



**Quarterly Report**  
**September 30, 2024**  
**(Un-audited)**



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## Company Information

### Board of Directors

Mr. Adil Matcheswala	Chairman
Mr. Khaliullah 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. Khaliullah Shaikh	Member

### Human Resource, Remuneration & Nomination Committee

Mr. Adil Matcheswala	Member
Mr. Usman Yousaf Mobin	Member

### Risk Management Committee

Mr. Khaliullah 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.

\*\*Mr. Basir Shamsie has been reappointed as an 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 unaudited financial statements of JS Bank Limited ("JSBL") along with the consolidated financial statements for the nine months ended September 30, 2024.

### Economic Review

Pakistan's current economic indicators have continued to show signs of improvement, and over the course of the third quarter of 2024, economic stability has further solidified. With the IMF Executive Board acknowledging that Pakistan has taken key steps to restoring economic stability with consistent policy implementation, a 37-month Extended Fund Facility Arrangement (EFF) for USD 7 billion, with immediate disbursement of about USD 1 billion was secured during the period. This has helped in further supplementing the country's foreign exchange reserves, which reached a 26-month high of USD 9.5 Billion in September 2024. The arrangement is expected to pave the way for further financial support through bilateral and multilateral partners.

The current account deficit has narrowed significantly, even turning into a surplus in August due to increased remittances and a decline in imports. Exports rose 7 percent year-on-year (YoY), while imports increased by 14 percent. Remittances from overseas Pakistanis surged by 44 percent YoY during the same period. Growth in real GDP; contained current account deficit; robust workers' remittances; improvement in foreign exchange reserves; and stability in Pakistan Rupee to US Dollar parity are expected to continue in the coming months.

Inflation rate in Pakistan eased to the lowest reading since January 2021. The State Bank of Pakistan (SBP) continued its monetary easing cycle, reducing interest rates cumulatively by 300bps in July and September to 17.5 percent. This decision was supported by a faster-than-expected decline in inflation pace, which averaged 9.2 percent in 3QCY24 (down from 29 percent in the same period last year).

In recognition of these positive developments, Moody's Ratings upgraded Pakistan's government rating to Caa2 from Caa3, marking the first upgrade in nine years. The agency cited improved macroeconomic conditions, stronger government liquidity, and enhanced external positions.

During the period under review, FBR's tax collections improved by 20.5 percent. Primary balance managed to post a surplus of 0.1 percent of GDP compared to 0.3 percent of GDP last year. Fiscal consolidation attained in the past couple of years is expected to continue through reforms aimed at broadening the tax base and effective management of Public Sector Entities (PSEs).

Going forward, Pakistan will require sound policies and reforms to support the ongoing efforts to strengthen macroeconomic stability, address deep structural challenges (including but not limited to the tax system, energy sector and PSEs), and create conditions for a stronger, more inclusive, and resilient growth and to put debt firmly on a downward trajectory. The IMF has appreciated the steps being taken toward a fairer tax system and has stressed the importance of additional revenue mobilization efforts by broadening the tax base and enhancing tax administration. It has also emphasized the significance of prudent spending management, which will create space for essential investments in human capital, infrastructure, and social protection.

### Banking sector review

While SBP continued monetary easing, with another 300bps cut in the Policy Rate in 3QCY24, secondary market yields simultaneously witnessed a sharper plummet. As a result, secondary market yields continued to trade below the Policy Rate throughout the quarter.

Banking spreads during Jul-Aug-2024 contracted to a 2-year low of 6.82 percent. Moreover, Aug-2024 witnessed a decline for the 6th consecutive month in KIBOR, indicating anticipation of further monetary easing.

## Nine Months Ended September 30, 2021

During the same period, the Banking sector deposit growth remained relatively muted at PKR 30.8 trillion, expanding only by 1 percent MoM. On a YoY basis, deposit growth slightly receded from its recent momentum, and increased 18 percent YoY. This marked the lowest growth in the last 10 months. Advances remained below the PKR 12 trillion level (flat YoY), with ADR further reducing to 38 percent. ADR levels have dropped to the lowest since at least 2002. Investments, dominated by government securities, continued to grow, remaining above the PKR 30 trillion mark, and further taking IDR to a record high of 101 percent. The growth in investments continues to remain supported by Borrowings from SBP

### Performance overview

The Bank posted Profit before tax (PBT) of PKR 6,208 million and Profit after tax (PAT) of PKR 3,100 million for the nine months ended 30 September 2024, as compared to PKR 4,671 million and PKR 2,321 million respectively for the comparative period last year. This represents a YoY growth of 33 percent in terms of PBT and 34 percent in terms of PAT. During the period, the Bank's Net Interest Income increased by 33 percent YoY, primarily owing to an improvement in the deposit mix, coupled with increased volumes. Non-Remunerative Deposits increased by PKR 29,246 million or 18 percent as against December 31, 2023, resulting in share of Non-Remunerative Deposits increasing to 37 percent from 33 percent at the year end. During the period under review, margins continued to remain under pressure, as secondary market yields continually adjusted in anticipation of rate cuts while funding costs remained stagnant for the first six months of the year due to unchanged minimum deposit rates (MDR). The impact of the rate cuts has now started to take effect, but at the same time, the yields on offer continue to remain below the policy rate as well.

The Bank's Non-Markup Income increased by 41 percent YoY to PKR 9,786 million with 11 percent growth from Fee Income, higher Dividends of PKR 2,025 million, as well as positive impact through net gains on securities of PKR 1,787 million year on year. Non mark-up Expenses increased by 27 percent YoY to PKR 20,049 million owing mainly due to inflationary adjustments, Rupee Depreciation and increase in technology based costs.

The Bank's cost to income ratio improved to 68 percent from 73 percent for the corresponding period last year, while the Bank's Nil to Operating Cost Ratio was at 98 percent 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 518.735 billion. This translates to a growth of 7 percent against the December 31, 2023 position. As mentioned above, the Bank's period end Non-Remunerative Deposits mix has improved to 37 percent. In terms of averages, the Bank's average non-remunerative deposits improved from PKR 142.502 billion in 9M 2023 to PKR 154.947 billion in 9M 2024.

Period end Gross Advances ended at a level of PKR 280.220 billion as on September 30, 2024, up from PKR 213.787 billion in December 2023. As a result, the Bank's Gross ADR level as at the period end inched up to 54 percent. The Bank's Gross Infection Ratio remained at 7.63 percent in September 2024 (December 2023: 7.6 percent), as non-performing loans also increased to PKR 21.387 billion from PKR 16.184 billion in December 2023.

With increase in classified advances, the Bank booked an additional gross charge of PKR 2.168 billion (under Stage III) during the current quarter. The Bank's coverage ratio stands at 65 percent as compared to 59.7 percent as on December 2023.

The Bank's Capital Adequacy Ratio also improved to 13.72 percent as compared to 12.53 percent in December 2023.

Key highlights of the financial results of the Bank for the nine months ended September 30, 2024, are presented below:

Financial Position	PKR Million	
	September 30, 2024	December 31, 2023
Shareholders' Equity	43,482	40,322
Total Deposits	518,735	486,283
Total Assets	680,307	589,432
Advances - Net	263,004	203,727
Investments - Net	310,219	287,479
<b>Financial Performance</b>		
	September 30, 2024	December 31, 2023
Mark-up/Interest Income – Net	19,667	14,752
Non-Markup/Interest Income	9,786	6,921
Non-Markup Expenses	20,049	15,763
Provisions and write offs - net	3,196	1,238
Profit/(Loss) Before Tax	6,208	4,671
Profit After Tax	3,100	2,321
Basic/Diluted Earnings Per Share – Rupees	1.51	1.63

### 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 24,719 million (profit after tax of PKR 12,706 million) for the nine months ended September 30, 2024, as compared to a profit before tax of PKR 9,999 million (profit after tax of PKR 6,948 million) for the corresponding period last year. The earnings per share stood at PKR 4.94 for the period. The Bank's Consolidated Capital Adequacy Ratio as of September 30, 2024, stood at 19.96 percent (December 31, 2023, 16.69 percent).

### Credit Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has assigned to the Bank a long-term rating of "AA" (Double A) and a short-term rating of "A1+" (A One Plus) which is the highest possible rating within the 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 also wish to thank our colleagues for their commitment to hard work, excellence, and their drive to succeed.

For and on behalf of the Board,

**Basir Shamsie**

President & CEO

**Adil Matcheswala**

Chairman

Karachi: October 25, 2024



## ڈائریکٹر رپورٹ

### مجموعی مالیاتی گوشوارے:

مجموعی مالیاتی گوشواروں کی بنیاد پر، جے ایس بینک نے اپنی ذیلی کمپنیوں بینک اسلامی پاکستان لمیٹڈ، جے ایس گلوبل کیپیٹل لمیٹڈ، اور جے ایس انویسٹمنٹس لمیٹڈ کے ساتھ مل کر 30 ستمبر 2024 کو ختم ہونے والی نو ماہی مدت کیلئے قبل از ٹیکس منافع 24,719 ملین روپے (بعد از ٹیکس منافع 12,706 ملین روپے) ریکارڈ کیا، جس کا موازنہ گذشتہ سال کی اسی مدت کے قبل از ٹیکس منافع 9,999 ملین روپے (بعد از ٹیکس منافع 6,948 ملین روپے) سے کیا جاسکتا ہے۔ دوران مدت فی حصص آمدنی 4.94 روپے رہی۔ 30 ستمبر 2024 تک بینک کا مجموعی کیپیٹل ایڈیٹبلی ریشو 19.96 فیصد رہا جو کہ 31 دسمبر 2023 کو 16.69 فیصد تھا۔

### کریڈٹ ریٹنگ:

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

یہ ریٹنگ کریڈٹ رسک میں انتہائی کم خطرہ کے امکانات، مالیاتی وعدوں کی بروقت ادائیگی اور زیادہ خطرات کو جذب کرنے کی صلاحیت کو ظاہر کرتی ہے۔

### اظہار تشکر:

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

منجانب بورڈ

باصر سٹی

صدر اور سی ای او

عادل ماجس والا

چیئر مین

کراچی: 25 اکتوبر 2024

## ڈائریکٹرز رپورٹ

روپے سے بڑھ کر 21.387 بلین روپے ہو گئے۔

مجموعی قرضہ جات میں اضافے کے ساتھ، بینک نے موجودہ سہ ماہی کے دوران 2.168 بلین روپے (اسٹیج III کے تحت) کا اضافی مجموعی چارج بک کیا۔ بینک کا کوریج رلیٹو 65 فیصد رہا، جو کہ دسمبر 2023 میں 59.7 فیصد تھا۔

بینک کا کئپٹل ایڈیلیٹی ریشو بھی دسمبر 2023 میں 12.53 فیصد کے مقابلے میں 13.72 فیصد پر بہتر ہوا ہے۔

30 ستمبر 2024 کو ختم ہونے والی نو ماہ کے لئے بینک کے مالی نتائج کا خلاصہ درج ذیل ہے:

مالی پوزیشن		30 ستمبر 2023	30 ستمبر 2024
ملین پاکستانی روپے			
شیر ہولڈرز ایکویٹی		40,322	43,482
مجموعی ڈپازٹس		486,283	518,735
مجموعی اثاثہ جات		589,432	680,307
خالص ایڈوائسز		203,727	263,004
خالص سرمایہ کاریاں		287,479	310,219

مالیاتی کارکردگی		30 ستمبر 2023	30 ستمبر 2024
مارک اپ / انٹریٹ آمدنی - خالص		14,752	19,667
غیر مارک اپ / انٹریٹ آمدنی		6,921	9,786
غیر مارک اپ اخراجات		15,763	20,049
پروویژنز اور رٹ آف - خالص		1,238	3,196
قبل از ٹیکس منافع		4,671	6,208
بعد از ٹیکس منافع		2,321	3,100
بنیادی / ڈیویڈنڈ آمدنی فی حصص - روپے میں		1.63	1.51

## ڈائریکٹرز رپورٹ

کارکردگی کا جائزہ:

30 ستمبر 2024 کو اختتام پذیر ہونے والی نو ماہی مدت کے دوران بینک نے قبل از ٹیکس منافع 6,208 ملین روپے (PBT) اور بعد از ٹیکس منافع (PAT) 3,100 ملین روپے پوسٹ کیا، جو کہ گذشتہ سال کے اسی عرصہ میں بالترتیب 4,671 ملین روپے اور 2,321 ملین روپے تھا۔ یہ قبل از ٹیکس منافع (PBT) میں ساہا سال 33 فیصد اور بعد از ٹیکس منافع (PAT) میں 34 فیصد کی نمو کی عکاسی کرتا ہے۔ دوران مدت، بینک کی خالص سودی آمدنی میں ساہا سال 33 فیصد اضافہ ہوا، جو بنیادی طور پر ڈپازٹ کس میں بہتری اور حجم میں اضافے کی وجہ سے ہوا۔ غیر منافع بخش ڈپازٹس میں 31 دسمبر 2023 کے مقابلے میں 29,246 ملین روپے یعنی 18 فیصد کا اضافہ ہوا، جس کے نتیجے میں غیر منافع بخش ڈپازٹس کا حصہ سال کے اختتام پر 33 فیصد سے بڑھ کر 37 فیصد ہو گیا۔ دوران جائزہ مدت، مارجن مسلسل دباؤ کا شکار رہے کیونکہ ثانوی مارکیٹ کی شرح منافع شرح سود میں کمی کی توقع کے تحت مسلسل ایڈجسٹ ہوتی رہیں، جبکہ فنڈنگ لاگت سال کے پہلے چھ ماہ تک مستحکم رہی کیونکہ کم از کم ڈپازٹ کی شرح (MDR) میں کوئی تبدیلی نہیں کی گئی۔ شرح سود میں کٹوتیوں کا اثر اب نظر آنا شروع ہوا ہے، لیکن ساتھ ہی، پیش کردہ شرح منافع بھی پالیسی ریٹ سے نیچے ہی رہیں۔

بینک کی نان مارک اپ آمدنی 9,786 ملین روپے تک پہنچ گئی جو کہ ساہا سال میں 41 فیصد اضافہ ہے، جس میں فیس کی آمدنی سے 11 فیصد اضافہ، 2,025 ملین روپے کے ڈیویڈنڈز، اور سیکورٹیز پر ساہا سال 1,787 ملین روپے کے خالص منافع کا مثبت اثر شامل ہے۔ نان مارک اپ اخراجات 20,049 ملین روپے ہو گئے جو کہ ساہا سال 27 فیصد اضافہ ہے، جس کی بنیادی وجوہات افراط زر کی ایڈجسٹمنٹ، روپے کی قدر میں کمی اور سیکورٹیز میں متعلقہ اخراجات میں اضافہ تھیں۔

