>89,316</b>                         | 89,316                            |
| Charge for the period / year                                | -                                     | -                                 |
| Closing balance   | <b>89,316</b>                         | 89,316                            |

#### 9.2.2 Particulars of provision against debt securities

| Category of classification        | September 30, 2023<br>(Un-audited) |                   | December 31, 2022<br>(Audited) |                   |
|-----------------------------------|------------------------------------|-------------------|--------------------------------|-------------------|
|                                   | *NPI                               | Provision<br>held | *NPI                           | Provision<br>held |
|                                   | ----- Rupees in '000 -----         |                   |                                |                   |
| <b>Domestic</b>                   |                                    |                   |                                |                   |
| Other Assets Especially Mentioned | -                                  | -                 | -                              | -                 |
| Substandard                       | -                                  | -                 | -                              | -                 |
| Doubtful                          | -                                  | -                 | -                              | -                 |
| Loss                              | 89,316                             | 89,316            | 89,316                         | 89,316            |
|                                   | 89,316                             | 89,316            | 89,316                         | 89,316            |
| <b>Overseas</b>                   | -                                  | -                 | -                              | -                 |
| <b>Total</b>                      | <b>89,316</b>                      | <b>89,316</b>     | <b>89,316</b>                  | <b>89,316</b>     |

\* NPI stands for non-performing investments.

**10 ISLAMIC FINANCING AND RELATED ASSETS**

|  |       | Performing         |                    | Non-Performing      |                    | Total               |                     |
|--|-------|--------------------|--------------------|---------------------|--------------------|---------------------|---------------------|
|  |       | September 30,      | December 31,       | September 30,       | December 31,       | September 30,       | December 31,        |
|  |       | 2023               | 2022               | 2023                | 2022               | 2023                | 2022                |
|  |       | (Un-audited)       | (Audited)          | (Un-audited)        | (Audited)          | (Un-audited)        | (Audited)           |
|  | Note  | Rupees in '000     |                    |                     |                    |                     |                     |
| Murabaha   | 10.1  | 22,670,243         | 19,296,641         | 1,778,799           | 1,017,271          | 24,449,042          | 20,313,912          |
| Musawamah  | 10.2  | 5,632,621          | 5,493,399          | 278,671             | 198,937            | 5,911,292           | 5,692,336           |
| Tijarah cum wakala   | 10.3  | 13,787,454         | 13,817,610         | 360,720             | 63,000             | 14,148,174          | 13,880,610          |
| Istisna cum Wakala   | 10.4  | 14,962,912         | 17,898,652         | 365,698             | 502,698            | 15,328,610          | 18,401,350          |
| Salam  | 10.5  | 957,017            | 182,070            | -                   | -                  | 957,017             | 182,070             |
| Islamic Export Refinance Scheme - SBP                          | 10.6  | 15,298,126         | 16,369,663         | 124,395             | 125,295            | 15,422,521          | 16,494,958          |
| Other Islamic Refinance Schemes - SBP                          | 10.7  | 18,013,735         | 18,003,607         | 191,321             | 15,649             | 18,205,056          | 18,019,256          |
| Wakala Istithmar   |       | 25,241,909         | 28,247,608         | 635,211             | 617,987            | 25,877,120          | 28,865,595          |
| Running Musharaka financing                                    |       | 30,598,613         | 21,716,947         | 655,901             | 655,901            | 31,254,514          | 22,372,848          |
| Shirkatulmilk - Housing  | 10.8  | 15,974,553         | 17,119,176         | 638,828             | 566,990            | 16,613,381          | 17,686,166          |
| Shirkatulmilk - Autos  | 10.9  | 18,775,636         | 24,875,744         | 238,909             | 239,933            | 19,014,545          | 25,115,677          |
| Shirkatulmilk - Fleet financing                                | 10.10 | 4,084,293          | 4,735,574          | 244,565             | 175,388            | 4,328,858           | 4,910,962           |
| Shirkatulmilk - Others   |       | 7,832,156          | 9,813,839          | 5,670,206           | 3,525,084          | 13,502,362          | 13,338,923          |
| Diminishing Musharaka - Others                                 |       | 48,252,887         | 49,274,868         | 4,167,151           | 2,111,333          | 52,420,038          | 51,386,201          |
| Staff financing  |       | 2,667,770          | 2,622,073          | -                   | -                  | 2,667,770           | 2,622,073           |
| <b>Islamic financing and related assets (gross)</b>            |       | <b>244,749,925</b> | <b>249,467,471</b> | <b>15,350,375</b>   | <b>9,815,466</b>   | <b>260,100,300</b>  | <b>259,282,937</b>  |
| <b>Provision against Islamic financing and related assets</b>  | 10.13 |                    |                    |                     |                    |                     |                     |
| Specific   |       | -                  | -                  | (14,756,228)        | (8,335,970)        | (14,756,228)        | (8,335,970)         |
| General  |       | (3,175,149)        | (3,179,014)        | -                   | -                  | (3,175,149)         | (3,179,014)         |
| <b>Islamic financing and related assets - net of provision</b> |       | <b>(3,175,149)</b> | <b>(3,179,014)</b> | <b>(14,756,228)</b> | <b>(8,335,970)</b> | <b>(17,931,377)</b> | <b>(11,514,984)</b> |
|  |       | <b>241,574,776</b> | <b>246,288,457</b> | <b>594,147</b>      | <b>1,479,496</b>   | <b>242,168,923</b>  | <b>247,767,953</b>  |

|   |  | September 30,          | December 31,      |
|---|--|------------------------|-------------------|
|   |  | 2023                   | 2022              |
|   |  | (Un-audited)           | (Audited)         |
|   |  | --- Rupees in '000 --- |                   |
| <b>10.1 Murabaha</b>                              |  | <b>15,487,679</b>      | <b>4,550,410</b>  |
| Financing   |  | 8,597,494              | 14,775,412        |
| Inventory   |  | 363,869                | 988,090           |
| Advance   |  | <b>24,449,042</b>      | <b>20,313,912</b> |
| <b>10.2 Musawamah</b>                             |  | <b>5,863,437</b>       | <b>5,589,734</b>  |
| Financing   |  | 47,855                 | 102,602           |
| Advance   |  | <b>5,911,292</b>       | <b>5,692,336</b>  |
| <b>10.3 Tijarah cum wakala</b>                    |  | <b>13,685,828</b>      | <b>10,125,486</b> |
| Financing   |  | 462,346                | 3,755,124         |
| Inventory   |  | <b>14,148,174</b>      | <b>13,880,610</b> |
| <b>10.4 Istisna cum Wakala</b>                    |  | <b>9,096,474</b>       | <b>12,918,728</b> |
| Financing   |  | 6,232,136              | 5,482,622         |
| Advance   |  | <b>15,328,610</b>      | <b>18,401,350</b> |
| <b>10.5 Salam</b>                                 |  | <b>957,017</b>         | <b>-</b>          |
| Financing   |  | -                      | 182,070           |
| Advance   |  | <b>957,017</b>         | <b>182,070</b>    |
| <b>10.6 Islamic Export Refinance Scheme - SBP</b> |  | <b>219,000</b>         | <b>200,000</b>    |
| Istisna - Advance                                 |  | 399,993                | 419,000           |
| Istisna - Financing                               |  | 7,451,877              | 8,900,800         |
| Running Musharaka - Financing                     |  | 7,351,651              | 6,975,158         |
| Wakala Istithmar - Financing                      |  | <b>15,422,521</b>      | <b>16,494,958</b> |

