JS BANK

JS

Half Yearly Report
June 30, 2024
(Un-audited)

Content

Company Information

Board of Directors

Mr. Adil Matcheswala	Chairman
Mr. Khalilullah Shaikh	Independent Director
Ms. Nargis Ali Akber Ghaloo	Independent Director
Lt. Gen. (R) Sadiq Ali	Independent Director
Mr. Usman Yousaf Mobin	Independent Director
*Mr. Saad Ali Bhimjee	Non-Executive Director
Mr. Basir Shamsie	President & CEO

Audit Committee

Ms. Nargis Ali Akber Ghaloo	Chairperson
Lt. Gen. (R) Sadiq Ali	Member
Mr. Khalilullah Shaikh	Member

Human Resource, Remuneration & Nomination Committee

Mr. Adil Matcheswala	Member
Mr. Usman Yousaf Mobin	Member

Risk Management Committee

Mr. Khalilullah Shaikh	Member
Lt. Gen. (R) Sadiq Ali	Member
Mr. Basir Shamsie	Member

Board IT Committee

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

Chief Financial Officer
Syed Adeel Ehtesham

Company Secretary & Head of Legal
Syed Muhammad Talib Raza

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

Legal Advisors
Bawaney & Partners
Haidermota & Co.
Liaquat Merchant Associates

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

Registered office
JS Bank Limited
Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box 4847, Karachi-74200, Pakistan
UAN: +92 21 111 JS Bank (572-265)
+92 21 111-654-321
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*Mr. Saad Ali Bhimjee (in place of Syed Mumtaz Ali Shah) has been appointed as a Non-Executive Director of the Bank on August 27, 2024, subject to the Fit & Proper Test clearance of the State Bank of Pakistan.

Directors' Report

On behalf of the Board of Directors, we are pleased to present the reviewed financial statements of JS Bank Limited for the half-year ended June 30, 2024.

Economic Review

Pakistan's economic performance remained positive in the second quarter of CY24, building on the momentum established through government and regulatory reforms implemented in 2023 and sustained in the first quarter. Concerted efforts to narrow the current account deficit bore fruit in 2QCY24. Export and remittance growth outpaced import demand, resulting in a cumulative current account surplus of US$229 million for April and May 2024. This, combined with continued support from bilateral and multilateral lenders, pushed the State Bank of Pakistan's (SBP) foreign exchange reserves to a 23-month high of US$9.4 billion. The stability of the external account contributed to minimal fluctuations in the Pakistani Rupee (PKR) against the US dollar throughout the quarter. Going forward, the IMF program expected to be secured is likely to further keep the external balance in check.

Aided by a stable currency and a high base effect from the previous year, Pakistan's disinflationary trend, which began in 1QCY24, persisted in the second quarter. Inflation readings averaged 14% in 2QCY24, a significant decline from 24% in 1QCY24 and 34% in 2QCY23. In response to disinflation, SBP's Monetary Policy Committee (MPC) embarked on the first monetary easing cycle in four years, reducing the Policy Rate by 1.5% to 20.5% in June 2024, followed by a further reduction of 1.0% in July 2024. The secondary market continues to price in anticipation of further near-term rate cuts, with yields remaining below the revised benchmark rates.

In other important developments, the government unveiled the Federal Budget for FY25 during the quarter. The budget proposes higher tax measures aimed at reducing the FY25 fiscal deficit to 5.9% of GDP, the lowest in seven years. Additionally, the budget targets a primary balance of 1.2% of GDP for the year.

Banking sector review

While SBP initiated the easing cycle, the yield curve remained inverted whereas the secondary market anticipated further rate cuts. At the same time, banking sector weighted average spreads widened slightly to 7.11% in April-May 2024 compared to 7% in 1QCY24.

Banking sector deposits grew significantly, reaching PKR 29.4 trillion in May (up 20% YoY). However, credit offtake remained sluggish. Investments emerged as the preferred asset class, with the sector's investments surging 44% YoY to PKR 28.9 trillion. This pushed the Investment-to-Deposit Ratio (IDR) to a record high of 99%. Higher government borrowing (up 25% YoY) also contributed to the elevated IDR. Gross Advance-to-Deposit Ratio (ADR) continued to decline, reaching 41% in May 2024, reflecting subdued demand for credit in the high-interest rate environment.

Consequently, the loan book expanded by only 1% YoY. The NPL stock increased to Rs 995 billion by March 2024, reflecting an 8% infection ratio. While the NPL level remained flat compared to December 2023, the increase from the previous year recorded a Rs10 billion increase.

Performance overview

For the half year ended June 30, 2024, the Bank reported a Profit Before Tax of PKR 5,433 million (Profit After Tax of PKR 2,763 million), as compared to a Profit Before Tax of PKR 3,209 million (Profit After Tax of PKR 1,508 million) during the corresponding period last year. This represents a YoY growth of 69% in terms of PBT and 83% in terms of PAT. During the period, the Bank's Net Interest Income increased by 25% YoY, primarily owing to an improvement in the deposit mix, coupled with increased volumes. Non-Remunerative Deposits increased by PKR 36,990 million or 23% as against December 31, 2023, resulting in a share of Non-Remunerative in Total Deposits increasing to 35% from 33% at the year end 2023. Margins in the first half of 2024 continued to remain under pressure, as secondary market yields continually adjusted in anticipation of rate cuts while funding costs remained stagnant due to unchanged minimum deposit rates (MDR).

The Bank's Non-Markup Income also increased by 53% YoY to PKR 6,133 million with 22% growth from Fee Income, higher Dividends, as well as positive impact through net gains on securities of PKR 663 million for the current period as against a loss of PKR 679 million reported for the corresponding period last year. Non mark-up Expenses increased by 26% YoY to PKR 12,880 million owing mainly due to inflationary adjustments, Rupee Depreciation and increase in technology based costs. The Bank continues to invest in its people and towards its digital infrastructure. Our digital platform of Zindigi continues to further solidify its position as a robust contender in the digital banking landscape and our penetration continues to improve. Despite higher costs, the Bank's cost to income ratio improved to 67% from 71% for the corresponding period last year. NII to Operating Cost Ratio remained at 101% during the period under review. The Bank continues to target further improvement in both ratios to increase intermediation efficiency.

Period end Deposits were reported at PKR 557.862 billion. This translates to a year on year growth of 18.7%. This achievement is testimony to the confidence and trust reposed in our institution by our valued customers and the dedicated efforts of our Bank's teams. In terms of growth, overall deposits witnessed an increase of 15% since December 2023, while share of Non-Remunerative Deposits improved to 35%. More importantly, in terms of averages, the Bank's average non-remunerative deposits improved from PKR 138.241 billion in HY 2023 to PKR 152.844 billion in HY 2024, reflecting a YoY growth of 10.6%.

During the period under review, the Bank continued to follow cautious lending approach, and Gross Advances ended at a level of PKR 210.180 billion at June 30, 2024, down from PKR 213.787 billion in December 2023. The Gross Infection Ratio increased to 8.07% in June 2024 from 7.57% in December 2023, as Non-performing loans increased to PKR 16.967 billion from PKR 16.184 billion in December 2023. However, the Bank's coverage ratio improved to 70% as compared to 59.7% at December 2023. As at June 30, 2024, the Bank's Capital Adequacy Ratio also improved to 13.47% as compared to 12.53% in December 2023.

As per the SBP's BPRD Circular Letter No. 07 dated April 13, 2023, IFRS 9 - Financial Instruments became effective for reporting periods beginning on or after January 01, 2024 for Banks. Accordingly, the Bank's financial statements for the current reporting period have been prepared in accordance with SBP's revised format for interim financial statements and other directives regarding the accounting framework for classification and measurement of financial instruments. The SBP, vide it's BPRD Circular Letter No. 16 dated July 29, 2024 has provided certain additional clarifications and extensions in timelines for implementation of certain aspects of the Standard. The Bank is in the process of assessing the requirements in order to comply with the extended timelines as advised by the SBP in this regard.

As permitted by the transitional provisions of IFRS 9, the Bank has opted for modified retrospective approach and has not restated comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves at the beginning of the current year without restating the comparative prior period information.

Key highlights of the financial results of the Bank for the half year ended June 30, 2024, are presented below:

Financial Position		**PKR Million**
	June 30, 2024	December 31, 2023
Shareholders' Equity	**41,808**	40,322
Total Deposits	**557,862**	486,283
Total Assets	**686,995**	589,432
Advances - Net	**194,885**	203,727
Investments - Net	**376,503**	287,479
Financial Performance		
	June 30, 2024	June 30, 2023
Mark-up/Interest Income – Net	**13,037**	10,437
Non-Markup/Interest Income	**6,133**	4,012
Non-Markup Expenses	**12,880**	10,239
Provisions and write offs - net	**856**	1,001
Profit/(Loss) Before Tax	**5,433**	3,209
Profit After Tax	**2,761**	1,702
Basic/Diluted Earnings Per Share – Rupees	**1.35**	1.16

Consolidated Financial Statements

On a consolidated basis, JS Bank along with its subsidiaries BankIslami Pakistan Limited, JS Global Capital Limited, and JS Investments Limited recorded a profit before tax of PKR 18,797 million (profit after tax of PKR 9,716 million) for the half year ended June 30, 2024, as compared to a profit before tax of PKR 3,333 million (profit after tax of PKR 1,591 million) in the corresponding period last year. The earnings per share stood at PKR 3.87 for the half year ended June 30, 2024. Consolidated Capital Adequacy Ratio as of June 30, 2024, stood at 17.49% (December 31, 2023, 16.69%).

Credit Ratings

We are pleased to share that in June 2024, the Pakistan Credit Rating Agency Limited (PACRA) has upgraded the long-term entity rating of JS Bank Limited to “AA” (Double A) from “AA-” (Double A Minus) previously, while maintaining the short-term rating at “A1+” (A-One Plus) which is the highest possible rating for this category.

The ratings denote very high credit quality and very low expectation of credit risk, and indicate a very strong capacity for timely payment of financial commitments.

Acknowledgments

On behalf of JS Bank, we would like to extend our gratitude to our customers and stakeholders for their ongoing trust and patronage. We would also like to thank the Ministry of Finance, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan, and other regulatory bodies for their continued support to our Bank. We would also thank our fellow colleagues for their commitment to hard work, excellence, and drive to succeed.

For and on behalf of the Board,

Basir Shamsie	**Adil Matcheswala**
President & CEO	Chairman

Karachi: August 27, 2024

روپے) سے کیا جا سکتا ہے۔ 30 جون 2024 کو ختم ہونے والی ششماہی کیلئے فی حصص آمدنی 3.87 روپے رہی۔ 30 جون 2024 تک اجتماعی کیپیٹل ایڈیکسی ریشو 17.49 فیصد رہا جو کہ 31 دسمبر 2023 کو 16.69 فیصد تھا۔

کریڈٹ ریٹنگ:

ہمیں یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ جون 2024 میں، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پی اے سی آر اے) نے جے ایس بینک لمیٹڈ کی طویل مدتی اینٹیٹی ریٹنگ کو AA (ڈبل اے) سے بڑھا کر -AA (ڈبل اے مائنس) کر دیا ہے، جبکہ مختصر مدتی کریڈٹ ریٹنگ کو +A1 (اے ون پلس) پر برقرار رکھا ہے، جو اس کیٹگری میں سب سے ممکنہ بلند ترین ہے۔

یہ ریٹنگز اعلیٰ کریڈٹ معیار اور کریڈٹ رسک کی کم توقع کو ظاہر کرتی ہیں، اور مالیاتی ذمہ داریوں کی بروقت ادائیگی کے لیے مضبوط صلاحیت کی نشاندہی کرتی ہیں۔

اظہار تشکر:

جے ایس بینک کی جانب سے، ہم اپنے کسٹمرز اور قابل قدر اسٹیک ہولڈرز کی مسلسل سرپرستی اور حمایت کے لیے ان کا شکریہ ادا کرنا چاہتے ہیں۔ ہم وزارت خزانہ، اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور دیگر ریگولیٹری اتھارٹیز کا بھی شکریہ ادا کرنا چاہیں گے جنہوں نے ہمارے بینک کی رہنمائی اور مدد کی۔ آخر میں ہم جے ایس بینک میں اپنے تمام ساتھیوں کو مزید کامیابی اور ترقی کے لیے ان کے عزم پر خراج تحسین پیش کرتے ہیں۔

از طرف بورڈ

باصر شمسی
صدر اینڈ سی ای او

عادل ماچس والا
چیئرمین

کراچی، 27 اگست 2024ء

دوبارہ بیان نہیں کیا ہے۔ منتقلی کی تاریخ پر مالیاتی اثاثوں اور واجبات کی کیریئنگ کی مقدار میں کی گئی کوئی بھی تبدیلیاں موجودہ سال کے آغاز میں برقرار رکھی گئی آمدنیاں اور دیگر ذخائر بغیر موازنہ کرنے والی گذشتہ مدت کی معلومات کو دوبارہ بیان کیے بغیر میں تسلیم کی گئی ہیں۔

30 جون 2024 کو اختتامی ششماہی کے لیے بینک کے مالیاتی نتائج کی اہم جھلکیاں درج ذیل ہیں:

مالی حیثیت:	روپے ملین میں	
	June 30, 2024	Decemeber 31, 2023
حصص داران کی ایکوئٹی	41,808	40,322
کل ڈپازٹس	557,862	486,283
کل اثاثہ جات	686,995	589,432
خالص ایڈوانسز	194,885	203,727
خالص سرمایہ کاری	376,503	287,479

مالی کارکردگی:		
	June 30, 2024	June 30, 2023
مارک اپ/سودی آمدنی۔خالص	13,037	10,437
غیر مارک اپ/سودی آمدنی	6,133	4,012
غیر مارک اپ اخراجات	12,880	10,239
پروویژن اور رائٹ آف۔خالص	856	1,001
قبل از ٹیکس منافع/ (خسارہ)	5,433	3,209
بعد از ٹیکس منافع	2,761	1,702
فی حصص بنیادی/ رقیق آمدنی۔روپے	1.35	1.16

عبوری مالیاتی حسابات:

ایک مضبوط بنیاد کے تحت جے ایس بینک نے اپنی ذیلی کمپنیوں بینک اسلامی پاکستان لمیٹڈ، جے ایس گلوبل کیپیٹل لمیٹڈ اور جے ایس انویسٹمنٹس لمیٹڈ کے ساتھ 30 جون 2024 کو ختم ونے والی ششماہی کے لئے 18,797 ملین روپے کا قبل از ٹیکس منافع حاصل کیا (بعد از ٹیکس منافع

وجہ سے ہے۔ بینک اپنے لوگوں اور ڈیجیٹل انفراسٹرکچر میں سرمایہ کاری جاری رکھے ہوئے ہے۔ ہمارے ڈیجیٹل پلیٹ فارم، زندگی، ڈیجیٹل بینکنگ کے میدان میں مضبوط حریف کے طور پر اپنی پوزیشن مزید مستحکم کرتے جارہے ہیں اور ہماری رسائی میں بہتری آرہی ہے۔ زیادہ اخراجات کے باوجود، بینک کا لاگت۔تا۔آمدنی کا تناسب 67 پر بہتر ہوا، جو کہ گذشتہ سال کے اسی عرصے میں 71 فیصد تھا۔ NII سے آپریٹنگ لاگت کا تناسب 101 فیصد پر برقرار رہا۔ بینک دونوں تناسبوں میں مزید بہتری کی کوشش جاری رکھے ہوئے ہے تاکہ درمیانی کارکردگی میں اضافہ ہوسکے۔

مدت کے اختتام پر ڈپازٹس 557.862 بلین روپے رپورٹ کیے گئے، جو کہ سال بہ سال 18.7 فیصد کی شرح نمو کو ظاہر کرتا ہے۔ یہ کامیابی ہمارے قابل قدر کسٹمرز کی جانب سے ہمارے ادارے پر اعتماد اور یقین، اور بینک کی ٹیموں کی محنت کا ثبوت ہے۔ دسمبر 2023 کے بعد کل ڈپازٹس میں 15 فیصد کا اضافہ ہوا، جبکہ غیر معاوضہ ڈپازٹس 35 فیصد رہے۔ سب سے اہم بات یہ ہے کہ اوسطاً، بینک کے اوسط غیر معاوضہ ڈپازٹس 2023 کی ششماہی میں 138.241 بلین روپے سے بڑھ کر 2024 کی ششماہی میں 152.844 بلین روپے ہوگئے، جو کہ سال بہ سال 10.6 فیصد شرح نمو کو ظاہر کرتا ہے۔

جائزہ کے دوران، بینک نے محتاط قرض دینے کے طریقے کو جاری رکھا، اور 30 جون 2024 کو کل قرضہ جات 210.180 بلین روپے پر ختم ہوئے، جو کہ دسمبر 2023 میں 213.787 بلین روپے سے کم ہیں۔ مجموعی انفیکشن ریشو جون 2024 میں 8.07 فیصد تک بڑھ گیا، جو کہ دسمبر 2023 میں 7.57 فیصد تھا، کیونکہ نان پرفارمنگ قرضہ جات بھی دسمبر 2023 میں 16.184 بلین روپے سے بڑھ کر 16.967 بلین روپے ہوگئے۔ تاہم، بینک کا کوریج ریشو بہتر ہو کر 70 فیصد ہوگیا، جو کہ دسمبر 2023 میں 59.7 فیصد تھا۔ 30 جون 2024 کو، بینک کا کیپیٹل ایڈیکیسی ریشو بھی بہتر ہو کر 13.47 فیصد ہوگیا، جو کہ دسمبر 2023 میں 12.53 فیصد تھا۔

اسٹیٹ بینک آف پاکستان کے BPRD سرکولر لیٹر نمبر 07 مورخہ 13 اپریل 2023 کے مطابق، IFRS 9 مالیاتی انسٹرومنٹ، بینکوں کے لیے یکم جنوری 2024 یا اس کے بعد شروع ہونے والی رپورٹنگ مدت کے لیے مؤثر ہوگئے ہیں۔

اس کے مطابق، بینک کے مالیاتی بیانات موجودہ رپورٹنگ مدت کے لیے اسٹیٹ بینک آف پاکستان کے عبوری مالیاتی بیانات کے لیے نظر ثانی شدہ فارمیٹ اور مالیاتی آلات کی درجہ بندی اور پیمائش کے لیے اکاؤنٹنگ فریم ورک کے متعلقہ ہدایات کے مطابق تیار کیے گئے ہیں۔ اسٹیٹ بینک نے اپنے BPRD سرکولر لیٹر نمبر 16 مورخہ 29 جولائی 2024 کے ذریعے معیار کے کچھ پہلوؤں کے نفاذ کے لیے اضافی وضاحتیں اور مدت میں توسیع فراہم کی ہے۔ بینک اس وقت ان ضروریات کا جائزہ لے رہا ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ اسٹیٹ بینک کی طرف سے تجویز کردہ توسیع شدہ مدت کی تعمیل کی جاسکے۔

جب سے اسٹیٹ بینک آف پاکستان نے نرمی کے عمل کا آغاز کیا تب سے ہی طویل مدت کی شرح سود کی سطح مختصر مدت کی شرح سود سے زیادہ رہی، جبکہ ثانوی مارکیٹ نے مزید شرح سود کی کمی کی توقع کی۔ اسی دوران، بینکنگ سیکٹر کا اوسط اسپریڈ اپریل۔ مئی 2024 میں بڑھ کر 7.11 فیصد ہو گیا جو کہ موجودہ سال 2024 کی پہلی سہ ماہی میں 7 فیصد تھا۔

بینکنگ سیکٹر کے ذخائر میں نمایاں اضافہ ہوا، جو مئی میں 29.4 ٹریلین روپے تک پہنچ گئے (سالانہ 20% اضافہ)۔ تاہم، قرضوں کی طلب سست رہی۔ سرمایہ کاری اب ترجیحی اثاثہ کلاس بن گئی ہے، سیکٹر کی سرمایہ کاری 44 فیصد سالانہ بڑھ کر 28.9 ٹریلین روپے تک پہنچ گئی۔ اس سے انویسٹمنٹ ٹو ڈپازٹ ریشو (IDR) ریکارڈ سطح پر 99 فیصد تک پہنچ گیا۔ حکومت کی زیادہ قرضہ لینے کی وجہ سے (سالانہ 25 فیصد اضافہ) بھی IDR میں اضافہ ہوا۔ مجموعی ایڈوانس ٹو ڈپازٹ ریشو (ADR) مسلسل کم ہوتا رہا، مئی 2024 میں 41 فیصد تک پہنچ گیا، جو کہ بلند شرح سود کے ماحول میں قرض کی کم طلب کی عکاسی کرتا ہے۔

نتیجتاً، قرضوں کے حجم میں سالانہ صرف 1 فیصد اضافہ ہوا۔ مارچ 2024 تک NPL اسٹاک 995 ارب روپے تک پہنچ گیا، جو کہ 8 فیصد کا انفیکشن ریشو ظاہر کرتا ہے۔ اگرچہ NPL قرضوں کی سطح دسمبر 2023 کے مقابلے میں مستحکم رہی، گذشتہ سال کے مقابلے اس میں 10 بلین روپے کا اضافہ ریکارڈ کیا گیا۔

مالیاتی کارکردگی:

30 جون 2024 کی اختتام شدہ ششماہی کیلئے بینک کا قبل از ٹیکس منافع 5,433 ملین روپے (بعد از ٹیکس منافع 2,763 ملین روپے) رہا جس کا موازنہ گذشتہ سال کی اسی مدت کے قبل از ٹیکس منافع 3,209 ملین روپے (بعد از ٹیکس منافع 1,508 ملین روپے) سے کیا جا سکتا ہے۔ یہ PBT میں سالانہ 69 فیصد اور PAT میں 83 فیصد کی شرح نمو کو ظاہر کرتا ہے۔ اس دوران، بینک کی خالص سودی آمدنی میں سال بہ سال 25 فیصد کی شرح سے اضافہ ہوا جو کہ بنیادی طور پر ڈپازٹ مکس میں بہترین اور حجم کے اضافہ کے باعث ہوا۔ غیر معاوضہ ڈپازٹس میں 31 دسمبر 2023 کے مقابلے میں 23 فیصد کا اضافہ ہوا جو کہ 36,990 ملین روپے ہو گئے، جس کے نتیجے میں 2023 کے آخر میں غیر معاوضہ ڈپازٹس کا کل ڈپازٹس میں حصہ 33 فیصد سے بڑھ کر 35 فیصد ہو گیا۔ 2024 کی پہلی ششماہی کے دوران، مارجن دباؤ میں رہے، کیونکہ ثانوی مارکیٹ کی منافع کی شرحیں مسلسل شرح سود میں کمی کی توقع میں ایڈجسٹ ہو رہی تھیں، جبکہ فنڈنگ کے اخراجات کم از کم ڈپازٹ ریٹس (MDR) کی عدم تبدیلی کی وجہ سے مستحکم رہے۔

بینک کی نان مارک اپ آمدنی میں بھی سال بہ سال 53 فیصد تک کا اضافہ ہوا جو کہ 6,133 ملین روپے تک پہنچ گئی، جس میں فیس انکم میں 22 فیصد اضافہ، زیادہ ڈویڈنڈز اور موجودہ مدت کے دوران سیکیورٹیز پر نیٹ گینز کی مثبت اثرات شامل ہیں جو 663 ملین روپے ہے، جبکہ گذشتہ سال کے اسی عرصے میں 679 ملین روپے کا خسارہ رپورٹ ہوا تھا۔ نان مارک اپ اخراجات سال بہ سال 26 فیصد بڑھ کر

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2024ء کو ختم ہونے والی ششماہی کیلئے جے ایس بینک لمیٹڈ کے مالیاتی حسابات پیش کرنے میں مسرت محسوس کرتے ہیں۔

اقتصادی جائزہ:

مالی سال 2024 کی دوسری سہ ماہی میں پاکستان کی اقتصادی کارکردگی مثبت رہی جو کہ حکومت اور ریگولیٹری اصلاحات کی جانب سے 2023 میں شروع کی گئی اور پہلی سہ ماہی کے دوران برقرار رہی۔ کرنٹ اکاؤنٹ خسارے کو کم کرنے کے لیے مرکوز کوششیں مالی سال 2024 کی دوسری سہ ماہی میں کامیاب ثابت ہوئیں۔ برآمدات اور ترسیلات زر میں اضافے نے درآمدی طلب کو پیچھے چھوڑ دیا، جس کے نتیجے میں اپریل اور مئی 2024 کے لیے مجموعی طور پر کرنٹ اکاؤنٹ میں 229 ملین امریکی ڈالر کا سرپلس ہوا۔ زرمبادلہ کے ذخائر، 23 ماہ کی بلندترین سطح 9.4 بلین امریکی ڈالر تک پہنچ گئے۔ بیرونی اکاؤنٹ میں استحکام کے نتیجے میں پوری سہ ماہی کے دوران امریکی ڈالر کے مقابلے پاکستانی روپے (PKR) میں کم سے کم اتار چڑھاؤ آیا۔ مستقبل قریب میں، متوقع IMF پروگرام سے بیرونی توازن کو مزید مستحکم کرنے کی توقع ہے۔

مستحکم کرنسی اور گذشتہ سال کے بلند بنیادی اثرات کی بدولت، پاکستان میں موجودہ سال 2024 کی پہلی سہ ماہی میں شروع ہونے والا افراط زر میں کمی کا رجحان دوسرے سہ ماہی میں بھی جاری رہا۔ موجودہ سال 2024 کی دوسری سہ ماہی میں افراط زر کی اوسط شرح 14 فیصد رہی، جو کہ موجودہ سال 2024 کی پہلی سہ ماہی میں 24 فیصد اور مالی سال 2023 کی دوسری سہ ماہی میں 34 فیصد کے مقابلے میں نمایاں کمی تھی۔ افراط زر میں کمی کے جواب میں، اسٹیٹ بینک آف پاکستان (SBP) کی مانیٹری پالیسی کمیٹی (MPC) نے چار سالوں میں پہلی بار مانیٹری پالیسی میں نرمی کرنے کا سلسلہ شروع کیا، جون 2024 میں پالیسی ریٹ کو 1.5 فیصد کم کر کے 20.5 فیصد کر دیا، اور جولائی 2024 میں مزید 1.0 فیصد کی کمی کی۔ ثانوی مارکیٹ میں مستقبل قریب میں شرح سود میں مزید کمی کی توقع کی جا رہی ہے، جبکہ منافع کی شرح نظر ثانی شدہ بینچ مارک ریٹس سے نیچے برقرار ہیں۔

دوسری اہم پیشرفت میں، حکومت نے اس سہ ماہی کے دوران آئندہ مالی سال 2025 کے لیے وفاقی بجٹ کا اعلان کیا۔ بجٹ میں ایسے ٹیکس اقدامات شامل کیے گئے ہیں جو مالی سال 2025 کے مالیاتی خسارے کو GDP کے 5.9 فیصد تک کم کرنے کا مقصد رکھتے ہیں، جو کہ سات سالوں میں سب سے کم سطح ہے۔ اس کے علاوہ، بجٹ سال کے لیے GDP کے 1.2 فیصد کا ابتدائی توازن حاصل کرنے کا ہدف بھی مقرر کرتا ہے۔

Independent Auditor's Review Report
To the members of JS Bank Limited

Report on review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **JS Bank Limited** ("the Bank") as at 30 June 2024 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated cash flow statement, and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim unconsolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matters

The figures of the condensed interim unconsolidated statement of profit and loss account and the condensed interim unconsolidated statement of comprehensive income for the six months period ended 30 June 2024, have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 28 August 2024

KPMG Taseer Hadi & Co.

Chartered Accountants

Karachi

UDIN: RR202410106OraPSjodU

France

RESTING EASY?