بینک کی لاگت سے آمدنی گذشتہ سال کے اسی عرصے کے مقابلے میں 73 فیصد سے بہتر ہو کر 68 فیصد تک پہنچ گئی، جبکہ دوران جائزہ بینک کی خالص سودی آمدنی (NII) سے آپریٹنگ لاگت کا تناسب 98 فیصد رہا۔ بینک دونوں تناسب میں مزید بہتری کا ہدف رکھتا ہے تاکہ اسٹریٹیجی کی کارکردگی کو بڑھایا جاسکے۔

مدت کے اختتام پر ڈپازٹس کی مالیت 518,735 ملین روپے رپورٹ کی گئی، جو 31 دسمبر 2023 کی پوزیشن کے مقابلے میں 7 فیصد کا اضافہ ظاہر کرتی ہے۔ جیسا کہ اوپر ذکر کیا گیا ہے، بینک کے مدت کے اختتام پر غیر منافع بخش ڈپازٹس کا تناسب 37 فیصد تک بہتر ہو گیا ہے۔ اوسط کے لحاظ سے، بینک کے اوسط غیر منافع بخش ڈپازٹس مالی سال 2023 کی نو ماہی مدت میں 142,502 ملین روپے سے بڑھ کر 2024 کی نو ماہی مدت میں 154,947 ملین روپے ہو گئے۔

مدت کے اختتام پر مجموعی قرضے 30 ستمبر 2024 تک 280,220 ملین روپے ہو گئے، جو دسمبر 2023 میں 213,787 ملین روپے سے زیادہ ہے۔ نتیجتاً، بینک کا مجموعی ایڈوائس ڈپازٹ ریزرو (ADR) مدت کے اختتام پر بڑھ کر 54 فیصد ہو گیا۔ ستمبر 2024 میں بینک کا مجموعی انٹیلیجننس تناسب 7.63 فیصد پر برقرار رہا جو دسمبر 2023 کو 7.6 فیصد تھا، جبکہ دسمبر 2023 میں نان پرفارمنگ قرضہ جات 16.184 ملین

## ڈائریکٹرز رپورٹ

گذشتہ سال جی ڈی پی کے 0.3 فیصد کے مقابلے میں کم ہے۔ گذشتہ چند سالوں میں حاصل کردہ مالی استحکام، ٹیکس کے دائرے کو وسیع کرنے اور عوامی شعبے کی اداروں (PSEs) کے مؤثر انتظام کے ذریعے جاری رہنے کی توقع ہے۔

آگے بڑھتے ہوئے، پاکستان کو مضبوط پالیسیوں اور اصلاحات کی ضرورت ہوگی تاکہ میکرو اکنامک استحکام کو مستحکم کرنے کی جاری کوششوں کی حمایت کی جاسکے، گہری اسٹرکچرل مشکلات کا سامنا کیا جاسکے (جس میں ٹیکس نظام، توانائی کے شعبے اور عوامی شعبے کے اداروں (PSEs) شامل ہیں) اور ایک مضبوط، زیادہ شمولیتی، اور مستحکم ترقی کے لیے حالات پیدا کیے جاسکیں، نیز قرضے کو یقینی طور پر نیچے کی جانب لے جایا جاسکے۔ آئی ایم ایف نے مصفاہ ٹیکس نظام کی جانب اٹھانے گئے اقدامات کی تعریف کی ہے اور ٹیکس کے دائرے کو وسیع کرنے اور ٹیکس کے انتظام کو بہتر بنانے کے ذریعے اضافی آمدنی کے حصول کی کوششوں کی اہمیت پر زور دیا ہے۔ اس نے مختصر خرچ کے انتظام کی اہمیت کو بھی اجاگر کیا، جو آسانی سے سرمائے، بنیادی ڈھانچے، اور سماجی تحفظ میں اہم سرمایہ کاری کے لیے جگہ فراہم کرے گا۔

### بینکنگ سیکٹر کا جائزہ:

اگرچہ اسٹیٹ بینک آف پاکستان (SBP) نے مالیاتی نری جاری رکھی اور مالیاتی سال 2024 کی تیسری سہ ماہی میں پالیسی ریٹ میں مزید 300 بیس پوائنٹس کی کمی ہوئی، ثانوی مارکیٹ کی منافع کی شرح میں بھی تیزی سے کمی دیکھنے میں آئی۔ نتیجتاً، پورے سہ ماہی کے دوران ثانوی مارکیٹ کی منافع کی شرح پالیسی ریٹ سے نیچے رہی۔

جولائی تا اگست 2024 کے دوران بینکنگ اسپرڈ 2.82 فیصد کی سالہ کم ترین سطح پر آگئے۔ مزید برآں، اگست 2024 میں KIBOR میں مسلسل چھٹے مہینے کی دیکھنے میں آئی، جو مزید مالیاتی نری کی توقع کی عکاسی کرتی ہے۔

اسی مدت کے دوران بینکنگ سیکٹر کے ڈپازٹس کی شرح نمونہ بتا کمزور رہی، جو 30.8 ٹریلین روپے رہی، اور ماہانہ بنیادوں پر صرف 1 فیصد اضافہ ہوا۔ سالانہ بنیادوں پر، ڈپازٹس کی شرح نمونہ حالیہ رفتار سے کچھ کم ہوگئی اور 18 فیصد اضافہ ہوا۔ یہ گزشتہ 10 ماہ میں سب سے کم شرح نمونہ تھی۔ ایڈوانسز 12 ٹریلین روپے کی سطح سے نیچے رہے (سالانہ بنیادوں پر مستحکم)، اور ADR مزید کم ہو کر 38 فیصد پر آ گیا۔ ADR کی سطحیں 2002 کے بعد سے کم ترین سطح پر پہنچ گئی ہیں۔ حکومتی سیکورٹیز بیرونی سرمایہ کاری میں اضافہ جاری رہا، جو 30 ٹریلین روپے سے اوپر رہی، اور IDR ریکارڈ 101 فیصد تک پہنچ گئی۔ سرمایہ کاری میں اس اضافہ کی حمایت اسٹیٹ بینک آف پاکستان (SBP) سے قرضوں کے ذریعے ہوتی رہی۔

## ڈائریکٹرز رپورٹ

ہم انتہائی مسرت کے ساتھ ہے ایس بینک لمیٹڈ ("بے ایس بی ایل") کے مالیاتی گوشواروں بشمول مجموعی مالیاتی گوشواروں کا 30 ستمبر 2024 کو ختم ہونے والی نو ماہ کی مدت کا جائزہ پیش کر رہے ہیں۔

### معیشت کا جائزہ:

پاکستان کے موجودہ معاشی اشاریے بہتری کی علامات ظاہر کرتے رہے ہیں، اور 2024 کی تیسری سہ ماہی کے دوران معیشت میں مزید استحکام آیا ہے۔ آئی ایم ایف کے ایگزیکٹو بورڈ نے اس بات کا اعتراف کیا ہے کہ پاکستان نے معاشی استحکام بحال کرنے کے لیے اہم اقدامات کیے ہیں اور پالیسیوں کے مستقل نفاذ کو یقینی بنایا ہے۔ اس دوران 37 ماہ کے لیے 7 بلین امریکی ڈالر کا ایکسٹرنل ڈیفیسیٹ فیڈ بیک اپ (EFF) منظور کیا گیا، جس میں فوری طور پر تقریباً 1 بلین امریکی ڈالر کی رقم جاری کی گئی۔ اس سے ملک کے زرمبادلہ کے ذخائر میں مزید اضافہ ہوا، جو ستمبر 2024 میں 26 ماہ کی بلند ترین سطح 9.5 بلین امریکی ڈالر تک پہنچ گئے۔ اس انتظام سے توقع ہے کہ دو طرفہ اور کثیرالجہتی شراکت داروں کے ذریعے مزید مالی امداد کی راہ ہموار ہوگی۔

کرنٹ اکاؤنٹ خسارے میں نمایاں کمی آئی ہے، جو اگست میں اضافی ترسیلات زر اور درآمدات میں کمی کی وجہ سے سرپلس میں تبدیل ہو گیا۔ برآمدات میں سالانہ بنیادوں پر 7 فیصد اضافہ ہوا، جبکہ درآمدات میں 14 فیصد اضافہ دیکھنے میں آیا۔ اسی عرصے کے دوران بیرون ملک مقیم پاکستانیوں کی ترسیلات زر میں سالانہ بنیادوں پر 44 فیصد اضافہ ہوا۔ توقع ہے کہ آنے والے مہینوں میں حقیقی جی ڈی پی میں نمو، کرنٹ اکاؤنٹ خسارے میں کمی، مستحکم مزدوروں کی ترسیلات زر، زرمبادلہ کے ذخائر میں بہتری، اور پاکستانی روپے کی امریکی ڈالر کے مقابلے میں استحکام جاری رہے گا۔

پاکستان میں مہنگائی کی شرح جنوری 2021 کے بعد کی کم ترین سطح پر آگئی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) نے اپنے مالیاتی نرمی کے سلسلے کو جاری رکھتے ہوئے جولائی اور ستمبر میں شرح سود میں مجموعی طور پر 300 بیس پوائنٹس کی کمی کر کے 17.5 فیصد کر دیا۔ یہ فیصلہ مہنگائی کی رفتار میں تیز رفتاری کی بنیاد پر کیا گیا، جو سال 2024 کی تیسری سہ ماہی میں اوسط 9.2 فیصد رہی جو کہ گذشتہ سال کے اسی عرصہ میں 29 فیصد تھی۔

ان مثبت ترقیات کے اعتراف میں، موڈیز ریٹنگز نے پاکستان کی حکومت کی ریٹنگ کو Caa3 سے Caa2 میں ترقی دی، جو نو سال میں پہلی بار ہے۔ ایجنسی نے بہتر میکرو اکنامک حالات، مضبوط حکومتی لیکویڈٹی، اور بہتر خارجی پوزیشنز کو اس ترقی کی وجہ قرار دیا۔

# 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 September 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	47,296,262	40,895,031
Balances with other banks	7	3,215,854	3,727,490
Lendings to financial institutions	8	1,691,003	-
Investments	9	310,219,226	287,478,855
Advances	10	263,004,481	203,726,900
Property and equipment	11	8,883,388	8,627,102
Right-of-use assets	12	2,558,125	2,139,578
Intangible assets	13	6,364,640	4,872,907
Deferred tax assets	20	-	-
Other assets	14	37,074,017	37,964,595
<b>Total Assets</b>		<b>680,306,996</b>	<b>589,432,458</b>
<b>LIABILITIES</b>			
Bills payable	15	5,234,450	5,668,721
Borrowings	16	80,536,000	27,222,479
Deposits and other accounts	17	518,734,586	486,282,778
Lease liabilities	18	2,711,549	2,234,115
Subordinated debt	19	8,496,567	8,497,767
Deferred tax liabilities	20	1,156,763	1,316,108
Other liabilities	21	19,955,330	17,888,422
<b>Total Liabilities</b>		<b>636,825,245</b>	<b>549,110,390</b>
<b>NET ASSETS</b>		<b>43,481,751</b>	<b>40,322,068</b>
<b>REPRESENTED BY</b>			
Share capital		20,506,625	20,506,625
Reserves		7,157,930	6,563,243
Surplus on revaluation of assets	22	2,794,618	1,959,868
Unappropriated profit		13,022,578	11,292,332
		<b>43,481,751</b>	<b>40,322,068</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	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 Nine Months Ended September 30, 2024

	Note	Quarter Ended		Nine Months Ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
		----- Rupees in '000 -----			
Mark-up / return / interest earned	25	<b>29,659,418</b>	22,035,341	<b>82,383,918</b>	64,502,711
Mark-up / return / interest expensed	26	<b>23,029,269</b>	17,720,755	<b>62,717,119</b>	49,750,961
<b>Net mark-up / interest income</b>		<b>6,630,149</b>	4,314,586	<b>19,666,799</b>	14,751,750
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	27	<b>1,245,284</b>	1,295,164	<b>3,533,492</b>	3,170,346
Dividend income		<b>1,276,762</b>	18,948	<b>2,226,455</b>	201,381
Foreign exchange income		<b>677,457</b>	1,245,270	<b>2,872,319</b>	3,796,339
Income from derivatives		-	(103)	-	166
Gain / (loss) on securities - net	28	<b>443,576</b>	(1,482)	<b>1,106,840</b>	(680,525)
Gain / (loss) on derecognition of financial assets measured at amortised cost - net		-	-	-	-
Other income	29	<b>9,224</b>	350,934	<b>46,631</b>	432,923
<b>Total non mark-up / interest income</b>		<b>3,652,303</b>	2,908,731	<b>9,785,737</b>	6,920,630
<b>Total Income</b>		<b>10,282,452</b>	7,223,317	<b>29,452,536</b>	21,672,380
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	30	<b>7,092,787</b>	5,459,515	<b>19,848,718</b>	15,614,034
Workers' welfare fund	31	<b>15,487</b>	46,315	<b>124,154</b>	110,503
Other charges	32	<b>60,673</b>	18,722	<b>76,415</b>	38,754
<b>Total non-mark-up / interest expenses</b>		<b>7,168,947</b>	5,524,552	<b>20,049,287</b>	15,763,291
<b>Profit before credit loss allowance / provisions</b>		<b>3,113,505</b>	1,698,765	<b>9,403,249</b>	5,909,089
Credit loss allowance / provision and write offs - net	33	<b>2,339,149</b>	237,264	<b>3,195,558</b>	1,238,166
<b>PROFIT BEFORE TAXATION</b>		<b>774,356</b>	1,461,501	<b>6,207,691</b>	4,670,923
Taxation	34	<b>436,852</b>	648,343	<b>3,107,270</b>	2,349,955
<b>PROFIT AFTER TAXATION</b>		<b>337,504</b>	813,158	<b>3,100,421</b>	2,320,968
----- Rupees -----					
<b>Earnings per share - basic and diluted</b>	35	<b>0.16</b>	0.57	<b>1.51</b>	1.63

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 Nine Months Ended September 30, 2024