|  | September 30,<br>2023<br>(Un-audited) | December 31,<br>2022<br>(Audited) |
|--|---------------------------------------|-----------------------------------|
|  | --- Rupees in '000 ---                |                                   |
| <b>10.7 Other Islamic Refinance Schemes - SBP</b>                        |                                       |                                   |
| Islamic Long Term Financing Facility                                     |                                       |                                   |
| -Diminishing Musharaka - Financing                                       | 4,015,731                             | 4,534,058                         |
| Islamic Financing Facility for Combating COVID 19                        |                                       |                                   |
| -Musharaka - Financing   | 466,513                               | 633,493                           |
| Islamic Finance Facility For Renewable Energy                            |                                       |                                   |
| -Diminishing Musharaka - Financing                                       | 1,425,536                             | 966,331                           |
| Islamic Temporary Economic Refinance Facility                            |                                       |                                   |
| -Musharaka - Financing   | 326,277                               | 384,184                           |
| -Shirkatulmilk - Financing   | 11,365,926                            | 10,809,500                        |
|  | 11,692,203                            | 11,193,684                        |
| Other Islamic Refinance Facilities                                       |                                       |                                   |
| -Shirkatulmilk - Financing   | 10,625                                | 199,665                           |
| -Murabaha - Financing  | 534                                   | 17,614                            |
| -Musharaka - Financing   | 593,914                               | 474,411                           |
|  | 605,073                               | 691,690                           |
|  | 18,205,056                            | 18,019,256                        |
| <b>10.8 Shirkatulmilk - Housing</b>                                      |                                       |                                   |
| Financing  | 16,440,881                            | 17,348,216                        |
| Advance  | 172,500                               | 337,950                           |
|  | 16,613,381                            | 17,686,166                        |
| <b>10.9 Shirkatulmilk - Autos</b>  |                                       |                                   |
| Financing  | 18,864,195                            | 24,544,215                        |
| Advance  | 150,350                               | 571,462                           |
|  | 19,014,545                            | 25,115,677                        |
| <b>10.10 Shirkatulmilk - Fleet financing</b>                             |                                       |                                   |
| Financing  | 3,880,223                             | 4,596,342                         |
| Advance  | 448,635                               | 314,620                           |
|  | 4,328,858                             | 4,910,962                         |
| <b>10.11 Particulars of Islamic financing and related assets (gross)</b> |                                       |                                   |
| In local currency  | 259,503,681                           | 258,581,768                       |
| In foreign currencies  | 596,619                               | 701,169                           |
|  | 260,100,300                           | 259,282,937                       |

**10.12** Islamic financing and related assets include Rs. 15,350.38 million (December 31, 2022: Rs. 9,815.47 million) which have been placed under non-performing status as detailed below:

| Category of Classification        | September 30, 2023<br>(Un-audited) |                | December 31, 2022<br>(Audited) |                |
|-----------------------------------|------------------------------------|----------------|--------------------------------|----------------|
|                                   | Non-Performing                     | Provision held | Non-Performing                 | Provision held |
|                                   | ----- Rupees in '000 -----         |                |                                |                |
| <b>Domestic</b>                   |                                    |                |                                |                |
| Other Assets Especially Mentioned | 109,733                            | -              | 62,572                         | 156            |
| Substandard                       | 177,528                            | 24,634         | 379,570                        | 31,104         |
| Doubtful                          | 1,766,355                          | 1,552,205      | 95,632                         | 15,042         |
| Loss                              | 13,296,759                         | 13,179,389     | 9,277,692                      | 8,289,668      |
|                                   | 15,350,375                         | 14,756,228     | 9,815,466                      | 8,335,970      |

**10.13 Particulars of provision against Islamic financing and related assets:**

|                                    | September 30, 2023 (Un-audited) |           |            | December 31, 2022 (Audited) |           |            |
|------------------------------------|---------------------------------|-----------|------------|-----------------------------|-----------|------------|
|                                    | Specific                        | General   | Total      | Specific                    | General   | Total      |
|                                    | ----- Rupees in '000 -----      |           |            |                             |           |            |
| Opening balance                    | 8,335,970                       | 3,179,014 | 11,514,984 | 4,034,938                   | 2,913,326 | 6,948,264  |
| Charge for the period / year       | 6,658,183                       | (3,865)   | 6,654,318  | 4,590,781                   | 265,688   | 4,856,469  |
| Reversals during the period / year | (237,925)                       | -         | (237,925)  | (226,615)                   | -         | (226,615)  |
|                                    | 6,420,258                       | (3,865)   | 6,416,393  | 4,364,166                   | 265,688   | 4,629,854  |
| Amounts written-off                | -                               | -         | -          | (63,134)                    | -         | (63,134)   |
| Closing balance                    | 14,756,228                      | 3,175,149 | 17,931,377 | 8,335,970                   | 3,179,014 | 11,514,984 |

**10.13.1** As allowed by the SBP, the Bank has availed benefit of Forced Sale Value (FSV) amounting to Rs. 224.27 million (December 31, 2022: Rs. 1,078.16 million) in determining the provisioning against non performing Islamic financings as at September 30, 2023. The additional profit arising from availing the FSV benefit - net of tax as at September 30, 2023 which is not available for distribution as either cash or stock dividend to shareholders amounted to Rs. 114.38 million (December 31, 2022: Rs. 549.86 million).

**10.13.2** General provisioning is held against consumer finance portfolio and small enterprise financings in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan except for Shirkatulmilk financing - Autos. The SBP vide its letter no BPRD / BLRD - 03 / 2009 / 6877 dated October 15, 2009 has allowed relaxation to the Bank from recognising general provision against Shirkatulmilk financing - Autos on the condition that the facility will be categorised as "Loss" on the 180th day from the date of default. In this regard, the SBP vide its letter no BPRD / BRD - 04 / DIB / 2013 / 1644 dated February 12, 2013 has decided that the exemption from general reserve requirement shall only be valid till classified Auto Financing portfolio of the Bank remains upto 5% i.e. if the classified Auto Financing portfolio increases beyond the 5% threshold, the exemption shall stand withdrawn from that point of time.

**10.13.3** In addition to the above, the Bank has maintained a general provision of Rs. 2,914 million (December 31, 2022: Rs. 2,914 million) against financing made on prudent basis, in view of the prevailing economic conditions. This general provision is in addition to the existing requirements of Prudential Regulations.

|             |   | September 30,<br>2023<br>(Un-audited) | December 31,<br>2022<br>(Audited) |
|-------------|---|---------------------------------------|-----------------------------------|
|             |   | --- Rupees in '000 ---                |                                   |
| <b>11</b>   | <b>PROPERTY AND EQUIPMENT</b>                         | <i>Note</i>                           |                                   |
|             | Capital work-in-progress                              | 11.1                                  | 215,944                           |
|             | Property and equipment                                |                                       | 50,723                            |
|             |   | 1,460,685                             | 1,605,101                         |
|             |   | 1,676,629                             | 1,655,824                         |
| <b>11.1</b> | <b>Capital work-in-progress</b>                       |                                       |                                   |
|             | Civil works   | 11,967                                | 8,768                             |
|             | Equipment   | 203,977                               | 41,955                            |
|             |   | 215,944                               | 50,723                            |
| <b>11.2</b> | <b>Additions to property and equipment</b>            |                                       |                                   |
|             | Furniture and fixtures                                | 32,253                                | 16,437                            |
|             | Electrical, office and computer equipment             | 108,628                               | 169,195                           |
|             | Leasehold improvements                                | 63,863                                | 37,637                            |
|             | Vehicles  | -                                     | 34,455                            |
|             |   | 204,744                               | 257,724                           |
| <b>12</b>   | <b>RIGHT-OF-USE ASSETS</b>                            | <i>Note</i>                           |                                   |
|             | <b>Buildings on leasehold land</b>                    |                                       |                                   |
|             | Cost  | 7,013,472                             | 5,188,669                         |
|             | Accumulated depreciation                              | (3,333,073)                           | (2,415,669)                       |
|             | Net carrying amount at the start of the period / year | 3,680,399                             | 2,773,000                         |
|             | Additions during the period / year                    | 1,146,062                             | 1,877,592                         |
|             | Deletions during the period / year                    | (74,670)                              | (52,789)                          |
|             | Depreciation charge for the period / year             | (728,457)                             | (917,404)                         |
|             | Net carrying amount at the end of the period / year   | 4,023,334                             | 3,680,399                         |
| <b>13</b>   | <b>INTANGIBLE ASSETS</b>                              |                                       |                                   |
|             | Capital work-in-progress - Advance to suppliers       | 161,417                               | 59,148                            |
|             | Computer software                                     | 353,079                               | 350,204                           |
|             |   | 514,496                               | 409,352                           |