The French are known for their appreciation of quality over quantity, which can sometimes be more expensive but is seen as an investment. They value experiences, fine dining, and thoughtful gifts. The French prioritize financial security.

Unconsolidated Financial Statements

Condensed Interim Unconsolidated Statement of Financial Position

AS AT JUNE 30, 2024

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
		---------- Rupees in '000 ----------	
ASSETS			
Cash and balances with treasury banks	6	**47,789,708**	40,895,031
Balances with other banks	7	**4,197,711**	3,727,490
Lendings to financial institutions	8	**4,977,828**	-
Investments	9	**376,503,957**	287,478,855
Advances	10	**194,885,483**	203,726,900
Property and equipment	11	**8,623,931**	8,627,102
Right-of-use assets	12	**2,397,576**	2,139,578
Intangible assets	13	**5,750,504**	4,872,907
Deferred tax assets	20	**-**	-
Other assets	14	**41,868,316**	37,964,595
Total Assets		**686,995,014**	589,432,458
LIABILITIES			
Bills payable	15	**7,615,646**	5,668,721
Borrowings	16	**46,844,749**	27,222,479
Deposits and other accounts	17	**557,862,198**	486,282,778
Lease liabilities	18	**2,556,383**	2,234,115
Subordinated debt	19	**8,496,800**	8,497,767
Deferred tax liabilities	20	**157,880**	1,316,108
Other liabilities	21	**21,653,375**	17,888,422
Total Liabilities		**645,187,031**	549,110,390
NET ASSETS		**41,807,983**	40,322,068
REPRESENTED BY			
Share capital		**20,506,625**	20,506,625
Reserves		**7,094,900**	6,563,243
Surplus on revaluation of assets	22	**1,462,224**	1,959,868
Unappropriated profit		**12,744,234**	11,292,332
		41,807,983	40,322,068
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 42 form an integral part of these condensed interim unconsolidated financial statements.

President and Chief Executive Officer | Chief Financial Officer | Director | Director | Chairman

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

For the half year ended June 30, 2024

	Note	Quarter Ended June 30, 2024	Quarter Ended June 30, 2023	Half Year Ended June 30, 2024	Half Year Ended June 30, 2023
		Rupees in '000			
Mark-up / return / interest earned	25	**26,493,780**	21,485,454	**52,724,500**	42,467,370
Mark-up / return / interest expensed	26	**20,464,888**	16,104,052	**39,687,850**	32,030,206
Net mark-up / interest income		**6,028,892**	5,381,402	**13,036,650**	10,437,164
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	**1,185,039**	920,518	**2,288,208**	1,875,182
Dividend income		**32,550**	52,814	**949,693**	182,433
Foreign exchange income		**931,586**	830,412	**2,194,862**	2,551,069
Income from derivatives		**-**	124,829	**-**	269
Gain / (loss) on securities - net	28	**244,420**	(171,569)	**663,264**	(679,043)
Gain / (loss) on derecognition of financial assets measured at amortised cost - net		**-**	-	**-**	-
Other income	29	**25,534**	48,064	**37,407**	81,989
Total non mark-up / interest income		**2,419,129**	1,805,068	**6,133,434**	4,011,899
Total Income		**8,448,021**	7,186,470	**19,170,084**	14,449,063
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	**6,541,865**	5,231,263	**12,755,931**	10,154,519
Workers' welfare fund	31	**33,166**	32,711	**108,667**	64,188
Other charges	32	**15,416**	470	**15,742**	20,032
Total non-mark-up / interest expenses		**6,590,447**	5,264,444	**12,880,340**	10,238,739
Profit before credit loss allowance / provisions		**1,857,574**	1,922,026	**6,289,744**	4,210,324
Credit loss allowance / provision and write offs - net	33	**145,721**	238,210	**856,409**	1,000,902
PROFIT BEFORE TAXATION		**1,711,853**	1,683,816	**5,433,335**	3,209,422
Taxation	34	**656,957**	1,032,178	**2,670,418**	1,701,612
PROFIT AFTER TAXATION		**1,054,896**	651,638	**2,762,917**	1,507,810
		Rupees			
Earnings per share - basic and diluted	35	**0.51**	0.50	**1.35**	1.16

The annexed notes 1 to 42 form an integral part of these condensed interim unconsolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

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

For the half year ended June 30, 2024

	Quarter Ended		Half Year Ended	
	June 30, 2024	June 30, 2023	**June 30, 2024**	June 30, 2023
	------------------- Rupees in '000 -------------------			
Profit after taxation for the period	**1,054,896**	651,638	**2,762,917**	1,507,810
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branch	**1,920**	11,011	**(20,926)**	227,126
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	**-**	244,353	**-**	(160,821)
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	**379,541**	291,366	**(395,449)**	(354,150)
	381,461	546,730	**(416,375)**	(287,845)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	**41,728**	(29,780)	**(92,291)**	(13,886)
Movement in surplus on revaluation of property and equipment - net of tax	**-**	(45,739)	**-**	(45,739)
Movement in surplus on revaluation of non-banking assets - net of tax	**-**	(43)	**-**	(43)
	41,728	(75,562)	**(92,291)**	(59,668)
Total comprehensive income	**1,478,085**	1,122,806	**2,254,251**	1,160,297

The annexed notes 1 to 42 form an integral part of these condensed interim unconsolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Condensed Interim Unconsolidated Statement of Changes In Equity

For the half year ended June 30, 2024

	Share capital	Capital reserve		Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit	Total
		Share premium	Exchange translation reserve		Investments	Property and equipment	Non-banking assets		
	----------	----------	----------	----------	Rupees in '000	----------	----------	----------	----------
Balance as at January 01, 2023 (Audited)	10,119,242	-	457,187	2,330,014	(459,791)	1,147,729	107,083	7,845,155	21,546,619
Profit after taxation	-	-	-	-	-	-	-	1,507,810	1,507,810
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branch	-	-	227,126	-	-	-	-	-	227,126
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	(528,857)	-	-	-	(528,857)
Movement in surplus / (deficit) on revaluation of property and equipment - net of tax	-	-	-	-	-	(45,739)	-	-	(45,739)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(43)	-	(43)
	-	-	227,126	-	(528,857)	(45,739)	(43)	-	(347,513)
Transfer to statutory reserve	-	-	-	301,562	-	-	-	(301,562)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(32,235)	(8)	32,243	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	17,341	-	-	(17,341)	-
Balance as at June 30, 2023 (Un-audited)	10,119,242	-	684,313	2,631,576	(971,307)	1,069,755	107,032	9,066,305	22,706,916
Profit after taxation	-	-	-	-	-	-	-	2,827,108	2,827,108
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branch	-	-	(7,285)	-	-	-	-	-	(7,285)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(71,780)	(71,780)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	1,399,653	-	-	-	1,399,653
Movement in surplus / (deficit) on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	390,856	-	390,856
	-	-	(7,285)	-	1,399,653	-	390,856	(71,780)	1,711,444
Transfer to statutory reserve	-	-	-	565,422	-	-	-	(565,422)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(9,432)	(8)	9,440	-
Loss on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	(26,681)	-	-	26,681	-
Transactions with owners, recorded directly in equity									
Issue of share capital (right shares)	2,205,689	-	-	-	-	-	-	-	2,205,689
Issue of share capital (further issue of shares)	5,326,293	5,544,618	-	-	-	-	-	-	10,870,911
Discount on issue of shares written off against share premium account	2,855,401	(2,855,401)	-	-	-	-	-	-	-
Balance as at December 31, 2023 (Audited)	20,506,625	2,689,217	677,028	3,196,998	401,665	1,060,323	497,880	11,292,332	40,322,068
Impact of adoption of IFRS 9 - net of tax (note 4.1.2)	-	-	-	-	-	-	-	(768,336)	(768,336)
Balance as at January 01, 2024 after adoption of IFRS 9	20,506,625	2,689,217	677,028	3,196,998	401,665	1,060,323	497,880	10,523,996	39,553,732
Profit after taxation	-	-	-	-	-	-	-	2,762,917	2,762,917
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branch	-	-	(20,926)	-	-	-	-	-	(20,926)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	(487,740)	-	-		(487,740)
	-	-	(20,926)	-	(487,740)	-	-	-	(508,666)
Transfer to statutory reserve	-	-	-	552,583	-	-	-	(552,583)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(9,432)	(472)	9,904	-
Balance as at June 30, 2024 (Un-audited)	20,506,625	2,689,217	656,102	3,749,581	(86,075)	1,050,891	497,408	12,744,234	41,807,983

The annexed notes 1 to 42 form an integral part of these condensed interim unconsolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the half year ended June 30, 2024

	Note	June 30, 2024	June 30, 2023
		---------- Rupees in '000 ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**5,433,335**	3,209,422
Less: Dividend income		**(949,693)**	(182,433)
		4,483,642	3,026,989
Adjustments:			
Net mark-up / interest income		**(13,213,263)**	(10,437,164)
Depreciation on property and equipment	30	**640,129**	514,346
Depreciation on non-banking assets	30	**17,587**	16,653
Depreciation on right-of-use assets	30	**637,623**	538,453
Amortisation	30	**169,683**	127,250
Finance charges on leased assets	26	**176,613**	150,302
Charge for defined benefit plan		**75,075**	64,381
Unrealised loss on revaluation of investments measured at FVTPL - net	28	**(140,110)**	606
Credit loss allowance / provisions and write offs - net	33	**856,409**	1,000,902
Provision for workers' welfare fund	31	**108,667**	64,188
Gain on sale of property and equipment - net	29	**(6,335)**	(41,860)
Gain on termination of leases - net	29	**(3,318)**	(30,083)
		(10,681,240)	(8,032,026)
		(6,197,598)	(5,005,037)
(Increase) / decrease in operating assets			
Lendings to financial institutions		**(4,978,500)**	(25,766,298)
Securities measured at FVTPL		**(34,411,366)**	(1,435,426)
Advances		**9,325,159**	28,935,843
Others assets (excluding advance taxation)		**(8,880,220)**	352,959
		(38,944,927)	2,087,078
Increase / (decrease) in operating liabilities			
Bills payable		**1,946,925**	1,187,688
Borrowings		**18,994,175**	(45,244,043)
Deposits and other accounts		**71,579,420**	5,682,003
Other liabilities (excluding current taxation)		**3,109,516**	(976,823)
		95,630,036	(39,351,175)
		50,487,511	(42,269,134)
Mark-up / return / interest received		**54,725,279**	38,034,675
Mark-up / return / interest paid		**(38,833,849)**	(32,563,426)
Income tax paid		**(2,801,481)**	(1,221,036)
Net cash flows generated from / (used in) operating activities		**63,577,460**	(38,018,921)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in securities measured at FVOCI		**(12,820,889)**	32,673,357
Net investments in securities measured at amortised cost		**(42,528,644)**	17,511,612
Dividend received		**949,693**	182,433
Investments in property and equipment		**(673,285)**	(1,375,063)
Investments in intangible assets		**(1,048,970)**	(410,484)
Proceeds from sale of property and equipment		**44,595**	132,471
Effect of translation of net investment in foreign branch		**(20,926)**	227,126
Net cash flows (used in) / generated from investing activities		**(56,098,426)**	48,941,452
CASH FLOW FROMS FINANCING ACTIVITIES			
Payments of lease obligations against right-of-use assets		**(740,718)**	(728,305)
Issuance of subordinated debt		**-**	3,143,500
Repayment of subordinated debt		**(967)**	(900)
Net cash flows (used in) / generated from financing activities		**(741,685)**	2,414,295
Increase in cash and cash equivalents		**6,737,349**	13,336,826
Cash and cash equivalents at beginning of the period		**44,073,112**	25,273,672
Cash and cash equivalents at end of the period	36	**50,810,461**	38,610,498

The annexed notes 1 to 42 form an integral part of these condensed interim unconsolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

1. STATUS AND NATURE OF BUSINESS

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

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 292 (December 31, 2023: 291) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2023: 1). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA (Double A) whereas short-term rating is maintained at A1+ (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely repayment of financial commitments.

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

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

2. BASIS OF PRESENTATION

The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 02 dated February 09, 2023 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

These condensed interim unconsolidated financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2023.

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

These condensed interim unconsolidated financial statements have been presented in Pakistani Rupees (PKR), which is the currency of the primary economic environment in which the Bank operates and functional currency of the Bank. The amounts are rounded to nearest thousand except as stated otherwise.

2.1 Statement of Compliance

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

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

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

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

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on January 01, 2024 but are considered not to be relevant or do not have any significant effect on the Bank's operations except for the implementation of IFRS 9, 'Financial Instruments' as detailed in note 4.1.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

- the new standard - IFRS 18, 'Presentation and Disclosure in Financial Statements' (published in April 2024) with applicability date of January 01, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.
- amendments to IFRS 9, 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and dereconition of financial liabilities.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements are the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2023 except for the implementation of IFRS 9, 'Financial Instruments' as detailed in note 4.1.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2023 except for the following:

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

4.1 Impact of IFRS 9 - Financial Instruments

During the period, as directed by the SBP vide its BPRD Circular No. 07 dated April 13, 2023, International Financial Reporting Standard (IFRS) 9, 'Financial Instruments' became applicable to the Bank.

BPRD Circular No. 03 dated July 05, 2022 issued by SBP provides detailed instructions on implementation of IFRS 9 (the Application Instructions) for ensuring smooth and consistent implementation of the standard across banks. The SBP vide its BPRD Circular Letter No. 16 dated July 29, 2024 have made amendments and extend the timelines of IFRS 9 application instructions.

IFRS 9 addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

The Bank has adopted IFRS 9 in accordance with the Application Instructions from January 01, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at January 01, 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9.

SBP vide its BPRD Circular Letter No. 16 dated July 29, 2024 have made amendments and extended timelines of application instructions. Under the new guidelines, the banks are allowed to use the existing practice for recognising markup income / expense on financial assets / liabilities up to September 30, 2024. However, banks shall ensure the recognition of markup income / expense on financial assets / liabilities on the effective interest rate method as per the IFRS 9 standard with effect from October 01, 2024. Further, the banks will apply modification accounting for financial assets and liabilities as per IFRS 9 standard and shall measure the subsidized staff financing, extended to their employees as per HR policies, at fair value as per the IFRS 9 standard with effect from October 01, 2024. Moreover, SBP has allowed an extension to Banks up to December 31, 2024 for developing the requisite models for calculating EAD for revolving products beyond the contractual date. In addition, the banks have also been allowed to cost existing practice of valuing unquoted equity investments at their cost or breakup value, whichever is lower, till December 31, 2024 and perform fair valuation of these securities afterwards.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

4.1.1 Impact on the condensed interim unconsolidated statement of financial position:

Financial Asset / Liabilities	Balances as of December 31, 2023 (Audited)	Remeasure-ments	Recognition of expected credit loss (ECL)	Balance as of January 01, 2024
	---------- Rupees in '000 ----------			
Assets				
Cash and balances with treasury banks	40,895,031	-	-	40,895,031
Balances with other banks	3,727,490	-	(2,975)	3,724,515
Lendings to financial institutions	-	-	-	-
Investments				
Held for trading	47,925	-	-	47,925
Available for sale	164,198,559	-	(3,205)	164,195,354
Held to maturity	102,146,174	-	-	102,146,174
Associates	198,922	-	-	198,922
Subsidiary	20,887,275	-	-	20,887,275
	287,478,855	-	(3,205)	287,475,650
Advances				
Gross advances	213,786,786	-	-	213,786,786
Provision	(10,059,886)	-	(1,483,782)	(11,543,668)
	203,726,900	-	(1,483,782)	202,243,118
Property and equipment	8,627,102	-	-	8,627,102
Right-of-use assets	2,139,578	-	-	2,139,578
Intangible assets	4,872,907	-	-	4,872,907
Deferred tax assets	-	-	-	-
Other assets - financial assets	32,668,339	-	-	32,668,339
Other assets - non financial assets	5,296,256	-	-	5,296,256
	589,432,458	-	(1,489,962)	587,942,496
Liabilities				
Bills payable	5,668,721	-	-	5,668,721
Borrowings	27,222,479	-	-	27,222,479
Deposits and other accounts	486,282,778	-	-	486,282,778
Lease liabilities	2,234,115	-	-	2,234,115
Subordinated debt	8,497,767	-	-	8,497,767
Deferred tax liabilities	1,316,108	-	(738,204)	577,904
Other liabilities - financial liabilities	9,421,670	-	16,578	9,438,248
Other liabilities - non financial liabilities	8,466,752	-	-	8,466,752
	549,110,390	-	(721,626)	548,388,764
Net Assets	40,322,068	-	(768,336)	39,553,732
REPRESENTED BY				
Share capital	20,506,625	-	-	20,506,625
Reserves	6,563,243	-	-	6,563,243
Surplus on revaluation of assets	1,959,868	-	-	1,959,868
Unappropriated profit	11,292,332	-	(768,336)	10,523,996
	40,322,068	-	(768,336)	39,553,732

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

4.1.2 The following table and the accompanying notes below explain the original measurement categories under the regulation established by the regulator / SBP and the new measurement categories under IFRS 9 for each class of the Bank's financial assets as at January 01, 2024.

Financial asset / liabilities	Measurement category - before adoption of IFRS 9	Measurement category - after adoption of IFRS 9	Carrying amount at December 31, 2023 - before adoption of IFRS 9	Carrying amount at January 01, 2024 - after adoption of IFRS 9
			-------- Rupees in '000 --------	
Cash and balances with treasury banks	Loans and receivables	Amortised cost	40,895,031	40,895,031
Balances with other banks	Loans and receivables	Amortised cost	3,727,490	3,724,515
Lendings to financial institutions	Loans and receivables	Amortised cost	-	-
Investments	Held for trading	FVTPL	47,925	47,925
	Available for sale	FVTPL	-	-
	Available for sale	FVOCI	164,198,559	164,195,354
	Available for sale	Amortised cost	-	-
	Held to maturity	Amortised cost	102,146,174	102,146,174
Advances	Loans and receivables	Amortised cost	203,726,900	202,243,118
Other assets	Loans and receivables	Amortised cost	32,668,339	32,668,339
Bills payable	Amortised cost	Amortised cost	5,668,721	5,668,721
Borrowings	Amortised cost	Amortised cost	27,222,479	27,222,479
Deposits and other accounts	Amortised cost	Amortised cost	486,282,778	486,282,778
Other liabilities	Amortised cost	Amortised cost	17,888,422	17,905,000

4.1.3 Impact on unappropriated profits

	Impact of adopting IFRS 9 at January 01, 2024
	Rupees in '000
Closing balances as at December 31, 2023	11,292,332
Recognition of expected credit losses under IFRS 9	(1,506,540)
Related tax	738,204
Opening balance under IFRS 9 as at January 01, 2024	10,523,996

4.1.4 Impact on regulatory capital

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP has detailed the transitional arrangement.

The transitional arrangement applies only to provisions for stage 1 and stage 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the transitional adjustment amount) must be partially included (i.e., added back) to CET1 capital over the transition period of five years.

Moreover, SBP has allowed to adjust the amount of stage 1 and stage 2 provisions in Tier 2 Capital that have not been added back to CET 1 and vice versa as per Annexure-A of BPRD Circular No. 16 dated July 29, 2024.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

The impact of adoption of IFRS 9 on the capital ratios of the Bank are as follows:

	As per previous reporting requirements	As per adoption of IFRS 9 impairment changes	IFRS 9 impairment changes and reclassification
Common Equity Tier 1 Capital Adequacy ratio	8.43%	8.11%	-0.32%
Tier 1 Capital Adequacy Ratio	9.65%	9.34%	-0.31%
Total Capital Adequacy Ratio	12.53%	12.09%	-0.44%

4.1.5 Classification and measurement

Under the new standard, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit or loss (FVTPL) regardless of the business model in which they are held.

4.1.5.1 Recognition and initial measurement

Trade receivable and debt securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Bank becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

4.1.5.2 Classification

(a) Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

On initial recognition of an equity investment that is not held-for-trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business models for managing financial assets, in which cases all affected financial assets are reclassified on the first day of the first reporting period following changes in the business model.

IFRS 9 allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any ‘accounting mismatch’ that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on different basis. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout life of the instrument. Nonetheless, banks should avoid this option for financial instruments that are categorised as Level 3 in terms of the IFRS 13 hierarchy.

(b) Financial Liabilities

Financial liabilities are either classified as fair value through profit or loss (FVTPL), when they are held-for-trading purposes, or at amortised cost. Financial liabilities classified as FVTPL are measured at fair value and all the fair value changes are recognised in profit and loss account. Financial liabilities classified at amortised cost are initially recorded at their fair value and subsequently measured using the effective interest rate method. Markup expense and foreign exchange gain and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

4.1.6 Business model assessment

A financial asset is classified as either held-to-collect, held-to-collect and sale and others based on Business Model Assessment. The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The assessment requires judgement based on facts and circumstances on the date of assessment. The information considered mainly includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual markup revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Bank’s management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank’s stated objective for managing the financial assets is achieved and how cash flows are realised.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Transfer of financial assets to third parties in transaction that do not qualify for derecognition are not considered sales for this purpose, consistent with the Bank continuing recognition of the financial assets.

Financial assets that are held-for-trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held-to-collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

4.1.7 Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as interest margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and markup on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The Bank holds a portfolio of long-term fixed-rate loan for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the financing at par without penalty. The Bank has determined that the contractual cash flows of these loan are SPPI because the option varies the interest rate in a way that is in consideration for the time value of money, credit risk, other basic financing risks and costs associated with the principal amount outstanding.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

4.1.8 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in profit and loss account.

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Markup, foreign exchange gains and losses and impairment are recognised in profit and loss account.

Debt investments at FVOCI	These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Markup income is calculated using the effective interest method and includes amortisation of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss account.

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit and loss account.

The banks are allowed to continue measuring unquoted equity securities at the lower of cost or break-up value up to December 31, 2024. However, Bank shall be required to measure unquoted equity securities at fair value, as required in the IFRS 9 application instructions, with effect from January 01, 2025.

4.1.9 Amortised cost and gross carrying amount

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before January 01, 2024).

The ‘gross carrying amount of a financial asset’ is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

4.1.10 Calculation of markup income and expense

Markup income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

In calculating markup income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, markup income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of markup income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, markup income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of markup income does not revert to a gross basis, even if the credit risk of the asset improves.

4.1.10.1 Presentation

Markup / interest earned as presented in the profit and loss account includes markup income calculated using the effective interest method as presented in sub note which includes:

- markup on financial assets and financial liabilities measured at amortised cost; and
- markup on debt instruments measured at FVOCI;

Markup / interest expense as presented in the profit and loss account includes markup expense calculated using the effective interest rate method as presented in sub note which includes:

- financial liabilities measured at amortised cost.

Markup income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Markup income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

Under IFRS 9 markup income earned on non-performing financial assets is determined by using the credit adjusted effective interest rate. However, in accordance with the application instructions the unrealised markup earned on non-performing assets are kept in a memorandum account and are not credited to the profit and loss account. However, the Banks are advised to recognise income on non-performing assets (loans classified under PRs i.e., OAEM and Stage 3 loan) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

4.1.11 Derecognition

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:

(a) substantially all of the risks and rewards of ownership of the financial asset are transferred; or
(b) the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized); and
- the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in OCI shall be recognised in profit and loss account.

From January 01, 2024 any cumulative gain / loss recognised in OCI in respect of equity investment securities designated at FVOCI is not recognised in profit and loss account on derecognition of such securities. Any markup on transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured loan transaction similar to sale-and repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

4.1.12 Modification

(a) Financial Assets

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Where derecognition of financial assets is appropriate, the newly recognised residual loans are assessed to determine whether the assets should be classified as purchased or originated credit-impaired assets (POCI).

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognise the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with impairment losses. In other cases, it is presented as markup income calculated using the effective interest rate method.

(b) Financial Liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability recognised and consideration paid is recognised in profit and loss account. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit and loss account. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

4.1.13 Reclassification

Financial liabilities are not reclassified subsequent to initial recognition. Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes such as the termination of a line of business or the purchase of a subsidiary whose business model is to realise the value of pre-existing held for trading financial assets through a hold to collect model.

Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated. Moreover, reclassifications of financial assets between financial assets held at amortised cost and financial assets held at FVOCI do not affect effective interest rate or expected credit loss computations.

(a) Reclassified from amortised cost

Where financial assets held at amortised cost are reclassified to financial assets held at FVTPL, the difference between the fair value of the assets at the date of reclassification and the previously recognised amortised cost is recognised in the profit and loss account.

For financial assets held at amortised cost that are reclassified to FVOCI, the difference between the fair value of the assets at the date of reclassification and the previously recognised gross carrying value is recognised in comprehensive income. Additionally, the related cumulative expected credit loss amounts relating to the reclassified financial assets are reclassified from provisions to a separate reserve in comprehensive income at the date of reclassification.

(b) Reclassified from fair value through other comprehensive income

Where debt securities held at FVOCI are reclassified to financial assets held at FVTPL, the cumulative gain or loss previously recognised in comprehensive income is transferred to the profit and loss account.

For debt securities held at FVOCI that are reclassified to financial assets held at amortised cost, the cumulative gain or loss previously recognised in comprehensive income is adjusted against the fair value of the financial asset such that the financial asset is recorded at a value as if it had always been held at amortised cost. In addition, the related cumulative expected credit losses held within comprehensive income are reversed against the gross carrying value of the reclassified assets at the date of reclassification.

(c) Reclassified from fair value through profit or loss

Where financial assets held at FVTPL are reclassified to debt securities held at FVOCI or financial assets held at amortised cost, the fair value at the date of reclassification is used to determine the effective interest rate on the financial asset going forward. In addition, the date of reclassification is used as the date of initial recognition for the calculation of expected credit losses. Where financial assets held at FVTPL are reclassified to financial assets held at amortised cost, the fair value at the date of reclassification becomes the gross carrying value of the financial asset.

4.1.14 Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses (ECL) resulting from default events that are possible within the next 12 months (12-month ECL). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL).

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

(a) Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

(b) Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Financial assets where 12-month ECL is recognised are in ‘Stage 1’; financial assets that are considered to have experienced a significant increase in credit risk are in ‘Stage 2’; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in ‘Stage 3’.

(c) Non-Performing financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as ‘Stage 3 financial assets’). A financial asset is ‘non-performing’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Under the IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Bank is required to calculate ECL on it's non-performing financial assets as higher of provision under Prudential Regulations (PR) and ECL under IFRS 9.

The Bank calculates the ECL against corporate, commercial and SME loan portfolios as higher of PR and ECL under IFRS 9 at borrower / facility level, whereas against the retail borrowers the Bank will calculate ECL at higher of PR and ECL under IFRS 9 at segment / product basis as instructed under Annexure-A of BPRD Circular No. 16 dated July 29, 2024.

Based on the requirements of IFRS 9 and Application Instructions, the Bank has performed an ECL assessment considering the following key elements:

(a) Probability of default (PD)

The probability that a counterparty will default over the next 12 months from the reporting date (12 month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using internal rating classes and are based on the Bank's internal risk rating. The bank has used Transition Matrix approach for estimation of PD for each internal rating. The bank have used roll-rate method using the days past due (DPD) criteria to estimated PD for its retail portfolio. PD are then adjusted with forward looking information for calculation of ECL.

(b) Exposure at default (EAD)

The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. The Bank estimates EAD for financial assets carried at an amortised cost equal to principal plus profit. Each repayment date is assumed to be default point in the model and the ECL is calculated on EAD at each reporting date and discounted at the effective interest rate. Further, cash and cash equivalent collaterals the Bank holds against the non-retail facilities are adjusted from the EAD.

(c) Loss given default (LGD)

An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

4.1.15 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PR issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 6 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 03 dated July 05, 2022. However, banks are free to choose more stringent days past due criteria.