	Quarter Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	----- Rupees in '000 -----			
<b>Profit after taxation for the period</b>	<b>337,504</b>	813,158	<b>3,100,421</b>	2,320,968
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Effect of translation of net investment in foreign branch	(4,471)	20,984	(25,397)	248,110
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	-	(259,945)	-	(420,766)
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	1,358,130	586,283	962,681	232,133
	<b>1,353,659</b>	347,322	<b>937,284</b>	59,477
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	(17,395)	25,262	(109,686)	11,376
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	(45,739)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	(43)
	<b>(17,395)</b>	25,262	<b>(109,686)</b>	(34,406)
<b>Total comprehensive income</b>	<b><u>1,673,768</u></b>	<u>1,185,742</u>	<b><u>3,928,019</u></b>	<u>2,346,039</u>

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 (Un-Audited)

For the Nine Months Ended September 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									
<b>Balance as at January 01, 2023 (Audited)</b>	10,119,242	-	457,187	2,330,014	(459,791)	1,147,729	107,083	7,845,155	21,546,619
<b>Profit after taxation</b>	-	-	-	-	-	-	-	2,320,968	2,320,968
<b>Other comprehensive income / (loss) - net of tax</b>									
Effect of translation of net investment in foreign branch	-	-	248,110	-	-	-	-	-	248,110
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	(177,257)	-	-	-	(177,257)
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)
	-	-	248,110	-	(177,257)	(45,739)	(43)	-	25,071
Transfer to statutory reserve	-	-	-	464,194	-	-	-	(464,194)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(36,951)	(12)	36,963	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	(9,276)	-	-	9,276	-
<b>Transactions with owners, recorded directly in equity</b>									
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)	-	-	-	-	-	-	-
<b>Balance as at September 30, 2023 (Un-audited)</b>	<b>20,506,625</b>	<b>2,689,217</b>	<b>705,297</b>	<b>2,794,208</b>	<b>(646,324)</b>	<b>1,065,039</b>	<b>107,028</b>	<b>9,748,168</b>	<b>36,969,258</b>
<b>Profit after taxation</b>	-	-	-	-	-	-	-	2,013,950	2,013,950
<b>Other comprehensive income / (loss) - net of tax</b>									
Effect of translation of net investment in foreign branch	-	-	(28,269)	-	-	-	-	-	(28,269)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(71,780)	(71,780)
Movement in surplus on revaluation of investments - net of tax	-	-	-	-	1,048,053	-	-	-	1,048,053
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	390,856	-	390,856
	-	-	(28,269)	-	1,048,053	-	390,856	(71,780)	1,338,860
Transfer to statutory reserve	-	-	-	402,790	-	-	-	(402,790)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(4,716)	(4)	4,720	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	(64)	-	-	64	-
<b>Balance as at December 31, 2023 (Audited)</b>	<b>20,506,625</b>	<b>2,689,217</b>	<b>677,028</b>	<b>3,196,998</b>	<b>401,665</b>	<b>1,060,323</b>	<b>497,880</b>	<b>11,292,332</b>	<b>40,322,068</b>
Impact of adoption of IFRS 9 - net of tax (note 4.1.2)	-	-	-	-	-	-	-	(768,336)	(768,336)
<b>Balance as at January 01, 2024 after adoption of IFRS 9</b>	<b>20,506,625</b>	<b>2,689,217</b>	<b>677,028</b>	<b>3,196,998</b>	<b>401,665</b>	<b>1,060,323</b>	<b>497,880</b>	<b>10,523,996</b>	<b>39,553,732</b>
<b>Profit after taxation</b>	-	-	-	-	-	-	-	3,100,421	3,100,421
<b>Other comprehensive income / (loss) - net of tax</b>									
Effect of translation of net investment in foreign branch	-	-	(25,397)	-	-	-	-	-	(25,397)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	852,995	-	-	-	852,995
	-	-	(25,397)	-	852,995	-	-	-	827,598
Transfer to statutory reserve	-	-	-	620,084	-	-	-	(620,084)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(14,147)	(709)	14,856	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	(3,389)	-	-	3,389	-
<b>Balance as at September 30, 2024 (Un-audited)</b>	<b>20,506,625</b>	<b>2,689,217</b>	<b>651,631</b>	<b>3,817,082</b>	<b>1,251,271</b>	<b>1,046,176</b>	<b>497,171</b>	<b>13,022,578</b>	<b>43,481,751</b>

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 Nine Months Ended September 30, 2024

	Note	September 30, 2024	September 30, 2023
----- Rupees in '000 -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		6,207,691	4,670,923
Less: Dividend income		(2,226,455)	(201,381)
		<u>3,981,236</u>	<u>4,469,542</u>
<b>Adjustments:</b>			
Net mark-up / interest income		(19,953,595)	(14,751,750)
Depreciation on property and equipment	30	960,824	822,285
Depreciation on non-banking assets	30	26,360	24,910
Depreciation on right-of-use assets	30	976,041	844,368
Amortisation	30	265,178	200,712
Finance charges on leased assets	26	286,796	225,076
Charge for defined benefit plan		115,093	98,249
Unrealised (loss) / gain on revaluation of investments measured at FVTPL - net	28	(2,802)	42
Credit loss allowance / provisions and write offs - net	33	3,195,558	1,238,166
Provision for workers' welfare fund	31	124,154	110,503
Gain on sale of property and equipment - net	29	(14,039)	(47,143)
Gain on reclassification of AFS equity shares	29	-	(332,658)
Gain on termination of leases - net	29	(3,318)	(35,104)
		<u>(14,023,750)</u>	<u>(11,602,344)</u>
		<u>(10,042,514)</u>	<u>(7,132,802)</u>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		(1,691,003)	11,351,161
Securities measured at FVTPL		(10,806,045)	(1,661)
Advances		(60,621,000)	27,530,578
Others assets (excluding advance taxation)		(5,371,502)	2,193,393
		<u>(78,489,550)</u>	<u>41,073,471</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		(434,271)	203,669
Borrowings		53,573,800	(63,058,023)
Deposits and other accounts		32,451,808	19,979,671
Other liabilities (excluding current taxation)		529,235	(573,348)
		<u>86,120,572</u>	<u>(43,448,031)</u>
		<u>(2,411,492)</u>	<u>(9,507,362)</u>
Mark-up / return / interest received		86,803,606	59,876,375
Mark-up / return / interest paid		(60,995,534)	(48,401,077)
Gratuity paid		(133,191)	-
Income tax paid		(4,562,463)	(2,508,844)
<b>Net cash flows generated from / (used in) operating activities</b>		<u>18,700,926</u>	<u>(540,908)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in securities measured at FVOCI		40,984,696	3,247,671
Net investments in securities measured at amortised cost		(51,571,536)	15,239,189
Investment in subsidiary		-	(6,618,634)
Dividend received		2,226,455	201,381
Investments in property and equipment		(1,273,832)	(1,738,886)
Investments in intangible assets		(1,768,827)	(825,984)
Proceeds from sale of property and equipment		72,668	139,683
Effect of translation of net investment in foreign branch		(25,397)	248,110
<b>Net cash flows (used in) / generated from investing activities</b>		<u>(11,355,773)</u>	<u>9,892,530</u>
<b>CASH FLOW FROMS FINANCING ACTIVITIES</b>			
Payments of lease obligations against right-of-use assets		(1,193,164)	(1,179,128)
Issue of share capital (Right shares)		-	2,205,689
Issuance of subordinated debt		-	3,500,000
Repayment of subordinated debt		(1,200)	(1,996,500)
<b>Net cash flows (used in) / generated from financing activities</b>		<u>(1,194,364)</u>	<u>2,530,061</u>
<b>Increase in cash and cash equivalents</b>		<u>6,150,789</u>	<u>11,881,683</u>
Cash and cash equivalents at beginning of the period		44,073,112	25,273,672
<b>Cash and cash equivalents at end of the period</b>	36	<u>50,223,901</u>	<u>37,155,355</u>

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 Nine Months Ended September 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 296 (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'.

These condensed interim unconsolidated financial statements do not include all the information and disclosures required for annual unconsolidated financial statements

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

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.

## 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

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

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 derecognition 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:

### 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.

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

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 Nine Months Ended September 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 -----				
<b>Assets</b>				
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
<b>Liabilities</b>				
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 financial liabilities	8,466,752	-	-	8,466,752
	549,110,390	-	(721,626)	548,388,764
<b>Net Assets</b>	<b>40,322,068</b>	<b>-</b>	<b>(768,336)</b>	<b>39,553,732</b>
<b>REPRESENTED BY</b>				
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 Nine Months Ended September 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
				<b>Impact of adopting IFRS 9 at January 01, 2024</b>
				Rupees in '000

#### 4.1.3 Impact on unappropriated profits

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	<u>10,523,996</u>

#### 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.

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

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.

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	<u>8.43%</u>	<u>8.11%</u>	<u>-0.32%</u>
Tier 1 Capital Adequacy Ratio	<u>9.65%</u>	<u>9.34%</u>	<u>-0.31%</u>
Total Capital Adequacy Ratio	<u>12.53%</u>	<u>12.09%</u>	<u>-0.44%</u>

## 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.

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

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.

### 4.1.6 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;

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

- 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.

#### 4.1.7 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

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

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.

## 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 Nine Months Ended September 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.

### 4.1.11 Derecognition

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

- 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 or loss.

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.

## 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.



# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

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.

### 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.

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

**(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).

**(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;

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

- 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.

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.

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

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 its 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.

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.

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

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.

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

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

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:

- Quantitative 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. 2,558.125 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. 2,711.549 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.

## 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.

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- Rupees in '000 -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>		
<b>In hand</b>		
Local currency	8,749,787	8,606,571
Foreign currencies	<u>914,800</u>	<u>2,159,380</u>
	<b>9,664,587</b>	<b>10,765,951</b>
<b>With State Bank of Pakistan in</b>		
Local currency current account	<u>27,480,584</u>	<u>20,387,010</u>
Foreign currency current accounts	<u>1,971,763</u>	<u>2,071,676</u>
Foreign currency deposit accounts	<u>4,095,806</u>	<u>4,614,459</u>
	<b>33,548,153</b>	<b>27,073,145</b>
<b>With National Bank of Pakistan in local currency current accounts</b>	<b>4,073,441</b>	<b>3,038,343</b>
National Prize Bonds	10,631	17,592
Less: Credit loss allowance held	<u>(550)</u>	<u>-</u>
	<u><b>47,296,262</b></u>	<u><b>40,895,031</b></u>
<b>7. BALANCES WITH OTHER BANKS</b>		
<b>In Pakistan</b>		
In current accounts	5,690	5,636
In deposit accounts	<u>73</u>	<u>73</u>
	<b>5,763</b>	<b>5,709</b>
<b>Outside Pakistan</b>		
In current accounts	<u>3,210,530</u>	<u>3,721,855</u>
	<b>3,216,293</b>	<b>3,727,564</b>
Less: Credit loss allowance held	<u>(439)</u>	<u>(74)</u>
	<u><b>3,215,854</b></u>	<u><b>3,727,490</b></u>
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call Lendings	1,691,003	-
Less: Credit loss allowance held	<u>-</u>	<u>-</u>
	<u><b>1,691,003</b></u>	<u><b>-</b></u>

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

8.1 Particulars of credit loss allowance	(Un-audited)		(Audited)	
	September 30, 2024		December 31, 2023	
Category of classification	Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
----- Rupees in '000 -----				
<b>Overseas</b>				
Performing Stage 1	1,691,003	-	-	-
Under-performing Stage 2	-	-	-	-
Non-performing Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
<b>Total</b>	<b>1,691,003</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 9. INVESTMENTS

		September 30, 2024 (Un-audited)			
		Cost / Amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying value
		----- Rupees in '000 -----			
<b>9.1 Investments by type</b>	Note				
<b>FVTPL</b>					
Federal Government Securities		10,054,019	-	2,801	10,056,820
Open End Mutual Funds		800,000	-	-	800,000
		10,854,019	-	2,801	10,856,820
<b>FVOCI</b>					
Federal Government Securities		111,672,907	(34,333)	1,402,460	113,041,034
Shares		2,702,049	(136,589)	663,418	3,228,878
Non Government Debt Securities		2,479,600	(691,425)	366,394	2,154,569
Foreign Securities		6,325,220	(205,485)	21,201	6,140,936
		123,179,776	(1,067,832)	2,453,473	124,565,417
<b>Amortised Cost</b>					
Federal Government Securities	9.1.1	153,717,710	-	-	153,717,710
<b>Associates</b>					
		242,067	(50,063)	-	192,004
<b>Subsidiaries</b>					
		20,887,275	-	-	20,887,275
<b>Total Investments</b>		<b>308,880,847</b>	<b>(1,117,895)</b>	<b>2,456,274</b>	<b>310,219,226</b>



# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

	December 31, 2023 (Audited)			Carrying value
	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	
----- Rupees in '000 -----				
<b>Held-for-trading securities</b>				
Federal Government Securities	47,974	-	(49)	47,925
<b>Available-for-sale securities</b>				
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
Open End Mutual Funds	-	-	-	-
	164,164,472	(753,496)	787,583	164,198,559
<b>Held-to-maturity securities</b>				
Federal Government Securities	102,146,174	-	-	102,146,174
<b>Associates</b>	242,067	(43,145)	-	198,922
<b>Subsidiaries</b>	20,887,275	-	-	20,887,275
<b>Total Investments</b>	<u>287,487,962</u>	<u>(796,641)</u>	<u>787,534</u>	<u>287,478,855</u>

9.1.1 The market value of securities measured at amortised cost (December 31, 2023: Held-to-maturity) as at September 30, 2024 amounted to Rs. 153,920.447 million (December 31, 2023: Rs. 100,310.906 million).