|  |   |                                 |                       |
|--|---|---------------------------------|-----------------------|
|  |   | September 30,<br>2023           | September 30,<br>2022 |
|  |   | (Un-audited)                    | (Un-audited)          |
|  |   | --- (Rupees in '000) ---        | ---                   |
| 13.1 Additions to intangible assets    | Directly purchased  | 90,142                          | 53,618                |
|  |   |                                 |                       |
|  |   | September 30, 2023 (Un-audited) |                       |
| 14 DEFERRED TAX ASSETS / (LIABILITIES) |   | At Jan 1, 2023                  | At September 30, 2023 |
|  |   | Recognised in P&L               | Recognised in OCI     |
|  |   | ----- Rupees in '000 -----      |                       |
| Deductible temporary differences on:   |   |                                 |                       |
|  | Provision against non-performing Islamic financing and related assets                 | 1,446,259                       | 2,210,840             |
|  | Provision against other assets  | 3,867                           | 540                   |
|  | Deficit on revaluation of investments   | 508,498                         | -                     |
|  | Deficit on defined benefit plan   | 44,478                          | -                     |
|  | Accelerated tax depreciation and amortisation   | (1,823)                         | 55,988                |
|  |   | 2,001,279                       | 2,267,368             |
|  |   |                                 |                       |
|  |   | December 31, 2022 (Audited)     |                       |
|  |   | At Jan 1, 2022                  | At Dec 31, 2022       |
|  |   | Recognised in P&L               | Recognised in OCI     |
|  |   | ----- Rupees in '000 -----      |                       |
| Deductible temporary differences on:   |   |                                 |                       |
|  | Provision against non-performing Islamic financing and related assets                 | 302,873                         | 1,143,386             |
|  | Provision against other assets  | 3,507                           | 360                   |
|  | Deficit on revaluation of investments   | (436,911)                       | -                     |
|  | Deficit on defined benefit plan   | 25,940                          | -                     |
|  |   | (104,591)                       | 1,143,746             |
| Taxable temporary differences on:      |   |                                 |                       |
|  | Accelerated tax depreciation and amortisation   | (201)                           | (1,622)               |
|  |   | (104,792)                       | 1,142,124             |
|  |   |                                 |                       |
|  |   | September 30, 2023              | December 31, 2022     |
|  |   | (Un-audited)                    | (Audited)             |
|  |   | --- Rupees in '000 ---          | ---                   |
| 15 OTHER ASSETS                        | Profit / return accrued in local currency   | 16,499,464                      | 9,915,595             |
|  | Profit / return accrued in foreign currencies   | 114,734                         | 197,375               |
|  | Advances, deposits and other prepayments  | 981,009                         | 863,106               |
|  | Mark to market gain on forward foreign exchange contracts                             | 183,689                         | 566,774               |
|  | Acceptances   | 5,740,850                       | 4,436,519             |
|  | Others  | 613,966                         | 265,715               |
|  |   | 24,133,712                      | 16,245,084            |
|  | Less: Provision held against other assets   | (8,993)                         | (8,993)               |
|  |   | 24,124,719                      | 16,236,091            |
|  |   |                                 |                       |
| 16 BILLS PAYABLE                       | In Pakistan   | 3,352,365                       | 7,196,760             |
|  | Outside Pakistan  | 10,828                          | 11,134                |
|  |   | 3,363,193                       | 7,207,894             |
|  |   |                                 |                       |
| 17 DUE TO FINANCIAL INSTITUTIONS       | Secured   |                                 |                       |
|  | Musharaka from the State Bank of Pakistan under Islamic Export Refinance Scheme       | 14,445,128                      | 15,878,463            |
|  | Investment from the State Bank of Pakistan under Islamic Long Term Financing Facility | 3,750,963                       | 4,268,281             |
|  | under Payment of Wages and Salaries Refinance Scheme                                  | -                               | 375,164               |
|  | under Islamic Financing Facility for Combating COVID 19                               | 476,242                         | 591,857               |
|  | under Islamic Finance Facility For Renewable Energy                                   | 387,668                         | 466,849               |
|  | under Islamic Temporary Economic Refinance Facility                                   | 11,678,700                      | 10,819,396            |
|  | under other Islamic Refinance Facilities  | 591,550                         | 474,411               |
|  |   | 31,330,251                      | 32,874,421            |
|  | Musharaka from other financial institution  | 3,000,000                       | 3,000,000             |
|  | Total Secured   | 34,330,251                      | 35,874,421            |
|  |   |                                 |                       |
| Unsecured                              |   |                                 |                       |
|  | Overdrawn nostro accounts   | -                               | 639                   |
|  |   | 34,330,251                      | 35,875,060            |

## 18 DEPOSITS AND OTHER ACCOUNTS

|                               | September 30, 2023 (Un-audited) |                       |                    | December 31, 2022 (Audited) |                       |                    |
|-------------------------------|---------------------------------|-----------------------|--------------------|-----------------------------|-----------------------|--------------------|
|                               | In local currency               | In foreign currencies | Total              | In local currency           | In foreign currencies | Total              |
| ----- Rupees in '000 -----    |                                 |                       |                    |                             |                       |                    |
| <b>Customers</b>              |                                 |                       |                    |                             |                       |                    |
| Current deposits              | 75,735,877                      | 19,752,693            | 95,488,570         | 68,772,344                  | 17,032,944            | 85,805,288         |
| Savings deposits              | 113,590,571                     | 11,379,356            | 124,969,927        | 114,270,169                 | 8,752,595             | 123,022,764        |
| Term deposits                 | 29,976,426                      | 30,264,457            | 60,240,883         | 44,015,825                  | 26,456,553            | 70,472,378         |
| Others*                       | 14,603,365                      | -                     | 14,603,365         | 11,840,762                  | -                     | 11,840,762         |
|                               | <b>233,906,239</b>              | <b>61,396,506</b>     | <b>295,302,745</b> | <b>238,899,100</b>          | <b>52,242,092</b>     | <b>291,141,192</b> |
| <b>Financial institutions</b> |                                 |                       |                    |                             |                       |                    |
| Current deposits              | 1,152,790                       | 59,449                | 1,212,239          | 208,483                     | 43,930                | 252,413            |
| Savings deposits              | 23,399,050                      | -                     | 23,399,050         | 52,293,215                  | -                     | 52,293,215         |
| Term deposits                 | 756,550                         | -                     | 756,550            | 2,124,391                   | -                     | 2,124,391          |
| Others*                       | 824,449                         | -                     | 824,449            | -                           | -                     | -                  |
|                               | <b>26,132,839</b>               | <b>59,449</b>         | <b>26,192,288</b>  | <b>54,626,089</b>           | <b>43,930</b>         | <b>54,670,019</b>  |
|                               | <b>260,039,078</b>              | <b>61,455,955</b>     | <b>321,495,033</b> | <b>293,525,189</b>          | <b>52,286,022</b>     | <b>345,811,211</b> |

\* This includes deposits in respect of margin accounts and call deposit receipts.

| 19 LEASE LIABILITIES                                 | Note | September 30,<br>2023<br>(Un-audited) | December 31,<br>2022<br>(Audited) |
|--|------|---------------------------------------|-----------------------------------|
|  |      | ---- Rupees in '000 ----              |                                   |
| Outstanding amount at the start of the period / year |      | 3,807,378                             | 2,666,266                         |
| Additions during the period / year                   |      | 949,609                               | 1,638,177                         |
| Lease payments                                       |      | (721,175)                             | (857,750)                         |
| Finance charges on leased assets                     |      | 382,225                               | 360,685                           |
| Outstanding amount at the end of the period / year   |      | <b>4,418,037</b>                      | <b>3,807,378</b>                  |
| <b>19.1 Lease liabilities Outstanding</b>            |      |                                       |                                   |
| Not later than one year                              |      | 542,082                               | 583,641                           |
| Later than one year and upto five years              |      | 2,135,331                             | 1,778,472                         |
| Over five years                                      |      | 1,740,624                             | 1,445,265                         |
| Total at the year end                                |      | <b>4,418,037</b>                      | <b>3,807,378</b>                  |
| <b>20 SUBORDINATED SUKUKS</b>                        |      |                                       |                                   |
| Additional Tier I Sukuk                              | 20.1 | 3,120,000                             | 3,120,000                         |
| Tier II Sukuk  | 20.2 | 4,000,000                             | 4,000,000                         |
|  |      | <b>7,120,000</b>                      | <b>7,120,000</b>                  |

**20.1** In December 2018, the Bank issued regulatory Shari'a compliant perpetual, unsecured, subordinated privately placed Additional Tier I Sukuk based on Mudaraba of Rs. 3,120 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of sukuk is as follows:

|  |   |
|--|---|
| Credit rating  | A+ (Single A - Plus) by VIS Credit Rating Company Limited.  |
| Tenor  | Perpetual   |
| Profit payment frequency                                 | Monthly in arrears  |
| Redemption   | Perpetual   |
| Expected periodic profit amount (Mudaraba profit amount) | The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 23.88% per annum.          |
| Call option  | The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.   |
| Loss absorbency  | The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP. |
| Lock-in-clause   | Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, if such payment will result in a shortfall in the Issuer's minimum capital or capital adequacy ratio requirement.   |