The Bank measures ECL on a lifetime basis for POCI instruments throughout the life of the instrument. However, ECL is not recognised in a separate loss provision on initial recognition for POCI instruments as the lifetime expected credit loss is inherent within the gross carrying amount of the instruments. The Bank recognises the change in lifetime expected credit losses arising subsequent to initial recognition in the profit and loss account and the cumulative change as a loss provision. Where lifetime ECL on POCI instruments are less than those at initial recognition, then the favorable differences are recognised as impairment gains in the profit and loss account.

4.1.16 Write-offs

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in ‘impairment losses on financial instruments’ in the profit and loss account and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank’s procedures for recovery of amounts due.

4.1.17 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.1.18 Undrawn loan commitments and guarantees:

‘Financial guarantees’ are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. ‘Loan commitments’ are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market profit rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

When estimating lifetime ECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the loans are drawn down, based on a probability-weighting of the three scenarios.

4.1.19 Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring the Risk, Finance, Operations, Internal Audit and IT functions to effectively work together to ensure input from all business lines. IFRS 9 requires robust credit risk models that can predict Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The Bank's Risk Management Division has developed models / methodologies for PD, LGD and Credit Conversion Factors (CCF). These models are validated on an annual basis considering the following aspects:

- Qualitative Validation: Expected credit loss (ECL) model design validation, data quality validation and benchmarking with external best practices.
- Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

The Risk Department defines the staging criteria for the new impairment model and take ownership of all models, methodologies and the ECL calculation approach. Additionally, the Risk department also take the ownership of the impact of ECL on bank's capital.

The Bank's Finance Division performs ECL calculation. As a result, the department then assess the financial impact, meet the financial reporting requirements and further monitor the impact on the financial ratios. Finance department also presents quarterly progress report to its relevant Board Sub Committee.

The IT Department is responsible to identify, prepare and extract the data required for the risk parameters modelling and ECL calculations. IT department also support project owners for system development and upgrades.

As per the Bank's policy, the Bank's Internal Audit function carries out periodic review of IFRS 9 methodology and impacts calculated by the Management.

4.2 Revised format of condensed interim financial statements

The SBP vide BPRD Circular No. 02 dated February 09, 2023, and BPRD Circular Letter No. 07 dated April 13, 2023, has amended the format of quarterly and half yearly financial statements of banks. All banks are directed to prepare their quarterly and half yearly financial statements on the revised format effective from accounting year starting from January 01, 2024. Accordingly, the Bank has prepared these condensed interim unconsolidated financial statements on the new format prescribed by the SBP.

The adoption of revised format has resulted in following significant changes:

- Right-of-use-assets (Note 12) amounting to Rs. 2,397.576 million (December 31, 2023: Rs. 2,139.578 million) which were previously shown as part of property and equipment are now shown separately on the unconsolidated statement of financial position.
- Lease liabilities (Note 18) amounting to Rs. 2,556.383 million (December 31, 2023: Rs. 2,234.115 million) which were previously shown as part of other liabilities (note 21) are now shown separately on the unconsolidated statement of financial position.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2023.

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
6. CASH AND BALANCES WITH TREASURY BANKS	--------- Rupees in '000 ---------	
In hand		
Local currency	9,911,203	8,606,571
Foreign currencies	1,317,171	2,159,380
	11,228,374	10,765,951
With State Bank of Pakistan in		
Local currency current account	26,581,594	20,387,010
Foreign currency current accounts	1,962,305	2,071,676
Foreign currency deposit accounts	4,089,519	4,614,459
	32,633,418	27,073,145
With National Bank of Pakistan in local currency current accounts	3,916,850	3,038,343
National Prize Bonds	11,626	17,592
Less: Credit loss allowance held	(560)	-
	47,789,708	40,895,031

7. BALANCES WITH OTHER BANKS

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
In Pakistan		
In current accounts	5,690	5,636
In deposit accounts	73	73
	5,763	5,709
Outside Pakistan		
In current accounts	4,192,008	3,721,855
	4,197,771	3,727,564
Less: Credit loss allowance held	(60)	(74)
	4,197,711	3,727,490

8. LENDINGS TO FINANCIAL INSTITUTIONS

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Reverse repo agreements	4,978,500	-
Less: Credit loss allowance held	(672)	-
	4,977,828	-

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

8.1 Particulars of credit loss allowance

Category of classification		(Un-audited) June 30, 2024 Outstanding amount	(Un-audited) June 30, 2024 Credit loss allowance held	(Audited) December 31, 2023 Outstanding amount	(Audited) December 31, 2023 Credit loss allowance held
		Rupees in '000			
Domestic					
Performing	Stage 1	4,978,500	672	-	-
Under-performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		4,978,500	672	-	-

9. INVESTMENTS

9.1 Investments by type	Note	June 30, 2024 (Un-audited) Cost / Amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying value
		Rupees in '000			
FVTPL					
Federal Government Securities		34,459,340	-	140,110	34,599,450
FVOCI					
Federal Government Securities		169,801,430	(36,764)	(803,467)	168,961,199
Shares		2,710,649	(136,589)	703,700	3,277,760
Non Government Debt Securities		2,279,501	(305,485)	(19,447)	1,954,569
Foreign Securities		2,193,781	(187,340)	(49,559)	1,956,882
		176,985,361	(666,178)	(168,773)	176,150,410
Amortised Cost					
Federal Government Securities	9.1.1	144,674,818	-	-	144,674,818
Associates		242,067	(50,063)	-	192,004
Subsidiaries		20,887,275	-	-	20,887,275
Total Investments		377,248,861	(716,241)	(28,663)	376,503,957

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

	December 31, 2023 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000			
Held-for-trading securities				
Federal Government Securities	47,974	-	(49)	47,925
Available-for-sale securities				
Federal Government Securities	140,851,659	(124,556)	(347,860)	140,379,243
Shares	2,324,343	(136,589)	1,268,044	3,455,798
Non Government Debt Securities	1,970,593	(303,107)	(25,882)	1,641,604
Foreign Securities	19,017,877	(189,244)	(106,719)	18,721,914
	164,164,472	(753,496)	787,583	164,198,559
Held-to-maturity securities				
Federal Government Securities	102,146,174	-	-	102,146,174
Associates	242,067	(43,145)	-	198,922
Subsidiaries	20,887,275	-	-	20,887,275
Total Investments	287,487,962	(796,641)	787,534	287,478,855

9.1.1 The market value of securities measured at amortised cost (December 31, 2023: Held-to-maturity) as at June 30, 2024 amounted to Rs. 143,087.076 million (December 31, 2023: Rs. 100,310.906 million).

	(Un-audited) June 30, 2024		(Audited) December 31, 2023	
	Cost	**Market value**	Cost	Market value
9.2 **Investments given as collateral**	Rupees in '000			
Federal Government Securities				
Pakistan Investment Bonds - Floater	**17,456,361**	**17,403,300**	-	-
	17,456,361	**17,403,300**	-	-

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
9.3 **Credit loss allowance / provision for diminution in value of investments**		Rupees in '000	
Opening balance		**796,641**	647,221
Impact of adoption of IFRS 9		**3,205**	-
Exchange rate adjustments		**(3,751)**	44,314
Charge for the period / year		**9,438**	113,311
Reversals for the period / year		**(89,292)**	(8,205)
	33	**(79,854)**	105,106
Closing balance		**716,241**	796,641

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

9.3.1 Particulars of credit loss allowance against debt securities

Category of classification		(Un-audited) June 30, 2024 Outstanding amount	(Un-audited) June 30, 2024 Credit loss allowance held	(Audited) December 31, 2023 Outstanding amount	(Audited) December 31, 2023 Provision for diminuition
		---------------------------- Rupees in '000		----------------------------	
Domestic					
Performing	Stage 1	**170,854,632**	**2,378**	140,542,292	-
Under-performing	Stage 2	**695,647**	**131,928**	-	-
Non-performing	Stage 3				
Substandard		**-**	**-**	-	-
Doubtful		**-**	**-**	-	-
Loss		**171,179**	**171,179**	303,107	303,107
		171,721,458	**305,485**	140,845,399	303,107
Overseas					
Performing	Stage 1	**1,546,416**	**141**	18,362,125	58
Under-performing	Stage 2	**431,043**	**36,764**	1,853,745	124,556
Non-performing	Stage 3				
Substandard		**-**	**-**	-	-
Doubtful		**-**	**-**	-	-
Loss		**556,682**	**187,199**	563,721	189,186
		2,534,141	**224,104**	20,779,591	313,800
Total		**174,255,599**	**529,589**	161,624,990	616,907

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

9.4 Summary of financial position and performance of associates and subsidiaries

	June 30, 2024 (Un-audited)						
	Holding (%)	Country of incorporation	Assets	Liabilites	Revenue	Profit / (loss)	Total comprehensive income
			Rupees in '000				
Associates							
Omar Jibran Engineering Industries Limited	**9.60%**	**Pakistan**	**5,372,772**	**2,430,640**	**2,345,882**	**(145,624)**	**231,702**
Veda Transit Solutions Private Limited	**3.92%**	**Pakistan**	**3,771,523**	**3,318,137**	**3,185,247**	**(549,172)**	**(552,470)**
Subsidiaries							
JS Global Capital Limited	**92.90%**	**Pakistan**	**7,148,818**	**4,537,980**	**519,691**	**154,774**	**159,126**
JS Investments Limited	**84.56%**	**Pakistan**	**2,283,807**	**439,904**	**219,775**	**178,482**	**178,482**
BankIslami Pakistan Limited	**75.12%**	**Pakistan**	**655,496,473**	**614,128,028**	**21,976,880**	**7,064,389**	**6,358,790**

			December 31, 2023 (Audited)		June 30, 2023 (Un-audited)		
	Holding (%)	Country of incorporation	Assets	Liabilites	Revenue	Profit / (loss)	Total comprehensive income
			Rupees in '000				
Associates							
Omar Jibran Engineering Industries Limited	9.60%	Pakistan	5,372,772	2,430,640	2,345,882	(145,624)	231,702
Veda Transit Solutions Private Limited	3.92%	Pakistan	4,242,630	3,236,774	2,468,979	(80,262)	(80,267)
Subsidiaries							
JS Global Capital Limited	92.90%	Pakistan	6,251,182	3,799,471	290,492	60,655	57,690
JS Investments Limited	84.56%	Pakistan	2,122,220	456,799	82,174	46,159	46,159
BankIslami Pakistan Limited	75.12%	Pakistan	654,865,896	618,399,978	16,653,398	5,095,746	4,681,883

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

10. ADVANCES	Note	**June 30, 2024 (Un-audited)**		
		Performing	**Non-Performing**	**Total**
		Rupees in '000		
Loans, cash credits, running finances, etc.		**183,522,435**	**16,967,285**	**200,489,720**
Bills discounted and purchased		**9,690,134**	**-**	**9,690,134**
Advances - gross		**193,212,569**	**16,967,285**	**210,179,854**
Credit loss allowance against advances				
- Stage 1		**(234,404)**	**-**	**(234,404)**
- Stage 2		**(200,853)**	**-**	**(200,853)**
- Stage 3		**-**	**(11,883,114)**	**(11,883,114)**
	10.4	**(435,257)**	**(11,883,114)**	**(12,318,371)**
Fair value adjustment	10.2	**(2,976,000)**	**-**	**(2,976,000)**
Advances - net of credit loss allowance		**189,801,312**	**5,084,171**	**194,885,483**

	December 31, 2023 (Audited)		
	Performing	Non-Performing	Total
	Rupees in '000		
Loans, cash credits, running finances, etc.	186,577,182	16,184,450	202,761,632
Bills discounted and purchased	11,025,154	-	11,025,154
Advances - gross	197,602,336	16,184,450	213,786,786
Provision against advances			
- Specific	-	(9,660,542)	(9,660,542)
- General	(377,450)	-	(377,450)
- Provision under IFRS-9	(21,894)	-	(21,894)
	(399,344)	(9,660,542)	(10,059,886)
Advances - net of provision	197,202,992	6,523,908	203,726,900

10.1 Particulars of advances (gross)	**(Un-audited) June 30, 2024**	(Audited) December 31, 2023
	Rupees in '000	
In local currency	**200,531,837**	202,199,868
In foreign currencies	**9,648,017**	11,586,918
	210,179,854	213,786,786

10.2 This represents deferred fair value loss arising from the restructuring of Pakistan International Airlines Corporation Limited (PIACL). SBP through its letter dated August 01, 2024 has allowed staggering of such fair value impact over the period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 25% from year 1 to year 6. SBP in its another circular letter dated July 29, 2024 has allowed to take such fair value adjustment with effect from October 01, 2024.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

10.3 Advances include Rs. 16,967.285 million (December 31, 2023: Rs. 16,184.450 million) which have been placed under Stage 3 / Non-performing status as detailed below:

		(Un-audited) June 30, 2024		(Audited) December 31, 2023	
		Non-Performing Loans	Credit loss allowance	Non-Performing Loans	Provision
Category of classification		Rupees in '000			
Domestic					
Other Assets Especially Mentioned (OAEM) *		**370,894**	**133,805**	363,753	2,154
Substandard	Stage 3	**755,391**	**58,316**	1,336,698	117,718
Doubtful	Stage 3	**2,181,068**	**351,345**	2,509,560	220,851
Loss	Stage 3	**13,659,932**	**11,339,648**	11,974,439	9,319,819
Total		**16,967,285**	**11,883,114**	16,184,450	9,660,542

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

10.4 Particulars of credit loss allowance against advances

	Note	June 30, 2024 (Un-audited) Stage 3	Stage 2	Stage 1	Total
		Rupees in '000			
Opening balance		**9,660,542**	**-**	**399,344**	**10,059,886**
Impact of adoption of IFRS 9		**1,072,051**	**220,670**	**191,061**	**1,483,782**
Exchange rate adjustments		**-**	**-**	**(240)**	**(240)**
Charge for the period		**2,284,410**	**21,929**	**61,280**	**2,367,619**
Reversals for the period		**(1,008,043)**	**(41,746)**	**(417,041)**	**(1,466,830)**
	33	**1,276,367**	**(19,817)**	**(355,761)**	**900,789**
Amounts written off		**(32,547)**	**-**	**-**	**(32,547)**
Amounts charged off - agricultural financing		**(93,299)**	**-**	**-**	**(93,299)**
Closing balance	10.5	**11,883,114**	**200,853**	**234,404**	**12,318,371**

	December 31, 2023 (Audited) Specific	General	Provision under IFRS 9	Total
	Rupees in '000			
Opening balance	7,210,740	200,614	11,500	7,422,854
Exchange rate adjustments	-	-	2,856	2,856
Charge for the year	3,128,536	176,836	7,538	3,312,910
Reversals for the year	(624,082)	-	-	(624,082)
	2,504,454	176,836	7,538	2,688,828
Amounts written off	(54,652)	-	-	(54,652)
Closing balance	9,660,542	377,450	21,894	10,059,886

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

10.4.1 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at June 30, 2024, the Bank has availed cumulative FSV benefit under the directives of the SBP of Rs. 3,353.619 million (December 31, 2023: Rs. 3,914.240 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 1,710.346 million (December 31, 2023: Rs. 1,996.262 million). The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend to shareholders or bonus to employees under the requirements of Prudential Regulations of Corporate / Commercial Banking of SBP.

10.5 Advances - Particulars of credit loss allowance

		(Un-audited) June 30, 2024	
	Stage 1	Stage 2	Stage 3
	----------------	Rupees in '000	----------------
10.5.1 Opening balance	399,344	-	9,660,542
Impact of adoption of IFRS 9	191,061	220,670	1,072,051
New Advances	21,449	21,929	1,906,960
Advances derecognised or repaid	-	(41,746)	(1,008,043)
Transfer to stage 1	-	-	-
Transfer to stage 2	-	-	-
Transfer to stage 3	(377,450)	-	377,450
	(356,001)	(19,817)	1,276,367
Amounts written off / charged off	-	-	(125,846)
Changes in risk parameters	-	-	-
Closing balance	234,404	200,853	11,883,114

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

10.5.2 Advances - Category of classification

		(Un-audited) June 30, 2024	
		Outstanding amount	Credit loss allowance held
		--------- Rupees in '000 ---------	
Domestic			
Performing	Stage 1	145,940,193	216,919
Under-performing	Stage 2	44,108,466	200,853
Non-performing	Stage 3		
OAEM		370,894	133,805
Substandard		755,391	58,316
Doubtful		2,181,068	351,345
Loss		13,659,932	11,339,648
		207,015,944	12,300,886
Overseas			
Performing	Stage 1	3,163,910	17,485
Under-performing	Stage 2	-	-
Non-performing	Stage 3		
Substandard		-	-
Doubtful		-	-
Loss		-	-
		3,163,910	17,485
Total		210,179,854	12,318,371

11. PROPERTY AND EQUIPMENT

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
		--------- Rupees in '000 ---------	
Capital work-in-progress	11.1	449,000	450,659
Property and equipment		8,174,931	8,176,443
		8,623,931	8,627,102

11.1 Capital work-in-progress

Civil works	211,610	277,785
Equipment	-	162,148
Advances to suppliers	237,390	10,726
	449,000	450,659

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

			(Un-audited)	
			January - June 2024	January - June 2023
11.2	**Additions to property and equipment**	Note	--------- Rupees in '000 ---------	
	The following additions have been made to property and equipment during the period:			
	Capital work-in-progress		**390,034**	442,636
	Property and equipment			
	Building on leasehold land		**-**	617,158
	Leasehold improvements		**270,373**	159,402
	Furniture and fixture		**79,664**	69,795
	Electrical, office and computer equipments		**249,196**	930,136
	Vehicles		**75,711**	-
			674,944	1,776,491
	Total	11.2.1	**1,064,978**	2,219,127

11.2.1 This includes transfer from capital work in progress during the period of Rs. 391.693 million (June 30, 2023: Rs. 844.064 million).

		(Un-audited)	
		January - June 2024	January - June 2023
11.3	**Disposal of property and equipment**	--------- Rupees in '000 ---------	
	The net book value of property and equipment disposed off during the period is as follows:		
	Property and equipment		
	Building on leasehold land	**-**	61,165
	Leasehold improvements	**5,373**	1,560
	Furniture and fixture	**1,342**	2,579
	Electrical, office and computer equipments	**8,965**	20,606
	Vehicles	**22,580**	4,701
	Total	**38,260**	90,611

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
12.	**RIGHT-OF-USE ASSETS**	--------- Rupees in '000 ---------	
	Opening balance	**2,139,578**	2,286,719
	Additions / renewals	**876,856**	1,147,815
	Terminations	**(9,510)**	(177,510)
	Depreciation charge during the period / year	**(637,623)**	(1,126,808)
	Exchange rate adjustments	**(218)**	5,685
	Other adjustments	**28,493**	3,677
	Closing balance	**2,397,576**	2,139,578
13.	**INTANGIBLE ASSETS**		
	Capital work-in-progress - computer software	**1,543,517**	815,848
	Computer software	**2,743,363**	2,593,435
	Goodwill	**1,463,624**	1,463,624
		5,750,504	4,872,907

			(Un-audited) January - June 2024	(Un-audited) January - June 2023
13.1	**Additions to intangible assets**	Note	--------- Rupees in '000 ---------	
	The following additions have been made to intangible assets during the period:			
	Directly purchased			
	Capital work-in-progress		**1,047,304**	271,693
	Computer software	13.1.1	**321,301**	674,729
			1,368,605	946,422

13.1.1 This includes transfer from capital work in progress during the period of Rs. 319.635 million (June 30, 2023: Rs. 535.938 million).

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

		Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
14.	**OTHER ASSETS**		------- Rupees in '000 -------	
	Mark-up / return / interest accrued in local currency		**21,004,892**	23,018,231
	Mark-up / return / interest accrued in foreign currencies		**167,868**	155,308
	Advances, deposits, advance rent and other prepayments		**1,772,696**	1,239,908
	Acceptances		**6,677,991**	2,622,716
	Advance taxation (payments less provision)		**145,326**	-
	Stationery and stamps in hand		**11,386**	21,290
	Receivable in respect of home remittance		**30,017**	30,805
	Due from State Bank of Pakistan		**538,875**	807,190
	Fair value adjustment on advances	10.2	**2,976,000**	-
	Non-banking assets acquired in satisfaction of claims		**4,759,028**	4,775,743
	Mark to market gain on forward foreign exchange contracts		**372,839**	1,642,158
	Advance against investments in securities		**792,000**	1,178,306
	Branchless banking fund settlement		**289,107**	202,425
	Inter bank fund transfer settlement		**1,208,947**	1,079,395
	Credit card settlement		**384,993**	498,755
	Insurance claims receivable		**27,632**	27,302
	Others		**200,373**	155,791
			41,359,970	37,455,323
	Less: Provision held against other assets	14.1	**(11,241)**	(11,241)
	Other assets - net of provision		**41,348,729**	37,444,082
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	**519,587**	520,513
	Other assets - total		**41,868,316**	37,964,595

14.1	**Provision held against other assets**		
	Advances, deposits, advance rent and other prepayments	**10,184**	10,184
	Others	**1,057**	1,057
		11,241	11,241

15.	**BILLS PAYABLE**		
	In Pakistan	**7,254,996**	5,269,279
	Outside Pakistan	**360,650**	399,442
		7,615,646	5,668,721

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	------- Rupees in '000 -------	
16. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under:		
Export refinancing scheme	**14,430,309**	13,554,172
Long-term finance facility	**1,737,748**	2,014,764
Financing facility for storage of agricultural produce	**158,073**	133,729
Financing facility for renewable energy projects	**1,198,670**	1,157,963
Refinance for women entrepreneurs	**149,483**	165,296
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	**137,038**	157,968
Refinance facility for combating COVID-19	**113,518**	152,375
Temporary economic refinance facility	**4,426,622**	4,714,801
Small enterprise financing and credit guarantee scheme for special persons	**1,448**	1,978
Refinance facility for working capital of SMEs	**151,641**	193,750
Refinance facility for SME Asaan Finance (SAAF) scheme	**2,341,912**	1,438,299
Repurchase agreement borrowings	**15,000,000**	-
	39,846,462	23,685,095
Borrowing from financial institutions:		
Repurchase agreement borrowings	**2,861,700**	-
Refinancing facility for mortgage loans	**2,959,009**	2,987,901
	45,667,171	26,672,996
Unsecured		
Overdrawn nostro accounts	**1,177,578**	549,483
	46,844,749	27,222,479

16.1 Particulars of borrowings

In local currency	**45,667,171**	26,672,996
In foreign currencies	**1,177,578**	549,483
	46,844,749	27,222,479

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

17. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	Rupees in '000					
Customers						
Current deposits	160,939,314	10,353,223	171,292,537	128,237,399	11,215,356	139,452,755
Savings deposits	173,646,352	7,447,231	181,093,583	119,326,770	6,400,278	125,727,048
Term deposits	123,238,609	42,198,154	165,436,763	139,870,324	45,365,021	185,235,345
Margin deposits	22,487,212	512,484	22,999,696	19,264,764	566,321	19,831,085
	480,311,487	60,511,092	540,822,579	406,699,257	63,546,976	470,246,233
Financial Institutions						
Current deposits	3,083,768	160,004	3,243,772	978,840	283,096	1,261,936
Savings deposits	11,055,862	3,276	11,059,138	11,207,875	525	11,208,400
Term deposits	2,736,709	-	2,736,709	3,566,209	-	3,566,209
	16,876,339	163,280	17,039,619	15,752,924	283,621	16,036,545
	497,187,826	60,674,372	557,862,198	422,452,181	63,830,597	486,282,778

18. LEASE LIABILITIES

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Rupees in '000	
Opening balance	2,234,115	2,545,780
Additions / renewals	876,856	1,147,815
Lease payments including interest	(740,718)	(1,551,908)
Finance charges on leased assets	176,613	300,981
Terminations	(12,828)	(226,861)
Exchange rate adjustments	(207)	5,516
Other adjustments	22,552	12,792
Closing balance	2,556,383	2,234,115

18.1 Outstanding liabilities

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Not later than one year	260,875	161,144
Later than one year and upto five years	1,240,805	1,116,855
Over five years	1,054,703	956,116
Total	2,556,383	2,234,115

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

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
19. SUBORDINATED DEBT	Note	------- Rupees in '000 -------	
Term Finance Certificates - Fifth Issue	19.1	**3,499,300**	3,499,767
Term Finance Certificates - Fourth Issue	19.2	**2,497,500**	2,498,000
Term Finance Certificates - Third Issue	19.3	**2,500,000**	2,500,000
		8,496,800	8,497,767

19.1 In 2023, the Bank had issued Rs. 3.5 billion of rated, privately placed and listed (in process), unsecured and subordinated term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	August 30, 2023
Tenure:	Up to ten years from the issue date.
Maturity date:	August 30, 2033
Rating:	AA - (Double A Minus)
Security:	The issue is unsecured
Markup rate:	Floating rate of return at Base Rate + 2 percent per annum; Base Rate is defined as the average three months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each three monthly period.
Markup payment frequency:	Quarterly
Redemption:	The instrument is structured to redeem 0.24% of the issue amount during the first nine years after the issue date and the remaining issue amount of 99.76% in four equal quarterly installments of 24.94% each in the last year.
Subordination:	The issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital.
Call option:	Exercisable in part or in full on or after five years from the issue date, subject to SBP's approval.
Lock-in-clause:	Principal and markup will be payable subject to compliance with MCR or CAR or Leverage Ratio set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability (PONV) event as defined under SBP BPRD Circular No. 06 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of PONV as declared by SBP, subject to a cap of 924,772,179 shares.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

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

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 28, 2021
Tenure:	Up to Seven years from the issue date.
Maturity date:	December 28, 2028
Rating:	AA - (Double A Minus)
Markup rate:	Floating rate of return at Base Rate + 2 percent per annum; Base Rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.
Markup payment frequency:	Semi-annually
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The issue is unsecured
Subordination:	The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital.
Call option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Payment of markup will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability (PONV) event as defined under SBP BPRD Circular No. 06 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of PONV as declared by SBP, subject to a cap of 400,647,739 shares.