	(Un-audited) September 30, 2024		(Audited) December 31, 2023	
	Cost	Market value	Cost	Market value
----- Rupees in '000 -----				
<b>9.2 Investments given as collateral</b>				
<b>Federal Government Securities</b>				
Market Treasury Bills	7,335,337	7,537,679	-	-
Pakistan Investment Bonds - Floater	41,608,781	41,739,150	-	-
	<u>48,944,118</u>	<u>49,276,829</u>	-	-

	Note	(Un-audited)	(Audited)
		September 30, 2024	December 31, 2023
----- Rupees in '000 -----			
<b>9.3 Credit loss allowance / provision for diminution in value of investments</b>			
Opening balance		796,641	647,221
Impact of adoption of IFRS 9		3,205	-
Exchange rate adjustments		(4,370)	44,314
Charge for the period / year		392,033	113,311
Reversals for the period / year		(69,614)	(8,205)
	33	322,419	105,106
Closing balance		<u>1,117,895</u>	<u>796,641</u>

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 9.3.1 Particulars of credit loss allowance against debt securities

Category of classification		(Un-audited) September 30, 2024		(Audited) December 31, 2023	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Provision for diminution
----- Rupees in '000 -----					
<b>Domestic</b>					
Performing	Stage 1	112,065,363	117	140,542,292	-
Under-performing	Stage 2	695,647	131,928	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		1,033,854	559,380	303,107	303,107
		<u>113,794,864</u>	<u>691,425</u>	<u>140,845,399</u>	<u>303,107</u>
<b>Overseas</b>					
Performing	Stage 1	5,679,040	555	18,362,125	58
Under-performing	Stage 2	357,643	34,333	1,853,745	124,556
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		555,426	204,930	563,721	189,186
		<u>6,592,109</u>	<u>239,818</u>	<u>20,779,591</u>	<u>313,800</u>
<b>Total</b>		<u>120,386,973</u>	<u>931,243</u>	<u>161,624,990</u>	<u>616,907</u>

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 9.4 Summary of financial position and performance of associates and subsidiaries

		September 30, 2024 (Un-audited)							
Holding (%)	Country of incorporation	Assets	Liabilities	Revenue	Profit / (loss)	Total comprehensive income			
		Rupees in '000							
<b>Associates</b>									
9.60%	Pakistan	5,372,772	2,430,640	2,345,882	(145,624)	231,702			
3.92%	Pakistan	3,771,523	3,318,137	3,185,247	(549,172)	(552,470)			
<b>Subsidiaries</b>									
92.90%	Pakistan	7,688,519	5,002,290	812,383	227,220	234,519			
84.56%	Pakistan	2,440,114	518,791	342,613	255,902	255,902			
75.12%	Pakistan	662,584,319	616,501,229	33,769,677	10,207,192	12,736,490			
		December 31, 2023 (Audited)			September 30, 2023 (Un-audited)				
Holding (%)	Country of incorporation	Assets	Liabilities	Revenue	Profit / (loss)	Total comprehensive income			
		Rupees in '000							
<b>Associates</b>									
9.60%	Pakistan	5,372,772	2,430,640	2,345,882	(145,624)	231,702			
3.92%	Pakistan	4,242,630	3,236,774	2,468,979	(80,262)	(80,267)			
<b>Subsidiaries</b>									
92.90%	Pakistan	6,251,182	3,799,471	476,220	88,427	89,518			
84.56%	Pakistan	2,122,220	456,799	170,701	116,864	116,864			
75.12%	Pakistan	654,865,896	618,399,978	28,344,626	8,473,584	7,352,470			

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

		September 30, 2024 (Un-audited)		
		Performing	Non-Performing	Total
		----- Rupees in '000 -----		
<b>10. ADVANCES</b>	Note			
Loans, cash credits, running finances, etc.		249,375,065	21,386,517	270,761,582
Bills discounted and purchased		9,458,187	-	9,458,187
Advances - gross		<u>258,833,252</u>	<u>21,386,517</u>	<u>280,219,769</u>
Credit loss allowance against advances				
- Stage 1		(213,917)	-	(213,917)
- Stage 2		(132,467)	-	(132,467)
- Stage 3		-	(13,892,904)	(13,892,904)
	10.4	<u>(346,384)</u>	<u>(13,892,904)</u>	<u>(14,239,288)</u>
Fair value adjustment	10.2	<u>(2,976,000)</u>	-	<u>(2,976,000)</u>
Advances - net of credit loss allowance		<u>255,510,868</u>	<u>7,493,613</u>	<u>263,004,481</u>
		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		<u>197,602,336</u>	<u>16,184,450</u>	<u>213,786,786</u>
Provision against advances				
- Specific		-	(9,660,542)	(9,660,542)
- General		(377,450)	-	(377,450)
- Provision under IFRS-9		(21,894)	-	(21,894)
		<u>(399,344)</u>	<u>(9,660,542)</u>	<u>(10,059,886)</u>
Advances - net of provision		<u>197,202,992</u>	<u>6,523,908</u>	<u>203,726,900</u>
		(Un-audited)	(Audited)	
		September 30,	December 31,	
		2024	2023	
		----- Rupees in '000 -----		
<b>10.1 Particulars of advances (gross)</b>				
In local currency		<u>267,643,754</u>	202,199,868	
In foreign currencies		<u>12,576,015</u>	11,586,918	
		<u>280,219,769</u>	<u>213,786,786</u>	

**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.

**10.3** Advances include Rs. 21,386.517 million (December 31, 2023: Rs. 16,184.450 million) which have been placed under Stage 3 / Non-performing status as detailed below:

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

Category of classification	(Un-audited) September 30, 2024		(Audited) December 31, 2023	
	Non-Performing Loans	Credit loss allowance	«Non-Performing Loans»	Provision
	----- Rupees in '000 -----			
<b>Domestic</b>				
Other Assets Especially Mentioned (OAEM) *	626,892	60,855	363,753	2,154
Substandard	} Stage 3	3,454,316	1,336,698	117,718
Doubtful		2,338,815	2,509,560	220,851
Loss		14,966,494	12,925,494	11,974,439
Total	<u>21,386,517</u>	<u>13,892,904</u>	<u>16,184,450</u>	<u>9,660,542</u>

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

## 10.4 Particulars of credit loss allowance against advances

	September 30, 2024 (Un-audited)			
	Stage 3	Stage 2	Stage 1	Total
Note	----- 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	-	-	(295)	(295)
Charge for the period	4,452,937	21,929	66,575	4,541,441
Reversals for the period	(1,152,904)	(110,132)	(442,768)	(1,705,804)
33	3,300,033	(88,203)	(376,193)	2,835,637
Amounts written off	(46,423)	-	-	(46,423)
Amounts charged off - agricultural financing	(93,299)	-	-	(93,299)
<b>Closing balance</b>	<u>13,892,904</u>	<u>132,467</u>	<u>213,917</u>	<u>14,239,288</u>
	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 period	3,128,536	176,836	7,538	3,312,910
Reversals for the period	(624,082)	-	-	(624,082)
	2,504,454	176,836	7,538	2,688,828
Amounts written off	(54,652)	-	-	(54,652)
<b>Closing balance</b>	<u>9,660,542</u>	<u>377,450</u>	<u>21,894</u>	<u>10,059,886</u>

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 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 September 30, 2024, the Bank has availed cumulative FSV benefit under the directives of the SBP of Rs. 4,283.261 million (December 31, 2023: Rs. 3,914.240 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 2,184.463 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)		
	September 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	66,575	21,929	4,009,874
Advances derecognised or repaid	-	(110,132)	(1,152,904)
Transfer to stage 1	-	-	-
Transfer to stage 2	-	-	-
Transfer to stage 3	(443,063)	-	443,063
	(376,488)	(88,203)	3,300,033
Amounts written off / charged off	-	-	(139,722)
Changes in risk parameters	-	-	-
Closing balance	213,917	132,467	13,892,904

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

		(Un-audited) September 30, 2024	
		Outstanding amount	Credit loss allowance held
		----- Rupees in '000 -----	
<b>10.5.2 Advances - Category of classification</b>			
<b>Domestic</b>			
Performing	Stage 1	212,838,539	191,187
Under-performing	Stage 2	42,441,618	132,467
Non-performing	Stage 3		
	OAEM	626,892	60,855
	Substandard	3,454,316	455,180
	Doubtful	2,338,815	451,375
	Loss	14,966,494	12,925,494
		<u>276,666,674</u>	<u>14,216,558</u>
<b>Overseas</b>			
Performing	Stage 1	3,553,095	22,730
Under-performing	Stage 2	-	-
Non-performing	Stage 3		
	Substandard	-	-
	Doubtful	-	-
	Loss	-	-
		<u>3,553,095</u>	<u>22,730</u>
	<b>Total</b>	<u>280,219,769</u>	<u>14,239,288</u>
		(Un-audited) September 30, 2024	(Audited) December 31, 2023
		----- Rupees in '000 -----	
<b>11. PROPERTY AND EQUIPMENT</b>	Note		
Capital work-in-progress	11.1	650,313	450,659
Property and equipment		8,233,075	8,176,443
		<u>8,883,388</u>	<u>8,627,102</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		391,077	277,785
Equipment		237,276	162,148
Advances to suppliers		21,960	10,726
		<u>650,313</u>	<u>450,659</u>

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

		(Un-audited)	
		January - September 2024	January - September 2023
		----- Rupees in '000 -----	
<b>11.2</b>	<b>Additions to property and equipment</b>	Note	

The following additions have been made to property and equipment during the period:

Capital work-in-progress	680,480	671,390
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### Property and equipment

Building on leasehold land	-	617,158
Leasehold improvements	317,388	184,056
Furniture and fixture	121,028	92,855
Electrical, office and computer equipments	559,451	1,147,731
Vehicles	76,311	133,520
	<b>1,074,178</b>	<b>2,175,320</b>

<b>Total</b>	11.2.1	<b>1,754,658</b>	<b>2,846,710</b>
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**11.2.1** This includes transfer from capital work in progress during the period of Rs. 480.826 million (September 30, 2023: Rs. 1,107.824 million).

		(Un-audited)	
		January - September 2024	January - September 2023
		----- Rupees in '000 -----	
<b>11.3</b>	<b>Disposal of property and equipment</b>		

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	8,093	1,277
Furniture and fixture	2,171	2,710
Electrical, office and computer equipments	23,359	22,686
Vehicles	25,006	4,702

<b>Total</b>	<b>58,629</b>	<b>92,540</b>
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## Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

12. RIGHT-OF-USE ASSETS	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- Rupees in '000 -----	
	Buildings	Buildings
Opening balance	2,139,578	2,286,719
Additions / renewals	1,422,965	1,147,815
Terminations	(9,510)	(177,510)
Depreciation charge during the period / year	(976,041)	(1,126,808)
Exchange rate adjustments	(240)	5,685
Other adjustments	(18,627)	3,677
Closing balance	<u>2,558,125</u>	<u>2,139,578</u>

### 13. INTANGIBLE ASSETS

Capital work-in-progress - computer software	2,039,326	815,848
Computer software	2,861,690	2,593,435
Goodwill	1,463,624	1,463,624
	<u>6,364,640</u>	<u>4,872,907</u>

13.1 Additions to intangible assets	Note	(Un-audited) January - September 2024	January - September 2023
		----- Rupees in '000 -----	
The following additions have been made to intangible assets during the period:			
<b>Directly purchased</b>			
Capital work-in-progress		1,761,917	687,192
Computer software	13.1.1	545,349	766,685
		<u>2,307,266</u>	<u>1,453,877</u>

13.1.1 This includes transfer from capital work in progress during the period of Rs. 538.439 million (September 30, 2023: Rs. 627.893 million).

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
<b>14. OTHER ASSETS</b>	Note	----- Rupees in '000 -----	
Mark-up / return / interest accrued in local currency		<b>18,553,810</b>	23,018,231
Mark-up / return / interest accrued in foreign currencies		<b>200,041</b>	155,308
Advances, deposits, advance rent and other prepayments		<b>1,744,952</b>	1,239,908
Acceptances		<b>3,610,764</b>	2,622,716
Advance taxation (payments less provision)		<b>1,183,440</b>	-
Stationery and stamps in hand		<b>15,709</b>	21,290
Receivable in respect of home remittance		<b>28,721</b>	30,805
Due from State Bank of Pakistan		<b>1,425,058</b>	807,190
Fair value adjustment on advances	10.2	<b>2,976,000</b>	-
Non-banking assets acquired in satisfaction of claims		<b>4,756,777</b>	4,775,743
Mark to market gain on forward foreign exchange contracts		<b>522,237</b>	1,642,158
Advance against investments in securities		<b>792,000</b>	1,178,306
Branchless banking fund settlement		-	202,425
Inter bank fund transfer settlement		<b>213,327</b>	1,079,395
Credit card settlement		<b>270,062</b>	498,755
Insurance claims receivable		<b>29,349</b>	27,302
Others		<b>243,887</b>	155,791
		<b>36,566,134</b>	37,455,323
Less: Provision held against other assets	14.1	<b>(11,241)</b>	(11,241)
Other assets - net of provision		<b>36,554,893</b>	37,444,082
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	<b>519,124</b>	520,513
Other assets - total		<b>37,074,017</b>	37,964,595
<b>14.1 Provision held against other assets</b>			
Advances, deposits, advance rent and other prepayments		<b>10,184</b>	10,184
Others		<b>1,057</b>	1,057
		<b>11,241</b>	11,241
<b>15. BILLS PAYABLE</b>			
In Pakistan		<b>4,872,243</b>	5,269,279
Outside Pakistan		<b>362,207</b>	399,442
		<b>5,234,450</b>	5,668,721

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

(Un-audited) (Audited)  
September 30, December 31,  
2024 2023  
----- Rupees in '000 -----

## 16. BORROWINGS

### Secured

Borrowings from State Bank of Pakistan under:

Export refinancing scheme	13,009,703	13,554,172
Long-term finance facility	1,607,056	2,014,764
Financing facility for storage of agricultural produce	152,713	133,729
Financing facility for renewable energy projects	1,199,768	1,157,963
Refinance for women entrepreneurs	153,348	165,296
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	304,934	157,968
Refinance facility for combating COVID-19	94,089	152,375
Temporary economic refinance facility	4,230,400	4,714,801
Small enterprise financing and credit guarantee scheme for special persons	1,199	1,978
Refinance facility for working capital of SMEs	26,641	193,750
Refinance facility for SME Asaan Finance (SAAF) scheme	5,774,721	1,438,299
Repurchase agreement borrowings	-	-
	<b>26,554,572</b>	<b>23,685,095</b>

Borrowing from financial institutions:

Repurchase agreement borrowings	49,247,704	-
Refinancing facility for mortgage loans	3,944,520	2,987,901
	<b>79,746,796</b>	<b>26,672,996</b>

### Unsecured

Call Borrowings	500,000	-
Overdrawn nostro accounts	289,204	549,483
	<b>789,204</b>	<b>549,483</b>
	<b>80,536,000</b>	<b>27,222,479</b>

### 16.1 Particulars of borrowings

In local currency	80,246,796	26,672,996
In foreign currencies	289,204	549,483
	<b>80,536,000</b>	<b>27,222,479</b>

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 17. DEPOSITS AND OTHER ACCOUNTS