- 20.2** In December 2022, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs. 4,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of sukuk is as follows:

|  |   |
|--|---|
| Credit rating  | AA- (Double AA - Minus) by VIS Credit Rating Company Limited.   |
| Tenor  | 10 years form the issue date  |
| Profit payment frequency                                 | Semi-annually in arrears  |
| Redemption   | On the tenth anniversary from the issue date of sukuk.  |
| Expected periodic profit amount (Mudaraba profit amount) | The Mudaraba Profit is in accordance with the agreed profit sharing ratios / weightages assigned by the bank from time-to-time coinciding with the relevant profit distribution frequency for the relevant profit distribution period. Last announced profit rate on the sukuk is 22.84% per annum. |
| Call option  | The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.   |
| Loss absorbency  | The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.   |
| Lock-in-clause   | Profit and/or redemption amount can be held back in respect of the Tier II Sukuk, if such payment will result in a shortfall in the Issuer's minimum capital or capital adequacy ratio requirement.   |

|  |      | September 30,<br>2023<br>(Un-audited) | December 31,<br>2022<br>(Audited) |
|--|------|---------------------------------------|-----------------------------------|
|  | Note | --- Rupees in '000 ---                |                                   |
| <b>21 OTHER LIABILITIES</b>                                    |      |                                       |                                   |
| Profit / return payable in local currency                      |      | 3,702,213                             | 3,178,501                         |
| Profit / return payable in foreign currencies                  |      | 340,947                               | 169,666                           |
| Deferred income  |      | 3,245,218                             | 2,224,289                         |
| Accrued expenses   |      | 1,002,419                             | 1,060,452                         |
| Advance from financing customers                               |      | 1,119,046                             | 1,292,290                         |
| Mark to market loss on forward foreign exchange contracts      |      | 1,041,964                             | 22,728                            |
| Acceptances  |      | 5,740,850                             | 4,436,519                         |
| Current taxation (provisions less payments)                    |      | 1,726,065                             | 1,147,215                         |
| Security deposits against Islamic financing and related assets |      | 16,662                                | 35,173                            |
| Payable to dealers, contractors, etc.                          |      | 209,528                               | 188,750                           |
| Workers welfare fund payable                                   |      | 973,853                               | 711,792                           |
| Payable to Employees Old Age Benefit Institution (EOBI)        |      | 176,215                               | 158,729                           |
| Others   |      | 676,744                               | 835,998                           |
|  |      | <u>19,971,724</u>                     | <u>15,462,102</u>                 |

**22 DEFICIT ON REVALUATION OF INVESTMENTS**

**Deficit on revaluation of Available-for-sale securities**

|                                  |     |                    |                  |
|----------------------------------|-----|--------------------|------------------|
| Sukuk certificates               | 9.1 | (2,041,474)        | (1,182,553)      |
| Less: Related deferred tax asset |     | 1,000,322          | 508,498          |
|                                  |     | <u>(1,041,152)</u> | <u>(674,055)</u> |



|               |  | September 30,<br>2023<br>(Un-audited) | December 31,<br>2022<br>(Audited) |
|---------------|--|---------------------------------------|-----------------------------------|
|               |  | --- Rupees in '000 ---                |                                   |
| <b>23</b>     | <b>CONTINGENCIES AND COMMITMENTS</b>                                 |                                       |                                   |
|               |  | <i>Note</i>                           |                                   |
|               | Guarantees   | 23.1                                  | 21,033,343                        |
|               | Commitments  | 23.2                                  | 101,911,605                       |
|               | Other contingent liabilities   | 23.3                                  | 211,480                           |
|               |  |                                       | <u>123,156,428</u>                |
|               |  |                                       | <u>119,237,384</u>                |
| <b>23.1</b>   | <b>Guarantees</b>  |                                       |                                   |
|               | Financial guarantees   |                                       | -                                 |
|               | Performance guarantees   |                                       | 14,874                            |
|               | Other guarantees   |                                       | 8,599,049                         |
|               |  |                                       | <u>12,434,294</u>                 |
|               |  |                                       | <u>21,033,343</u>                 |
| <b>23.2</b>   | <b>Commitments</b>   |                                       |                                   |
|               | <b>Documentary credits and short-term trade-related transactions</b> |                                       |                                   |
|               | - Letters of credit  |                                       | 41,987,455                        |
|               |  |                                       | 43,094,462                        |
|               | <b>Commitments in respect of:</b>                                    |                                       |                                   |
|               | - Forward foreign exchange contracts                                 | 23.2.1                                | 55,218,616                        |
|               | - Islamic financing and related assets                               |                                       | 4,340,000                         |
|               |  |                                       | 7,096,289                         |
|               | <b>Commitments for acquisition of:</b>                               |                                       |                                   |
|               | - Property and equipment   |                                       | 177,309                           |
|               | - Intangible assets  |                                       | 188,225                           |
|               |  |                                       | <u>101,911,605</u>                |
|               |  |                                       | <u>92,028,518</u>                 |
| <b>23.2.1</b> | <b>Commitments in respect of forward foreign exchange contracts</b>  |                                       |                                   |
|               | Purchase   |                                       | 40,810,248                        |
|               | Sale   |                                       | 14,408,368                        |
|               |  |                                       | <u>55,218,616</u>                 |
|               |  |                                       | <u>41,440,976</u>                 |
| <b>23.3</b>   | <b>Other contingencies</b>   |                                       |                                   |

The income tax authorities have amended assessment orders of the Bank for prior years including the tax year 2022. The disallowances were mainly due to IFRS 16 “Leases” related adjustments, charge/reversals of provision against financing, provision against investments and Workers Welfare Fund. The Bank has filed appeals before the various appellate forums against these amendments.

For the tax year 2015, tax authorities have issued a notice to amend assessment against the adjustment of minimum tax paid in prior years amounting to Rs. 211.48 million. The management of the Bank approached Honorable Sindh High Court and subsequently the Honorable Supreme Court of Pakistan against the order of the Honorable Sindh High Court. The Honorable Supreme Court of Pakistan has granted leave to appeal. The appeal is expected to be fixed soon. Through Finance Act 2021, favorable amendment has been made to section 113(2)(c) strengthening Bank’s stance on adjustment of minimum tax for the years where no tax was payable. The management of the Bank is confident that the appeals will be decided in favor of the Bank in respect of the aforementioned matters.

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

## 24 PROFIT / RETURN EARNED

|  |                   |                   |
|--|-------------------|-------------------|
| On Islamic financing and related assets to customers | 34,526,740        | 23,951,539        |
| On investments in available-for-sale securities      | 13,121,327        | 7,326,898         |
| On deposits / placements with financial institutions | 558,996           | 190,547           |
|  | <u>48,207,063</u> | <u>31,468,984</u> |

## 25 PROFIT / RETURN EXPENSED

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Deposits and other accounts      | 20,851,830        | 13,472,417        |
| Subordinated sukuk               | 1,110,854         | 718,384           |
| Due to financial institutions    | 2,684,486         | 2,944,283         |
| Finance charges on leased assets | 382,225           | 245,733           |
| Cost of foreign currency swaps   | 1,492,023         | 750,168           |
|                                  | <u>26,521,418</u> | <u>18,130,985</u> |

## 26 FEE & COMMISSION INCOME

|  |                  |                  |
|--|------------------|------------------|
| Consumer finance related fees                        | 499,150          | 504,276          |
| Credit related fees                                  | 70,860           | 70,631           |
| Investment banking fees                              | 81,491           | 129,420          |
| Branch banking customer fees                         | 69,458           | 75,940           |
| Card related fees                                    | 216,843          | 182,215          |
| Commission on trade                                  | 336,968          | 251,165          |
| Commission on guarantees                             | 104,263          | 136,665          |
| Commission on cash management                        | 100,515          | 67,490           |
| Commission on remittances including home remittances | 11,583           | 10,117           |
| Commission on bancassurance                          | 12,967           | 29,594           |
| Rebate income  | 109,111          | 101,438          |
| Others   | 9,295            | 29,905           |
|  | <u>1,622,504</u> | <u>1,588,856</u> |