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

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

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

Markup rate:	Floating rate of return at Base Rate + 2.25 percent per annum; Base Rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.
Markup payment frequency:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The issue is unsecured
Subordination:	The issue is subordinated as to payment of principal and markup to all other claims except common shares.
Call option:	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbency clause:	
Pre-Specified Trigger (PST)	Upon the occurrence of a PST as defined under SBP BPRD Circular No. 06 dated August 15, 2013 which stipulates that if an Issuer's Common Equity Tier 1 (CET 1) ratio falls to or below 6.625% of Risk Weighted Assets (RWAs), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to: - If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWAs (if possible); - The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWAs (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and - In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer.
Point of Non-Viability (PONV)	Upon the occurrence of a PONV event as defined under SBP BPRD Circular No. 06 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below: The PONV trigger event is the earlier of: - A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable; - The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP. - The maximum number of shares to be issued to TFC holders at the PST and / or PONV (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

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	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
20. DEFERRED TAX LIABILITIES		---------- Rupees in '000 ----------	
Deductible Temporary Differences on:			
Credit loss allowance / provision against investments		**(86,201)**	(80,009)
Credit loss allowance / provision against loans and advances		**(1,426,052)**	(734,869)
Other assets		**(48,740)**	(30,437)
Surplus on revaluation of investments classified as measure at FVOCI / available-for-sale	22	**(82,698)**	385,918
		(1,643,691)	(459,397)
Taxable Temporary Differences on:			
Accelerated tax depreciation		**737,776**	702,195
Goodwill		**717,176**	717,176
Surplus on revaluation of property and equipments	22	**324,440**	333,501
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	**22,179**	22,633
		1,801,571	1,775,505
		157,880	1,316,108

21. OTHER LIABILITIES

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Mark-up / return / interest payable in local currency		**6,543,290**	5,971,062
Mark-up / return / interest payable in foreign currencies		**552,101**	446,941
Unearned income on guarantees		**466,075**	398,300
Accrued expenses		**1,136,814**	1,550,139
Current taxation (payments less provision)		**-**	34,325
Acceptances		**6,677,991**	2,622,716
Unclaimed dividends		**4,214**	4,214
Mark to market loss on forward foreign exchange contracts		**1,408,875**	1,609,783
Defined benefit obligation - net		**208,266**	133,191
Withholding taxes payable		**1,165,123**	1,085,992
Donation payable		**102,278**	169,813
Security deposits against leases, lockers and others		**1,454,465**	1,640,270
Workers' welfare fund		**480,019**	371,352
Payable in respect of home remittance		**41,608**	35,659
Retention money payable		**59,467**	58,836
Insurance payable		**310,251**	249,979
Payable to vendors against SBS goods		**221,385**	282,322
Debit card settlement		**316,316**	473,999
Clearing and settlement accounts		**204,233**	499,770
Credit loss allowance against off-balance sheet obligations	21.1	**34,132**	-
Others		**266,472**	249,759
		21,653,375	17,888,422

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

21.1 Credit loss allowance against off-balance sheet obligations

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
		---------- Rupees in '000 ----------	
Opening balance		-	-
Impact of adoption of IFRS 9		16,578	-
Reclassified from advances		2,371	-
Exchange rate adjustments		(39)	-
Charge for the period / year		16,920	-
Reversals for the period / year		(1,698)	-
		15,222	-
Closing balance		34,132	-

22. SURPLUS ON REVALUATION OF ASSETS

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - debt	9.1	(869,910)	-
- Securities measured at FVOCI - equity	9.1	701,137	-
- Available-for-sale	9.1	-	787,583
- Property and equipment		1,375,331	1,393,824
- Non-banking assets acquired in satisfaction of claims	14	519,587	520,513
		1,726,145	2,701,920
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - debt		426,255	-
- Securities measured at FVOCI - equity		(343,557)	-
- Available-for-sale		-	(385,918)
- Property and equipment		(324,440)	(333,501)
- Non-banking assets acquired in satisfaction of claims		(22,179)	(22,633)
		(263,921)	(742,052)
		1,462,224	1,959,868

23. CONTINGENCIES AND COMMITMENTS

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Guarantees	23.1	88,184,971	72,956,594
Commitments	23.2	142,787,191	162,815,632
Other contingencies	23.3	729,069	736,214
		231,701,231	236,508,440

23.1 Guarantees

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Financial guarantees		9,517,397	8,425,132
Performance guarantees		38,002,424	33,842,832
Other guarantees		40,665,150	30,688,630
		88,184,971	72,956,594

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

		Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
			---------- Rupees in '000 ----------	
23.2	**Commitments**			
	Documentary credits and short-term trade-related transactions			
	- Letters of credit		**33,285,357**	42,357,815
	Commitments in respect of:			
	- Forward foreign exchange contracts		**109,314,142**	120,272,393
	- Forward lending		**10,000**	10,000
	Commitments for acquisition of:			
	- Property and equipment	23.2.3	**134,048**	142,917
	- Intangible assets	23.2.3	**43,644**	32,507
			142,787,191	162,815,632
23.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		**76,468,651**	71,216,019
	Sale		**32,845,491**	49,056,374
			109,314,142	120,272,393
23.2.2	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to lend		**10,000**	10,000

23.2.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

23.2.3 This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware & network equipment, electrical equipment and computer software.

		Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
23.3	**Other contingencies**		---------- Rupees in '000 ----------	
	Claims against the Bank not acknowledged as debts	23.3.1	**729,069**	736,214

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

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

23.3.2 Tax related contingencies are disclosed in note 34.1.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

24. DERIVATIVE INSTRUMENTS

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

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

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

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

The Bank held no derivative instruments as at half year ended June 30, 2024 (December 31, 2023: Nil).

	(Un-audited)	
	June 30, 2024	June 30, 2023
25. MARK-UP / RETURN / INTEREST EARNED	---------- Rupees in '000 ----------	
On:		
Loans and advances	**18,655,783**	19,319,215
Investments	**33,141,997**	21,872,080
Lendings to financial institutions	**78,424**	89,513
Securities purchased under repurchase agreements	**657,301**	1,060,912
Balances with other banks	**190,995**	125,650
	52,724,500	42,467,370
25.1 Interest income recognised on:		
Financial assets measured at amortised cost	**31,063,592**	29,124,936
Financial assets measured at FVOCI	**21,230,963**	12,622,995
Financial assets measured at FVTPL	**429,945**	719,439
	52,724,500	42,467,370
26. MARK-UP / RETURN / INTEREST EXPENSED		
On:		
Deposits	**32,001,488**	23,408,737
Borrowings	**4,660,605**	7,473,922
Subordinated debt	**998,282**	675,548
Cost of foreign currency swaps against foreign currency deposits / borrowings	**1,850,862**	321,697
Finance charges on leased assets	**176,613**	150,302
	39,687,850	32,030,206
26.1 Interest expense calculated using effective interest rate method	**5,658,887**	8,149,470
Other financial liabilities	**34,028,963**	23,880,736
	39,687,850	32,030,206

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

			(Un-audited)	
			June 30, 2024	June 30, 2023
27.	**FEE AND COMMISSION INCOME**	Note	---------- Rupees in '000 ----------	
	Branch banking customer fees		**54,155**	54,030
	Finance related fees		**239,787**	239,657
	Card related fees (debit and credit cards)		**516,647**	271,698
	Investment banking fees		**3,850**	63,597
	Commission on trade		**567,416**	481,580
	Commission on guarantees		**338,902**	330,366
	Commission on cash management		**16,841**	23,979
	Commission on remittances including home remittances		**136,507**	58,527
	Commission on bancassurance		**44,991**	35,758
	Commission on distribution of mutual funds		**5,654**	-
	Commission on online services		**77,874**	136,313
	Postage and courier income		**13,154**	6,344
	Rebate income		**272,430**	173,333
			2,288,208	1,875,182
28.	**GAIN / (LOSS) ON SECURITIES - NET**			
	Realised	28.1	**523,154**	(678,437)
	Unrealised - measured at FVTPL	9.1	**140,110**	(606)
			663,264	(679,043)
28.1	**Realised gain / (loss) on:**			
	Federal government securities			
	Market treasury bills		**52,234**	(669,973)
	Pakistan investment bonds		**596,041**	(31,035)
	Ijarah sukuk certificates		**1,716**	14,975
			649,991	(686,033)
	Mutual fund units		**-**	5,852
	Foreign currency bonds		**(126,837)**	1,744
		28.2	**523,154**	(678,437)
28.2	**Net gain / (loss) on financial assets**			
	Mandatorily measured at FVTPL		**94,791**	-
	Net gain on financial assets measured at FVOCI		**428,363**	-
			523,154	-
29.	**OTHER INCOME**			
	Rent income		**17,176**	9,565
	Gain on sale of property and equipment - net		**6,335**	41,860
	Gain on termination of leases - net		**3,318**	30,083
	Recoveries against charge off loans		**4,949**	-
	Others		**5,629**	481
			37,407	81,989

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

		(Un-audited)	
		June 30, 2024	June 30, 2023
30.	**OPERATING EXPENSES**	---------- Rupees in '000 ----------	
	Total compensation expense	**4,596,897**	3,938,175
	Property expense		
	Rent and taxes	**35,545**	16,882
	Utilities cost	**411,248**	277,063
	Security (including guards)	**240,958**	167,181
	Repair and maintenance (including janitorial charges)	**269,333**	155,278
	Depreciation	**169,104**	144,269
	Depreciation on right-of-use assets	**637,623**	538,453
	Depreciation on non-banking assets	**17,587**	16,653
		1,781,398	1,315,779
	Information technology expenses		
	Software maintenance	**821,538**	536,799
	Hardware maintenance	**245,594**	150,344
	Depreciation	**270,647**	197,302
	Amortisation	**169,683**	127,250
	Network charges	**133,178**	138,537
		1,640,640	1,150,232
	Other operating expenses		
	Directors' fees and allowances	**5,700**	5,600
	Legal and professional charges	**130,256**	138,832
	Insurance	**153,528**	105,410
	Outsourced services costs	**202,677**	135,384
	Travelling and conveyance	**148,617**	108,929
	NIFT clearing charges	**30,932**	27,677
	Depreciation	**200,378**	172,775
	Training and development	**25,578**	14,292
	Postage and courier charges	**61,605**	41,542
	Communication	**250,137**	71,634
	Stationery and printing	**227,481**	171,607
	Marketing, advertisement and publicity	**1,181,990**	1,160,640
	Donations	**108,667**	64,188
	Auditors' remuneration	**9,394**	7,591
	Staff auto fuel and maintenance	**333,637**	292,705
	Bank charges	**44,749**	46,543
	Stamp duty	**11,553**	57,934
	Online verification charges	**54,452**	69,444
	Brokerage, fee and commission	**33,988**	64,200
	Card related fees (debit and credit cards)	**798,056**	418,154
	Consultancy fee	**59,254**	45,672
	Deposit protection premium	**102,595**	94,697
	Entertainment expenses	**102,749**	74,688
	Repair and maintenance	**37,874**	30,473
	Cash handling charges	**174,235**	105,081
	Fee and subscription	**57,564**	77,050
	Employees social security	**5,392**	4,832
	Generator fuel and maintenance	**111,847**	102,280
	Others	**72,111**	40,479
		4,736,996	3,750,333
		12,755,931	10,154,519

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

31. WORKERS' WELFARE FUND

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

			Note	(Un-audited) June 30, 2024	(Un-audited) June 30, 2023
				---------- Rupees in '000 ----------	
32.	OTHER CHARGES				
	Penalties imposed by State Bank of Pakistan			**15,742**	20,032
33.	CREDIT LOSS ALLOWANCE / PROVISION AND WRITE OFFS - NET				
	Credit loss allowance / provision against Lending to financial institutions		8	**672**	1
	Credit loss allowance / provision for diminution in value of investments		9.3	**(79,854)**	66,064
	Credit loss allowance / provision against balances with other banks			**(2,428)**	(2)
	Credit loss allowance / provision against loans and advances		10.4	**900,789**	927,408
	Credit loss allowance / provision against off balance sheet		21.1	**15,222**	-
	Other credit loss allowance / provision and write offs			**22,008**	7,431
				856,409	1,000,902
34.	TAXATION				
	Current			**2,621,830**	1,348,974
	Prior years			**-**	-
	Deferred			**48,588**	352,638
				2,670,418	1,701,612

34.1 There are no material changes in tax contingencies as disclosed in annual unconsolidated financial statements for the year ended December 31, 2023.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

35. EARNINGS PER SHARE - BASIC AND DILUTED

	(Un-audited)			
	Quarter Ended		Half Year Ended	
	June 30, 2024	June 30, 2023	**June 30, 2024**	June 30, 2023
	Rupees in '000			
Profit after taxation for the period	**1,054,896**	651,638	**2,762,917**	1,507,810
	Number of shares			
Weighted average number of ordinary shares	**2,050,662,536**	1,297,464,262	**2,050,662,536**	1,297,464,262
	Rupees			
Earnings per share - basic and diluted	**0.51**	0.50	**1.35**	1.16

		(Un-audited)	(Audited)	(Un-audited)
		June 30, 2024	December 31, 2023	June 30, 2023
36. CASH AND CASH EQUIVALENTS	Note	Rupees in '000		
Cash and balances with treasury banks	6	**47,790,268**	40,895,031	35,835,988
Balances with other banks - gross	7	**4,197,771**	3,727,564	3,693,100
Overdrawn nostro accounts	16	**(1,177,578)**	(549,483)	(918,590)
		50,810,461	44,073,112	38,610,498

37. FAIR VALUE MEASUREMENTS

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

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

Fair value of financial assets

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements using unobservable inputs for the asset or liability.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

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

Item	Valuation approach and input used
Financial instruments - Level 1	
Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange / Bloomberg.
Financial instruments - Level 2	
Mutual fund units	Fair values of investments in mutual fund units are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills (MTB), Pakistan Investment Bonds (PIB) and GoP Sukuks	Fair values of Pakistan Investment Bonds, Market Treasury Bills and GoP Sukuks are derived using PKRV, PKFRV and PKISRV rates.
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising of Term Finance Certificates, Bonds and any other security issued by a company or a corporate body for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas & Euro Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.
Financial instruments - Level 3	
Currently, no financial instruments are classified in level 3.	
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and, unavailability of reliable data regarding market rates for similar instruments.	
Non-Financial assets - Level 3	
Fixed assets - Land and building Non-banking assets acquired in satisfaction of claims	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 11 and 14 of these condensed interim unconsolidated financial statements. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these condensed interim unconsolidated financial statements.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

37.2 The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date, the event or the change in circumstances that caused the transfer to occurr. There were no transfers between levels 1 and 2 during the period.

37.3 The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

	June 30, 2024 (Un-audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
On balance sheet financial instruments	---------- Rupees in '000 ----------			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	203,560,649	-	203,560,649
Shares	3,252,141	-	25,619	3,277,760
Non Government Debt Securities	-	1,954,569	-	1,954,569
Foreign Securities	1,868,762	88,120	-	1,956,882
	5,120,903	205,603,338	25,619	210,749,860
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	143,087,076	-	143,087,076
	5,120,903	348,690,414	25,619	353,836,936
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	76,468,651	-	76,468,651
Sale	-	32,845,491	-	32,845,491

	December 31, 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- Rupees in '000 ----------			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	140,427,168	-	140,427,168
Shares	3,455,798	-	11,000	3,466,798
Non Government Debt Securities	-	424,118	-	424,118
Foreign Securities	77,773	18,644,141	-	18,721,914
Open end mutual funds	-	-	-	-
	3,533,571	159,495,427	11,000	163,039,998
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	100,310,906	-	100,310,906
	3,533,571	259,806,333	11,000	263,350,904
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	69,922,737	-	69,922,737
Sale	-	47,730,717	-	47,730,717

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

38. SEGMENT INFORMATION

38.1 Segment Details with respect to Business Activities:

	For the half year ended June 30, 2024 (Un-audited)						
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Others	Total
Profit and loss account	---------- Rupees in '000 ----------						
Net mark-up / return / interest / (expense)	(13,144,943)	(1,418,433)	28,145,118	363,745	(33,660)	(875,177)	13,036,650
Inter segment revenue - net	23,632,151	4,671,774	(27,009,554)	871,268	244,303	(2,409,942)	-
Non mark-up / return / income	1,018,964	956,579	2,476,723	471,136	217,935	992,097	6,133,434
Total income / (loss)	11,506,172	4,209,920	3,612,287	1,706,149	428,578	(2,293,022)	19,170,084
Segment direct expenses	6,067,724	376,896	93,310	813,046	1,807,268	3,722,096	12,880,340
Inter segment expense allocation	1,842,552	436,091	107,324	125,946	257,245	(2,769,158)	-
Total expenses	7,910,276	812,987	200,634	938,992	2,064,513	952,938	12,880,340
Credit loss allowance and write offs - net	505,675	417,181	(79,854)	574	(6,280)	19,113	856,409
Profit / (loss) before tax	3,090,221	2,979,752	3,491,507	766,583	(1,629,655)	(3,265,073)	5,433,335

	For the half year ended June 30, 2023 (Un-audited)						
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Others	Total
Profit and loss account	---------- Rupees in '000 ----------						
Net mark-up / return / interest / (expense)	(7,147,989)	2,068,982	16,252,445	(143,612)	(14,016)	(578,646)	10,437,164
Inter segment revenue - net	17,641,621	1,582,917	(18,643,755)	1,054,012	154,166	(1,788,961)	-
Non mark-up / return / income	1,040,775	883,085	1,190,059	489,070	126,395	282,515	4,011,899
Total income / (loss)	11,534,407	4,534,984	(1,201,251)	1,399,470	266,545	(2,085,092)	14,449,063
Segment direct expenses	4,690,998	348,012	84,972	445,291	1,516,195	3,153,271	10,238,739
Inter segment expense allocation	2,281,571	343,331	96,628	74,358	251,228	(3,047,116)	-
Total expenses	6,972,569	691,343	181,600	519,649	1,767,423	106,155	10,238,739
Provisions and write offs - net	226,499	678,143	-	87,906	-	8,354	1,000,902
Profit / (loss) before tax	4,335,339	3,165,498	(1,382,851)	791,915	(1,500,878)	(2,199,601)	3,209,422

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

	As at June 30, 2024 (Un-audited)						
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Others	Total
Statement of financial position	Rupees in '000						
Cash and bank balances	13,011,637	371,556	35,330,006	1,964,700	1,309,520	-	51,987,419
Lendings to financial institutions	-	-	4,977,828	-	-	-	4,977,828
Investments	-	-	348,721,095	3,540,958	-	24,241,904	376,503,957
Net inter segment lending	276,924,263	79,401,199	-	25,445,261	3,204,138	-	384,974,861
Advances - performing	67,645,037	109,973,686	-	7,106,383	24,508	5,486,955	190,236,569
Advances - non-performing	6,947,600	9,948,777	-	1,346	3,590	65,972	16,967,285
Advances - provisions - net	(3,999,595)	(8,245,234)	-	(20,512)	(3,165)	(49,865)	(12,318,371)
	70,593,042	111,677,229	-	7,087,217	24,933	5,503,062	194,885,483
Others	-	-	-	1,178,306	-	57,462,021	58,640,327
Total Assets	360,528,942	191,449,984	389,028,929	39,216,442	4,538,591	87,206,987	1,071,969,875
Borrowings	8,549,845	17,925,323	20,369,581	-	-	-	46,844,749
Deposits and other accounts	343,608,302	172,924,438	-	36,790,867	4,538,591	-	557,862,198
Subordinated debt	-	-	-	-	-	8,496,800	8,496,800
Net inter segment borrowing	-	-	368,659,348	-	-	16,315,513	384,974,861
Others	8,370,795	600,223	-	2,425,575	-	20,586,691	31,983,284
Total Liabilities	360,528,942	191,449,984	389,028,929	39,216,442	4,538,591	45,399,004	1,030,161,892
Equity	-	-	-	-	-	41,807,983	41,807,983
Total Equity and Liabilities	360,528,942	191,449,984	389,028,929	39,216,442	4,538,591	87,206,987	1,071,969,875
Contingencies and Commitments	80,990,219	40,490,109	109,314,142	-	-	906,761	231,701,231

	As at December 31, 2023 (Audited)						
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Others	Total
Statement of financial position	Rupees in '000						
Cash and bank balances	6,601,476	3,633	29,255,325	1,673,716	1,072,267	6,016,104	44,622,521
Lendings to financial institutions	-	-	-	-	-	-	-
Investments	-	-	241,068,907	22,083,318	-	24,326,630	287,478,855
Net inter segment lending	237,203,038	41,050,823	-	7,114,783	2,745,472	-	288,114,116
Advances - performing	73,093,100	112,007,279	-	7,267,979	-	5,233,978	197,602,336
Advances - non-performing	6,589,395	9,526,666	-	27,685	-	40,704	16,184,450
Advances - provisions - net	(2,932,017)	(7,065,190)	-	(21,976)	-	(40,703)	(10,059,886)
	76,750,478	114,468,755	-	7,273,688	-	5,233,979	203,726,900
Others	-	-	-	-	-	53,604,182	53,604,182
Total Assets	320,554,992	155,523,211	270,324,232	38,145,505	3,817,739	89,180,895	877,546,574
Borrowings	7,749,336	17,572,794	1,900,349	-	-	-	27,222,479
Deposits and other accounts	305,980,179	137,568,824	-	38,098,734	3,817,739	817,302	486,282,778
Subordinated debt	-	-	-	-	-	8,497,767	8,497,767
Net inter segment borrowing	-	-	268,423,883	-	-	19,690,233	288,114,116
Others	6,825,477	381,593	-	46,771	-	19,853,525	27,107,366
Total Liabilities	320,554,992	155,523,211	270,324,232	38,145,505	3,817,739	48,858,827	837,224,506
Equity	-	-	-	-	-	40,322,068	40,322,068
Total Equity and Liabilities	320,554,992	155,523,211	270,324,232	38,145,505	3,817,739	89,180,895	877,546,574
Contingencies and Commitments	77,650,720	37,673,689	120,272,393	-	-	911,638	236,508,440

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

39. RELATED PARTY TRANSACTIONS

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

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

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

	As at June 30, 2024 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Statement of financial position	---------- Rupees in '000 ----------					
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the period	-	-	-	61,500,000	-	-
Repaid during the period	-	-	-	(61,500,000)	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Investments						
Opening balance	-	-	-	20,887,275	269,800	2,637,210
Investment made during the period	-	-	-	-	-	386,306
Investment redeemed / disposed off during the period	-	-	-	-	-	-
Deficit on investments	-	-	-	-	-	(316,744)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	20,887,275	269,800	2,706,772
Credit loss allowance for diminution in value of investments	-	-	-	-	77,796	-
Advances						
Opening balance	-	247	482,029	-	185,733	1,922,929
Addition during the period	-	2,197	89,120	-	-	5,666,967
Repaid during the period	-	(780)	(75,309)	-	-	(4,399,355)
Transfer in / (out) - net	-	(566)	(104,423)	-	-	(184,673)
Closing balance	-	1,098	391,417	-	185,733	3,005,869
Credit loss allowance held against advances	-	-	-	-	-	-
Other assets						
Mark-up / return / interest accrued	-	-	102	-	36,960	49,602
Receivable against bancassurance / bancatakaful	-	-	-	-	-	12,755
Prepaid insurance			-	-	-	43,804
Advance against investment in securities	-	-	-	-	-	792,000
Credit loss allowance against other assets	-	-	-	-	-	-

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

	As at June 30, 2024 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees in '000					
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the period	-	-	-	-	-	-
Settled during the period	-	-	-	-	-	-
Transfer in / (out) - net						
Closing balance	-	-	-	-	-	-
Subordinated debt						
Opening balance	-	-	-	-	-	20,000
Issued during the period	-	-	-	-	-	-
Redeemed during the period	-	-	-	-	-	-
Closing balance	-	-	-	-	-	20,000
Deposits and other accounts						
Opening balance	80,689	369	41,934	1,004,208	16,895	5,868,930
Received during the period	6,531,897	497	382,922	145,344,236	236,337	90,461,058
Withdrawn during the period	(6,434,601)	(772)	(344,616)	(144,384,059)	(226,842)	(90,169,362)
Transfer in / (out) - net	-	-	(16,964)	-	-	469,980
Closing balance	177,985	94	63,276	1,964,385	26,390	6,630,606
Other liabilities						
Mark-up / return / interest payable on deposits	-	-	5	-	-	32,265
Mark-up / return / interest payable on subordinated debt	-	-	-	-	-	19
Payable to defined benefit plan	-	-	-	-	-	208,266
Contingencies and commitments						
Letter of guarantee	-	-	-	-	-	349,044
Letter of credit	-	-	-	-	-	46,945

	As at December 31, 2023 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Statement of financial position	Rupees in '000					
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the year	-	-	-	45,459,800	-	116,405,200
Repaid during the year	-	-	-	(45,459,800)	-	(116,405,200)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Investments						
Opening balance	-	-	-	1,919,121	269,800	5,067,465
Investment made during the year	-	-	-	17,814,959	-	1,290,000
Investment redeemed / disposed off during the year	-	-	-	-	-	(1,790,000)
Deficit on investments	-	-	-	-	-	(777,060)
Transfer in / (out) - net	-	-	-	1,153,195	-	(1,153,195)
Closing balance	-	-	-	20,887,275	269,800	2,637,210
Provision for diminution in value of investments	-	-	-	-	70,871	-

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

	As at December 31, 2023 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	---------------------- Rupees in '000 ----------------------					
Advances						
Opening balance	-	-	498,310	-	232,166	1,342,159
Addition during the year	-	1,997	174,782	-	-	8,810,838
Repaid during the year	-	(2,240)	(170,324)	-	(46,433)	(8,243,696)
Transfer in / (out) - net	-	490	(20,739)	-	-	13,628
Closing balance	-	247	482,029	-	185,733	1,922,929
Other assets						
Mark-up / return / interest accrued	-	-	426	-	12,869	32,471
Receivable against bancassurance / bancatakaful	-	-	-	-	-	15,358
Prepaid insurance	-	-	-	-	-	587
Net defined benefit plan	-	-	-	-	-	-
Advance against investment in securities	-	-	-	-	-	1,178,306
Provision against other assets	-	-	-	-	-	-
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	-
Settled during the year	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	130,430	290	47,853	1,374,281	2,621	12,800,727
Received during the year	20,697,001	2,406	946,674	258,359,484	2,167,505	181,116,923
Withdrawn during the year	(20,746,742)	(2,327)	(946,477)	(258,729,557)	(2,158,470)	(187,829,237)
Transfer in / (out) - net	-	-	(6,116)	-	5,239	(219,483)
Closing balance	80,689	369	41,934	1,004,208	16,895	5,868,930
Subordinated debts						
Opening balance	-	-	-	-	-	124,714
Issued during the year	-	-	-	-	-	20,000
Redeemed during the year	-	-	-	-	-	(124,714)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	20,000
Other liabilities						
Mark-up / return / interest payable on deposits	-	-	-	-	-	16,403
Mark-up / return / interest payable on subordinated debt	-	-	-	-	-	13
Payable to defined benefit plan	-	-	-	-	-	133,191
Others payable	400	-	-	-	-	-
Contingencies and commitments						
Letter of guarantee	-	-	-	-	-	15,141
Letter of Credit	-	-	-	-	-	516,329

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

	For the half year ended June 30, 2024 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Profit and loss account	Rupees in '000					
Income						
Mark-up / return / interest earned	-	-	9,340	45,301	22,730	510,084
Fee and commission income	-	113	566	5,657	-	48,984
Dividend income	-	-	-	832,812	-	52,465
Credit loss allowance and write offs - net						
Credit loss allowance for diminution in value of investments - net	-	-	-	-	6,925	-
Expense						
Mark-up / return / interest paid	12,065	-	568	83,674	1,800	295,372
Remuneration paid	-	-	440,825	-	-	-
Directors' fees and allowances	-	5,700	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	181,055
Net charge for defined benefit plans	-	-	-	-	-	75,075
Insurance expense	-	-	-	-	-	44,782
Advisory fee	-	-	-	-	-	110
Consultancy charges	-	-	-	-	-	46,735
Other expenses	1,874	-	-	-	-	-
Payments made during the period						
Insurance premium paid	-	-	-	-	-	89,309
Insurance claims settled	-	-	-	-	-	1,889
Donation paid	-	-	-	-	-	169,813
Other Transactions						
Sale of Government Securities	-	-	9,977	-	-	75,063,817
Purchase of Government Securities	-	-	3,148	-	-	47,809,452
Sale of Foreign Currencies	-	-	-	13,341,635	-	-
Purchase of Foreign Currencies	-	-	-	27,870,959	-	-

	For the half year ended June 30, 2023 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Profit and loss account	Rupees in '000					
Income						
Mark-up / return / interest earned	-	-	11,719	-	22,908	173,764
Fee, commission and brokerage income	-	-	1,056	6	10	38,427
Dividend income	-	-	-	-	-	138,782
Gain on sale of securities - net	-	-	-	-	-	5,853
Other income	-	-	-	-	-	840
Provisions and write offs - net						
Provision for diminution in value of investments - net	-	-	-	-	-	-
Expense						
Mark-up / return / interest paid	18,604	-	1,784	131,521	1,799	622,327
Commission / charges paid	-	-	-	852	-	-
Remuneration paid	-	-	298,688	-	-	-
Directors' fees and allowances	-	5,600	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	155,752
Net charge for defined benefit plans	-	-	-	-	-	64,381
Insurance expense	-	-	-	-	-	115,904
Legal charges	4,724	-	-	-	-	-
Consultancy charges	-	-	-	-	-	21,000
Other expenses	525	-	8,060	-	-	5,243
Payments made during the period						
Insurance premium paid	-	-	-	-	-	181,638
Insurance claims settled	-	-	-	-	-	6,265
Donation paid	-	-	-	-	-	26,475
Other transactions						
Sale of Government Securities	-	-	15,317	-	-	51,703,811
Purchase of Government Securities	-	-	14,712	12,298	-	2,255,099
Sale of Foreign Currencies	-	-	-	-	-	29,329,485
Purchase of Foreign Currencies	-	-	-	-	-	18,681,598

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
40. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	--------- Rupees in '000	---------
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**20,506,625**	20,506,625
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**19,683,406**	17,247,260
Eligible Additional Tier 1 (ADT 1) Capital	**2,500,000**	2,500,000
Total Eligible Tier 1 Capital	**22,183,406**	19,747,260
Eligible Tier 2 Capital	**6,230,937**	5,907,060
Total Eligible Capital (Tier 1 + Tier 2)	**28,414,343**	25,654,320
Risk Weighted Assets (RWAs):		
Credit Risk	**161,937,263**	158,394,680
Market Risk	**4,538,835**	1,788,170
Operational Risk	**44,504,940**	44,504,940
Total	**210,981,038**	204,687,790
Common Equity Tier 1 Capital Adequacy ratio	**9.33%**	8.43%
Tier 1 Capital Adequacy Ratio	**10.51%**	9.65%
Total Capital Adequacy Ratio	**13.47%**	12.53%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**22,183,406**	19,747,260
Total Exposures	**717,737,679**	646,271,336
Leverage Ratio	**3.09%**	3.06%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**231,847,003**	156,090,413
Total Net Cash Outflow	**86,243,140**	80,778,281
Liquidity Coverage Ratio	**268.83%**	193.23%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**495,403,143**	443,311,118
Total Required Stable Funding	**318,492,789**	302,819,828
Net Stable Funding Ratio	**155.55%**	146.39%

40.1 In order to mitigate the impact of expected credit loss (ECL) provisioning on capital, SBP has allowed transitional arrangement to absorb the impact on regulatory capital. Accordingly, transitional arrangement is applied. If Transition wasn't applied Capital Position would have been as below:

	Transition Arrangement	Full ECL Impact
CET1 to TRWAs	**9.33%**	**9.22%**
T1 Capital to TRWAs	**10.51%**	**10.40%**
Total eligible capital to TRWAs	**13.47%**	**13.46%**
Leverage	**3.09%**	**3.06%**

Notes to the Condensed Interim Unconsolidated Financial Statements

For the half year ended June 30, 2024

41. GENERAL

Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report, except for changes introduced through the SBP's revised format for condensed interim financial statements.

42. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on August 27, 2024.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Denmark

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In Denmark and other Nordic countries, people enjoy a strong support system from the government, which leads to a more relaxed living. While financial success is still important, there's less pressure to accumulate wealth.

Consolidated Financial Statements

Condensed Interim Consolidated Statement Of Financial Position
As at June 30, 2024

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
		---------- Rupees in '000 ----------	
ASSETS			
Cash and balances with treasury banks	6	**98,516,425**	82,182,460
Balances with other banks	7	**6,565,488**	5,302,080
Lendings to financial institutions	8	**12,644,575**	16,502,138
Investments	9	**704,391,028**	582,645,128
Advances	10	**390,575,180**	434,453,374
Property and equipment	11	**23,874,197**	22,241,601
Right-of-use assets	12	**6,915,113**	5,848,280
Intangible assets	13	**9,715,667**	8,501,048
Deferred tax assets	20	**1,378,342**	-
Other assets	14	**73,456,882**	72,324,972
Total assets		**1,328,032,897**	1,230,001,081
LIABILITIES			
Bills payable	15	**11,350,938**	10,793,898
Borrowings	16	**76,139,708**	88,031,534
Deposits and other accounts	17	**1,106,610,363**	1,007,819,494
Lease liabilities	18	**7,957,294**	6,686,639
Subordinated debt	19	**11,493,398**	11,344,671
Deferred tax liabilities	20	**-**	890,194
Other liabilities	21	**47,390,501**	44,446,530
Total liabilities		**1,260,942,202**	1,170,012,960
NET ASSETS		**67,090,695**	59,988,121
REPRESENTED BY			
Share capital		**20,506,625**	20,506,625
Reserves		**8,899,251**	7,306,299
Surplus on revaluation of assets	22	**3,415,113**	4,880,072
Unappropriated profit		**23,533,486**	17,808,561
		56,354,475	50,501,557
Non-controlling interest		**10,736,220**	9,486,564
		67,090,695	59,988,121
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 42 form an integral part of these condensed interim consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Condensed Interim Consolidated Profit And Loss Account (Un-Audited)

For the half year ended June 30, 2024

	Note	Quarter Ended June 30, 2024	Quarter Ended June 30, 2023	Half Year Ended June 30, 2024	Half Year Ended June 30, 2023
		Rupees in '000			
Mark-up / return / interest / profit earned	25	**55,522,670**	21,541,448	**111,532,531**	42,563,350
Mark-up / return / interest / profit expensed	26	**37,521,848**	16,121,900	**76,420,065**	32,057,620
Net mark-up / interest income		**18,000,822**	5,419,548	**35,112,466**	10,505,730
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income	27	**2,033,873**	1,103,305	**4,117,728**	2,248,029
Dividend income		**131,407**	83,086	**289,077**	225,706
Foreign exchange income		**1,938,800**	830,412	**3,602,087**	2,551,069
(Loss) / income from derivatives		**(746,517)**	108,699	**(447,247)**	(13,882)
Gain / (loss) on securities - net	28	**560,704**	(63,468)	**1,214,530**	(505,014)
Gain / (loss) on derecognition of financial assets measured at amortised cost - net		**-**	-	**-**	-
Share of loss from associates		**(9,818)**	(10,965)	**(26,823)**	(17,706)
Other income	29	**84,219**	70,417	**141,417**	113,585
Total non mark-up / interest income		**3,992,668**	2,121,486	**8,890,769**	4,601,787
Total Income		**21,993,490**	7,541,034	**44,003,235**	15,107,517
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	**12,132,882**	5,507,762	**23,580,657**	10,686,347
Workers' welfare fund	31	**193,926**	34,660	**398,714**	67,162
Other charges	32	**15,703**	470	**16,156**	20,032
Total non-mark-up / interest expenses		**12,342,511**	5,542,892	**23,995,527**	10,773,541
Profit before credit loss allowance / provisions		**9,650,979**	1,998,142	**20,007,708**	4,333,976
Credit loss allowance / provision and write offs - net	33	**192,823**	238,210	**1,211,136**	1,000,902
PROFIT BEFORE TAXATION		**9,458,156**	1,759,932	**18,796,572**	3,333,074
Taxation	34	**3,945,486**	1,051,718	**9,080,293**	1,741,587
PROFIT AFTER TAXATION		**5,512,670**	708,214	**9,716,279**	1,591,487
Attributable to:					
Equity holders of the Bank		**4,532,248**	701,392	**7,928,120**	1,583,805
Non-controlling interest		**980,422**	6,822	**1,788,159**	7,682
		5,512,670	708,214	**9,716,279**	1,591,487
		Rupees			
Earnings per share - basic and diluted	35	**2.21**	0.54	**3.87**	1.22

The annexed notes from 1 to 42 form an integral part of these condensed interim consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Condensed Interim Consolidated Statement Of Comprehensive Income (Un-Audited)

For the half year ended June 30, 2024

	Quarter Ended		Half Year Ended	
	June 30, 2024	June 30, 2023	**June 30, 2024**	June 30, 2023
	------------------- Rupees in '000 -------------------			
Profit after taxation for the period	**5,512,670**	708,214	**9,716,279**	1,591,487
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branch	**1,920**	11,011	**(20,926)**	227,126
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	**-**	243,626	**-**	(160,821)
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	**426,952**	302,501	**(1,097,599)**	(351,572)
	428,872	557,138	**(1,118,525)**	(285,267)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	**41,728**	(29,780)	**(92,291)**	(13,886)
Movement in surplus on revaluation of property and equipment - net of tax	**-**	(45,739)	**-**	(45,739)
Movement in surplus on revaluation of non-banking assets - net of tax	**-**	(43)	**-**	(43)
	41,728	(75,562)	**(92,291)**	(59,668)
Total comprehensive income for the period	**5,983,270**	1,189,790	**8,505,463**	1,246,552
Attributable to:				
Equity holders of the Bank	**5,983,270**	1,181,187	**6,892,641**	1,238,309
Non-controlling interest	**-**	8,603	**1,612,822**	8,243
	5,983,270	1,189,790	**8,505,463**	1,246,552

The annexed notes from 1 to 42 form an integral part of these condensed interim consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Condensed Interim Consolidated Statement Of Changes In Equity

For the half year ended June 30, 2024

	Attributable to equity holders of the Bank									Non-controlling interest	Total
		Capital reserve			Surplus / (deficit) on revaluation of						
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	Investments	Fixed assets	Non-banking assets	Unappropriated profit	Sub-total		
	Rupees in '000										
Balance as at January 01, 2023 (Audited)	10,119,242	-	457,187	2,330,014	(438,754)	1,674,379	107,083	8,643,962	22,893,113	363,274	23,256,387
Total comprehensive income for the half year ended June 30, 2023											
Profit after taxation	-	-	-	-	-	-	-	1,583,805	1,583,805	7,682	1,591,487
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branch	-	-	227,126	-	-	-	-	-	227,126	-	227,126
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	(526,840)	-	-	-	(526,840)	-	(526,840)
Movement in surplus / (deficit) on revaluation of property and equipment - net of tax	-	-	-	-	-	(45,739)	-	-	(45,739)	561	(45,178)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(43)	-	(43)	-	(43)
	-	-	227,126	-	(526,840)	(45,739)	(43)	-	(345,496)	561	(344,935)
Transfer to statutory reserve	-	-	-	301,562	-	-	-	(301,562)	-	-	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	-	(44,031)	(8)	44,039	-	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	17,341	-	-	(17,341)	-	-	-
Balance as at June 30, 2023 (Un-audited)	10,119,242	-	684,313	2,631,576	(948,253)	1,584,609	107,032	9,952,903	24,131,422	371,517	24,502,939
Non-controlling interest on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	15,779,178	15,779,178
Total comprehensive income for the six months ended December 31, 2023											
Profit after taxation	-	-	-	-	-	-	-	7,865,025	7,865,025	928,748	8,793,773
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branch	-	-	(7,285)	-	-	-	-	-	(7,285)	-	(7,285)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(96,913)	(96,913)	-	(96,913)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	3,870,546	-	-	-	3,870,546	743,204	4,613,750
Movement in surplus / (deficit) on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	391,205	-	391,205	36,316	427,521
	-	-	(7,285)	-	3,870,546	-	391,205	(96,913)	4,157,553	779,520	4,937,073
Transfer to statutory reserve	-	-	-	1,308,478	-	-	-	(1,308,478)	-	-	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	-	(98,329)	(58)	98,387	-	-	-
Loss on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	(26,680)	-	-	26,680	-	-	-
Transactions with owners, recorded directly in equity											
Issue of share capital (right shares)	2,205,689	-	-	-	-	-	-	-	2,205,689	-	2,205,689
Issue of share capital (further issue of shares)	5,326,293	5,544,618	-	-	-	-	-	-	10,870,911	-	10,870,911
Transfer of share discount to share premium	2,855,401	(2,855,401)	-	-	-	-	-	-	-	-	-
Sale of shares by non-controlling interest	-	-	-	-	-	-	-	1,270,957	1,270,957	(7,889,589)	(6,618,632)
Interim cash dividend to NCI by subsidiary @ Rs. 1.75 per share	-	-	-	-	-	-	-	-	-	(482,810)	(482,810)
Balance as at December 31, 2023 (Audited)	**20,506,625**	**2,689,217**	**677,028**	**3,940,054**	**2,895,613**	**1,486,280**	**498,179**	**17,808,561**	**50,501,557**	**9,486,564**	**59,988,121**
Impact of adoption of IFRS 9 - net of tax	**-**	**-**	**-**	**-**	**(360,347)**	**-**	**-**	**(679,376)**	**(1,039,723)**	**(87,275)**	**(1,126,998)**
Balance as at January 01, 2024 after adoption of IFRS 9	**20,506,625**	**2,689,217**	**677,028**	**3,940,054**	**2,535,266**	**1,486,280**	**498,179**	**17,129,185**	**49,461,834**	**9,399,289**	**58,861,123**
Profit after taxation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,928,120**	**7,928,120**	**1,788,159**	**9,716,279**
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branch	**-**	**-**	**(20,926)**	**-**	**-**	**-**	**-**	**-**	**(20,926)**	**-**	**(20,926)**
Movement in surplus / (deficit) on revaluation of investments - net of tax	**-**	**-**	**-**	**-**	**(1,014,553)**	**-**	**-**	**-**	**(1,014,553)**	**(175,337)**	**(1,189,890)**
	-	**-**	**(20,926)**	**-**	**(1,014,553)**	**-**	**-**	**-**	**(1,035,479)**	**(175,337)**	**(1,210,816)**
Transfer to statutory reserve	**-**	**-**	**-**	**1,613,878**	**-**	**-**	**-**	**(1,613,878)**	**-**	**-**	**-**
Transfer from surplus on revaluation of assets - net of tax	**-**	**-**	**-**	**-**	**-**	**(89,537)**	**(522)**	**90,059**	**-**	**-**	**-**
Transactions with owners recorded directly in equity											
Interim cash dividend to NCI by subsidiary @ Rs. 1.00 per share	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(275,891)**	**(275,891)**
Balance as at June 30, 2024 (Un-audited)	**20,506,625**	**2,689,217**	**656,102**	**5,553,932**	**1,520,713**	**1,396,743**	**497,657**	**23,533,486**	**56,354,475**	**10,736,220**	**67,090,695**

The annexed notes from 1 to 42 form an integral part of these condensed interim consolidated financial statements.

President and Chief Executive Officer | Chief Financial Officer | Director | Director | Chairman

Condensed Interim Consolidated Cash Flow Statement (Un-Audited)

For the half year ended June 30, 2024

	Note	June 30, 2024	June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		---------- Rupees in '000 ----------	
Profit before taxation		**18,796,572**	3,333,074
Less:			
Dividend income		**(289,077)**	(225,706)
Share of loss from associates		**26,823**	17,706
		18,534,318	3,125,074
Adjustments:			
Net mark-up / interest income		**(35,661,191)**	(10,505,730)
Depreciation on property and equipment	30	**1,483,928**	555,487
Depreciation on non-banking assets	30	**18,876**	16,653
Depreciation on right-of-use assets	30	**1,326,400**	558,578
Amortisation	30	**299,188**	129,275
Finance charges on leased assets	26	**548,725**	162,545
Charge for defined benefit plan		**209,282**	64,979
Unrealised (gain) / loss on revaluation of investments measured at FVTPL - net	28	**(271,326)**	(25,518)
Credit loss allowance / provisions and write offs - net	33	**1,211,136**	1,000,902
Provision for workers' welfare fund	31	**398,714**	67,162
Gain on sale of fixed assets - net	29	**(22,166)**	(51,410)
Gain on termination of leases - net	29	**(3,318)**	(30,083)
		(30,461,752)	(8,057,160)
		(11,927,434)	(4,932,086)
Decrease / (increase) in operating assets			
Lendings to financial institutions		**3,857,741**	(25,766,298)
Securities measured at FVTPL		**(35,190,458)**	(389,935)
Advances		**43,288,037**	28,934,698
Other assets		**(9,229,399)**	400,368
		2,725,921	3,178,833
Increase / (decrease) in operating liabilities			
Bills payable		**557,040**	1,187,688
Borrowings		**(12,519,921)**	(45,493,759)
Deposits and other accounts		**98,790,869**	6,166,951
Other liabilities		**1,283,601**	(1,203,528)
		88,111,589	(39,342,648)
		78,910,076	(41,095,901)
Gratuity paid		**(100,000)**	-
Mark-up / return / interest received		**115,716,386**	38,122,661
Mark-up / return / interest paid		**(74,956,383)**	(32,541,242)
Income tax paid		**(8,851,283)**	(1,262,918)
Net cash flows generated from / (used in) operating activities		**110,718,796**	(36,777,400)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in securities measured at FVOCI		**(44,928,022)**	31,444,341
Net investments in securities measured at amortised cost		**(42,528,644)**	17,511,612
Dividend received		**291,447**	225,401
Investments in property and equipment		**(3,152,960)**	(1,388,339)
Investments in intangible assets		**(1,531,127)**	(410,938)
Proceeds from sale of property and equipment		**60,498**	142,021
Effect of translation of net investment in foreign branch		**(20,926)**	227,126
Net cash flows (used in) / generated from investing activities		**(91,809,734)**	47,751,224
CASH FLOW FROMS FINANCING ACTIVITIES			
Payments of lease obligations against right-of-use assets		**(1,806,338)**	(748,805)
Repayment of subordinated debt		**(967)**	(900)
Issuance of subordinated debt		**149,694**	3,143,500
Dividend paid to NCI		**(275,891)**	-
Net cash flows (used in) / generated from financing activities		**(1,933,502)**	2,393,795
Increase in cash and cash equivalents		**16,975,560**	13,367,619
Cash and cash equivalents at beginning of the period		**86,935,131**	25,333,309
Cash and cash equivalents at end of the period	36	**103,910,691**	38,700,928

The annexed notes from 1 to 42 form an integral part of these condensed interim consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

1. STATUS AND NATURE OF BUSINESS

1.1 The Group consists of:

Holding Company: JS Bank Limited

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

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 292 (December 31, 2023: 291) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2023: 1). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA (Double A) whereas short-term rating is maintained at A1+ (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely repayment of financial commitments.

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

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

The ultimate parent of the Group is Jahangir Siddiqui & Co. Ltd. which holds 71.21% (2023: 71.21%) shares of the Bank.

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

1.3 Composition of the Group

	Effective Holding	
	June 30, 2024	December 31, 2023
Subsidiaries		
JS Global Capital Limited	**92.90%**	92.90%
JS Investments Limited	**84.56%**	84.56%
BankIslami Pakistan Limited	**75.12%**	75.12%
My Solutions Corporation Limited	**75.12%**	75.12%

1.4 Composition of the associated companies

Associates of the Bank		
Omar Jibran Engineering Industries Limited	**9.60%**	9.60%
Veda Transit Solutions (Private) Limited	**3.92%**	3.92%
Intercity Touring Company (Private) Limited	**9.12%**	9.12%
Associates of BIPL		
Shakarganj Food Products Limited	**27.33%**	27.33%
KASB Funds Limited	**32.97%**	32.97%
KASB Capital Limited	**16.36%**	16.36%

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements include financial statements of JS Bank Limited and its subsidiary companies, and share of the profit / reserves of associates. 'The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 02 dated February 09, 2023 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'.

These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

These condensed interim consolidated financial statements have been presented in Pakistani Rupees (PKR), which is the currency of the primary economic environment in which the Group operates and functional currency of the Group. The amounts are rounded to nearest thousand except as stated otherwise.

2.1 Statement of Compliance

These condensed interim consolidated financial statements have 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 reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

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

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

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

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

2.2 Basis of Consolidation

The Group

- The condensed interim consolidated financial statements include the financial statements of the Bank and its subsidiary companies together - the Group.
- Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect those return through its power over the investee, except investment in mutual funds established under trust structure where International Financial Reporting Standard (IFRS) 10, 'Consolidated Financial Statements' is not applicable.
- These condensed interim consolidated financial statements incorporate the financial statements of subsidiaries from the date that control commences until the date that control ceases.
- The financial statements of the subsidiary companies are prepared for the same reporting year as the Bank for the purpose of consolidation, using consistent accounting policies

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to interest which are not owned by the Bank.
- Material intra-group balances and transactions are eliminated.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on January 01, 2024 but are considered not to be relevant or do not have any significant effect on the Group's operations except for the implementation of IFRS 9: 'Financial Instruments' as detailed in note 4.1.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or will not have any material effect on the Group's financial statements except for:

- the new standard - IFRS 18, 'Presentation and Disclosure in Financial Statements' (published in April 2024) with applicability date of January 01, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.
- amendments to IFRS 9, 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and dereconition of financial liabilities.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements are the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2023 except for the implementation of IFRS 9, 'Financial Instruments' as detailed in note 4.1.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended December 31, 2023 except for the following:

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

4.1 Impact of IFRS 9 - Financial Instruments

During the period, as directed by the SBP vide its BPRD Circular No. 07 dated April 13, 2023, International Financial Reporting Standard (IFRS) 9: 'Financial Instruments' became applicable to the Group.

BPRD Circular No. 03 dated July 05, 2022 issued by SBP provides detailed instructions on implementation of IFRS 9 (the Application Instructions) for ensuring smooth and consistent implementation of the standard across banks. The SBP vide its BPRD Circular Letter No. 16 dated July 29, 2024 have made amendments and extend the timelines of IFRS 9 application instructions.

The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Group which are exposed to credit risk.

The Group has adopted IFRS 9 in accordance with the Application Instructions from January 01, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at January 01, 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9.

SBP vide its BPRD Circular Letter No. 16 dated July 29, 2024 have made amendments and extended timelines of application instructions. Under the new guidelines, the banks are allowed to use the existing practice for recognising markup income / expense on financial assets / liabilities up to September 30, 2024. However, banks shall ensure the recognition of markup income / expense on financial assets / liabilities on the effective interest rate method as per the IFRS 9 standard with effect from October 01, 2024. Further, the banks will apply modification accounting for financial assets and liabilities as per IFRS 9 standard and shall measure the subsidized staff financing, extended to their employees as per HR policies, at fair value as per the IFRS 9 standard with effect from October 01, 2024. Moreover, SBP has allowed an extension to Banks up to December 31, 2024 for developing the requisite models for calculating EAD for revolving products beyond the contractual date. In addition, the banks have also been allowed to cost existing practice of valuing unquoted equity investments at their cost or breakup value, whichever is lower, till December 31, 2024 and perform fair valuation of these securities afterwards.

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

4.1.1 Impact on the condensed interim consolidated statement of financial position:

Financial Asset / Liabilities	Balances as of December 31, 2023 (Audited)	Remeasure-ments	Recognition of expected credit loss (ECL)	Balance as of January 01, 2024
	---------- Rupees in '000 ----------			
Assets				
Cash and balances with treasury banks	82,182,460	-	(299)	82,182,161
Balances with other banks	5,302,080	-	(7,213)	5,294,867
Lendings to financial institutions	16,502,138	-	(20)	16,502,118
Investments				
Held for trading	1,513,353	-	-	1,513,353
Available for sale	478,769,593	-	(3,337)	478,766,256
Held to maturity	102,146,174	-	-	102,146,174
Associates	216,008	-	-	216,008
Subsidiary	-	-	-	-
	582,645,128	-	(3,337)	582,641,791
Advances				
Gross advances	468,353,887	-	-	468,353,887
Provision	(33,900,513)	-	(2,153,391)	(36,053,904)
	434,453,374	-	(2,153,391)	432,299,983
Property and equipment	22,241,601	-	-	22,241,601
Right-of-use assets	5,848,280	-	-	5,848,280
Intangible assets	8,501,048	-	-	8,501,048
Deferred tax assets	-	-	-	-
Other assets - financial assets	59,064,457	-	(18,295)	59,046,162
Other assets - non financial assets	13,260,515	-	-	13,260,515
	1,230,001,081	-	(2,182,555)	1,227,818,526
Liabilities				
Bills payable	10,793,898	-	-	10,793,898
Borrowings	88,031,534	-	-	88,031,534
Deposits and other accounts	1,007,819,494	-	-	1,007,819,494
Lease liabilities	6,686,639	-	-	6,686,639
Subordinated debt	11,344,671	-	-	11,344,671
Deferred tax liabilities	890,194	-	(1,072,135)	(181,941)
Other liabilities - financial liabilities	39,071,913	-	16,578	39,088,491
Other liabilities - non financial liabilities	5,374,617	-	-	5,374,617
	1,170,012,960	-	(1,055,557)	1,168,957,403
Net Assets	59,988,121	-	(1,126,998)	58,861,123
REPRESENTED BY				
Share capital	20,506,625	-	-	20,506,625
Reserves	7,306,299	-	-	7,306,299
Surplus on revaluation of assets	4,880,072	-	-	4,880,072
Unappropriated profit	17,808,561	-	(1,039,723)	16,768,838
	50,501,557	-	(1,039,723)	49,461,834
Non-controlling interest	9,486,564	-	(87,275)	9,399,289
	59,988,121	-	(1,126,998)	58,861,123

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4.1.2 The following table and the accompanying notes below explain the original measurement categories under the regulation established by the regulator / SBP and the new measurement categories under IFRS 9 for each class of the Bank's financial assets as at January 01, 2024.

Financial asset / liabilities	Measurement category - before adoption of IFRS 9	Measurement category - after adoption of IFRS 9	Carrying amount at December 31, 2023 - before adoption of IFRS 9	Carrying amount at January 01, 2024 - after adoption of IFRS 9
			-------- Rupees in '000 --------	
Cash and balances with treasury banks	Loans and receivables	Amortised cost	82,182,460	82,182,161
Balances with other banks	Loans and receivables	Amortised cost	5,302,080	5,294,867
Lendings to financial institutions	Loans and receivables	Amortised cost	16,502,138	16,502,118
Investments	Held for trading	FVTPL	1,513,353	1,513,353
	Available for sale	FVTPL	-	490,282
	Available for sale	FVOCI	478,769,593	478,275,974
	Available for sale	Amortised cost	-	-
	Held to maturity	Amortised cost	102,146,174	102,146,174
Advances	Loans and receivables	Amortised cost	434,453,374	432,299,983
Other assets	Loans and receivables	Amortised cost	59,064,457	59,046,162
Bills payable	Amortised cost	Amortised cost	10,793,898	10,793,898
Borrowings	Amortised cost	Amortised cost	88,031,534	88,031,534
Deposits and other accounts	Amortised cost	Amortised cost	1,007,819,494	1,007,819,494

	Impact of adopting IFRS 9 at January 01, 2024
	Rupees in '000
4.1.3 Impact on reserve of surplus / (deficit) on revaluation of investments	
Closing balances as at December 31, 2023	2,895,613
Reclassification of investment securities (debt) from AFS to amortised cost	-
Reclassification of investment securities (debt and equity) from AFS to FVTPL	(523,653)
Reclassification of investment securities (equity) from AFS to FVOCI	-
Recognition of expected credit losses under IFRS 9 for debt financial assets at FVOCI	-
Related tax	163,306
Opening balance under IFRS 9 as at January 01, 2024	2,535,266
4.1.4 Impact on unappropriated profits	
Closing balances as at December 31, 2023	17,808,561
Reclassification under IFRS 9 (net of tax)	360,347
Recognition of expected credit losses under IFRS 9	(2,028,762)
Related tax	989,039
Opening balance under IFRS 9 as at January 01, 2024	17,129,185

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4.1.5 Impact on Non-controlling Interest

	Impact of adopting IFRS 9 at January 01, 2024
	Rupees in '000
Closing balances as at December 31, 2023	9,486,564
Reclassification under IFRS 9 (net of tax)	(87,214)
Recognition of expected credit losses under IFRS 9	(83,157)
Related tax	83,096
Opening balance under IFRS 9 as at January 01, 2024	9,399,289

4.1.6 Impact on regulatory capital

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP has detailed the transitional arrangement.