	September 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 -----						
<b>Customers</b>						
Current deposits	153,861,223	12,417,436	166,278,659	128,237,399	11,215,356	139,452,755
Savings deposits	156,918,500	7,746,918	164,665,418	119,326,770	6,400,278	125,727,048
Term deposits	109,401,974	40,803,837	150,205,811	139,870,324	45,365,021	185,235,345
Margin deposits	21,111,372	247,474	21,358,846	19,264,764	566,321	19,831,085
	<b>441,293,069</b>	<b>61,215,665</b>	<b>502,508,734</b>	<b>406,699,257</b>	<b>63,546,976</b>	<b>470,246,233</b>
<b>Financial Institutions</b>						
Current deposits	2,018,967	134,931	2,153,898	978,840	283,096	1,261,936
Savings deposits	11,295,297	17,948	11,313,245	11,207,875	525	11,208,400
Term deposits	2,758,709	-	2,758,709	3,566,209	-	3,566,209
	<b>16,072,973</b>	<b>152,879</b>	<b>16,225,852</b>	<b>15,752,924</b>	<b>283,621</b>	<b>16,036,545</b>
	<b>457,366,042</b>	<b>61,368,544</b>	<b>518,734,586</b>	<b>422,452,181</b>	<b>63,830,597</b>	<b>486,282,778</b>

(Un-audited) (Audited)  
September 30, December 31,  
2024 2023

## 18. LEASE LIABILITIES

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

Opening balance	2,234,115	2,545,780
Additions / renewals	1,422,965	1,147,815
Lease payments including interest	(1,193,164)	(1,551,908)
Finance charges on leased assets	286,796	300,981
Terminations	(12,828)	(226,861)
Exchange rate adjustments	(227)	5,516
Other adjustments	(26,108)	12,792
Closing balance	<b>2,711,549</b>	<b>2,234,115</b>

### 18.1 Outstanding liabilities

Not later than one year	205,432	161,144
Later than one year and upto five years	1,491,171	1,116,855
Over five years	1,014,946	956,116
<b>Total</b>	<b>2,711,549</b>	<b>2,234,115</b>

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 Nine Months Ended September 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- Rupees in '000 -----	
<b>19. SUBORDINATED DEBT</b>			
Term Finance Certificates - Fifth Issue	19.1	<b>3,499,067</b>	3,499,767
Term Finance Certificates - Fourth Issue	19.2	<b>2,497,500</b>	2,498,000
Term Finance Certificates - Third Issue	19.3	<b>2,500,000</b>	2,500,000
		<b><u>8,496,567</u></b>	<u>8,497,767</u>

- 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 Nine Months Ended September 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

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

Maturity date:	Perpetual
Rating:	A+ (Single A plus)
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.
<b>Loss absorbercy clause:</b>	
Pre-Specified Trigger (PST)	<p>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:</p> <ul style="list-style-type: none"> <li>- 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);</li> <li>- 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</li> <li>- 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.</li> </ul>
Point of Non-Viability (PONV)	<p>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:</p>

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

	<p>The PONV trigger event is the earlier of:</p> <ul style="list-style-type: none"> <li>- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;</li> <li>- 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.</li> <li>- 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.</li> </ul>
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	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>September 30,</b>	<b>December 31,</b>
	<b>2024</b>	<b>2023</b>
20. DEFERRED TAX LIABILITIES	Note	----- Rupees in '000 -----
<b>Deductible Temporary Differences on:</b>		
Credit loss allowance / provision against investments	<b>(94,432)</b>	(80,009)
Credit loss allowance / provision against loans and advances	<b>(1,616,415)</b>	(734,869)
Other assets	<b>(52,662)</b>	(30,437)
	<b>(1,763,509)</b>	(845,315)
<b>Taxable Temporary Differences on:</b>		
Accelerated tax depreciation	<b>659,033</b>	702,195
Goodwill	<b>717,176</b>	717,176
Surplus on revaluation of investments classified as measure at FVOCI / available-for-sale	22 <b>1,202,202</b>	385,918
Surplus on revaluation of property and equipments	22 <b>319,908</b>	333,501
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22 <b>21,953</b>	22,633
	<b>2,920,272</b>	2,161,423
	<b>1,156,763</b>	1,316,108
<b>21. OTHER LIABILITIES</b>		
Mark-up / return / interest payable in local currency	<b>6,868,404</b>	5,971,062
Mark-up / return / interest payable in foreign currencies	<b>984,388</b>	446,941
Unearned income on guarantees	<b>460,085</b>	398,300
Accrued expenses	<b>1,351,039</b>	1,550,139
Current taxation (payments less provision)	-	34,325
Acceptances	<b>3,610,764</b>	2,622,716
Unclaimed dividends	<b>4,214</b>	4,214
Mark to market loss on forward foreign exchange contracts	<b>1,477,709</b>	1,609,783
Defined benefit obligation - net	<b>115,093</b>	133,191
Withholding taxes payable	<b>1,090,998</b>	1,085,992
Donation payable	<b>117,124</b>	169,813
Security deposits against leases, lockers and others	<b>1,495,372</b>	1,640,270
Workers' welfare fund	<b>495,506</b>	371,352
Payable in respect of home remittance	<b>47,817</b>	35,659
Retention money payable	<b>56,344</b>	58,836
Insurance payable	<b>285,204</b>	249,979
Payable to vendors against SBS goods	<b>191,698</b>	282,322
BLB fund settlement	<b>153,219</b>	-
Debit card settlement	<b>416,151</b>	473,999
Clearing and settlement accounts	<b>411,397</b>	499,770
Credit loss allowance against off-balance sheet obligations	21.1 <b>33,523</b>	-
Others	<b>289,281</b>	249,759
	<b>19,955,330</b>	17,888,422



# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 21.1 Credit loss allowance against off-balance sheet obligations

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note ----- Rupees in '000 -----	
Opening balance	-	-
Impact of adoption of IFRS 9	16,578	-
Reclassified from advances	2,371	-
Exchange rate adjustments	(50)	-
Charge for the period / year	17,877	-
Reversals for the period / year	(3,253)	-
	14,624	-
Closing balance	33,523	-

## 22. SURPLUS ON REVALUATION OF ASSETS

### Surplus / (deficit) on revaluation of:

- Securities measured at FVOCI - debt	9.1	1,790,055	-
- Securities measured at FVOCI - equity	9.1	663,418	-
- Available-for-sale	9.1	-	787,583
- Property and equipment		1,366,084	1,393,824
- Non-banking assets acquired in satisfaction of claims	14	519,124	520,513
		4,338,681	2,701,920

### Deferred tax on surplus / (deficit) on revaluation of:

- Securities measured at FVOCI - debt	(877,127)	-
- Securities measured at FVOCI - equity	(325,075)	-
- Available-for-sale	-	(385,918)
- Property and equipment	(319,908)	(333,501)
- Non-banking assets acquired in satisfaction of claims	(21,953)	(22,633)
	(1,544,063)	(742,052)
	2,794,618	1,959,868

## 23. CONTINGENCIES AND COMMITMENTS

Guarantees	23.1	92,146,150	72,956,594
Commitments	23.2	133,679,526	162,815,632
Other contingencies	23.3	728,642	736,214
		226,554,318	236,508,440

### 23.1 Guarantees

Financial guarantees	10,560,692	8,425,132
Performance guarantees	39,459,520	33,842,832
Other guarantees	42,125,938	30,688,630
	92,146,150	72,956,594

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- Rupees in '000 -----	
<b>23.2</b>	<b>Commitments</b>		
	<b>Documentary credits and short-term trade-related transactions</b>		
	- Letters of credit	34,229,927	42,357,815
	<b>Commitments in respect of:</b>		
	- Forward foreign exchange contracts	99,249,523	120,272,393
	- Forward lending	10,000	10,000
	<b>Commitments for acquisition of:</b>		
	- Property and equipment	23.2.3 189,137	142,917
	- Intangible assets	23.2.3 939	32,507
		<b>133,679,526</b>	<b>162,815,632</b>

## 23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	67,407,406	71,216,019
Sale	31,842,117	49,056,374
	<u>99,249,523</u>	<u>120,272,393</u>

## 23.2.2 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend	<u>10,000</u>	<u>10,000</u>
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**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.

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- Rupees in '000 -----	
<b>23.3</b>	<b>Other contingencies</b>		
Claims against the Bank not acknowledged as debts	23.3.1	<u>728,642</u>	<u>736,214</u>

**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.

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

**23.3.2** Tax related contingencies are disclosed in note 34.1.

## 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 nine months ended September 30, 2024 (December 31, 2023: Nil).

## 25. MARK-UP / RETURN / INTEREST EARNED

### On:

	(Un-audited)	
	September 30, 2024	September 30, 2023
	----- Rupees in '000 -----	
Loans and advances	26,991,106	28,494,815
Investments	54,142,442	33,227,671
Lendings to financial institutions	106,427	209,247
Securities purchased under repurchase agreements	862,769	2,358,523
Balances with other banks	281,174	212,455
	<u>82,383,918</u>	<u>64,502,711</u>

### 25.1 Interest income recognised on:

Financial assets measured at amortised cost	47,036,633	45,654,758
Financial assets measured at FVOCI	33,613,426	17,936,169
Financial assets measured at FVTPL	1,733,859	911,784
	<u>82,383,918</u>	<u>64,502,711</u>

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

		(Un-audited)	
		September 30, 2024	September 30, 2023
		----- Rupees in '000 -----	
<b>26.</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>	Note	
	<b>On:</b>		
	Deposits	48,140,065	38,207,083
	Borrowings	9,967,846	9,345,935
	Subordinated debt	1,473,094	1,249,853
	Cost of foreign currency swaps		
	against foreign currency deposits / borrowings	2,849,318	723,014
	Finance charges on leased assets	286,796	225,076
		<u>62,717,119</u>	<u>49,750,961</u>
<b>26.1</b>	Interest expense calculated using effective interest rate method	11,440,940	10,595,788
	Other financial liabilities	51,276,179	39,155,173
		<u>62,717,119</u>	<u>49,750,961</u>
<b>27.</b>	<b>FEE AND COMMISSION INCOME</b>		
	Branch banking customer fees	82,891	79,994
	Finance related fees	364,116	365,032
	Card related fees (debit and credit cards)	842,935	483,077
	Investment banking fees	6,196	66,356
	Commission on trade	843,217	818,344
	Commission on guarantees	505,996	688,204
	Commission on cash management	25,526	31,124
	Commission on remittances including home remittances	232,557	86,064
	Commission on bancassurance	63,764	57,118
	Commission on distribution of mutual funds	5,654	-
	Commission on online services	157,320	177,869
	Postage and courier income	20,076	11,888
	Rebate income	383,244	305,276
		<u>3,533,492</u>	<u>3,170,346</u>
<b>28.</b>	<b>GAIN / (LOSS) ON SECURITIES - NET</b>		
	Realised	28.1 1,104,038	(680,483)
	Unrealised - measured at FVTPL	9.1 2,802	(42)
		<u>1,106,840</u>	<u>(680,525)</u>

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

	(Un-audited)	
	September 30, 2024	September 30, 2023
Note	----- Rupees in '000 -----	
<b>28.1 Realised gain / (loss) on:</b>		
<b>Federal government securities</b>		
Market treasury bills	179,543	(665,611)
Pakistan investment bonds	1,061,063	(39,257)
Ijarah sukuk certificates	2,425	18,277
	<b>1,243,031</b>	(686,591)
<b>Shares - Listed Companies</b>	-	(2,648)
<b>Mutual fund units</b>	-	5,996
<b>Foreign currency bonds</b>	<b>(138,993)</b>	2,760
28.2	<b><u>1,104,038</u></b>	<b><u>(680,483)</u></b>
<b>28.2 Net gain / (loss) on financial assets</b>		
Mandatorily measured at FVTPL	310,161	-
Net gain on financial assets measured at FVOCI	793,877	-
	<b><u>1,104,038</u></b>	<b><u>-</u></b>
<b>29. OTHER INCOME</b>		
Rent income	17,776	15,379
Gain on sale of property and equipment - net	14,039	47,143
Gain on termination of leases - net	3,318	35,104
Recoveries against charge off loans	4,949	-
Gain on reclassification of AFS equity shares	-	332,658
Others	6,549	2,639
	<b><u>46,631</u></b>	<b><u>432,923</u></b>

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

	(Un-audited)	
	September 30, 2024	September 30, 2023
	----- Rupees in '000 -----	
<b>30. OPERATING EXPENSES</b>		
Total compensation expense	7,085,589	5,604,553
<b>Property expense</b>		
Rent and taxes	54,127	30,458
Insurance	1,130	-
Utilities cost	693,036	532,012
Security (including guards)	372,445	246,583
Repair and maintenance (including janitorial charges)	414,779	247,225
Depreciation	255,852	224,107
Depreciation on right-of-use assets	976,041	844,368
Depreciation on non-banking assets	26,360	24,910
	<b>2,793,770</b>	<b>2,149,663</b>
<b>Information technology expenses</b>		
Software maintenance	1,257,423	831,139
Hardware maintenance	419,634	254,017
Depreciation	402,477	333,741
Amortisation	265,178	200,712
Network charges	201,168	200,434
	<b>2,545,880</b>	<b>1,820,043</b>
<b>Other operating expenses</b>		
Directors' fees and allowances	8,750	9,300
Legal and professional charges	221,621	231,568
Insurance	237,732	214,448
Outsourced services costs	309,477	222,010
Travelling and conveyance	216,063	175,041
NIFT clearing charges	48,311	41,917
Depreciation	302,495	264,437
Training and development	39,405	35,464
Postage and courier charges	91,627	73,588
Communication	377,011	149,426
Stationery and printing	372,892	273,771
Marketing, advertisement and publicity	1,925,451	1,693,826
Donations	124,154	35,503
Auditors' remuneration	16,394	9,839
Staff auto fuel and maintenance	490,209	456,335
Bank charges	65,037	68,486
Stamp duty	19,804	65,681
Online verification charges	79,820	101,221
Brokerage, fee and commission	49,988	109,402
Card related fees (debit and credit cards)	1,302,755	857,349
Consultancy fee	86,471	66,449
Deposit protection premium	153,893	142,046
Entertainment expenses	154,615	127,463
Repair and maintenance	59,531	48,480
Cash handling charges	275,449	187,581
Fee and subscription	87,349	121,684
Employees social security	8,215	7,398
Generator fuel and maintenance	170,795	160,314
Others	128,165	89,748
	<b>7,423,479</b>	<b>6,039,775</b>
	<b>19,848,718</b>	<b>15,614,034</b>