## 27 OTHER INCOME

|  |              |            |
|--|--------------|------------|
| Gain on sale of property and equipment - net | <u>1,150</u> | <u>172</u> |
|--|--------------|------------|

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

## 28 OPERATING EXPENSES

|   |                  |                  |
|---|------------------|------------------|
| <b>Total compensation expense</b>                   | <b>3,726,854</b> | <b>3,073,444</b> |
| <b>Property expense</b>                             |                  |                  |
| Utilities cost                                      | 562,436          | 432,299          |
| Security  | 259,623          | 213,929          |
| Repair & maintenance (including janitorial charges) | 169,053          | 150,261          |
| Takaful charges                                     | 1,469            | 666              |
| Depreciation  | 63,583           | 61,507           |
| Depreciation on right-of-use assets                 | 728,457          | 701,871          |
|   | <b>1,784,621</b> | <b>1,560,533</b> |
| <b>Information technology expenses</b>              |                  |                  |
| Software maintenance                                | 490,022          | 301,668          |
| Hardware maintenance                                | 233,679          | 129,971          |
| Depreciation  | 180,652          | 89,505           |
| Amortisation  | 87,266           | 67,090           |
| Networking and connectivity charges                 | 134,666          | 113,573          |
| Outsourced services cost                            | 42,749           | 30,570           |
| Takaful charges                                     | 2,171            | 1,065            |
| Others  | 4,231            | 2,291            |
|   | <b>1,175,436</b> | <b>735,733</b>   |
| <b>Other operating expenses</b>                     |                  |                  |
| Directors' fee and allowances                       | 14,153           | 6,357            |
| Fees and allowances to Sharia'h Board members       | 13,425           | 10,342           |
| Legal and professional charges                      | 65,070           | 33,976           |
| Outsourced services cost                            | 157,579          | 125,316          |
| Travelling and conveyance                           | 35,075           | 27,198           |
| NIFT clearing charges                               | 42,700           | 31,240           |
| Depreciation  | 102,508          | 107,762          |
| Training and development                            | 19,340           | 9,719            |
| Postage and courier charges                         | 30,605           | 26,510           |
| Communications                                      | 294,210          | 196,673          |
| Stationary and printing                             | 168,256          | 148,599          |
| Marketing, advertising and publicity                | 200,347          | 151,303          |
| Auditors' remuneration                              | 8,143            | 5,400            |
| Brokerage, commission and bank charges              | 373,875          | 405,454          |
| Tracker related charges                             | 109,997          | 113,959          |
| Cash transportation charges                         | 262,074          | 211,806          |
| Repair and maintenance                              | 95,844           | 88,981           |
| Subscription fees                                   | 19,597           | 19,981           |
| Takaful charges                                     | 36,242           | 31,761           |
| Deposit premium cost                                | 103,022          | 103,108          |
| Others  | 90,085           | 124,720          |
|   | <b>2,242,147</b> | <b>1,980,165</b> |
|   | <b>8,929,058</b> | <b>7,349,875</b> |

|  |             | September 30,<br>2023  | September 30,<br>2022 |
|--|-------------|------------------------|-----------------------|
|  |             | (Un-audited)           |                       |
|  |             | --- Rupees in '000 --- |                       |
|  | <i>Note</i> |                        |                       |
| <b>29 OTHER CHARGES</b>                                |             |                        |                       |
| Penalties imposed by State Bank of Pakistan            |             | <u>16,476</u>          | <u>11,804</u>         |
| <b>30 PROVISIONS &amp; WRITE OFFS - NET</b>            |             |                        |                       |
| Provision against Islamic financing and related assets |             | <u>6,416,393</u>       | <u>1,988,492</u>      |
| <b>31 TAXATION</b>                                     |             |                        |                       |
| Current  |             | 6,420,489              | 3,126,244             |
| Deferred   |             |                        |                       |
| - for the period                                       |             | (2,065,279)            | 127,081               |
| - prior year   |             | <u>(202,089)</u>       | <u>(31,403)</u>       |
|  |             | <u>4,153,121</u>       | <u>3,221,922</u>      |
| <b>32 BASIC AND DILUTED EARNINGS PER SHARE</b>         |             |                        |                       |
| Profit for the period                                  |             | <u>4,678,435</u>       | <u>3,415,446</u>      |
|  |             | ----- (Number) -----   |                       |
| Weighted average number of ordinary shares             |             | <u>1,165,228,776</u>   | <u>1,165,228,776</u>  |
|  |             | ----- (Rupees) -----   |                       |
| Earning per share - basic and diluted                  |             | <u>4.02</u>            | <u>2.93</u>           |
| <b>33 CASH AND CASH EQUIVALENTS</b>                    |             |                        |                       |
| Cash and balances with treasury banks                  | 6           | 30,031,987             | 20,039,945            |
| Balances with other banks                              | 7           | 1,854,479              | 1,648,552             |
| Overdrawn nostro accounts                              | 17          | -                      | (25,494)              |
|  |             | <u>31,886,466</u>      | <u>21,663,003</u>     |