The transitional arrangement applies only to provisions for stage 1 and stage 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the transitional adjustment amount) must be partially included (i.e., added back) to CET1 capital over the transition period of five years.

Moreover, SBP has allowed to adjust the amount of Stage 1 and Stage 2 provisions in Tier 2 Capital that have not been added back to CET 1 and vice versa as per Annexure-A of BPRD Circular No. 16 dated July 29, 2024.

4.1.7 Classification and measurement

Under the new standard, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit or loss (FVTPL) regardless of the business model in which they are held.

4.1.7.1 Recognition and initial measurement

Trade receivable and debt securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Bank becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

4.1.7.2 Classification

(a) Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held-for-trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business models for managing financial assets, in which cases all affected financial assets are reclassified on the first day of the first reporting period following changes in the business model.

IFRS 9 allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any ‘accounting mismatch’ that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on different basis. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout life of the instrument. Nonetheless, banks should avoid this option for financial instruments that are categorised as Level 3 in terms of the IFRS 13 hierarchy.

(b) Financial Liabilities

Financial liabilities are either classified as fair value through profit or loss (FVTPL), when they are held-for-trading purposes, or at amortised cost. Financial liabilities classified as FVTPL are measured at fair value and all the fair value changes are recognised in profit and loss account. Financial liabilities classified at amortised cost are initially recorded at their fair value and subsequently measured using the effective interest rate method. Markup expense and foreign exchange gain and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

4.1.8 Business model assessment

A financial asset is classified as either held-to-collect, held-to-collect and sale and others based on Business Model Assessment. The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The assessment requires judgement based on facts and circumstances on the date of assessment. The information considered mainly includes:

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- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual markup revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Transfer of financial assets to third parties in transaction that do not qualify for derecognition are not considered sales for this purpose, consistent with the Bank continuing recognition of the financial assets.

Financial assets that are held-for-trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held-to-collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

4.1.9 Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as interest margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and markup on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature

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that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The Bank holds a portfolio of long-term fixed-rate loan for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the financing at par without penalty. The Bank has determined that the contractual cash flows of these loan are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic financing risks and costs associated with the principal amount outstanding.

4.1.10 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in profit and loss account.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Markup, foreign exchange gains and losses and impairment are recognised in profit and loss account.
Debt investments at FVOCI	These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Markup income is calculated using the effective interest method and includes amortisation of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss account.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit and loss account.

The banks are allowed to continue measuring unquoted equity securities at the lower of cost or break-up value up to December 31, 2024. However, Bank shall be required to measure unquoted equity securities at fair value, as required in the IFRS 9 application instructions, with effect from January 01, 2025.

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4.1.11 Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before January 01, 2024).

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

4.1.12 Calculation of markup income and expense

Markup income and expense are recognised in profit and loss account using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

In calculating markup income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, markup income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of markup income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, markup income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of markup income does not revert to a gross basis, even if the credit risk of the asset improves.

4.1.12.1 Presentation

Markup / interest earned as presented in the profit and loss account includes markup income calculated using the effective interest method as presented in sub note which includes:

- markup on financial assets and financial liabilities measured at amortised cost; and
- markup on debt instruments measured at FVOCI;

Markup / interest expense as presented in the profit and loss account includes markup expense calculated using the effective interest rate method as presented in sub note which includes:

- financial liabilities measured at amortised cost.

Markup income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Markup income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

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Under IFRS 9 markup income earned on non-performing financial assets is determined by using the credit adjusted effective interest rate. However, in accordance with the application instructions the unrealised markup earned on non-performing assets are kept in a memorandum account and are not credited to the profit and loss account. However, the Banks are advised to recognise income on non-performing assets (loans classified under PRs i.e., OAEM and Stage 3 loan) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

4.1.13 Derecognition

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:

  (a) substantially all of the risks and rewards of ownership of the financial asset are transferred; or

  (b) the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized); and
- the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in OCI shall be recognised in profit and loss account.

From January 01, 2024 any cumulative gain / loss recognised in OCI in respect of equity investment securities designated at FVOCI is not recognised in profit and loss account on derecognition of such securities. Any markup on transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured loan transaction similar to sale-and repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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4.1.14 Modification

(a) Financial Assets

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Where derecognition of financial assets is appropriate, the newly recognised residual loans are assessed to determine whether the assets should be classified as purchased or originated credit-impaired assets (POCI).

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognise the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with impairment losses. In other cases, it is presented as markup income calculated using the effective interest rate method.

(b) Financial Liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability recognised and consideration paid is recognised in profit and loss account. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit and loss account. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

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4.1.15 Reclassification

Financial liabilities are not reclassified subsequent to initial recognition. Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes such as the termination of a line of business or the purchase of a subsidiary whose business model is to realise the value of pre-existing held for trading financial assets through a hold to collect model.

Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated. Moreover, reclassifications of financial assets between financial assets held at amortised cost and financial assets held at FVOCI do not affect effective interest rate or expected credit loss computations.

(a) Reclassified from amortised cost

Where financial assets held at amortised cost are reclassified to financial assets held at FVTPL, the difference between the fair value of the assets at the date of reclassification and the previously recognised amortised cost is recognised in the profit and loss account.

For financial assets held at amortised cost that are reclassified to FVOCI, the difference between the fair value of the assets at the date of reclassification and the previously recognised gross carrying value is recognised in comprehensive income. Additionally, the related cumulative expected credit loss amounts relating to the reclassified financial assets are reclassified from provisions to a separate reserve in comprehensive income at the date of reclassification.

(b) Reclassified from fair value through other comprehensive income

Where financial assets held at FVOCI are reclassified to financial assets held at FVTPL, the cumulative gain or loss previously recognised in comprehensive income is transferred to the profit and loss account.

For financial assets held at FVOCI that are reclassified to financial assets held at amortised cost, the cumulative gain or loss previously recognised in comprehensive income is adjusted against the fair value of the financial asset such that the financial asset is recorded at a value as if it had always been held at amortised cost. In addition, the related cumulative expected credit losses held within comprehensive income are reversed against the gross carrying value of the reclassified assets at the date of reclassification.

(c) Reclassified from fair value through profit or loss

Where financial assets held at FVTPL are reclassified to financial assets held at FVOCI or financial assets held at amortised cost, the fair value at the date of reclassification is used to determine the effective interest rate on the financial asset going forward. In addition, the date of reclassification is used as the date of initial recognition for the calculation of expected credit losses. Where financial assets held at FVTPL are reclassified to financial assets held at amortised cost, the fair value at the date of reclassification becomes the gross carrying value of the financial asset.

4.1.16 Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses (ECL) resulting from default events that are possible within the next 12 months (12-month ECL). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL).

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(a) Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

(b) Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Financial assets where 12-month ECL is recognised are in ‘Stage 1’; financial assets that are considered to have experienced a significant increase in credit risk are in ‘Stage 2’; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in ‘Stage 3’.

(b) Non-Performing financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as ‘Stage 3 financial assets’). A financial asset is ‘non-performing’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Under the IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Bank is required to calculate ECL on it's non-perfomring financial assets as higher of provision under Prudential Regulations (PR) and ECL under IFRS 9.

The Bank calculates the ECL against corporate, commercial and SME loan portfolios as higher of PR and ECL under IFRS 9 at borrower / facility level, whereas against the retail borrowers the Bank will calculate ECL at higher of PR and ECL under IFRS 9 at segment / product basis as instructed under Annexure-A of BPRD Circular No. 16 dated July 29, 2024.

Based on the requirements of IFRS 9 and Application Instructions, the Bank has performed an ECL assessment considering the following key elements:

(a) Probability of default (PD)

The probability that a counterparty will default over the next 12 months from the reporting date (12 month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using internal rating classes and are based on the Bank's internal risk rating. The bank has used Transition Matrix approach for estimation of PD for each internal rating. The bank have used roll-rate method using the days past due (DPD) criteria to estimated PD for its retail portfolio. PD are then adjusted with forward looking information for calculation of ECL.

(b) Exposure at default (EAD)

The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. The Bank estimates EAD for financial assets carried at an amortised cost equal to principal plus profit. Each repayment date is assumed to be default point in the model and the ECL is calculated on EAD at each reporting date and discounted at the effective interest rate. Further, cash and cash equivalent collaterals the Bank holds against the non-retail facilities are adjusted from the EAD.

(c) Loss given default (LGD)

An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

4.1.17 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Notes To The Condensed Interim Consolidated Financial Statements

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As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PR issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 6 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 03 dated July 05, 2022. However, banks are free to choose more stringent days past due criteria.

The Bank measures ECL on a lifetime basis for POCI instruments throughout the life of the instrument. However, ECL is not recognised in a separate loss provision on initial recognition for POCI instruments as the lifetime expected credit loss is inherent within the gross carrying amount of the instruments. The Bank recognises the change in lifetime expected credit losses arising subsequent to initial recognition in the profit and loss account and the cumulative change as a loss provision. Where lifetime ECL on POCI instruments are less than those at initial recognition, then the favorable differences are recognised as impairment gains in the profit and loss account.

4.1.18 Write-offs

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the profit and loss account and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

4.1.19 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.1.20 Undrawn loan commitments and guarantees:

'Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market profit rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

Notes To The Condensed Interim Consolidated Financial Statements

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When estimating lifetime ECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the loans are drawn down, based on a probability-weighting of the three scenarios.

4.1.21 Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring the Risk, Finance, Operations, Internal Audit and IT functions to effectively work together to ensure input from all business lines. IFRS 9 requires robust credit risk models that can predict Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The Bank's Risk Management Division has developed models / methodologies for PD, LGD and Credit Conversion Factors (CCF). These models are validated on an annual basis considering the following aspects:

- Qualitative Validation: Expected credit loss (ECL) model design validation, data quality validation and benchmarking with external best practices.
- Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

The Risk Department defines the staging criteria for the new impairment model and take ownership of all models, methodologies and the ECL calculation approach. Additionally, the Risk department also take the ownership of the impact of ECL on the Bank's capital.

The Bank's Finance Division performs ECL calculation. As a result, the department then assess the financial impact, meet the financial reporting requirements and further monitor the impact on the financial ratios. Finance department also presents quarterly progress report to its relevant Board Sub Committee.

The IT Department is responsible to identify, prepare and extract the data required for the risk parameters modelling and ECL calculations. IT department also support project owners for system development and upgrades.

As per the Bank's policy, the Bank's Internal Audit function carries out periodic review of IFRS 9 methodology and impacts calculated by the Management.

4.2 Revised format of condensed interim financial statements

The SBP vide BPRD Circular No. 02 dated February 09, 2023, and BPRD Circular Letter No. 07 dated April 13, 2023, has amended the format of quarterly and half yearly financial statements of banks. All banks are directed to prepare their quarterly and half yearly financial statements on the revised format effective from accounting year starting from January 01, 2024. Accordingly, the Bank has prepared these condensed interim unconsolidated financial statements on the new format prescribed by the SBP.

The adoption of revised format has resulted in following significant changes:

- Right-of-use-assets (Note 12) amounting to Rs. 6,915.113 million (December 31, 2023: Rs. 5,848.280 million) which were previously shown as part of fixed assets are now shown separately on the unconsolidated statement of financial position.
- Lease liabilities (Note 18) amounting to Rs. 7,957.294 million (December 31, 2023: Rs. 6,686.639 million) which were previously shown as part of other liabilities (note 21) are now shown separately on the unconsolidated statement of financial position.

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2023.

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
6. CASH AND BALANCES WITH TREASURY BANKS	--------- Rupees in '000 ---------	
In hand		
Local currency	**24,039,084**	19,834,818
Foreign currencies	**2,825,296**	3,479,237
	26,864,380	23,314,055
With State Bank of Pakistan in		
Local currency current accounts	**51,631,962**	41,887,252
Foreign currency current accounts	**1,962,305**	2,071,676
Foreign currency deposit accounts	**4,089,519**	4,614,459
Cash reserve account	**1,013,719**	969,037
Special cash reserve account	**1,218,021**	1,206,364
US dollar clearing account	**49,869**	38,902
	59,965,395	50,787,690
With National Bank of Pakistan in local currency current accounts	**11,675,892**	8,059,788
National Prize Bonds	**11,626**	20,927
Less: Credit loss allowance held	**(868)**	-
	98,516,425	82,182,460

7. BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	**97,393**	40,691
In deposit accounts	**60,764**	165,785
	158,157	206,476
Outside Pakistan		
In current accounts	**6,259,851**	4,908,757
In deposit accounts	**152,968**	186,921
	6,412,819	5,095,678
Less: Credit loss allowance held	**(5,488)**	(74)
	6,565,488	5,302,080

8. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (reverse repo)	**4,978,500**	-
Unsecured		
Bai Muajjal receivable	**7,666,747**	16,502,138
Other placements	**17,010**	17,820
	12,662,257	16,519,958
Less: Credit loss allowance / provision held	**(17,682)**	(17,820)
	12,644,575	16,502,138

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

8.1 Particulars of credit loss allowance

Category of classification		(Un-audited) June 30, 2024 Outstanding amount	(Un-audited) June 30, 2024 Credit loss allowance held	(Audited) December 31, 2023 Outstanding amount	(Audited) December 31, 2023 Credit loss allowance held
		------------ Rupees in '000 ------------			
Domestic					
Performing	Stage 1	12,645,247	672	16,502,138	-
Under-performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		17,010	17,010	17,820	17,820
Total		12,662,257	17,682	16,519,958	17,820

9. INVESTMENTS

9.1 Investments by type

	Note	June 30, 2024 (Un-audited) Cost / Amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying value
		------------ Rupees in '000 ------------			
FVTPL					
Federal Government Securities		34,471,628	-	140,174	34,611,802
Shares		176,688	-	-	176,688
Non Government Debt Securities		764,131	-	28,631	792,762
Open End Mutual Funds		1,291,364	-	102,521	1,393,885
		36,703,811	-	271,326	36,975,137
FVOCI					
Federal Government Securities		477,640,098	(36,764)	3,422,490	481,025,824
Shares		2,733,975	(136,589)	708,238	3,305,624
Non Government Debt Securities		36,800,847	(854,698)	310,589	36,256,738
Foreign Securities		2,200,601	(187,340)	(49,559)	1,963,702
		519,375,521	(1,215,391)	4,391,758	522,551,888
Amortised Cost					
Federal Government Securities	9.1.1	144,766,963	(92,145)	-	144,674,818
Associates		1,291,296	(1,102,111)	-	189,185
Subsidiaries		104,771	(104,771)	-	-
Total Investments		702,242,362	(2,514,418)	4,663,084	704,391,028

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For the half year ended June 30, 2024

	December 31, 2023 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	---------------------------- Rupees in '000 ----------------------------			
Held-for-trading securities				
Federal Government Securities	47,974	-	(49)	47,925
Shares	550,760	-	17,974	568,734
Non Government Debt Securities	126,688	-	-	126,688
Open End Mutual Funds	703,597	-	66,409	770,006
	1,429,019	-	84,334	1,513,353
Available-for-sale securities				
Federal Government Securities	413,089,028	(124,556)	5,282,169	418,246,641
Shares	3,284,621	(728,269)	1,614,519	4,170,871
Non Government Debt Securities	37,739,884	(864,816)	283,609	37,158,677
Foreign Securities	20,180,047	(1,344,594)	(106,719)	18,728,734
Open End Mutual Funds	153,920	-	310,750	464,670
	474,447,500	(3,062,235)	7,384,328	478,769,593
Held-to-maturity securities				
Federal Government Securities	102,238,319	(92,145)	-	102,146,174
Associates	1,318,119	(1,102,111)	-	216,008
Subsidiaries	104,771	(104,771)	-	-
Total Investments	579,537,728	(4,361,262)	7,468,662	582,645,128

9.1.1 The market value of securities classified as measured at amortised cost as at June 30, 2024 amounted to Rs. 143,087.067 million (December 31, 2023: Rs. 100,310.906 million).

	(Un-audited) June 30, 2024		(Audited) December 31, 2023	
	Cost	**Market value**	Cost	Market value
	---------------------------- Rupees in '000 ----------------------------			
9.2 Investments given as collateral				
Federal Government Securities				
Government of Pakistan Ijarah Sukuks	**2,814,000**	**2,814,000**	-	-
Pakistan Investment Bonds - Floater	**17,456,361**	**17,403,300**	35,314,000	36,278,840
	20,270,361	**20,217,300**	35,314,000	36,278,840

	Note	**(Un-audited) June 30, 2024**	(Audited) December 31, 2023
		--------- Rupees in '000 ---------	
9.3 Credit loss allowance / provision for diminution in value of investments			
Opening balance		**4,361,262**	953,410
Additional impact upon acquisition of Subsidiary		**-**	2,678,462
Impact of adoption of IFRS 9		**3,337**	-
Exchange rate adjustments		**(3,752)**	44,314
Charge for the period / year		**2,521**	718,375
Reversals for the period / year		**(101,920)**	(33,299)
	33	**(99,399)**	685,076
Impact of reclassification of equity securities from FVOCI to FVTPL		**(1,747,030)**	-
Closing balance		**2,514,418**	4,361,262

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

9.3.1 Particulars of credit loss allowance against debt securities

Category of classification		(Un-audited) June 30, 2024 Outstanding amount	(Un-audited) June 30, 2024 Credit loss allowance held	(Audited) December 31, 2023 Outstanding amount	(Audited) December 31, 2023 Provision for diminuition
		Rupees in '000			
Domestic					
Performing	Stage 1	512,389,217	2,413	308,836,186	-
Under-performing	Stage 2	695,647	131,928	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		1,088,753	812,502	1,233,212	956,961
		514,173,617	946,843	310,069,398	956,961
Overseas					
Performing	Stage 1	1,546,416	141	18,362,125	58
Under-performing	Stage 2	431,043	36,764	1,853,745	124,556
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		556,682	187,199	563,721	189,186
		2,534,141	224,104	20,779,591	313,800
Total		516,707,758	1,170,947	330,848,989	1,270,761

9.4 Investment in associates

9.4.1 Movement of Investment in associates

	June 30, 2024 (Un-audited)				
	Country of incorporation	Holding	Investment at the beginning of the year	Share of loss	Investment at the end of the period
			Rupees in '000		
Omar Jibran Engineering Industries Limited	Pakistan	9.60%	204,619	(20,265)	184,354
Veda Transit Solutions Private Limited	Pakistan	3.92%	11,389	(6,558)	4,831
			216,008	(26,823)	189,185

	December 31, 2023 (Audited)				
	Country of incorporation	Holding	Investment at the beginning of the year	Share of loss	Investment at the end of the year
			Rupees in '000		
Omar Jibran Engineering Industries Limited	Pakistan	9.60%	236,194	(31,575)	204,619
Veda Transit Solutions Private Limited	Pakistan	3.92%	40,457	(29,068)	11,389
			276,651	(60,643)	216,008

Notes To The Condensed Interim Consolidated Financial Statements
For the half year ended June 30, 2024

9.4.2 Summary of financial position and performance of associates

		June 30, 2024 (Un-audited)			
	As at	Assets	Liabilites	Revenue	Profit / (loss)
		---------- Rupees in '000 ----------			
Omar Jibran Engineering Industries Limited	Jun 30, 2023	**5,372,772**	**2,430,640**	**2,345,882**	**(145,624)**
Veda Transit Solutions Private Limited	Jun 30, 2023	**3,771,523**	**3,318,137**	**3,185,247**	**(549,172)**
Shakarganj Food Products Limited	Sep 30, 2023	**10,335,484**	**6,782,556**	**15,068,704**	**166,682**
KASB Funds Limited	Dec 31, 2015	**46,465**	**32,465**	**23,640**	**(66,241)**
KASB Capital Limited*	Dec 31, 2016	**$652,864**	**$135,428**	**-**	**$(34,084)**

		December 31, 2023 (Audited)			
	As at	Assets	Liabilites	Revenue	Profit / (loss)
		---------- Rupees in '000 ----------			
Omar Jibran Engineering Industries Limited	Jun 30, 2023	5,372,772	2,430,640	2,345,882	(145,624)
Veda Transit Solutions Private Limited	Jun 30, 2022	4,242,630	3,236,774	2,468,979	(80,262)
Shakarganj Food Products Limited	Sep 30, 2023	10,335,484	6,782,556	15,068,704	166,682
KASB Funds Limited	Dec 31, 2015	46,465	32,465	23,640	(66,241)
KASB Capital Limited*	Dec 31, 2016	$652,864	$135,428	-	$(34,084)

* This represents the full USD amount as the company is incorporated in Mauritius.

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

		June 30, 2024 (Un-audited)		
		Performing	Non-Performing	Total
10. ADVANCES	Note	---------------- Rupees in '000		----------------
Loans, cash credits, running finances, etc.		184,041,547	21,817,322	205,858,869
Bills discounted and purchased		9,690,134	684,295	10,374,429
Islamic financing and related assets	10.2	196,997,006	18,549,418	215,546,424
Advances - gross		390,728,687	41,051,035	431,779,722
Credit loss allowance against advances				
- Stage 1		(1,943,784)	-	(1,943,784)
- Stage 2		(1,705,735)	-	(1,705,735)
- Stage 3		-	(33,610,528)	(33,610,528)
	10.4	(3,649,519)	(33,610,528)	(37,260,047)
Fair value adjustment		(3,944,495)	-	(3,944,495)
Advances - net of credit loss allowance		383,134,673	7,440,507	390,575,180

		December 31, 2023 (Audited)		
		Performing	Non-Performing	Total
	Note	---------------- Rupees in '000		----------------
Loans, cash credits, running finances, etc.		187,280,380	21,170,983	208,451,363
Bills discounted and purchased		11,025,154	684,295	11,709,449
Islamic financing and related assets	10.2	230,973,261	17,219,814	248,193,075
Advances - gross		429,278,795	39,075,092	468,353,887
Provision against advances				
- Specific		-	(29,109,710)	(29,109,710)
- General		(4,768,909)	-	(4,768,909)
- Provision - under IFRS 9		(21,894)	-	(21,894)
		(4,790,803)	(29,109,710)	(33,900,513)
Advances - net of provision		424,487,992	9,965,382	434,453,374

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	-------- Rupees in '000	--------
10.1 Particulars of advances (gross)		
In local currency	419,086,874	454,582,565
In foreign currencies	12,692,848	13,771,322
	431,779,722	468,353,887

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

10.2 Islamic financing and related assets

	June 30, 2024 (Un-audited)		
	Performing	Non-Performing	Total
	Rupees in '000		
Running Musharakah	66,960,904	1,444,955	68,405,859
Diminishing Musharakah financing and related assets - others	41,982,784	3,730,456	45,713,240
Diminishing Musharakah - Housing	21,433,216	2,369,567	23,802,783
Istisna financing and related assets	22,586,647	4,123,586	26,710,233
Diminishing Musharakah financing and related assets - Auto	16,155,210	641,061	16,796,271
Murabahah financing and related assets	13,520,989	754,530	14,275,519
Musawamah financing and related assets / Tijarah	6,892,345	4,871,969	11,764,314
Investment Agency Wakalah	2,730,590	-	2,730,590
Murabahah against Bills	1,617,238	196,778	1,814,016
Ijarah financing under IFAS 2 and related assets	583,881	158,654	742,535
Financing against Bills	1,662,292	-	1,662,292
Qardh-e-Hasana	32,257	122,676	154,933
Musharakah financing	24,814	135,186	160,000
Past Due Acceptance	274,189	-	274,189
Net investment in Ijarah financing in Pakistan	70,564	-	70,564
Housing finance portfolio - others	19,086	-	19,086
Salam	450,000	-	450,000
Islamic financing and related assets - gross	196,997,006	18,549,418	215,546,424
Credit loss allowance against islamic financing and related assets			
- Stage 1	(1,709,380)	-	(1,709,380)
- Stage 2	(1,504,882)	-	(1,504,882)
- Stage 3	-	(16,252,040)	(16,252,040)
	(3,214,262)	(16,252,040)	(19,466,302)
Fair value adjustment	(968,495)	-	(968,495)
Islamic financing and related assets - net of credit loss allowance	192,814,249	2,297,378	195,111,627

	December 31, 2023 (Audited)		
	Performing	Non-Performing	Total
	Rupees in '000		
Running Musharakah	100,625,553	1,444,955	102,070,508
Diminishing Musharakah financing and related assets - others	45,889,901	3,529,814	49,419,715
Diminishing Musharakah - Housing	23,553,066	2,019,821	25,572,887
Istisna financing and related assets	20,455,759	3,630,366	24,086,125
Diminishing Musharakah financing and related assets - Auto	16,380,932	538,620	16,919,552
Murabahah financing and related assets	16,073,181	397,002	16,470,183
Musawamah financing and related assets / Tijarah	3,781,236	5,024,205	8,805,441
Investment Agency Wakalah	2,730,590	-	2,730,590
Murabahah against Bills	671,556	192,048	863,604
Ijarah financing under IFAS 2 and related assets	288,755	161,958	450,713
Financing against Bills	209,100	-	209,100
Qardh-e-Hasana	48,226	121,025	169,251
Musharakah financing	-	160,000	160,000
Past Due Acceptance	155,972	-	155,972
Net investment in Ijarah financing in Pakistan	85,343	-	85,343
Housing finance portfolio - others	24,091	-	24,091
Islamic financing and related assets - gross	230,973,261	17,219,814	248,193,075
Provision against islamic financing and related assets			
- Specific	-	(13,837,297)	(13,837,297)
- General	(4,391,404)	-	(4,391,404)
	(4,391,404)	(13,837,297)	(18,228,701)
Islamic financing and related assets - net of provision	226,581,857	3,382,517	229,964,374

Notes To The Condensed Interim Consolidated Financial Statements
For the half year ended June 30, 2024

10.3 Advances include Rs. 41,051.035 million (December 31, 2023: Rs. 39,075.092 million) which have been placed under non-performing status as detailed below:

		(Un-audited) June 30, 2024		(Audited) December 31, 2023	
		Non-Performing Loans	Credit loss allowance	Non-Performing Loans	Provision
Category of classification		Rupees in '000			
Domestic					
Other Assets Especially Mentioned (OAEM) *		**962,536**	**178,021**	757,584	2,154
Substandard	Stage 3	**2,689,431**	**1,653,337**	2,345,892	352,882
Doubtful	Stage 3	**4,021,672**	**1,781,571**	4,680,410	1,092,320
Loss	Stage 3	**33,377,396**	**29,997,599**	31,291,206	27,662,354
Total		**41,051,035**	**33,610,528**	39,075,092	29,109,710

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

10.4 **Particulars of credit loss allowance against advances**

	Note	June 30, 2024 (Un-audited) Stage 3	Stage 2	Stage 1	Total
		Rupees in '000			
Opening balance		**29,109,710**	**4,391,459**	**399,344**	**33,900,513**
Impact of adoption of IFRS 9		**3,187,628**	**(2,724,335)**	**1,690,098**	**2,153,391**
Exchange rate adjustments		**-**	**-**	**(240)**	**(240)**
Charge for the period		**2,835,584**	**277,053**	**378,069**	**3,490,706**
Reversals for the period		**(1,396,548)**	**(238,442)**	**(523,487)**	**(2,158,477)**
	33	**1,439,036**	**38,611**	**(145,418)**	**1,332,229**
Amounts written off		**(32,547)**	**-**	**-**	**(32,547)**
Amounts charged off - agricultural financing		**(93,299)**	**-**	**-**	**(93,299)**
Closing balance	10.4.3	**33,610,528**	**1,705,735**	**1,943,784**	**37,260,047**

	December 31, 2023 (Audited) Specific	General	Provision under IFRS 9	Total
	Rupees in '000			
Opening balance	7,210,740	200,614	11,500	7,422,854
Additional impact upon acquisition of subsidiary	17,593,812	3,242,903	-	20,836,715
Exchange rate adjustments	-	-	2,856	2,856
Charge for the year	5,189,705	1,376,836	7,538	6,574,079
Reversals for the year	(829,895)	(51,444)	-	(881,339)
	4,359,810	1,325,392	7,538	5,692,740
Amounts written off	(54,652)	-	-	(54,652)
Closing balance	29,109,710	4,768,909	21,894	33,900,513

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

10.4.3 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at June 30, 2024, the Bank has availed cumulative FSV benefit under the directives of the SBP of Rs. 4,268.257 million (December 31, 2023: Rs. 4,551.312 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 2,176.811 million (December 31, 2023: Rs. 1,968.675 million). The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend to shareholders or bonus to employees under the requirements of Prudential Regulations of Corporate / Commercial Banking of SBP.