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 31. WORKERS' WELFARE FUND

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

		(Un-audited)	
		September 30, 2024	September 30, 2023
		----- Rupees in '000 -----	
<b>32. OTHER CHARGES</b>	Note		
Penalties imposed by State Bank of Pakistan		<u><b>76,415</b></u>	<u>38,754</u>

## 33. CREDIT LOSS ALLOWANCE / PROVISION AND WRITE OFFS - NET

Credit loss allowance / provision against Lending to financial institutions	8	-	-
Credit loss allowance / provision for diminution in value of investments	9.3	<b>322,419</b>	66,489
Credit loss allowance / provision against balances with other banks		<b>(2,059)</b>	33
Credit loss allowance / provision against loans and advances	10.4	<b>2,835,637</b>	1,162,429
Credit loss allowance / provision against off balance sheet	21.1	<b>14,624</b>	-
Other credit loss allowance / provision and write offs		<b>24,937</b>	9,215
		<u><b>3,195,558</b></u>	<u>1,238,166</u>

## 34. TAXATION

Current		<b>3,389,421</b>	1,588,090
Prior years		<b>(44,723)</b>	(67,188)
Deferred		<b>(237,428)</b>	829,053
		<u><b>3,107,270</b></u>	<u>2,349,955</u>

**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 Nine Months Ended September 30, 2024

## 35. EARNINGS PER SHARE - BASIC AND DILUTED

	(Un-audited)			
	Quarter Ended		Half Year Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	----- Rupees in '000 -----			
Profit after taxation for the period	<b>337,504</b>	813,158	<b>3,100,421</b>	2,320,968
	----- Number of shares -----			
Weighted average number of ordinary shares	<b>2,050,662,536</b>	1,421,755,501	<b>2,050,662,536</b>	1,421,755,501
	----- Rupees -----			
Earnings per share - basic and diluted	<b>0.16</b>	0.57	<b>1.51</b>	1.63

36. CASH AND CASH EQUIVALENTS	Note	(Un-audited)	(Audited)	(Un-audited)
		September 30, 2024	December 31, 2023	September 30, 2023
		----- Rupees in '000-----		
Cash and balances with treasury banks	6	<b>47,296,812</b>	40,895,031	35,729,774
Balances with other banks - gross	7	<b>3,216,293</b>	3,727,564	2,798,304
Overdrawn nostro accounts	16	<b>(289,204)</b>	(549,483)	(1,372,723)
		<b>50,223,901</b>	44,073,112	37,155,355

## 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 Nine Months Ended September 30, 2024

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

Item	Valuation approach and input used
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### Financial Instruments - Level 1

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

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

### Financial instruments - Level 3

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

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

## Non-Financial assets - Level 3

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

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 occur. 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.

	September 30, 2024 (Un-audited)			Total
	Level 1	Level 2	Level 3	
----- Rupees in '000 -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	123,097,854	-	123,097,854
Shares	3,217,878	-	11,000	3,228,878
Non Government Debt Securities	-	2,154,569	-	2,154,569
Foreign Securities	6,140,936	-	-	6,140,936
	<u>9,358,814</u>	<u>125,252,423</u>	<u>11,000</u>	<u>134,622,237</u>
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	153,920,447	-	153,920,447
	<u>9,358,814</u>	<u>279,172,870</u>	<u>11,000</u>	<u>288,542,684</u>
<b>Off balance sheet financial instruments</b>				
<b>Commitments in respect of:</b>				
<b>Forward foreign exchange contracts</b>				
Purchase	-	67,407,406	-	67,407,406
Sale	-	31,842,117	-	31,842,117

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

	December 31, 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>	----- Rupees in '000 -----			
<b>Financial assets - measured at fair value</b>				
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
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	100,310,906	-	100,310,906
	3,533,571	259,806,333	11,000	263,350,904
<b>Off balance sheet financial instruments</b>				
<b>Commitments in respect of:</b>				
<b>Forward foreign exchange contracts</b>				
Purchase	-	69,922,737	-	69,922,737
Sale	-	47,730,717	-	47,730,717

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 38. SEGMENT INFORMATION

### 38.1 Segment Details with respect to Business Activities:

For the nine months ended September 30, 2024 (Un-audited)							
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Others	Total
<b>Profit and loss account</b>	----- Rupees in '000 -----						
Net mark-up / return / interest / (expense)	(19,936,130)	(3,195,634)	43,452,581	595,518	(56,713)	(1,192,823)	19,666,799
Inter segment revenue - net	35,171,059	7,413,279	(40,318,468)	1,240,682	370,032	(3,876,584)	-
Non mark-up / return / income	1,564,920	1,496,473	3,295,701	822,763	295,674	2,310,206	9,785,737
<b>Total income / (loss)</b>	<b>16,799,849</b>	<b>5,714,118</b>	<b>6,429,814</b>	<b>2,658,963</b>	<b>608,993</b>	<b>(2,759,201)</b>	<b>29,452,536</b>
Segment direct expenses	9,421,726	539,703	150,571	1,237,993	2,902,605	5,796,689	20,049,287
Inter segment expense allocation	2,732,541	717,761	159,963	185,531	393,608	(4,189,404)	-
<b>Total expenses</b>	<b>12,154,267</b>	<b>1,257,464</b>	<b>310,534</b>	<b>1,423,524</b>	<b>3,296,213</b>	<b>1,607,285</b>	<b>20,049,287</b>
Credit loss allowance and write offs - net	1,565,375	1,265,850	306,141	22,907	6,558	28,727	3,195,558
<b>Profit / (loss) before tax</b>	<b>3,080,207</b>	<b>3,190,804</b>	<b>5,813,139</b>	<b>1,212,532</b>	<b>(2,693,778)</b>	<b>(4,395,213)</b>	<b>6,207,691</b>

For the nine months ended September 30, 2023 (Un-audited)							
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Others	Total
<b>Profit and loss account</b>	----- Rupees in '000 -----						
Net mark-up / return / interest / (expense)	(12,423,205)	1,222,711	27,286,374	(214,145)	(24,996)	(1,094,989)	14,751,750
Inter segment revenue - net	28,502,522	3,741,325	(30,876,602)	1,655,049	251,597	(3,273,891)	-
Non mark-up / return / income	1,651,814	1,427,968	2,272,234	740,683	167,198	660,733	6,920,630
<b>Total income / (loss)</b>	<b>17,731,131</b>	<b>6,392,004</b>	<b>(1,317,994)</b>	<b>2,181,587</b>	<b>393,799</b>	<b>(3,708,147)</b>	<b>21,672,380</b>
Segment direct expenses	8,192,660	543,597	155,191	883,105	2,707,452	3,281,286	15,763,291
Inter segment expense allocation	2,258,179	388,913	114,255	87,300	288,332	(3,136,979)	-
<b>Total expenses</b>	<b>10,450,839</b>	<b>932,510</b>	<b>269,446</b>	<b>970,405</b>	<b>2,995,784</b>	<b>144,307</b>	<b>15,763,291</b>
Provisions and write offs - net	479,682	670,596	-	85,277	-	2,611	1,238,166
<b>Profit / (loss) before tax</b>	<b>6,800,610</b>	<b>4,788,898</b>	<b>(1,587,440)</b>	<b>1,125,905</b>	<b>(2,601,985)</b>	<b>(3,855,065)</b>	<b>4,670,923</b>

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

	As at September 30, 2024 (Un-audited)						
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Others	Total
Rupees in '000							
<b>Statement of financial position</b>							
Cash and bank balances	10,401,369	47,424	36,311,398	586,146	3,165,779	-	50,512,116
Lendings to financial institutions	-	-	-	1,691,003	-	-	1,691,003
Investments	-	-	277,451,131	8,241,780	-	24,526,315	310,219,226
<i>Net inter segment lending</i>	277,799,292	32,257,187	-	-	2,551,822	-	312,608,301
Advances - performing	64,898,600	122,904,180	-	62,082,334	42,893	5,929,245	255,857,252
Advances - non-performing	8,453,707	12,833,297	-	1,344	7,462	90,707	21,386,517
Advances - provisions - net	(4,934,112)	(9,214,499)	-	(30,994)	(4,562)	(55,121)	(14,239,289)
	68,418,195	126,522,978	-	62,052,684	45,793	5,964,831	263,004,481
Others	-	-	-	292,588	-	54,587,582	54,880,170
<b>Total Assets</b>	<b>356,618,856</b>	<b>158,827,589</b>	<b>313,762,529</b>	<b>72,864,201</b>	<b>5,763,394</b>	<b>85,078,728</b>	<b>992,915,297</b>
Borrowings	12,595,520	17,535,314	50,405,166	-	-	-	80,536,000
Deposits and other accounts	337,972,569	139,867,027	-	35,131,596	5,763,394	-	518,734,586
Subordinated debt	-	-	-	-	-	8,496,567	8,496,567
<i>Net inter segment borrowing</i>	-	854,172	263,357,363	37,566,855	-	10,829,911	312,608,301
Others	6,050,767	571,076	-	165,750	-	22,270,499	29,058,092
<b>Total Liabilities</b>	<b>356,618,856</b>	<b>158,827,589</b>	<b>313,762,529</b>	<b>72,864,201</b>	<b>5,763,394</b>	<b>41,596,977</b>	<b>949,433,546</b>
Equity	-	-	-	-	-	43,481,751	43,481,751
<b>Total Equity and Liabilities</b>	<b>356,618,856</b>	<b>158,827,589</b>	<b>313,762,529</b>	<b>72,864,201</b>	<b>5,763,394</b>	<b>85,078,728</b>	<b>992,915,297</b>
<b>Contingencies and Commitments</b>	<b>83,933,668</b>	<b>42,452,409</b>	<b>99,249,523</b>	<b>-</b>	<b>-</b>	<b>918,718</b>	<b>226,554,318</b>
As at December 31, 2023 (Audited)							
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Others	Total
Rupees in '000							
<b>Statement of financial position</b>							
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
<i>Net inter segment lending</i>	237,203,038	41,060,823	-	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)	-	(21,978)	-	(40,703)	(10,059,898)
	76,750,478	114,468,755	-	7,273,688	-	5,233,979	203,726,900
Others	-	-	-	-	-	53,604,182	53,604,182
<b>Total Assets</b>	<b>320,554,992</b>	<b>155,523,211</b>	<b>270,324,232</b>	<b>38,145,505</b>	<b>3,817,739</b>	<b>89,180,895</b>	<b>877,546,574</b>
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
<i>Net inter segment borrowing</i>	-	-	268,423,883	-	-	19,690,233	288,114,116
Others	6,825,477	381,593	-	46,771	-	19,853,525	27,107,366
<b>Total Liabilities</b>	<b>320,554,992</b>	<b>155,523,211</b>	<b>270,324,232</b>	<b>38,145,505</b>	<b>3,817,739</b>	<b>48,858,827</b>	<b>837,224,506</b>
Equity	-	-	-	-	-	40,322,068	40,322,068
<b>Total Equity and Liabilities</b>	<b>320,554,992</b>	<b>155,523,211</b>	<b>270,324,232</b>	<b>38,145,505</b>	<b>3,817,739</b>	<b>89,180,895</b>	<b>877,546,574</b>
<b>Contingencies and Commitments</b>	<b>77,650,720</b>	<b>37,673,689</b>	<b>120,272,393</b>	<b>-</b>	<b>-</b>	<b>911,638</b>	<b>236,508,440</b>

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 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 September 30, 2024 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
<b>Statement of financial position</b>	----- Rupees in '000 -----					
<b>Lendings to financial institutions</b>						
Opening balance	-	-	-	-	-	-
Addition during the period	-	-	-	61,500,000	-	-
Repaid during the period	-	-	-	(61,500,000)	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
<b>Investments</b>						
Opening balance	-	-	-	20,887,275	269,800	2,637,210
Investment made during the period	-	-	-	-	-	1,186,306
Investment redeemed / disposed off during the period	-	-	-	-	-	-
Deficit on investments	-	-	-	-	-	(1,069,055)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	20,887,275	269,800	2,754,461
Credit loss allowance for diminution in value of investments	-	-	-	-	77,796	-
<b>Advances</b>						
Opening balance	-	247	482,029	-	185,733	1,922,929
Addition during the period	-	2,205	379,169	-	-	7,802,475
Repaid during the period	-	(1,886)	(118,788)	-	-	(7,196,717)
Transfer in / (out) - net	-	(566)	(117,147)	-	-	(204,802)
Closing balance	-	-	625,263	-	185,733	2,323,885
Credit loss allowance held against advances	-	-	-	-	-	-
<b>Other assets</b>						
Mark-up / return / interest accrued	-	-	15,572	-	30,160	569,507
Receivable against bancassurance / bancatakaful	-	-	-	-	-	6,352
Prepaid insurance	-	-	-	-	-	58,277
Advance against investment in securities	-	-	-	-	-	792,000
Credit loss allowance against other assets	-	-	-	-	-	-

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

As at September 30, 2024 (Un-audited)						
Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	
----- Rupees in '000 -----						
<b>Borrowings</b>						
Opening balance	-	-	-	-	-	-
Borrowings during the period	-	-	-	-	-	-
Settled during the period	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
<b>Subordinated debt</b>						
Opening balance	-	-	-	-	-	20,000
Issued during the period	-	-	-	-	-	-
Redeemed during the period	-	-	-	-	-	-
Closing balance	-	-	-	-	-	20,000
<b>Deposits and other accounts</b>						
Opening balance	80,689	369	41,934	1,004,208	16,895	5,868,930
Received during the period	8,647,022	4,938	658,317	240,673,210	371,832	149,464,862
Withdrawn during the period	(8,669,914)	(4,985)	(622,162)	(240,422,571)	(369,496)	(147,193,650)
Transfer in / (out) - net	-	-	(12,534)	-	-	164,163
Closing balance	57,797	322	65,555	1,254,847	19,231	8,304,305
<b>Other liabilities</b>						
Mark-up / return / interest payable on deposits	-	-	4	-	-	26,426
Mark-up / return / interest payable on subordinated debt	-	-	-	-	-	1,144
Payable to defined benefit plan	-	-	-	-	-	115,093
<b>Contingencies and commitments</b>						
Letter of guarantee	-	-	-	-	-	15,029
Letter of credit	-	-	-	-	-	76,831

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

	As at December 31, 2023 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
<b>Statement of financial position</b>	----- Rupees in '000 -----					
<b>Lendings to financial institutions</b>						
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	-	-	-	-	-	-
<b>Investments</b>						
Opening balance	-	-	-	1,919,121	269,800	5,067,465
Investment made during the period	-	-	-	17,814,959	-	1,290,000
Investment redeemed / disposed off during the period	-	-	-	-	-	(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	-
<b>Advances</b>						
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
<b>Other assets</b>						
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	-	-	-	-	-	-
<b>Borrowings</b>						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	-
Settled during the year	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-



# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

	As at December 31, 2023 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	----- Rupees in '000 -----					
<b>Deposits and other accounts</b>						
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	<u>80,689</u>	<u>369</u>	<u>41,934</u>	<u>1,004,208</u>	<u>16,895</u>	<u>5,868,930</u>
<b>Subordinated debts</b>						
Opening balance	-	-	-	-	-	124,714
Issued during the year	-	-	-	-	-	20,000
Redeemed during the year	-	-	-	-	-	(124,714)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
<b>Other liabilities</b>						
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	-	-	-	-	-
<b>Contingencies and commitments</b>						
Letter of guarantee	-	-	-	-	-	15,141
Letter of Credit	-	-	-	-	-	516,329
Forward lending	-	-	-	-	-	-

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

For the nine months ended September 30, 2024 (Un-audited)						
Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	
<b>Profit and loss account</b>						
----- Rupees in '000 -----						
<b>Income</b>						
Mark-up / return / interest earned	-	-	1,799	45,301	54,027	18,266
Fee and commission income	-	113	1,174	5,658	-	70,713
Dividend income	-	-	-	2,082,030	-	62,433
<b>Credit loss allowance and write offs - net</b>						
Credit loss allowance for diminution in value of investments - net	-	-	-	-	6,925	-
<b>Expense</b>						
Mark-up / return / interest paid	20,026	-	1,681	201,714	2,161	748,495
Remuneration paid	-	-	575,103	-	-	-
Directors' fees and allowances	-	8,750	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	273,919
Net charge for defined benefit plans	-	-	-	-	-	115,093
Insurance expense	-	-	-	-	-	174,832
Advisory fee	-	-	-	-	-	1,104
Consultancy charges	-	-	-	-	-	63,097
Other expenses	1,874	-	1,808	-	-	-
<b>Payments made during the period</b>						
Insurance premium paid	-	-	-	-	-	254,255
Insurance claims settled	-	-	-	-	-	2,562
Donation paid	-	-	-	-	-	169,813
<b>Other Transactions</b>						
Sale of Government Securities	-	-	13,425	-	-	126,871,027
Purchase of Government Securities	-	-	3,148	4,943	-	95,067,616
Sale of Foreign Currencies	-	-	-	14,037,605	-	-
Purchase of Foreign Currencies	-	-	-	28,570,034	-	-
----- Rupees in '000 -----						
<b>For the nine months ended September 30, 2023 (Un-audited)</b>						
Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	
<b>Profit and loss account</b>						
----- Rupees in '000 -----						
<b>Income</b>						
Mark-up / return / interest earned	-	-	17,858	-	35,151	368,767
Fee, commission and brokerage income	-	-	1,788	6	10	59,880
Dividend income	-	-	-	-	-	148,750
Gain on sale of securities - net	-	-	-	-	-	5,997
Other income	-	-	-	-	-	800
<b>Provisions and write offs - net</b>						
Provision for diminution in value of investments - net	-	-	-	-	-	-
<b>Expense</b>						
Mark-up / return / interest paid	28,813	-	1,936	212,315	1,799	563,977
Commission / charges paid	-	-	-	1,410	-	-
Remuneration paid	-	-	444,925	-	-	-
Directors' fees and allowances	-	9,300	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	232,121
Net charge for defined benefit plans	-	-	-	-	-	98,249
Insurance expense	-	-	-	-	-	115,904
Legal charges	4,724	-	-	-	-	-
Consultancy charges	-	-	-	-	-	31,500
Other expenses	900	-	11,242	-	-	8,393
<b>Payments made during the period</b>						
Insurance premium paid	-	-	-	-	-	183,461
Insurance claims settled	-	-	-	-	-	6,666
Donation paid	-	-	-	-	-	35,503
<b>Other transactions</b>						
Sale of Government Securities	-	-	15,317	-	-	90,937,248
Purchase of Government Securities	-	-	14,712	12,298	-	3,577,322
Sale of Foreign Currencies	-	-	-	-	-	42,952,935
Purchase of Foreign Currencies	-	-	-	-	-	34,093,418

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

	(Un-audited) December 30, 2024	(Audited) December 31, 2023
	----- Rupees in '000 -----	
<b>40. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	20,506,625	20,506,625
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	19,910,649	17,247,260
Eligible Additional Tier 1 (ADT 1) Capital	2,500,000	2,500,000
Total Eligible Tier 1 Capital	22,410,649	19,747,260
Eligible Tier 2 Capital	6,958,668	5,907,060
Total Eligible Capital (Tier 1 + Tier 2)	<u>29,369,317</u>	<u>25,654,320</u>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	167,394,793	158,394,680
Market Risk	2,089,886	1,788,170
Operational Risk	44,504,940	44,504,940
Total	<u>213,989,619</u>	<u>204,687,790</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>9.30%</u>	<u>8.43%</u>
Tier 1 Capital Adequacy Ratio	<u>10.47%</u>	<u>9.65%</u>
Total Capital Adequacy Ratio	<u>13.72%</u>	<u>12.53%</u>
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	22,410,649	19,747,260
Total Exposures	734,871,283	646,271,336
Leverage Ratio	<u>3.05%</u>	<u>3.06%</u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	217,228,424	156,090,413
Total Net Cash Outflow	80,949,885	80,778,281
Liquidity Coverage Ratio	<u>268.35%</u>	<u>193.23%</u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	479,549,452	443,311,118
Total Required Stable Funding	314,750,139	302,819,828
Net Stable Funding Ratio	<u>152.36%</u>	<u>146.39%</u>

**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	9.30%	9.21%
T1 Capital to TRWAs	10.47%	10.38%
Total eligible capital to TRWAs	13.72%	13.59%
Leverage	3.05%	3.02%

# Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended September 30, 2024

**41. GENERAL**

**41.1** Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report, 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 October 25, 2024.

\_\_\_\_\_  
President and  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chairman

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# Denmark

## WE'VE GOT YOUR BACK!

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 September 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	<b>91,131,331</b>	82,182,460
Balances with other banks	7	<b>4,018,332</b>	5,302,080
Lendings to financial institutions	8	<b>41,226,113</b>	16,502,138
Investments	9	<b>638,688,245</b>	582,645,128
Advances	10	<b>435,886,380</b>	434,453,374
Property and equipment	11	<b>24,536,072</b>	22,241,601
Right-of-use assets	12	<b>7,278,798</b>	5,848,280
Intangible assets	13	<b>10,282,718</b>	8,501,048
Deferred tax assets	20	-	-
Other assets	14	<b>77,171,190</b>	72,324,972
		<b>1,330,219,179</b>	1,230,001,081
<b>LIABILITIES</b>			
Bills payable	15	<b>8,621,843</b>	10,793,898
Borrowings	16	<b>108,284,740</b>	88,031,534
Deposits and other accounts	17	<b>1,069,377,119</b>	1,007,819,494
Lease liabilities	18	<b>8,324,397</b>	6,686,639
Subordinated debt	19	<b>11,493,127</b>	11,344,671
Deferred tax liabilities	20	<b>2,725,323</b>	890,194
Other liabilities	21	<b>47,155,378</b>	44,446,530
		<b>1,255,981,927</b>	1,170,012,960
<b>NET ASSETS</b>		<b>74,237,252</b>	59,988,121
<b>REPRESENTED BY</b>			
Share capital		<b>20,506,625</b>	20,506,625
Reserves		<b>9,434,430</b>	7,306,299
Surplus on revaluation of assets	22	<b>7,147,208</b>	4,880,072
Unappropriated profit		<b>25,227,162</b>	17,808,561
		<b>62,315,425</b>	50,501,557
Non-controlling interest		<b>11,921,827</b>	9,486,564
		<b>74,237,252</b>	59,988,121
<b>CONTINGENCIES AND COMMITMENTS</b>			
	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 Nine Months Ended September 30, 2024

	Note	Quarter Ended		Nine Months Ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
----- Rupees in '000 -----					
Mark-up / return / interest / profit earned	25	56,953,732	34,079,868	168,486,263	76,643,218
Mark-up / return / interest / profit expensed	26	38,486,839	24,964,402	114,906,904	57,022,022
<b>Net mark-up / interest income</b>		<b>18,466,893</b>	<b>9,115,466</b>	<b>53,579,359</b>	<b>19,621,196</b>
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income	27	2,245,773	1,810,960	6,363,501	4,058,989
Dividend income		50,375	81,634	339,452	307,340
Foreign exchange income		511,755	822,174	4,113,842	3,373,243
Income / (loss) from derivatives		437,205	14,048	(10,042)	166
Gain / (loss) on securities - net	28	537,116	161,162	1,751,646	(343,852)
Gain / (loss) on derecognition of financial assets measured at amortised cost - net		-	-	-	-
Share of loss from associates		-	-	(26,823)	(17,706)
Other income	29	88,809	494,272	230,226	607,857
<b>Total non mark-up / interest income</b>		<b>3,871,033</b>	<b>3,384,250</b>	<b>12,761,802</b>	<b>7,986,037</b>
<b>Total Income</b>		<b>22,337,926</b>	<b>12,499,716</b>	<b>66,341,161</b>	<b>27,607,233</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	30	13,179,047	7,562,233	36,759,704	18,248,580
Workers' welfare fund	31	145,954	75,807	544,668	142,969
Other charges	32	62,102	18,922	78,258	38,954
<b>Total non-mark-up / interest expenses</b>		<b>13,387,103</b>	<b>7,656,962</b>	<b>37,382,630</b>	<b>18,430,503</b>
<b>Profit before provisions</b>		<b>8,950,823</b>	<b>4,842,754</b>	<b>28,958,531</b>	<b>9,176,730</b>
Credit loss allowance / provision and write offs - net	33	3,028,533	1,829,625	4,239,669	2,830,527
Extraordinary / unusual items		-	3,652,888	-	3,652,888
<b>Profit before taxation</b>		<b>5,922,290</b>	<b>6,666,017</b>	<b>24,718,862</b>	<b>9,999,091</b>
Taxation	34	2,932,459	1,309,627	12,012,752	3,051,214
<b>Profit after taxation</b>		<b>2,989,831</b>	<b>5,356,390</b>	<b>12,706,110</b>	<b>6,947,877</b>
<b>Attributable to:</b>					
Equity holders of the Bank		2,195,320	5,151,688	10,123,440	6,735,493
Non-controlling interest		794,511	204,702	2,582,670	212,384
		<b>2,989,831</b>	<b>5,356,390</b>	<b>12,706,110</b>	<b>6,947,877</b>
----- Rupees -----					
<b>Earnings per share - basic and diluted</b>	35	<b>1.07</b>	<b>3.62</b>	<b>4.94</b>	<b>4.74</b>

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

Nine Months Ended September 30, 2021

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

For the Nine Months Ended September 30, 2024

	Quarter Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	----- Rupees in '000 -----			
<b>Profit after taxation for the period</b>	<b>2,989,831</b>	5,356,390	<b>12,706,110</b>	6,947,877
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Effect of translation of net investment in foreign branch	(4,471)	20,984	(25,397)	248,110
Movement in (deficit) / surplus on revaluation of equity investments - net of tax	-	(259,235)	-	(420,056)
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	<b>4,592,429</b>	645,149	<b>3,494,830</b>	293,577
	<b>4,587,958</b>	406,898	<b>3,469,433</b>	121,631
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Movement in (deficit) on revaluation of equity investments - net of tax	(17,395)	25,262	(109,686)	11,376
Movement in surplus on revaluation of fixed assets - net of tax	-	2,096	-	(43,643)
Movement in surplus on revaluation of non-banking assets - net of tax	-	232	-	189
	<b>(17,395)</b>	27,590	<b>(109,686)</b>	(32,078)
<b>Total comprehensive income for the period</b>	<b><u>7,560,394</u></b>	<u>5,790,878</u>	<b><u>16,065,857</u></b>	<u>7,037,430</u>
<b>Attributable to:</b>				
Equity holders of the Bank	<b>7,560,394</b>	5,568,977	<b>12,853,591</b>	6,807,286
Non-controlling interest	-	221,901	<b>3,212,266</b>	230,144
	<b><u>7,560,394</u></b>	<u>5,790,878</u>	<b><u>16,065,857</u></b>	<u>7,037,430</u>

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 (Un-Audited)

For the Nine Months Ended September 30, 2024

	Attributable to equity holders of the Bank								Non-controlling interest	Total	
	Share capital	Capital reserve		Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit			Sub-total
		Share premium	Exchange translation reserve		Investments	Fixed assets	Non-banking assets				
	Rupees in '000										
<b>Balance as at January 01, 2023 (Audited)</b>	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
Non-controlling interest on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	15,854,770	15,854,770
<b>Profit after taxation</b>	-	-	-	-	-	-	-	6,735,493	6,735,493	212,384	6,947,877
<b>Other comprehensive income / (loss) - net of tax</b>	-	-	-	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branch	-	-	248,110	-	-	-	-	-	-	248,110	248,110
Movement in surplus on revaluation of investments - net of tax	-	-	-	-	(132,863)	-	-	-	-	(132,863)	(115,103)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(43,643)	-	-	-	(43,643)	(43,643)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	189	-	-	189	189
	-	-	248,110	-	(132,862)	(43,643)	189	-	71,793	17,760	89,553
Transfer to statutory reserve	-	-	-	464,194	-	-	-	(464,194)	-	-	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	-	(91,721)	3	91,718	-	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	(9,276)	-	-	9,276	-	-	-
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-
Issue of share capital (right shares)	2,205,689	-	-	-	-	-	-	-	-	2,205,689	2,205,689
Issue of share capital (further issue of shares)	5,328,293	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	-	-	-	-	-	-	-	1,308,753	1,308,753	(7,927,385)	(6,618,632)
<b>Balance as at September 30, 2023 (Un-audited)</b>	20,506,625	2,689,217	705,297	2,794,208	(580,858)	1,538,015	107,275	16,325,008	44,085,752	8,520,803	52,606,555
Non-controlling interest on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	(75,592)	(75,592)
<b>Profit after taxation</b>	-	-	-	-	-	-	-	2,713,337	2,713,337	724,046	3,437,383
<b>Other comprehensive income / (loss) - net of tax</b>	-	-	-	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branch	-	-	(28,269)	-	-	-	-	-	-	(28,269)	(28,269)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(96,913)	(96,913)	-	(96,913)
Movement in surplus on revaluation of investments - net of tax	-	-	-	-	3,476,569	-	-	-	-	3,476,569	4,202,013
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(2,096)	-	-	-	(2,096)	(2,096)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	390,973	-	-	390,973	36,877
	-	-	(28,269)	-	3,476,569	(2,096)	390,973	(96,913)	3,740,264	782,321	4,502,585
Transfer to statutory reserve	-	-	-	1,145,846	-	-	-	(1,145,846)	-	-	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	-	(50,639)	(69)	50,708	-	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	(63)	-	-	63	-	-	-
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-
Sale of shares by non-controlling interest	-	-	-	-	-	-	-	(37,796)	(37,796)	37,796	-
Interim cash dividend to NCI by subsidiary @ Rs. 1.75 per share	-	-	-	-	-	-	-	-	-	(482,810)	(482,810)
<b>Balance as at December 31, 2023 (Audited)</b>	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)
<b>Balance as at January 01, 2024 after adoption of IFRS 9</b>	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
<b>Profit after taxation</b>	-	-	-	-	-	-	-	10,123,440	10,123,440	2,582,670	12,706,110
<b>Other comprehensive income / (loss) - net of tax</b>	-	-	-	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branch	-	-	(25,397)	-	-	-	-	-	-	(25,397)	(25,397)
Movement in (deficit) on revaluation of investments - net of tax	-	-	-	-	2,755,548	-	-	-	2,755,548	629,596	3,385,144
	-	-	(25,397)	-	2,755,548	-	-	-	2,730,151	629,596	3,359,747
Transfer to statutory reserve	-	-	-	2,153,528	-	-	-	(2,153,528)	-	-	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	-	(122,997)	(1,679)	124,676	-	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	(3,389)	-	-	3,389	-	-	-
<b>Transactions with owners recorded directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend to NCI by subsidiary @ Rs. 1.00 per share	-	-	-	-	-	-	-	-	-	(689,728)	(689,728)
<b>Balance as at September 30, 2024 (Un-audited)</b>	20,506,625	2,689,217	651,631	6,093,582	5,267,425	1,363,283	496,500	25,227,162	62,315,425	11,921,627	74,237,252