### 34 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

| September 30, 2023 (Un-audited)                                  |                  |                    |                           |                        |                             |             |            |            |         |            |
|--|------------------|--------------------|---------------------------|------------------------|-----------------------------|-------------|------------|------------|---------|------------|
| On-Balance sheet Financial Instruments                           | Carrying Value   |                    |                           |                        |                             |             | Fair Value |            |         |            |
|  | Held to Maturity | Available for Sale | Financing and receivables | Other financial assets | Other financial liabilities | Total       | Level 1    | Level 2    | Level 3 | Total      |
|  | Rupees in '000   |                    |                           |                        |                             |             |            |            |         |            |
| Financial assets - measured at fair value                        |                  |                    |                           |                        |                             |             |            |            |         |            |
| Investments  |                  |                    |                           |                        |                             |             |            |            |         |            |
| Federal Government securities                                    | -                | 55,901,276         | -                         | -                      | -                           | 55,901,276  | -          | 55,901,276 | -       | 55,901,276 |
| Non-Government debt securities                                   | -                | 39,776,104         | -                         | -                      | -                           | 39,776,104  | -          | 39,776,104 | -       | 39,776,104 |
| Foreign securities   | -                | 20,283,975         | -                         | -                      | -                           | 20,283,975  | -          | 20,283,975 | -       | 20,283,975 |
| Other assets   |                  |                    |                           |                        |                             |             |            |            |         |            |
| Unrealized gain on foreign exchange contracts                    | -                | -                  | -                         | 183,689                | -                           | 183,689     | -          | 183,689    | -       | 183,689    |
| Financial assets - disclosed but not measured at fair value      |                  |                    |                           |                        |                             |             |            |            |         |            |
| Cash and balances with treasury banks                            | -                | -                  | -                         | 30,031,987             | -                           | 30,031,987  |            |            |         |            |
| Balances with other banks  | -                | -                  | -                         | 1,854,479              | -                           | 1,854,479   |            |            |         |            |
| Due from financial institution                                   | -                | -                  | -                         | -                      | -                           | -           |            |            |         |            |
| Islamic financings and related assets - net                      | -                | -                  | 242,168,923               | -                      | -                           | 242,168,923 |            |            |         |            |
| Other asset  | -                | -                  | -                         | 22,975,675             | -                           | 22,975,675  |            |            |         |            |
|  | -                | 115,961,355        | 242,168,923               | 55,045,830             | -                           | 413,176,108 |            |            |         |            |
| Financial liabilities - measured at fair value                   |                  |                    |                           |                        |                             |             |            |            |         |            |
| Other liabilities  |                  |                    |                           |                        |                             |             |            |            |         |            |
| Unrealized loss on foreign exchange contracts                    | -                | -                  | -                         | -                      | 1,041,964                   | 1,041,964   | -          | 1,041,964  | -       | 1,041,964  |
| Financial liabilities - disclosed but not measured at fair value |                  |                    |                           |                        |                             |             |            |            |         |            |
| Bills payable  | -                | -                  | -                         | -                      | 3,363,193                   | 3,363,193   |            |            |         |            |
| Due to financial institutions                                    | -                | -                  | -                         | -                      | 34,330,251                  | 34,330,251  |            |            |         |            |
| Deposits and other accounts                                      | -                | -                  | -                         | -                      | 321,495,033                 | 321,495,033 |            |            |         |            |
| Subordinated sukuk   | 7,120,000        | -                  | -                         | -                      | -                           | 7,120,000   |            |            |         |            |
| Other liabilities  | -                | -                  | -                         | -                      | 14,710,689                  | 14,710,689  |            |            |         |            |
|  | 7,120,000        | -                  | -                         | -                      | 374,941,130                 | 382,061,130 |            |            |         |            |
| Off-balance sheet financial instruments - measured at fair value |                  |                    |                           |                        |                             |             |            |            |         |            |
| Forward foreign exchange contracts                               | -                | -                  | -                         | 54,360,341             | -                           | 54,360,341  | -          | 54,360,341 | -       | 54,360,341 |
| December 31, 2022 (Audited)                                      |                  |                    |                           |                        |                             |             |            |            |         |            |
| On-Balance sheet Financial Instruments                           | Carrying Value   |                    |                           |                        |                             |             | Fair Value |            |         |            |
|  | Held to Maturity | Available for Sale | Financing and receivables | Other financial assets | Other financial liabilities | Total       | Level 1    | Level 2    | Level 3 | Total      |
|  | Rupees in '000   |                    |                           |                        |                             |             |            |            |         |            |
| Financial assets - measured at fair value                        |                  |                    |                           |                        |                             |             |            |            |         |            |
| Investments  |                  |                    |                           |                        |                             |             |            |            |         |            |
| Federal Government securities                                    | -                | 47,019,343         | -                         | -                      | -                           | 47,019,343  | -          | 47,019,343 | -       | 47,019,343 |
| Non-Government debt securities                                   | -                | 40,231,813         | -                         | -                      | -                           | 40,231,813  | -          | 40,231,813 | -       | 40,231,813 |
| Foreign securities   | -                | 16,109,979         | -                         | -                      | -                           | 16,109,979  | -          | 16,109,979 | -       | 16,109,979 |
| Other assets   |                  |                    |                           |                        |                             |             |            |            |         |            |
| Unrealized gain on foreign exchange contracts                    | -                | -                  | -                         | 566,774                | -                           | 566,774     | -          | 566,774    | -       | 566,774    |
| Financial assets - disclosed but not measured at fair value      |                  |                    |                           |                        |                             |             |            |            |         |            |
| Cash and balances with treasury banks                            | -                | -                  | -                         | 45,632,108             | -                           | 45,632,108  |            |            |         |            |
| Balances with other banks  | -                | -                  | -                         | 1,146,321              | -                           | 1,146,321   |            |            |         |            |
| Due from financial institution                                   | -                | -                  | -                         | 23,500,000             | -                           | 23,500,000  |            |            |         |            |
| Islamic financings and related assets - net                      | -                | -                  | 247,767,953               | -                      | -                           | 247,767,953 |            |            |         |            |
| Other asset  | -                | -                  | -                         | 14,838,527             | -                           | 14,838,527  |            |            |         |            |
|  | -                | 103,361,135        | 247,767,953               | 85,683,730             | -                           | 436,812,818 |            |            |         |            |
| Financial liabilities - measured at fair value                   |                  |                    |                           |                        |                             |             |            |            |         |            |
| Other liabilities  |                  |                    |                           |                        |                             |             |            |            |         |            |
| Unrealized loss on foreign exchange contracts                    | -                | -                  | -                         | -                      | 22,728                      | 22,728      | -          | 22,728     | -       | 22,728     |
| Financial liabilities - not measured at fair value               |                  |                    |                           |                        |                             |             |            |            |         |            |
| Bills payable  | -                | -                  | -                         | -                      | 7,207,894                   | 7,207,894   |            |            |         |            |
| Due to financial institutions                                    | -                | -                  | -                         | -                      | 35,875,060                  | 35,875,060  |            |            |         |            |
| Deposits and other accounts                                      | -                | -                  | -                         | -                      | 345,811,211                 | 345,811,211 |            |            |         |            |
| Subordinated sukuk   | 7,120,000        | -                  | -                         | -                      | -                           | 7,120,000   |            |            |         |            |
| Other liabilities  | -                | -                  | -                         | -                      | 14,944,947                  | 14,944,947  |            |            |         |            |
|  | 7,120,000        | -                  | -                         | -                      | 403,861,840                 | 410,981,840 |            |            |         |            |
| Off-balance sheet financial instruments - measured at fair value |                  |                    |                           |                        |                             |             |            |            |         |            |
| Forward foreign exchange contracts                               | -                | -                  | -                         | 41,985,022             | -                           | 41,985,022  | -          | 41,985,022 | -       | 41,985,022 |

### 35 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

|  | September 30, 2023 (Un-audited) |                                |                     |              |             |                              |             |
|--|---------------------------------|--------------------------------|---------------------|--------------|-------------|------------------------------|-------------|
|  | Corporate<br>Banking            | SME &<br>Commercial<br>Banking | Consumer<br>Banking | Treasury     | Others      | Inter-segment<br>Elimination | Total       |
|  | Rupees in '000                  |                                |                     |              |             |                              |             |
| Condensed Interim Profit and Loss Account          |                                 |                                |                     |              |             |                              |             |
| Net Profit / return                                | 12,870,482                      | 855,825                        | (5,310,515)         | 13,194,994   | 74,859      | -                            | 21,685,645  |
| Inter segment revenue - net                        | (10,567,287)                    | 4,305,450                      | 20,006,512          | (13,668,666) | (76,009)    | -                            | -           |
| Other income                                       | 516,238                         | 686,927                        | 1,156,596           | 408,988      | 1,150       | -                            | 2,769,899   |
| Total income                                       | 2,819,433                       | 5,848,202                      | 15,852,593          | (64,684)     | -           | -                            | 24,455,544  |
| Segment direct expenses                            | (580,904)                       | (1,587,990)                    | (5,462,315)         | (132,944)    | (1,443,442) | -                            | (9,207,595) |
| Inter segment expense allocation                   | (126,258)                       | (291,090)                      | (976,198)           | (49,896)     | 1,443,442   | -                            | -           |
| Total expenses                                     | (707,162)                       | (1,879,080)                    | (6,438,513)         | (182,840)    | -           | -                            | (9,207,595) |
| (Provisions) / reversal                            | (999,757)                       | (5,419,177)                    | 2,541               | -            | -           | -                            | (6,416,393) |
| Profit before tax                                  | 1,112,514                       | (1,450,055)                    | 9,416,621           | (247,524)    | -           | -                            | 8,831,556   |
| Condensed Interim Statement of Financial Position  |                                 |                                |                     |              |             |                              |             |
| Cash and bank balances                             | -                               | 1,014,362                      | 5,403,695           | 1,854,479    | 23,613,930  | -                            | 31,886,466  |
| Due from financial institutions                    | -                               | -                              | -                   | -            | -           | -                            | -           |
| Investments  | -                               | -                              | -                   | 115,961,355  | -           | -                            | 115,961,355 |
| Net inter segment lending                          | -                               | 36,466,227                     | 143,245,451         | -            | 14,259,845  | (193,971,523)                | -           |
| Islamic financings and related assets - performing | 157,885,221                     | 36,714,612                     | 44,307,173          | -            | 2,667,770   | -                            | 241,574,776 |
| - non-performing                                   | -                               | 37,084                         | 557,063             | -            | -           | -                            | 594,147     |
| Others   | 9,728,438                       | 4,842,058                      | 8,408,384           | 7,127,158    | 4,999,817   | -                            | 35,105,855  |
| Total Assets                                       | 167,613,659                     | 79,074,343                     | 201,921,766         | 124,942,992  | 45,541,362  | (193,971,523)                | 425,122,599 |
| Due to financial institutions                      | 20,892,213                      | 10,438,038                     | -                   | 3,000,000    | -           | -                            | 34,330,251  |
| Deposits & other accounts                          | 68,951,788                      | 63,774,245                     | 188,624,770         | 144,230      | -           | -                            | 321,495,033 |
| Net inter segment borrowing                        | 72,224,395                      | -                              | -                   | 121,747,128  | -           | (193,971,523)                | -           |
| Subordinated sukuk                                 | -                               | -                              | -                   | -            | 7,120,000   | -                            | 7,120,000   |
| Others   | 5,545,263                       | 4,862,060                      | 13,296,996          | 1,092,786    | 2,955,849   | -                            | 27,752,954  |
| Total liabilities                                  | 167,613,659                     | 79,074,343                     | 201,921,766         | 125,984,144  | 10,075,849  | (193,971,523)                | 390,698,238 |
| Equity   | -                               | -                              | -                   | (1,041,152)  | 35,465,513  | -                            | 34,424,361  |
| Total Equity and liabilities                       | 167,613,659                     | 79,074,343                     | 201,921,766         | 124,942,992  | 45,541,362  | (193,971,523)                | 425,122,599 |
| Contingencies and Commitments                      |                                 |                                |                     |              |             |                              |             |
| Commitments  | 32,108,587                      | 32,395,702                     | 3,219,969           | 55,220,690   | 211,480     | -                            | 123,156,428 |