10.5 Advances - Particulars of credit loss allowance

	June 30, 2024 (Un-audited)		
	Stage 1	Stage 2	Stage 3
	---------------- Rupees in '000 ----------------		
Opening balance	1,898,381	1,446,454	31,225,287
Impact of adoption of IFRS 9	191,061	220,670	1,072,051
New Advances	214,986	319,898	1,916,817
Advances derecognised or repaid	(72,587)	(66,938)	(1,787,372)
Transfer to stage 1	166,089	(166,089)	-
Transfer to stage 2	(504,746)	567,248	(62,502)
Transfer to stage 3	(653,289)	(1,276,671)	1,929,961
	(849,547)	(622,552)	1,996,904
Amounts written off	-	-	(125,846)
Changes in risk parameters	703,889	661,163	(557,868)
Closing balance	1,943,784	1,705,735	33,610,528

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

		(Un-audited) June 30, 2024 Outstanding amount	(Un-audited) June 30, 2024 Credit loss allowance held
		--------- Rupees in ‘000 ---------	
10.6 Advances - Category of classification			
Domestic			
Performing	Stage 1	**324,542,617**	**1,926,299**
Under-performing	Stage 2	**63,022,160**	**1,705,735**
Non-performing	Stage 3		
OAEM		**962,536**	**178,021**
Substandard		**2,689,431**	**1,653,337**
Doubtful		**4,021,672**	**1,781,571**
Loss		**33,377,396**	**29,997,599**
		428,615,812	**37,242,562**
Overseas			
Performing	Stage 1	**3,163,910**	**17,485**
Under-performing	Stage 2	**-**	**-**
Non-performing	Stage 3		
Substandard		**-**	**-**
Doubtful		**-**	**-**
Loss		**-**	**-**
		3,163,910	**17,485**
Total		**431,779,722**	**37,260,047**

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
11. PROPERTY AND EQUIPMENT		--------- Rupees in ‘000 ---------	
Capital work-in-progress	11.1	**2,501,442**	1,990,955
Property and equipment		**21,372,755**	20,250,646
		23,874,197	22,241,601

11.1 Capital work-in-progress		
Civil works	**1,432,997**	1,517,359
Equipment	**-**	311,448
Advances to suppliers	**1,068,445**	162,148
	2,501,442	1,990,955

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

			(Un-audited)	
			January - June 2024	January - June 2023
11.2	**Additions to property and equipment**	Note	--------- Rupees in '000 ---------	
	The following additions have been made to property and equipment during the period:			
	Capital work-in-progress - net		**1,158,164**	442,636
	Property and equipment			
	Building on leasehold land		**-**	617,158
	Leasehold improvements		**271,376**	159,402
	Furniture and fixture		**1,136,364**	69,795
	Electrical, office and computer equipments		**1,062,786**	932,784
	Vehicles		**171,947**	-
			2,642,473	1,779,139
	Total	11.2.1	**3,800,637**	2,221,775

11.2.1 This includes transfer from capital work in progress during the period of Rs. 647.677 million (June 30, 2023: Rs. 833.911 million).

		(Un-audited)	
		January - June 2024	January - June 2023
11.3	**Disposal of property and equipment**	--------- Rupees in '000 ---------	
	The net book value of property and equipment disposed off during the period is as follows:		
	Building on leasehold land	**-**	61,165
	Leasehold improvements	**5,373**	1,560
	Furniture and fixture	**1,403**	2,579
	Electrical, office and computer equipments	**8,976**	20,606
	Vehicles	**22,580**	4,701
	Total	**38,332**	90,611

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

			(Un-audited) June 30, 2024	(Audited) December 31, 2023
12.	**RIGHT-OF-USE ASSETS**	Note	--------- Rupees in '000	---------
	Opening balance		**5,848,280**	2,457,244
	Additional impact upon acquisition of subsidiary		**-**	2,449,059
	Additions / renewals		**2,518,751**	2,554,992
	Terminations		**(9,510)**	(203,293)
	Depreciation charge	30	**(1,326,400)**	(1,419,084)
	Exchange rate adjustments		**(218)**	5,685
	Other adjustments		**(115,790)**	3,677
	Closing balance		**6,915,113**	5,848,280
13.	**INTANGIBLE ASSETS**			
	Capital work-in-progress		**1,543,517**	815,848
	Computer software		**3,692,119**	3,213,292
	Goodwill		**4,407,921**	4,407,921
	Others		**72,110**	63,987
			9,715,667	8,501,048

			(Un-audited) January - June 2024	January - June 2023
13.1	**Additions to intangible assets**		--------- Rupees in '000	---------
	The following additions have been made to intangible assets during the period:			
	Capital work-in-progress - net		**1,047,304**	271,693
	Computer software	13.1.1	**803,458**	675,149
			1,850,762	946,842

13.1.1 This includes transfer from capital work in progress during the period of Rs. 319.635 million (June 30, 2023: Rs. 535.938 million).

		(Un-audited) January - June 2024	January - June 2023
13.2	**Disposal of intangible assets**	--------- Rupees in '000	---------
	The net book value of intangible assets disposed off during the period is as follows:		
	Membership and Subscription	**15,630**	-

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

14. OTHER ASSETS	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
		------- Rupees in '000 -------	
Mark-up / return / interest accrued in local currency		**41,708,994**	45,926,699
Mark-up / return / interest accrued in foreign currencies		**197,363**	163,513
Advances, deposits, advance rent and other prepayments		**3,716,374**	5,224,714
Acceptances		**8,180,655**	6,589,632
Dividend receivable		**3,182**	5,552
Receivable against bancassurance / bancatakaful		**325,228**	332,672
Stationery and stamps in hand		**11,386**	21,290
Receivable in respect of home remittance		**30,017**	30,805
Due from State Bank of Pakistan		**538,875**	807,190
Fair value adjustment on advances		**3,971,361**	-
Non-banking assets acquired in satisfaction of claims		**6,210,659**	6,228,532
Mark to market gain on forward foreign exchange contracts		**372,839**	1,642,158
Advance against investments in securities		**792,000**	1,178,306
Branchless banking fund settlement		**289,107**	202,425
Inter bank fund transfer settlement		**2,668,908**	-
Credit card settlement		**1,208,947**	1,079,395
Insurance claims receivable		**384,993**	498,755
Trade receivable from brokerage and advisory business - net		**50,783**	27,302
Balances due from funds under management		**2,290,499**	1,817,314
Others		**137,898**	125,531
		1,097,866	1,197,153
		74,187,934	73,098,938
Less: Credit loss allowance / provision held against other assets	14.1	**(1,318,821)**	(1,362,792)
Other assets - net of credit loss allowance / provision held		**72,869,113**	71,736,146
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	**587,769**	588,826
Other assets - total		**73,456,882**	72,324,972

14.1 Credit loss allowance / provision held against other assets

Advances, deposits, advance rent and other prepayments	**64,555**	64,555
Trade receivable from brokerage and advisory business - net	**436,598**	430,225
Non-banking assets acquired in satisfaction of claims	**305,762**	305,762
Others	**511,906**	562,250
	1,318,821	1,362,792

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For the half year ended June 30, 2024

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
		------- Rupees in '000 -------	
14.1.1	**Movement of credit loss allowance / provision held against other assets**		
	Opening balance	**1,362,792**	430,569
	Additional impact upon acquisition of subsidiary	**-**	768,745
	Impact of adoption of IFRS 9	**18,295**	-
	Charge during the period / year	**346**	163,478
	Reversals during the period / year	**(62,612)**	-
		(62,266)	163,478
	Closing balance	**1,318,821**	1,362,792
15.	**BILLS PAYABLE**		
	In Pakistan	**10,990,288**	10,394,456
	Outside Pakistan	**360,650**	399,442
		11,350,938	10,793,898

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	------- Rupees in '000 -------	
16. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under:		
Export refinancing scheme	**14,430,309**	13,554,172
Long-term finance facility	**2,682,184**	2,972,509
Financing facility for storage of agricultural produce	**194,486**	176,993
Financing facility for renewable energy projects	**1,797,957**	1,797,675
Refinance for women entrepreneurs	**215,109**	179,462
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	**189,247**	218,239
Refinance facility for combating COVID-19	**263,518**	232,749
Temporary economic refinance facility	**11,785,467**	12,461,501
Small enterprise financing and credit guarantee scheme for special persons	**1,448**	1,978
Refinance facility for working capital of SMEs	**151,641**	193,750
Refinance facility for SME Asaan Finance (SAAF) scheme	**2,341,912**	1,438,299
Acceptances from SBP under Mudaraba	**-**	30,694,154
Islamic Export Finance Scheme - Rupee based discounting	**5,213,741**	4,600,946
Acceptances under Islamic Export Refinance Scheme	**1,066,000**	3,554,100
Acceptances for financial assistance	**4,619,263**	4,413,497
Repurchase agreement borrowings	**15,000,000**	-
	59,952,282	76,490,024
Borrowing from financial institutions:		
Repurchase agreement borrowings	**2,861,700**	2,987,901
Musharakah	**75,000**	2,649,999
Refinancing facility for mortgage loans	**2,959,009**	3,354,127
Refinance facility for Islamic mortgage	**3,164,139**	-
	9,059,848	8,992,027
	69,012,130	85,482,051
Unsecured		
Overdrawn nostro accounts	**1,177,578**	549,483
Wakalah	**2,000,000**	2,000,000
Musharakah	**3,950,000**	-
	7,127,578	2,549,483
	76,139,708	88,031,534

16.1 Particulars of borrowings

In local currency	**74,962,130**	87,482,051
In foreign currencies	**1,177,578**	549,483
	76,139,708	88,031,534

Notes To The Condensed Interim Consolidated Financial Statements
For the half year ended June 30, 2024

17. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	Rupees in '000					
Customers						
Current deposits	351,969,949	18,492,061	370,462,010	301,477,172	19,188,611	320,665,783
Savings deposits	299,260,141	11,428,578	310,688,719	239,067,032	10,197,248	249,264,280
Term deposits	324,353,059	50,256,573	374,609,632	328,171,818	53,754,279	381,926,097
Margin deposits	31,128,541	608,467	31,737,008	32,213,341	677,539	32,890,880
	1,006,711,690	80,785,679	1,087,497,369	900,929,363	83,817,677	984,747,040
Financial Institutions						
Current deposits	3,777,632	168,433	3,946,065	1,692,578	294,647	1,987,225
Savings deposits	11,780,200	3,276	11,783,476	16,619,049	525	16,619,574
Term deposits	3,383,307	-	3,383,307	4,465,509	-	4,465,509
Margin deposits	146	-	146	146	-	146
	18,941,285	171,709	19,112,994	22,777,282	295,172	23,072,454
	1,025,652,975	80,957,388	1,106,610,363	923,706,645	84,112,849	1,007,819,494

18. LEASE LIABILITIES

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
		Rupees in '000	
Opening balance		6,686,639	2,795,197
Additional impact upon acquisition of subsidiary		-	2,917,378
Additions / renewals		2,518,751	2,554,992
Lease payments including interest		(1,806,338)	(2,280,921)
Finance charges on leased assets		548,725	953,739
Terminations		(12,828)	(267,772)
Exchange difference		(207)	5,516
Other adjustments		22,552	8,510
Closing balance		7,957,294	6,686,639

18.1 Outstanding liabilities

Not later than one year	434,152	198,864
Later than one year and upto five years	3,695,082	2,143,040
Over five years	3,828,060	4,344,735
Total	7,957,294	6,686,639

19. SUBORDINATED DEBT

Term Finance Certificates - Fifth Issue	19.1	3,499,300	3,499,767
Term Finance Certificates - Fourth Issue	19.2	2,497,500	2,498,000
Term Finance Certificates - Third Issue	19.3	2,500,000	2,500,000
ADT-1 Sukuk Issue I	19.4	1,998,904	1,998,904
ADT-1 Sukuk Issue II	19.5	997,694	848,000
		11,493,398	11,344,671

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19.1 In 2023, the Bank had issued Rs. 3.5 billion of rated, privately placed and listed (in process), unsecured and subordinated term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	August 30, 2023
Tenure:	Up to ten years from the issue date.
Maturity date:	August 30, 2033
Rating:	AA - (Double A Minus)
Profit rate:	Floating rate of return at Base Rate + 2 percent per annum; Base Rate is defined as the average three months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each three monthly period.
Profit payment:	Quarterly
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first nine years after the issue date and the remaining Issue amount of 99.76% in four equal quarterly installments of 24.94% each in the last year.
Security:	The Issue is unsecured
Subordination:	The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital.
Call option:	Exercisable in part or in full on or after five years from the issue date, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR or Leverage Ratio set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability (PONV) event as defined under SBP BPRD Circular No. 06 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of PONV as declared by SBP, subject to a cap of 924,772,179 shares.

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

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

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 28, 2021
Tenure:	Up to Seven years from the issue date.
Maturity date:	December 28, 2028
Rating:	AA - (Double A Minus)
Profit rate:	Floating rate of return at Base Rate + 2 percent per annum; Base Rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured
Subordination:	The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital.
Call option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability (PONV) event as defined under SBP BPRD Circular No. 06 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of PONV as declared by SBP, subject to a cap of 400,647,739 shares.

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

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

Purpose:	To contribute towards the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 31, 2018
Maturity date:	Perpetual
Rating:	A+ (Single A plus)
Profit rate:	Floating rate of return at Base Rate + 2.25 percent per annum; Base Rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The Issue is unsecured
Subordination:	The Issue is subordinated as to payment of principal and profit to all other claims except common shares.
Call option:	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbency clause:	
Pre-Specified Trigger (PST)	Upon the occurrence of a PST as defined under SBP BPRD Circular No. 06 dated August 15, 2013 which stipulates that if an Issuer's Common Equity Tier 1 (CET 1) ratio falls to or below 6.625% of Risk Weighted Assets (RWAs), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to: - If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWAs (if possible); - The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWAs (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and - In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer.

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

Point of Non-Viability (PONV)	Upon the occurrence of a PONV event as defined under SBP BPRD Circular No. 06 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below: The PONV trigger event is the earlier of: - A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable; - The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP. - The maximum number of shares to be issued to TFC holders at the PST and / or PONV (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

19.4 The Group has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments (Sukuks or the Issue) in the nature of Sukuks under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013. Summary of terms and conditions of the Issue are:

Amount:	Rs. 2,000 million.
Issue date:	April 21, 2020
Tenure:	Perpetual (i.e. no fixed or final redemption date)
Rating:	PACRA has rated this Sukuk at 'A'
Profit rate:	The Sukuk carries a profit at the rate of 3 Months KIBOR + 2.75%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Group inline with SBP's guidelines of pool management.
Profit payment:	Profit shall be payable monthly in arrears, on a non-cumulative basis.
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first nine years after the issue date and the remaining Issue amount of 99.76% in four equal quarterly installments of 24.94% each in the last year.
Security:	The Issue is unsecured
Call option:	The Group may, at its sole discretion, call the Sukuks, at any time after five years from the issue date subject to the prior approval of the SBP.
Lock-in-clause:	In the event where payment of profit results in breach of regulatory MCR / CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause:	The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 06 dated August 15, 2013.

Notes To The Condensed Interim Consolidated Financial Statements

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19.5 The Group has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Sukuks under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013. Summary of terms and conditions of the Issue are:

Amount:	Rs. 1,000 million.
Issue date:	February 21, 2024
Tenure:	Perpetual (i.e. no fixed or final redemption date)
Rating:	PACRA has rated this Sukuk at ‘A’
Profit rate:	The Sukuk carries a profit at the rate of 1 Month KIBOR + 2.50%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Group inline with SBP’s guidelines of pool management.
Profit payment:	Profit shall be payable monthly in arrears, on a non-cumulative basis.
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first nine years after the issue date and the remaining Issue amount of 99.76% in four equal quarterly installments of 24.94% each in the last year.
Security:	The Issue is unsecured
Call option:	The Group may, at its sole discretion, call the Sukuks, at any time after five years from the issue date subject to the prior approval of the SBP.
Lock-in-clause:	In the event where payment of profit results in breach of regulatory MCR / CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause:	The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the “Instructions for Basel-III Implementation in Pakistan” issued vide BPRD Circular No. 06 dated August 15, 2013.

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
20. DEFERRED TAX ASSET / (LIABILITIES)		---------- Rupees in '000 ----------	
Deductible Temporary Differences on:			
Credit loss allowance / provision against investments		**247,972**	241,763
Credit loss allowance / provision against loans and advances		**7,184,193**	6,270,555
Other assets		**221,789**	78,212
Accumulated tax losses		**55,399**	45,805
		7,709,353	6,636,335
Taxable Temporary Differences on:			
Accelerated tax depreciation		**(1,497,925)**	(1,233,336)
Goodwill		**(717,176)**	(717,176)
Fair value adjustment on amalgamation		**(275,448)**	(337,060)
Surplus on revaluation of investments classified as measure at FVOCI / available-for-sale	22	**(2,163,557)**	(3,466,467)
Surplus on revaluation of fixed assets		**(1,602,312)**	(1,698,745)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	**(55,588)**	(56,106)
Surplus on revaluation of investments classified as measured at FVTPL / held-for-trading		**(19,005)**	(17,639)
		(6,331,011)	(7,526,529)
		1,378,342	(890,194)

21. OTHER LIABILITIES

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Mark-up / return / interest payable in local currency		**15,232,966**	14,380,731
Mark-up / return / interest payable in foreign currencies		**781,111**	718,389
Unearned income on guarantees		**466,075**	398,300
Accrued expenses		**3,454,841**	3,913,117
Current taxation (payments less provision)		**2,462,991**	2,448,848
Acceptances		**8,180,655**	6,589,632
Unclaimed dividends		**7,576**	7,576
Mark to market loss on derivative instruments		**1,364**	16,437
Mark to market loss on forward foreign exchange contracts		**1,854,758**	1,923,277
Defined benefit obligation - net		**671,414**	562,132
Payable to defined contribution plan		**2,868**	44,798
Withholding taxes payable		**1,813,248**	1,199,621
Donation payable		**197,855**	209,514
Security deposits against leases, lockers and others		**1,918,194**	2,061,856
Workers' welfare fund		**1,610,095**	1,210,355
Payable in respect of home remittance		**41,608**	35,659
Retention money payable		**151,631**	121,883
Insurance payable		**310,251**	249,979
Payable to vendors against SBS goods		**221,385**	282,322
Debit card settlement		**316,316**	473,999
Clearing and settlement accounts		**-**	539,857
Trade payable from brokerage and advisory business - net		**3,264,166**	2,899,893
Dividend payable		**45,264**	206,472
Deferred Murabahah income financing and IERS		**408,213**	1,111,958
Sundry Creditors		**2,337,372**	1,595,515
Credit loss allowance against off-balance sheet obligations	21.1	**120,107**	-
Others		**1,518,177**	1,244,410
		47,390,501	44,446,530

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	---------- Rupees in '000 ----------	
21.1 Credit loss allowance against off-balance sheet obligations		
Opening balance	-	-
Impact of adoption of IFRS 9	16,578	-
Reclassified from advances	88,346	-
Exchange impact	(39)	-
Charge for the period / year	16,920	-
Reversals for the period / year	(1,698)	-
	15,222	-
Closing balance	120,107	-

22. SURPLUS ON REVALUATION OF ASSETS

	Note	(Un-audited) June 30, 2024			(Audited) December 31, 2023		
		Attributable to			Attributable to		
		Equity Holders	Non - Controlling Interest	Total	Equity Holders	Non - Controlling Interest	Total
		----- Rupees in '000 -----					
Surplus / (deficit) on revaluation of:							
- Securities measured at FVOCI - debt	9.1	2,552,333	1,133,717	3,686,050	-	-	-
- Securities measured at FVOCI - equity	9.1	428,915	(91,262)	337,653	-	-	-
- Available-for-sale	9.1	-	-	-	5,495,518	1,520,755	7,016,273
- Fixed assets		1,581,476	(94,452)	1,487,024	1,745,704	(50,081)	1,695,623
- Non-banking assets acquired in satisfaction of claims	14	520,074	159	520,233	521,097	193	521,290
		5,082,798	948,162	6,030,960	7,762,319	1,470,867	9,233,186
Deferred tax on surplus / (deficit) on revaluation of:							
- Securities measured at FVOCI - debt		(1,967,700)	(510,645)	(2,478,345)	-	-	-
- Securities measured at FVOCI - equity		507,165	(137)	507,028	-	-	-
- Available-for-sale		-	-	-	(2,599,905)	(728,167)	(3,328,072)
- Fixed assets		(184,733)	46,282	(138,451)	(259,424)	24,540	(234,884)
- Non-banking assets acquired in satisfaction of claims		(22,417)	(79)	(22,496)	(22,918)	(97)	(23,015)
		(1,667,685)	(464,579)	(2,132,264)	(2,882,247)	(703,724)	(3,585,971)
		3,415,113	483,583	3,898,696	4,880,072	767,143	5,647,215

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

		Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
			---------- Rupees in '000 ----------	
23.	**CONTINGENCIES AND COMMITMENTS**			
	Guarantees	23.1	**100,933,770**	78,331,902
	Commitments	23.2	**351,347,087**	415,060,508
	Other contingencies	23.3	**1,449,662**	1,456,807
			453,730,519	494,849,217
23.1	**Guarantees**			
	Financial guarantees		**9,517,397**	8,425,132
	Performance guarantees		**47,410,451**	37,928,885
	Other guarantees		**44,005,922**	31,977,885
			100,933,770	78,331,902
23.2	**Commitments**			
	Documentary credits and short-term trade-related transactions			
	- Letters of credit		**55,665,186**	66,757,307
	Commitments in respect of:			
	- Forward foreign exchange contracts	23.2.1	**197,366,565**	221,244,084
	- Derivative instruments	23.2.2	**709,674**	735,596
	- Forward lending	23.2.3	**96,425,835**	124,976,341
	Commitments for acquisition of:			
	- Property and equipment	23.2.4	**929,974**	1,248,891
	- Intangible assets	23.2.4	**249,853**	98,289
			351,347,087	415,060,508
23.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		**126,660,382**	125,569,086
	Sale		**70,706,183**	95,674,998
			197,366,565	221,244,084
23.2.2	**Commitments in respect of derivative instruments**			
	Forward securities contract			
	Purchase		**-**	-
	Sale		**709,674**	-
			709,674	-

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

		Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
			---------- Rupees in '000 ----------	
23.2.3	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.3.1	**96,425,835**	124,976,341

23.2.3.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

23.2.4 This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware & network equipment, electrical equipment and computer software.

		Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
23.3	**Other contingencies**		---------- Rupees in '000 ----------	
	Claims against the Bank not acknowledged as debts	23.3.1	**730,873**	738,018
	Other contingencies		**718,789**	718,789
			1,449,662	1,456,807

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

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

23.3.2 Tax related contingencies are disclosed in note 34.1.

24. DERIVATIVE INSTRUMENTS

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

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

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

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

	June 30, 2024 (Un-audited)					
	Cross currency swaps		Options and Accumulators		Forward securities	
	Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market
24.1 Product Analysis	------ Rupees in '000 ------					
With Banks						
Hedging	-	-	-	-	-	-
Market making	-	-	-	-	709,674	(1,364)
	-	-	-	-	709,674	(1,364)
With FIs other than banks						
Hedging	-	-	-	-	-	-
Market making	-	-	-	-	-	-
	-	-	-	-	-	-
Total						
Hedging	-	-	-	-	-	-
Market making	-	-	-	-	709,674	(1,364)
	-	-	-	-	709,674	(1,364)

	December 31, 2023 (Audited)					
	Cross currency swaps		Options and Accumulators		Forward securities	
	Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market
	------ Rupees in '000 ------					
With Banks						
Hedging	-	-	-	-	-	-
Market making	-	-	-	-	735,596	(16,437)
	-	-	-	-	735,596	(16,437)
With FIs other than banks						
Hedging	-	-	-	-	-	-
Market making	-	-	-	-	-	-
	-	-	-	-	-	-
Total						
Hedging	-	-	-	-	-	-
Market making	-	-	-	-	735,596	(16,437)
	-	-	-	-	735,596	(16,437)

	(Un-audited)	
	June 30, 2024	June 30, 2023
25. MARK-UP / RETURN / INTEREST EARNED	------ Rupees in '000 ------	
On:		
Loans and advances	**42,009,967**	19,394,363
Investments	**67,289,113**	21,885,671
Lendings to financial institutions	**1,265,709**	89,513
Securities purchased under resale agreements	**657,301**	1,060,912
Balances with other banks	**310,441**	132,891
	111,532,531	42,563,350

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

		(Un-audited) June 30, 2024	June 30, 2023
		---------- Rupees in '000 ----------	
25.1	**Interest income recognised on:**		
	Financial assets measured at amortised cost	**55,724,507**	29,220,916
	Financial assets measured at FVOCI	**55,378,079**	12,622,995
	Financial assets measured at FVTPL	**429,945**	719,439
		111,532,531	42,563,350
26.	**MARK-UP / RETURN / INTEREST EXPENSED**		
	On:		
	Deposits	**59,661,444**	23,368,719
	Borrowings	**12,307,114**	7,529,111
	Subordinated debt	**1,357,930**	675,548
	Cost of foreign currency swaps against foreign currency deposits / borrowings	**2,544,852**	321,697
	Lease liability against right-of-use assets	**548,725**	162,545
		76,420,065	32,057,620
26.1	Interest expense calculated using effective profit rate method	**13,996,640**	-
	Other financial liabilities	**62,423,425**	-
		76,420,065	-
27.	**FEE AND COMMISSION INCOME**		
	Branch banking customer fees	**99,356**	54,030
	Finance related fees	**305,183**	239,502
	Card related fees (debit and credit cards)	**1,104,494**	271,698
	Investment banking fees	**105,626**	77,298
	Commission on trade	**783,127**	481,580
	Commission on guarantees	**366,922**	330,366
	Commission on cash management	**29,166**	23,979
	Commission on remittances including home remittances	**161,255**	58,527
	Commission on bancassurance / bancatakaful	**67,422**	35,758
	Commission on distribution of mutual funds	**5,654**	(218)
	Commission on online services	**77,874**	136,313
	Postage and courier income	**13,154**	6,344
	Rebate income	**272,430**	173,333
	Brokerage income	**504,807**	275,721
	Management fee	**221,258**	83,798
		4,117,728	2,248,029

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

		Note	(Un-audited) June 30, 2024	June 30, 2023
			---------- Rupees in '000 ----------	
28.	**GAIN / (LOSS) ON SECURITIES - NET**			
	Realised	28.1	**943,204**	(530,532)
	Unrealised - measured at FVTPL		**271,326**	25,518
			1,214,530	(505,014)
28.1	**Realised gain / (loss) on:**			
	Federal government securities			
	Market treasury bills		**52,649**	(669,653)
	Pakistan investment bonds		**600,420**	(27,883)
	Ijarah sukuk certificates		**46,599**	14,975
			699,668	(682,561)
	Shares			
	Listed companies		**257,945**	29,456
	Non Government Debt Securities			
	Term finance certificates		**38,612**	20,779
	Mutual fund units		**73,816**	100,050
	Foreign currency bonds		**(126,837)**	1,744
			943,204	(530,532)
28.2	**Net gain / (loss) on financial assets**			
	Measured at FVTPL - designated upon initial recognition		**94,791**	-
	Net gain on financial assets measured at FVOCI		**848,413**	-
			943,204	-
29.	**OTHER INCOME**			
	Rent income		**24,288**	16,661
	Gain on sale of property and equipment - net		**22,166**	51,410
	Gain on termination of leases - net		**3,318**	30,083
	Gain on termination of Islamic financing		**62,070**	-
	Others		**29,575**	15,431
			141,417	113,585

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

	(Un-audited) June 30, 2024	(Un-audited) June 30, 2023
30. OPERATING EXPENSES	---------- Rupees in '000 ----------	
Total compensation expense	**9,336,820**	4,234,176
Property expense		
Rent and taxes	**256,576**	19,203
Utilities cost	**944,769**	297,003
Security (including guards)	**695,916**	167,953
Repair and maintenance (including janitorial charges)	**509,258**	175,261
Depreciation	**564,102**	174,468
Depreciation on right-of-use assets	**1,326,400**	558,578
Depreciation on non-banking assets	**18,876**	16,653
	4,315,897	1,409,119
Information technology expenses		
Software maintenance	**1,092,601**	541,559
Hardware maintenance	**392,334**	159,636
Depreciation	**484,891**	200,274
Amortisation	**292,041**	129,275
Network charges	**344,763**	149,168
	2,606,630	1,179,912
Other operating expenses		
Directors' fees and allowances	**20,425**	5,600
Legal and professional charges	**250,481**	156,605
Insurance	**435,005**	107,225
Outsourced services costs	**210,777**	141,991
Travelling and conveyance	**301,801**	155,411
NIFT clearing charges	**57,245**	27,677
Depreciation	**434,935**	180,745
Amortisation	**7,147**	-
Training and development	**48,589**	14,699
Postage and courier charges	**98,244**	42,011
Communication	**438,895**	77,696
Stationery and printing	**444,397**	177,062
Marketing, advertisement and publicity	**1,325,542**	1,173,604
Donations	**257,609**	65,970
Auditors' remuneration	**28,387**	9,667
Staff auto fuel and maintenance	**333,792**	292,980
Bank charges	**45,133**	46,913
Stamp duty	**43,409**	57,939
Online verification charges	**54,452**	69,444
Brokerage, fee and commission	**49,808**	65,825
Card related fees (debit and credit cards)	**798,056**	418,154
CDC and other charges	**35,786**	13,715
Consultancy fee	**62,104**	48,522
Deposit protection premium	**102,595**	94,697
Entertainment expenses	**198,890**	77,350
Repair and maintenance	**448,135**	30,473
Cash handling charges	**174,235**	105,081
Fee and subscription	**490,929**	120,248
Employees social security	**6,448**	5,504
Generator fuel and maintenance	**111,862**	102,303
Fee and allowances to Shariah Board	**16,602**	-
Royalty	**17,500**	17,500
Others	**110,164**	42,841
	7,459,379	3,945,452
	23,718,726	10,768,659
Less: Reimbursement of selling and distribution expenses	**(138,069)**	(82,312)
	23,580,657	10,686,347

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

31. WORKERS' WELFARE FUND

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

	Note	(Un-audited) June 30, 2024	June 30, 2023
32. OTHER CHARGES		---------- Rupees in '000 ----------	
Penalties imposed by State Bank of Pakistan		**16,156**	20,032
33. CREDIT LOSS ALLOWANCE / PROVISION AND WRITE OFFS - NET			
Credit loss allowance / provision against lendings to financial institutions		**(158)**	1
Credit loss allowance / provision for diminution in value of investments	9.3	**(99,399)**	66,064
Credit loss allowance / provision against balances with other banks		**(1,229)**	(2)
Credit loss allowance / provision against loans and advances	10.4	**1,332,229**	927,408
Credit loss allowance / provision against off balance sheet		**15,222**	-
Other credit loss allowance and write offs		**(35,529)**	7,431
		1,211,136	1,000,902
34. TAXATION			
Current		**8,865,426**	1,385,229
Prior years		**-**	-
Deferred		**214,867**	356,358
		9,080,293	1,741,587

34.1 There are no material changes in tax contingencies as disclosed in annual consolidated financial statements for the year ended December 31, 2023.

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

35. EARNINGS PER SHARE - BASIC AND DILUTED

	(Un-audited)			
	Quarter Ended		Half Year Ended	
	June 30, 2024	June 30, 2023	**June 30, 2024**	June 30, 2023
	---------------------- Rupees in '000 ----------------------			
Profit after taxation attributable to ordinary equity holders of the Bank	**4,532,248**	701,392	**7,928,120**	1,583,805
	------------------- Number of shares -------------------			
Weighted average number of ordinary shares	**2,050,662,536**	1,297,464,262	**2,050,662,536**	1,297,464,262
	------------------------- Rupees -------------------------			
Earnings per share - basic and diluted	**2.21**	0.54	**3.87**	1.22

36. CASH AND CASH EQUIVALENTS

	Note	**(Un-audited) June 30, 2024**	(Audited) December 31, 2023	(Un-audited) June 30, 2023
		------------ Rupees in '000------------		
Cash and balances with treasury banks	6	**98,517,293**	82,182,460	35,836,267
Balances with other banks - gross	7	**6,570,976**	5,302,154	3,783,251
Overdrawn nostro accounts	16	**(1,177,578)**	(549,483)	(918,590)
		103,910,691	86,935,131	38,700,928

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Fair value hierarchy

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements using unobservable inputs for the asset or liability.

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

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

Item	Valuation approach and input used
Financial instruments - Level 1	
Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange / Bloomberg.
Financial instruments - Level 2	
Mutual fund units	Fair values of investments in mutual fund units are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills (MTB), Pakistan Investment Bonds (PIB) and GoP Sukuks	Fair values of Pakistan Investment Bonds, Market Treasury Bills and GoP Sukuks are derived using PKRV, PKFRV and PKISRV rates.
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising of Term Finance Certificates, Bonds and any other security issued by a company or a corporate body for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas & Euro Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.
Financial instruments - Level 3	
Currently, no financial instruments are classified in level 3.	
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and, unavailability of reliable data regarding market rates for similar instruments.	
Non-Financial assets - Level 3	
Fixed assets - Land and building Non-banking assets acquired in satisfaction of claims	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 11 and 14 of these condensed interim consolidated financial statements. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

Notes To The Condensed Interim Consolidated Financial Statements
For the half year ended June 30, 2024

37.2 The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.

37.3 The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

	June 30, 2024 (Un-audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	Rupees in '000			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	45,105,458	470,532,168	-	515,637,626
Shares	3,449,873	-	32,439	3,482,312
Non Government Debt Securities	-	37,049,500	-	37,049,500
Foreign Securities	1,875,582	88,120	-	1,963,702
Open end mutual funds	-	1,393,885	-	1,393,885
	50,430,913	509,063,673	32,439	559,527,025
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	143,087,076	-	143,087,076
	50,430,913	652,150,749	32,439	702,614,101
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	126,660,382	-	126,660,382
Sale	-	70,706,183	-	70,706,183
Derivative instruments				
Forward securities contract				
Purchase	-	-	-	-
Sale	-	709,674	-	709,674

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

	December 31, 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	------------------------------ Rupees in '000 ------------------------------			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	418,294,566	-	418,294,566
Shares	4,728,341	-	-	4,728,341
Non Government Debt Securities	-	37,285,365	-	37,285,365
Foreign Securities	71,367	18,644,141	-	18,715,508
Open end mutual funds	-	1,234,676	-	1,234,676
	4,799,708	475,458,748	-	480,258,456
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	100,310,906	-	100,310,906
	4,799,708	575,769,654	-	580,569,362
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	127,211,243	-	127,211,243
Sale	-	93,751,722	-	93,751,722
Derivative instruments				
Forward securities contract				
Purchase	-	-	-	-
Sale	-	719,159	-	719,159

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For the half year ended June 30, 2024

38. SEGMENT INFORMATION

38.1 Segment Details with respect to Business Activities:

	For the half year ended June 30, 2024 (Un-audited)									
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Islamic Banking	Brokerage	Asset Management	Others	Total
Profit and loss account	Rupees in '000									
Net mark-up / return / interest / (expense)	(13,104,427)	(1,418,433)	28,145,118	363,745	(33,660)	21,947,119	86,286	1,895	(875,177)	35,112,466
Inter segment revenue - net	23,632,151	4,671,774	(27,009,554)	871,268	244,303	-	-	-	(2,409,942)	-
Non mark-up / return / income	1,018,964	956,309	2,476,723	471,136	217,935	2,569,006	645,500	402,734	132,462	8,890,769
Total income / (loss)	11,546,688	4,209,650	3,612,287	1,706,149	428,578	24,516,125	731,786	404,629	(3,152,657)	44,003,235
Segment direct expenses	6,067,724	376,151	93,310	813,046	1,807,268	10,380,943	529,320	205,669	3,722,096	23,995,527
Inter segment expense allocation	1,842,552	436,091	107,324	125,946	257,245	-	-	-	(2,769,158)	-
Total expenses	7,910,276	812,242	200,634	938,992	2,064,513	10,380,943	529,320	205,669	952,938	23,995,527
Credit loss allowance and write offs - net	505,675	417,181	(79,854)	(6,344)	(6,280)	374,175	(12,530)	-	19,113	1,211,136
Profit / (loss) before tax	3,130,737	2,980,227	3,491,507	773,501	(1,629,655)	13,761,007	214,996	198,960	(4,124,708)	18,796,572

	For the half year ended June 30, 2023 (Un-audited)									
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Islamic Banking	Brokerage	Asset Management	Others	Total
Profit and loss account	Rupees in '000									
Net mark-up / return / interest / (expense)	(7,107,971)	2,068,982	16,252,445	(143,612)	(14,016)	-	28,428	120	(578,646)	10,505,730
Inter segment revenue - net	17,641,621	1,582,917	(18,643,755)	1,054,012	154,166	-	-	-	(1,788,961)	-
Non mark-up / return / income	1,040,775	882,712	1,190,059	489,070	126,395	-	406,413	201,554	264,809	4,601,787
Total income / (loss)	11,574,425	4,534,611	(1,201,251)	1,399,470	266,545	-	434,841	201,674	(2,102,798)	15,107,517
Segment direct expenses	4,690,998	347,137	84,972	445,291	1,516,195	-	377,628	158,049	3,153,271	10,773,541
Inter segment expense allocation	2,281,571	343,331	96,628	74,358	251,228	-	-	-	(3,047,116)	-
Total expenses	6,972,569	690,468	181,600	519,649	1,767,423	-	377,628	158,049	106,155	10,773,541
Provisions and write offs - net	226,499	678,143	-	87,906	-	-	-	-	8,354	1,000,902
Profit / (loss) before tax	4,375,357	3,166,000	(1,382,851)	791,915	(1,500,878)	-	57,213	43,625	(2,217,307)	3,333,074

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As at June 30, 2024 (Un-audited)

	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Islamic Banking	Brokerage	Asset Management	Others	Total
Statement of financial position	Rupees in '000									
Cash and bank balances	13,011,637	371,556	35,330,006	1,964,700	1,309,520	52,941,962	145,979	6,553	-	105,081,913
Lendings to financial institutions	-	-	4,977,828	-	-	7,666,747	-	-	-	12,644,575
Investments	-	-	348,721,095	3,540,958	-	346,522,546	733,781	1,520,838	3,351,810	704,391,028
Net inter segment lending	276,924,263	79,401,199	-	25,445,261	3,204,138	-	-	-	45,843,735	430,818,596
Advances - performing	67,645,037	109,973,686	-	7,106,383	24,508	196,028,511	509,669	9,443	5,486,955	386,784,192
Advances - non-performing	6,947,600	9,948,777	-	1,346	3,590	24,083,750	-	-	65,972	41,051,035
Advances - provisions - net	(3,999,595)	(8,245,234)	-	(20,512)	(3,165)	(24,941,676)	-	-	(49,865)	(37,260,047)
	70,593,042	111,677,229	-	7,087,217	24,933	195,170,585	509,669	9,443	5,503,062	390,575,180
Others	-	-	-	1,178,306	-	52,758,624	3,767,894	680,999	56,954,378	115,340,201
Total Assets	360,528,942	191,449,984	389,028,929	39,216,442	4,538,591	655,060,464	5,157,323	2,217,833	111,652,985	1,758,851,493
Borrowings	8,549,845	17,925,323	20,369,581	-	-	29,219,959	75,000	-	-	76,139,708
Deposits and other accounts	341,643,916	172,924,438	-	36,790,867	4,538,591	550,712,551	-	-	-	1,106,610,363
Subordinated debt	-	-	-	-	-	2,996,598	-	-	8,496,800	11,493,398
Net inter segment borrowing	1,964,386	-	368,659,348	-	-	40,935,838	1,151,750	1,791,761	16,315,513	430,818,596
Others	8,370,795	600,223	-	2,425,575	-	31,195,518	3,930,573	426,072	20,158,055	67,106,811
Total Liabilities	360,528,942	191,449,984	389,028,929	39,216,442	4,538,591	655,060,464	5,157,323	2,217,833	44,970,368	1,692,168,876
Equity	-	-	-	-	-	-	-	-	55,946,397	55,946,397
Non-controlling interest	-	-	-	-	-	-	-	-	10,736,220	10,736,220
Total Equity and Liabilities	360,528,942	191,449,984	389,028,929	39,216,442	4,538,591	655,060,464	5,157,323	2,217,833	111,652,985	1,758,851,493
Contingencies and Commitments	80,990,219	40,490,109	109,314,142	-	-	221,319,614	709,674	-	906,761	453,730,519

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	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Islamic Banking	Brokerage	Asset Management	Others	Total
	As at December 31, 2023 (Audited)									
Statement of financial position	Rupees in '000									
Cash and bank balances	6,601,476	3,633	29,255,325	1,673,716	1,072,267	42,661,045	143,038	57,936	6,016,104	87,484,540
Lendings to financial institutions	-	-	-	-	-	16,502,138	-	-	-	16,502,138
Investments	-	-	241,068,907	22,083,318	-	314,083,872	590,962	1,361,628	3,456,441	582,645,128
Net inter segment lending	237,203,038	41,050,823	-	7,114,783	2,745,472	-	-	-	40,532,368	328,646,484
Advances - performing	73,093,100	112,007,279	-	7,267,979	-	230,978,830	694,457	3,172	5,233,978	429,278,795
Advances - non-performing	6,589,395	9,526,666	-	27,685	-	22,890,642	-	-	40,704	39,075,092
Advances - provisions - net	(2,932,017)	(7,065,190)	-	(21,976)	-	(23,840,627)	-	-	(40,703)	(33,900,513)
	76,750,478	114,468,755	-	7,273,688	-	230,028,845	694,457	3,172	5,233,979	434,453,374
Others	-	-	-	-	-	51,184,552	3,610,904	516,263	53,604,182	108,915,901
Total Assets	320,554,992	155,523,211	270,324,232	38,145,505	3,817,739	654,460,452	5,039,361	1,938,999	108,843,074	1,558,647,565
Borrowings	7,749,336	17,572,794	1,900,349	-	-	60,659,056	149,999	-	-	88,031,534
Deposits and other accounts	304,975,970	137,568,824	-	38,098,734	3,817,739	522,540,925	-	-	817,302	1,007,819,494
Subordinated debt	-	-	-	-	-	2,846,904	-	-	8,497,767	11,344,671
Net inter segment borrowing	1,004,209	-	268,423,883	-	-	36,299,104	1,616,726	1,612,329	19,690,233	328,646,484
Others	6,825,477	381,593	-	46,771	-	32,114,463	3,272,636	326,670	19,849,651	62,817,261
Total Liabilities	320,554,992	155,523,211	270,324,232	38,145,505	3,817,739	654,460,452	5,039,361	1,938,999	48,854,953	1,498,659,444
Equity	-	-	-	-	-	-	-	-	50,501,557	50,501,557
Non-controlling interestv	-	-	-	-	-	-	-	-	9,486,564	9,486,564
Total Equity and Liabilities	320,554,992	155,523,211	270,324,232	38,145,505	3,817,739	654,460,452	5,039,361	1,938,999	108,843,074	1,558,647,565
Contingencies and Commitments	77,650,720	37,673,689	120,272,393	-	-	257,605,181	735,596	-	911,638	494,849,217

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39. RELATED PARTY TRANSACTIONS

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

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

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

	As at June 30, 2024 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
Statement of financial position	---------- Rupees in '000 ----------				
Lendings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the period	-	-	-	-	-
Repaid during the period	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Investments					
Opening balance	7,595	-	-	1,371,911	6,508,867
Investment made during the period	-	-	-	-	(3,241,105)
Investment redeemed / disposed off during the period	-	-	-	-	(4,960,441)
Deficit on investments	-	-	-	-	(316,744)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	7,595	-	-	1,371,911	(2,009,423)
Credit loss allowance for diminution in value of investments	-	-	-	1,102,111	388,607
Advances					
Opening balance	-	247	919,926	665,920	2,006,365
Addition during the period	-	2,197	231,645	210,065	6,379,472
Repaid during the period	-	(780)	(135,073)	(235,065)	(4,648,113)
Transfer in / (out) - net	-	(566)	(120,061)	-	(184,673)
Closing balance	-	1,098	896,437	640,920	3,553,051
Other assets					
Mark-up / return / interest accrued	-	-	182	36,960	74,107
Receivable against bancassurance / bancatakaful	-	-	-	-	12,755
Prepaid insurance	-	-	-	-	43,804
Net defined benefit plan	-	-	-	-	-
Trade receivable	-	-	624	-	264,784
Rent receivable	-	-	-	-	2,961
Advance against investment in securities	-	-	-	-	792,000
Credit loss allowance against other assets	-	-	-	-	-

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	As at June 30, 2024 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
Borrowings					
Opening balance	-	-	-	-	-
Borrowings during the period	-	-	-	-	-
Settled during the period	-	-	-	-	-
Closing balance	-	-	-	-	-
Deposits and other accounts					
Opening balance	80,689	369	88,537	46,398	8,164,204
Received during the period	6,531,897	497	1,045,578	1,260,387	122,075,589
Withdrawn during the period	(6,434,601)	(772)	(942,270)	(1,276,221)	(125,481,377)
Transfer in / (out) - net	-	-	(28,053)	-	482,402
Closing balance	177,985	94	163,792	30,564	5,240,818
Subordinated debt					
Opening balance	2,500	-	485	-	21,119
Issued during the period	-	-	-	-	142,631
Redeemed during the period	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	2,500	-	485	-	163,750
Other liabilities					
Mark-up / return / interest payable on deposits	-	-	1,074	5	64,410
Mark-up / return / interest payable on subordinated debt	-	-	-	-	19
Trade payable	2,082	-	26,259	19,328	854
Donation payable	-	-	-	-	-
Payable to defined benefit plan	-	-	-	-	208,266
Others payable	-	-	-	-	3,718
Contingencies and commitments					
Letter of guarantee	-	-	-	-	349,044
Letter of credit	-	-	-	-	46,945

	As at December 31, 2023 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
Statement of financial position	Rupees in '000				
Lendings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the year	-	-	-	-	116,405,200
Repaid during the year	-	-	-	-	(116,405,200)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Investments					
Opening balance	7,595	-	-	269,800	11,290,639
Investment made during the year	-	-	-	-	1,290,203
Investment redeemed / disposed off during the year	-	-	-	-	(4,141,720)
Deficit on investments	-	-	-	-	(777,060)
Transfer in / (out) - net	-	-	-	1,102,111	(1,153,195)
Closing balance	7,595	-	-	1,371,911	6,508,867
Provision for diminution in value of investments	-	-	-	1,102,111	388,607

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	As at December 31, 2023 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
Advances					
Opening balance	-	-	524,061	232,166	1,340,315
Addition during the year	-	1,997	414,637	903,910	13,272,798
Repaid during the year	-	(2,240)	(238,056)	(950,343)	(12,232,769)
Transfer in / (out) - net	-	490	219,284	480,187	(373,979)
Closing balance	-	247	919,926	665,920	2,006,365
Other assets					
Mark-up / return / interest accrued	-	-	869	20,758	33,338
Receivable against bancassurance / bancatakaful	-	-	-	-	15,358
Prepaid insurance	-	-	-	-	587
Net defined benefit plan	-	-	-	-	-
Trade receivable	-	-	511	-	169,423
Rent receivable	-	-	-	-	16,338
Other receivable	-	-	-	-	3,650
Provision against other assets	-	-	-	-	-
Borrowings					
Opening balance	-	-	-	-	320,785
Borrowings during the year	-	-	-	-	-
Settled during the year	-	-	-	-	(320,785)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Deposits and other accounts					
Opening balance	130,430	174,485	47,853	2,621	12,626,532
Received during the year	20,697,001	2,406	1,800,295	4,325,135	203,709,787
Withdrawn during the year	(20,746,742)	(2,327)	(1,785,562)	(4,298,767)	(209,905,961)
Transfer in / (out) - net	-	(174,195)	25,951	17,409	1,733,846
Closing balance	80,689	369	88,537	46,398	8,164,204
Subordinated debts					
Opening balance	2,500	-	-	-	124,714
Issued during the year	-	-	-	-	20,000
Redeemed during the year	-	-	-	-	(124,715)
Transfer in / (out) - net	-	-	485	-	1,120
Closing balance	2,500	-	485	-	21,119
Other liabilities					
Mark-up / return / interest payable on deposits	-	-	333	13	82,686
Mark-up / return / interest payable on borrowings	-	-	-	-	-
Mark-up / return / interest payable on subordinated debts	-	-	-	-	13
Dividend payable	-	-	-	-	169,317
Trade payable	5,989	-	1,154	-	21,868
Donation payable	-	-	-	-	209,514
Defined benefit obligation - net	-	-	-	-	133,191
Others payable	400	-	10	-	4,950
Contingencies and commitments					
Letter of guarantee	-	-	-	-	15,141
Letter of Credit	-	-	-	-	516,329

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	For the half year ended June 30, 2024 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
Profit and loss account	---- Rupees in '000 ----				
Income					
Mark-up / return / interest earned	-	-	26,829	22,730	561,581
Fee, commission and brokerage income	538	113	851	-	270,099
Dividend income	-	-	-	-	67,039
Gain / (loss) on sale of securities - net	-	-	-	-	5,552
Rental income	-	-	16	22	-
Other income	-	-	-	-	-
Credit loss allowance and write offs - net					
Credit loss allowance for diminution in value of investments - net	-	-	-	6,925	-
Expense					
Mark-up / return / interest paid	12,065	-	7,131	1,864	612,528
Commission / charges paid	-	-	-	-	-
Remuneration paid	-	-	941,443	-	-
Non-executive directors' fee	-	5,700	-	-	14,725
Net charge for defined contribution plans	-	-	-	-	333,393
Net charge for defined benefit plans	-	-	-	-	209,282
Insurance expense	-	-	-	-	55,081
Rental expense	2,057	-	-	-	24,723
Advisory fee	7,500	-	-	-	110
Consultancy charges	-	-	-	-	46,735
Royalty	-	-	-	-	10,000
Other expenses	1,874	-	18,372	-	103,248
Payments made during the period					
Insurance premium paid	-	-	-	-	91,439
Insurance claims settled	-	-	-	-	1,889
Donation paid	-	-	-	-	229,813
Dividend paid	-	-	286,729	-	28,527
Other Transactions					
Sale of Government Securities	-	-	9,977	-	75,063,817
Purchase of Government Securities	-	-	3,148	-	47,809,452

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	For the half year ended June 30, 2023 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
Profit and loss account	----- Rupees in '000 -----				
Income					
Mark-up / return / interest earned	431	-	11,719	22,908	175,256
Fee, commission and brokerage income	1,908	-	3,786	10	131,751
Dividend income	-	-	-	-	141,460
Gain on sale of securities - net	-	-	-	-	16,633
Rental income	-	-	-	-	21,474
Other income	-	-	-	-	840
Provisions and write offs - net					
Provision for diminution in value of investments - net	-	-	-	-	-
Expense					
Mark-up / return / interest expensed	18,604	-	1,784	1,799	622,327
Commission / charges paid	-	-	-	-	-
Remuneration paid	-	-	514,472	-	-
Non-executive directors' fee	-	8,615	-	-	-
Net charge for defined contribution plans	-	-	-	-	169,933
Net charge for defined benefit plans	-	-	-	-	64,381
Insurance expense	-	-	-	-	123,118
Donation	-	-	-	-	65,970
Rental expense	1,862	-	-	-	2,697
Advisory fee	7,500	-	-	-	-
Consultancy charges	-	-	-	-	21,000
Royalty	-	-	-	-	16,250
Other expenses	525	-	8,060	-	18,442
Payments made during the period					
Insurance premium paid	-	-	-	-	188,852
Insurance claims settled	-	-	-	-	6,265
Other transactions					
Sale of Government Securities	-	-	15,317	-	51,703,811
Purchase of Government Securities	-	-	14,712	-	2,255,099
Sale of Non Government Securities	-	-	-	-	1,344,519
Purchase of non-Government Securities	-	-	-	-	50,456
Sale of Foreign Currencies	-	-	-	-	29,329,485
Purchase of Foreign Currencies	-	-	-	-	18,681,598

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
40.	**CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**	--------- Rupees in '000	---------
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	**20,506,625**	20,506,625
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	**51,110,731**	42,774,020
	Eligible Additional Tier 1 (ADT 1) Capital	**5,500,000**	5,358,441
	Total Eligible Tier 1 Capital	**56,610,731**	48,132,461
	Eligible Tier 2 Capital	**14,663,930**	15,440,920
	Total Eligible Capital (Tier 1 + Tier 2)	**71,274,661**	63,573,381
	Risk Weighted Assets (RWAs):		
	Credit Risk	**303,780,196**	279,081,514
	Market Risk	**7,971,316**	6,158,393
	Operational Risk	**95,774,177**	95,774,177
	Total	**407,525,689**	381,014,084
	Common Equity Tier 1 Capital Adequacy ratio	**12.54%**	11.23%
	Tier 1 Capital Adequacy Ratio	**13.89%**	12.63%
	Total Capital Adequacy Ratio	**17.49%**	16.69%
	Leverage Ratio (LR):		
	Eligible Tier-1 Capital	**56,610,731**	48,132,461
	Total Exposures	**1,368,874,181**	1,363,431,140
	Leverage Ratio	**4.14%**	3.53%
	Liquidity Coverage Ratio (LCR):		
	Total High Quality Liquid Assets	**631,789,709**	518,459,296
	Total Net Cash Outflow	**231,697,811**	182,046,259
	Liquidity Coverage Ratio	**272.68%**	284.80%
	Net Stable Funding Ratio (NSFR):		
	Total Available Stable Funding	**1,049,206,708**	958,135,272
	Total Required Stable Funding	**492,457,639**	457,577,597
	Net Stable Funding Ratio	**213.06%**	209.39%

40.1 In order to mitigate the impact of expected credit loss (ECL) provisioning on capital, SBP has allowed transitional arrangement to absorb the impact on regulatory capital. Accordingly, transitional arrangement is applied. If Transition wasn't applied Capital Position would have been as below:

Capital Adequacy Ratios	**Transition Arrangement**	**Full ECL Impact**
CET1 to TRWAs	**12.54%**	**12.13%**
T1 Capital to TRWAs	**13.89%**	**13.48%**
Total eligible capital to TRWAs	**17.49%**	**17.49%**
Leverage	**4.14%**	**4.01%**

Notes To The Condensed Interim Consolidated Financial Statements

For the half year ended June 30, 2024

41. GENERAL

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

42. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on August 27, 2024.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Notes

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