**September 30, 2022 (Un-audited)**

| <b>Corporate<br/>Banking</b> | <b>SME &amp;<br/>Commercial<br/>Banking</b> | <b>Consumer<br/>Banking</b> | <b>Treasury</b> | <b>Others</b> | <b>Inter-<br/>segment<br/>Elimination</b> | <b>Total</b> |
|------------------------------|---|-----------------------------|-----------------|---------------|---|--------------|
| ----- Rupees in '000 -----   |   |                             |                 |               |   |              |

**Condensed Interim Profit and Loss Account**

|                                     |                  |                    |                    |                  |           |          |                    |
|-------------------------------------|------------------|--------------------|--------------------|------------------|-----------|----------|--------------------|
| Net Profit / return                 | 8,220,710        | 2,112,514          | (2,593,551)        | 5,531,036        | 67,290    | -        | 13,337,999         |
| Inter segment revenue - net         | (6,969,927)      | 596,099            | 11,795,316         | (5,354,026)      | (67,462)  | -        | -                  |
| Other income / (loss)               | 996,215          | 742,926            | 1,222,802          | (179,827)        | 172       | -        | 2,782,288          |
| <b>Total income</b>                 | <b>2,246,998</b> | <b>3,451,539</b>   | <b>10,424,567</b>  | <b>(2,817)</b>   | <b>-</b>  | <b>-</b> | <b>16,120,287</b>  |
| Segment direct expenses             | (481,958)        | (1,297,745)        | (4,621,894)        | (116,709)        | (976,121) | -        | (7,494,427)        |
| Inter segment expense<br>allocation | (102,408)        | (202,294)          | (636,067)          | (35,352)         | 976,121   | -        | -                  |
| <b>Total expenses</b>               | <b>(584,366)</b> | <b>(1,500,039)</b> | <b>(5,257,961)</b> | <b>(152,061)</b> | <b>-</b>  | <b>-</b> | <b>(7,494,427)</b> |
| Provisions                          | (1,333,188)      | (587,918)          | (67,386)           | -                | -         | -        | (1,988,492)        |
| <b>Profit before tax</b>            | <b>329,444</b>   | <b>1,363,582</b>   | <b>5,099,220</b>   | <b>(154,878)</b> | <b>-</b>  | <b>-</b> | <b>6,637,368</b>   |

**December 31, 2022 (Audited)**

| <b>Corporate<br/>Banking</b> | <b>SME &amp;<br/>Commercial<br/>Banking</b> | <b>Consumer<br/>Banking</b> | <b>Treasury</b> | <b>Other</b> | <b>Inter-<br/>segment<br/>Elimination</b> | <b>Total</b> |
|------------------------------|---|-----------------------------|-----------------|--------------|---|--------------|
| ----- Rupees in '000 -----   |   |                             |                 |              |   |              |

**Condensed Interim Statement of Financial Position**

|   |                    |                   |                    |                    |                   |                      |                    |
|---|--------------------|-------------------|--------------------|--------------------|-------------------|----------------------|--------------------|
| Cash and bank balances                                | -                  | 884,448           | 4,711,307          | 1,146,321          | 40,036,353        | -                    | 46,778,429         |
| Due from financial institutions                       | -                  | -                 | -                  | 23,500,000         | -                 | -                    | 23,500,000         |
| Investments   | -                  | -                 | -                  | 103,361,135        | -                 | -                    | 103,361,135        |
| Net inter segment lending                             | -                  | 30,737,695        | 144,643,559        | -                  | -                 | (175,381,254)        | -                  |
| Islamic financings and related<br>assets - performing | 141,724,106        | 50,052,050        | 51,890,228         | -                  | 2,622,073         | -                    | 246,288,457        |
| - non-performing                                      | 144,163            | 888,008           | 447,325            | -                  | -                 | -                    | 1,479,496          |
| Others  | 11,838,368         | 1,939,323         | 5,588,431          | 4,252,285          | 364,538           | -                    | 23,982,945         |
| <b>Total Assets</b>                                   | <b>153,706,637</b> | <b>84,501,524</b> | <b>207,280,850</b> | <b>132,259,741</b> | <b>43,022,964</b> | <b>(175,381,254)</b> | <b>445,390,462</b> |
| Due to financial institutions                         | 21,262,593         | 11,611,828        | -                  | 3,000,639          | -                 | -                    | 35,875,060         |
| Deposits & other accounts                             | 83,358,092         | 66,111,481        | 196,241,691        | 99,947             | -                 | -                    | 345,811,211        |
| Net inter segment borrowing                           | 44,504,794         | -                 | -                  | 129,231,862        | 1,644,598         | (175,381,254)        | -                  |
| Subordinated sukuk                                    | -                  | -                 | -                  | -                  | 7,120,000         | -                    | 7,120,000          |
| Others  | 4,581,158          | 6,778,215         | 11,039,159         | 601,348            | 3,477,494         | -                    | 26,477,374         |
| <b>Total liabilities</b>                              | <b>153,706,637</b> | <b>84,501,524</b> | <b>207,280,850</b> | <b>132,933,796</b> | <b>12,242,092</b> | <b>(175,381,254)</b> | <b>415,283,645</b> |
| Equity  | -                  | -                 | -                  | (674,055)          | 30,780,872        | -                    | 30,106,817         |
| <b>Total Equity and liabilities</b>                   | <b>153,706,637</b> | <b>84,501,524</b> | <b>207,280,850</b> | <b>132,259,741</b> | <b>43,022,964</b> | <b>(175,381,254)</b> | <b>445,390,462</b> |
| <b>Contingencies and<br/>Commitments</b>              | <b>39,378,385</b>  | <b>32,561,815</b> | <b>5,601,115</b>   | <b>41,446,049</b>  | <b>250,020</b>    | <b>-</b>             | <b>119,237,384</b> |

### 36 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with Dubai Islamic Bank P.J.S.C, U.A.E, the holding company, directors, related group companies, associated companies, key management personnel and staff retirement funds.

A number of banking transactions are entered into with related parties in the normal course of business. These mainly includes financing, deposits and foreign currencies transactions. These transactions are executed substantially on the same terms including profit rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk. Contributions to staff retirement benefit plan are made in accordance with the terms of the contribution plan. Remuneration and other benefits to the executives are determined in accordance with the terms of their appointment.

Usual transactions with related parties include deposits, financing, returns and provision of other banking services. Transactions with executives are undertaken at terms in accordance with employment agreements and service rules.

The details of transactions with related parties and balances with them are given below:

|   | September 30, 2023 (Un-audited) |           |                          |             |              | December 31, 2022 (Audited) |           |                          |           |              |
|---|---------------------------------|-----------|--------------------------|-------------|--------------|-----------------------------|-----------|--------------------------|-----------|--------------|
|   | Holding Company                 | Directors | Key management personnel | Others**    | Total        | Holding Company             | Directors | Key management personnel | Others**  | Total        |
| ----- Rupees in '000 -----                  |                                 |           |                          |             |              |                             |           |                          |           |              |
| <b>Balances with other banks</b>            |                                 |           |                          |             |              |                             |           |                          |           |              |
| As at January 1,                            | 128,641                         | -         | -                        | -           | 128,641      | 128,774                     | -         | -                        | -         | 128,774      |
| Deposited during the period / year          | 41,051,082                      | -         | -                        | -           | 41,051,082   | 53,162,099                  | -         | -                        | -         | 53,162,099   |
| Withdrawals during the period / year        | (41,069,250)                    | -         | -                        | -           | (41,069,250) | (53,162,232)                | -         | -                        | -         | (53,162,232) |
| Closing balance                             | 110,473                         | -         | -                        | -           | 110,473      | 128,641                     | -         | -                        | -         | 128,641      |
| <b>Islamic financing and related assets</b> |                                 |           |                          |             |              |                             |           |                          |           |              |
| As at January 1,                            | -                               | -         | 205,096                  | -           | 205,096      | -                           | -         | 169,974                  | -         | 169,974      |
| Disbursed during the period / year          | -                               | -         | 10,000                   | -           | 10,000       | -                           | -         | 67,120                   | -         | 67,120       |
| Repaid during the period / year             | -                               | -         | (46,725)                 | -           | (46,725)     | -                           | -         | (51,057)                 | -         | (51,057)     |
| Adjustments *                               | -                               | -         | 11,812                   | -           | 11,812       | -                           | -         | 19,059                   | -         | 19,059       |
| Closing balance                             | -                               | -         | 180,183                  | -           | 180,183      | -                           | -         | 205,096                  | -         | 205,096      |
| <b>Deposits and other accounts</b>          |                                 |           |                          |             |              |                             |           |                          |           |              |
| As at January 1,                            | 73,931                          | 1,963     | 101,325                  | 1,406,741   | 1,583,960    | 87,254                      | 6,705     | 110,850                  | 1,056,088 | 1,260,897    |
| Received during the period / year           | 7,634,299                       | 13,355    | 748,648                  | 565,338     | 8,961,640    | 10,764,588                  | 4,945     | 934,867                  | 652,181   | 12,356,581   |
| Withdrawals during the period / year        | (7,577,409)                     | (12,673)  | (720,593)                | (1,614,506) | (9,925,181)  | (10,777,911)                | (9,687)   | (906,293)                | (301,528) | (11,995,419) |
| Adjustments *                               | -                               | -         | 13                       | -           | 13           | -                           | -         | (38,099)                 | -         | (38,099)     |
| Closing balance                             | 130,821                         | 2,645     | 129,393                  | 357,573     | 620,432      | 73,931                      | 1,963     | 101,325                  | 1,406,741 | 1,583,960    |
| <b>Other Liability</b>                      |                                 |           |                          |             |              |                             |           |                          |           |              |
| As at January 1,                            | -                               | -         | 29,026                   | -           | 29,026       | -                           | -         | 21,077                   | -         | 21,077       |
| Withheld during the period / year           | -                               | -         | 21,312                   | -           | 21,312       | -                           | -         | 16,256                   | -         | 16,256       |
| Paid during the period / year               | -                               | -         | (15,371)                 | -           | (15,371)     | -                           | -         | (8,307)                  | -         | (8,307)      |
| Closing balance                             | -                               | -         | 34,967                   | -           | 34,967       | -                           | -         | 29,026                   | -         | 29,026       |
| <b>Contingencies and commitments</b>        |                                 |           |                          |             |              |                             |           |                          |           |              |
| Foreign currency purchase contracts         | 8,289,907                       | -         | -                        | -           | 8,289,907    | 6,686,110                   | -         | -                        | -         | 6,686,110    |
| Foreign currency sale contracts             | 8,289,907                       | -         | -                        | -           | 8,289,907    | 6,686,110                   | -         | -                        | -         | 6,686,110    |
| Other guarantees                            | 520,355                         | -         | -                        | -           | 520,355      | 2,807                       | -         | -                        | -         | 2,807        |

|  | September 30, 2023 (Un-audited) |           |                          |          |         | September 30, 2022 (Un-audited) |           |                          |          |         |
|--|---------------------------------|-----------|--------------------------|----------|---------|---------------------------------|-----------|--------------------------|----------|---------|
|  | Holding Company                 | Directors | Key management personnel | Others** | Total   | Holding Company                 | Directors | Key management personnel | Others** | Total   |
| ----- Rupees in '000 -----                                 |                                 |           |                          |          |         |                                 |           |                          |          |         |
| <b>Transactions during the period</b>                      |                                 |           |                          |          |         |                                 |           |                          |          |         |
| Profit earned on financings                                | -                               | -         | 8,181                    | -        | 8,181   | -                               | -         | 6,128                    | -        | 6,128   |
| Profit expensed on deposits                                | -                               | 141       | 6,581                    | 72,867   | 79,589  | -                               | 2         | 9,729                    | 106,589  | 116,320 |
| Profit expensed on other liability                         | -                               | -         | 4,441                    | -        | 4,441   | -                               | -         | 2,170                    | -        | 2,170   |
| Fees and allowances  | -                               | 14,153    | 8,710                    | -        | 22,863  | -                               | 6,357     | 8,408                    | -        | 14,765  |
| Remuneration to key management personnel (including bonus) | -                               | -         | 333,156                  | -        | 333,156 | -                               | -         | 304,902                  | -        | 304,902 |
| Contribution made to gratuity fund                         | -                               | -         | -                        | 72,000   | 72,000  | -                               | -         | -                        | 72,000   | 72,000  |
| Contribution made to provident fund                        | -                               | -         | -                        | 115,322  | 115,322 | -                               | -         | -                        | 100,813  | 100,813 |

\* Primarily relates to those directors, associates and key management personnel who are no longer related parties or have become related parties of the Bank as at September 30, 2023.

\*\* Represents Dubai Islamic Bank Pakistan Limited's Provident & Gratuity Funds.



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

### 37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

#### Minimum Capital Requirement (MCR):

|                 |            |            |
|-----------------|------------|------------|
| Paid-up capital | 11,652,288 | 11,652,288 |
|-----------------|------------|------------|

#### Capital Adequacy Ratio (CAR):

|  |                   |                   |
|--|-------------------|-------------------|
| Eligible Common Equity Tier I (CET I) Capital    | 32,534,174        | 29,700,887        |
| Eligible Additional Tier I (ADT I) Capital       | 3,120,000         | 3,120,000         |
| Total Eligible Tier I Capital                    | 35,654,174        | 32,820,887        |
| Eligible Tier II Capital                         | 6,583,404         | 6,746,267         |
| <b>Total Eligible Capital (Tier I + Tier II)</b> | <b>42,237,578</b> | <b>39,567,154</b> |

#### Risk Weighted Assets (RWAs):

|                  |                    |                    |
|------------------|--------------------|--------------------|
| Credit Risk      | 206,672,347        | 219,701,355        |
| Market Risk      | 1,190,631          | 1,386,293          |
| Operational Risk | 32,576,501         | 32,576,501         |
| <b>Total</b>     | <b>240,439,479</b> | <b>253,664,149</b> |

#### Common Equity Tier I Capital Adequacy ratio

|  |        |        |
|--|--------|--------|
|  | 13.53% | 11.71% |
|--|--------|--------|

#### Tier I Capital Adequacy Ratio

|  |        |        |
|--|--------|--------|
|  | 14.83% | 12.94% |
|--|--------|--------|

#### Total Capital Adequacy Ratio

|  |        |        |
|--|--------|--------|
|  | 17.57% | 15.60% |
|--|--------|--------|

#### Leverage Ratio (LR):

|                         |              |              |
|-------------------------|--------------|--------------|
| Eligible Tier I Capital | 35,654,174   | 32,820,887   |
| Total Exposures         | 527,069,446  | 527,359,837  |
| <b>Leverage Ratio</b>   | <b>6.76%</b> | <b>6.22%</b> |

#### Liquidity Coverage Ratio (LCR):

|                                  |                |                |
|----------------------------------|----------------|----------------|
| Total High Quality Liquid Assets | 119,372,756    | 93,343,235     |
| Total Net Cash Outflow           | 70,525,437     | 74,425,165     |
| <b>Liquidity Coverage Ratio</b>  | <b>169.26%</b> | <b>125.42%</b> |

#### Net Stable Funding Ratio (NSFR):

|                                 |                |                |
|---------------------------------|----------------|----------------|
| Total Available Stable Funding  | 295,208,811    | 286,050,477    |
| Total Required Stable Funding   | 217,482,511    | 217,892,083    |
| <b>Net Stable Funding Ratio</b> | <b>135.74%</b> | <b>131.28%</b> |

**38    DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on 26 October, 2023 by the Board of Directors of the Bank.

**39    GENERAL**

**39.1** Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

|                            |                                |                 |                 |                 |
|----------------------------|--------------------------------|-----------------|-----------------|-----------------|
| <b>President &amp; CEO</b> | <b>Chief Financial Officer</b> | <b>Director</b> | <b>Director</b> | <b>Director</b> |
|----------------------------|--------------------------------|-----------------|-----------------|-----------------|