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 Nine Months Ended September 30, 2024

	Note	September 30, 2024	September 30, 2023
		----- Rupees in '000 -----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		24,718,862	9,999,091
Less:			
Dividend income		(339,452)	(307,340)
Share of loss from associates		26,823	17,706
		<u>24,406,233</u>	<u>9,709,457</u>
<b>Adjustments:</b>			
Net mark-up / interest income		(54,479,194)	(49,822,547)
Depreciation on property and equipment	30	2,269,815	1,026,444
Depreciation on non-banking assets	30	27,649	25,485
Depreciation on right-of-use assets	30	2,035,090	858,771
Amortisation	30	453,223	220,397
Finance charges on leased assets	26	899,835	899,607
Charge for defined benefit plan		209,282	111,178
Unrealised (gain) on revaluation of investments measured at FVTPL - net	28	(190,837)	(48,521)
Credit loss allowance / provisions and write offs - net	33	4,239,669	2,830,527
Provision for workers' welfare fund	31	544,668	142,969
Gain on sale of fixed assets - net	29	(53,257)	(152,422)
Gain on reclassification of AFS equity shares	29		(332,658)
Bargain purchase gain	29	-	(3,652,888)
Gain on termination of leases - net	29	(84,302)	(63,451)
		<u>(44,128,359)</u>	<u>(47,957,109)</u>
		<u>(19,722,126)</u>	<u>(38,247,652)</u>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		(24,721,659)	35,533,719
Securities measured at FVTPL		(11,904,261)	(327,719)
Advances		(7,539,625)	29,316,810
Other assets		(2,080,340)	(9,878,479)
		<u>(46,245,885)</u>	<u>54,644,331</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		(2,172,055)	(1,382,860)
Borrowings		20,434,464	(74,240,149)
Deposits and other accounts		61,557,625	45,016,034
Other liabilities		1,226,810	4,695,647
		<u>81,046,844</u>	<u>(25,911,328)</u>
		<u>15,078,833</u>	<u>(9,514,649)</u>
Gratuity paid		(126,070)	-
Mark-up / return / interest received		166,027,035	113,148,015
Mark-up / return / interest paid		(111,857,090)	(63,325,468)
Income tax paid		(13,468,440)	(3,542,568)
<b>Net cash flows generated from / (used in) operating activities</b>		<u>55,654,268</u>	<u>36,765,330</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in securities measured at FVOCI		13,719,986	(21,092,860)
Net investments in securities measured at amortised cost		(51,571,536)	15,239,189
Dividend received		339,452	292,943
Investments in property and equipment		(4,640,268)	(2,284,472)
Investments in intangible assets		(2,273,215)	(835,996)
Investment in subsidiary net of cash acquired		-	22,359,573
Proceeds from sale of property and equipment		132,030	706,186
Effect of translation of net investment in foreign branch		(25,397)	248,110
<b>Net cash flows (used in) / generated from investing activities</b>		<u>(44,318,948)</u>	<u>14,632,673</u>
<b>CASH FLOW FROMS FINANCING ACTIVITIES</b>			
Payments of lease obligations against right-of-use assets		(2,945,656)	(1,215,052)
Repayment of subordinated debt		(967)	(1,996,500)
Issue of share capital (Right shares)		-	2,205,689
Issuance of subordinated debt		149,423	3,500,000
Dividend paid to NCI		(689,728)	-
<b>Net cash flows (used in) / generated from financing activities</b>		<u>(3,486,928)</u>	<u>2,494,137</u>
<b>Increase in cash and cash equivalents</b>		<u>7,848,392</u>	<u>53,892,140</u>
Cash and cash equivalents at beginning of the period		86,935,131	25,333,309
<b>Cash and cash equivalents at end of the period</b>	36	<u>94,783,523</u>	<u>79,225,449</u>

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 Nine Months Ended September 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 296 (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 Nine Months Ended September 30, 2024

## 1.3 Composition of the Group

	<b>Effective Holding</b>	
	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Subsidiaries</b>		
JS Global Capital Limited	<b>92.90%</b>	92.90%
JS Investments Limited	<b>84.56%</b>	84.56%
BankIslami Pakistan Limited	<b>75.12%</b>	75.12%
My Solutions Corporation Limited	<b>75.12%</b>	75.12%

## 1.4 Composition of the associated companies

### Associates of the Bank

Omar Jibrán Engineering Industries Limited	<b>9.60%</b>	9.60%
Veda Transit Solutions (Private) Limited	<b>3.92%</b>	3.92%
Intercity Touring Company (Private) Limited	<b>9.12%</b>	9.12%

### Associates of BIPL

Shakarganj Food Products Limited	<b>27.33%</b>	27.33%
KASB Funds Limited	<b>32.97%</b>	32.97%
KASB Capital Limited	<b>16.36%</b>	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 Nine Months Ended September 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 Nine Months Ended September 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 derecognition 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 Nine Months Ended September 30, 2024

## 4.1 Impact of IFRS 9 - Financial Instruments

During the period, as directed by the SBP vide its BPRD Circular No. 07 of 2023 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 Nine Months Ended September 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 -----				
<b>Assets</b>				
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
<b>Liabilities</b>				
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 assets	5,374,617	-	-	5,374,617
	1,170,012,960	-	(1,055,557)	1,168,957,403
<b>Net Assets</b>	<b>59,988,121</b>	<b>-</b>	<b>(1,126,998)</b>	<b>58,861,123</b>
<b>REPRESENTED BY</b>				
Share capital	20,506,625	-	-	20,506,625
Reserves	7,306,299	-	-	7,306,299
Surplus on revaluation of assets	4,880,072	-	(360,347)	4,519,725
Unappropriated profit	17,808,561	-	(679,376)	17,129,185
	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

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 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	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	-	-
Advances	Held to maturity	Amortised cost	102,146,174	102,146,174
	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	<u>2,535,266</u>

#### 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	<u>17,129,185</u>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 4.1.5 Impact on Non-controlling Interest

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	<u>9,399,289</u>

## 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:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

- 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:

- 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;

# Notes to the Condensed Interim Consolidated Financial Statements

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- 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 talking '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 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

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

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:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	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 or loss.
<b>Debt investments at FVOCI</b>	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.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss 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.

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 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 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.

### 4.1.12.1 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.



# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

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 or loss.

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 or loss 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 Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 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 or loss. 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 Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 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).

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 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'.

## (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

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 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.

**4.1.17 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

For the Nine Months Ended September 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. 3 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.

When estimating lifetime ECL for undrawn loan commitments, the Bank estimates the expected

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

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:

- Quantitative 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 through its 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 Nine Months Ended September 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) September 30, 2024	(Audited) December 31, 2023
	----- Rupees in '000 -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>		
<b>In hand</b>		
Local currency	20,437,824	19,834,818
Foreign currencies	<u>1,496,351</u>	<u>3,479,237</u>
	<b>21,934,175</b>	<b>23,314,055</b>
<b>With State Bank of Pakistan in</b>		
Local currency current accounts	53,914,009	41,887,252
Foreign currency current accounts	1,971,763	2,071,676
Foreign currency deposit accounts	4,095,806	4,614,459
Cash reserve account	974,099	969,037
Special cash reserve account	1,211,256	1,206,364
US dollar clearing account	<u>111,949</u>	<u>38,902</u>
	<b>62,278,882</b>	<b>50,787,690</b>
<b>With National Bank of Pakistan in local currency current accounts</b>	<b>6,908,501</b>	<b>8,059,788</b>
<b>National Prize Bonds</b>	<b>10,631</b>	<b>20,927</b>
Less: Credit loss allowance held	<u>(858)</u>	<u>-</u>
	<u><b>91,131,331</b></u>	<u><b>82,182,460</b></u>
<b>7. BALANCES WITH OTHER BANKS</b>		
<b>In Pakistan</b>		
In current accounts	48,992	40,691
In deposit accounts	<u>126,937</u>	<u>165,785</u>
	<b>175,929</b>	<b>206,476</b>
<b>Outside Pakistan</b>		
In current accounts	3,699,533	4,908,757
In deposit accounts	<u>144,097</u>	<u>186,921</u>
	<b>3,843,630</b>	<b>5,095,678</b>
Less: Credit loss allowance held	<u>(1,227)</u>	<u>(74)</u>
	<u><b>4,018,332</b></u>	<u><b>5,302,080</b></u>
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>		
<b>Secured</b>		
Bai Muajjal Receivable	23,765,920	-
Call Lending	<u>1,691,003</u>	<u>-</u>
<b>Unsecured</b>		
Musharkah Placement	3,000,000	-
Bai Muajjal receivable	12,769,304	16,502,138
Other placements	<u>15,390</u>	<u>17,820</u>
	<b>41,241,617</b>	<b>16,519,958</b>
Less: Credit loss allowance / provision held	<u>(8.1) (15,504)</u>	<u>(17,820)</u>
	<u><b>41,226,113</b></u>	<u><b>16,502,138</b></u>



# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

8.1 Particulars of credit loss allowance	(Un-audited)		(Audited)	
	September 30, 2024		December 31, 2023	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
----- Rupees in '000 -----				
<b>Domestic</b>				
Performing Stage 1	41,226,227	114	16,502,138	-
Under-performing Stage 2	-	-	-	-
Non-performing Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	15,390	15,390	17,820	17,820
<b>Total</b>	<b>41,241,617</b>	<b>15,504</b>	<b>16,519,958</b>	<b>17,820</b>

## 9. INVESTMENTS

		September 30, 2024 (Un-audited)			
		Cost / Amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying value
9.1 Investments by type		----- Rupees in '000 -----			
<b>FVTPL</b>					
Federal Government Securities Shares		10,066,307	-	9,234	10,075,541
Non Government Debt Securities		1,049,487	-	20,167	1,069,654
Open End Mutual Funds		176,688	-	-	176,688
		2,125,132	-	161,436	2,286,568
		13,417,614	-	190,837	13,608,451
<b>FVOCI</b>					
Federal Government Securities Shares		414,062,789	(34,333)	11,926,639	425,955,095
Non Government Debt Securities		2,725,375	(136,589)	671,153	3,259,939
Foreign Securities		36,309,594	(1,240,628)	741,143	35,810,109
		6,332,040	(205,485)	21,201	6,147,756
		459,429,798	(1,617,035)	13,360,136	471,172,899
<b>Amortised Cost</b>					
Federal Government Securities	9.1.1	153,717,710	-	-	153,717,710
Non-Government Debt Securities		92,145	(92,145)	-	-
		153,809,855	(92,145)	-	153,717,710
<b>Associates</b>		1,291,296	(1,102,111)	-	189,185
<b>Subsidiaries</b>		104,771	(104,771)	-	-
<b>Total Investments</b>		<b>628,053,334</b>	<b>(2,916,062)</b>	<b>13,550,973</b>	<b>638,688,245</b>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

	December 31, 2023 (Audited)			Carrying value
	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	
----- Rupees in '000 -----				
<b>Held-for-trading securities</b>				
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
<b>Available-for-sale securities</b>				
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
<b>Held-to-maturity securities</b>				
Federal Government Securities	102,238,319	(92,145)	-	102,146,174
<b>Associates</b>				
	1,318,119	(1,102,111)	-	216,008
<b>Subsidiaries</b>				
	104,771	(104,771)	-	-
<b>Total Investments</b>	<b>579,537,728</b>	<b>(4,361,262)</b>	<b>7,468,662</b>	<b>582,645,128</b>

9.1.1 The market value of securities measured at amortised cost (December 31, 2023: Held-to-maturity) as at September 30, 2024 amounted to Rs. 153,920.447 million (December 31, 2023: Rs. 100,310.906 million).

(Un-audited)		(Audited)	
September 30, 2024		December 31, 2023	
Cost	Market value	Cost	Market value
----- Rupees in '000 -----			

9.2 Investments given as collateral

<b>Federal Government Securities</b>			
Market Treasury Bills	7,335,337	7,537,679	-
Pakistan Investment Bonds - Floater	41,608,781	41,739,150	-
Government of Pakistan Ijarah Sukuks	2,814,000	2,814,000	35,314,000
	<u>2,814,000</u>	<u>2,814,000</u>	<u>36,278,840</u>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

9.3	Credit loss allowance / provision for diminution in value of investments	Note	(Un-audited)	(Audited)
			September 30, 2024	December 31, 2023
			----- Rupees in '000 -----	
	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		(4,371)	44,314
	Charge for the period / year		385,009	627,943
	Reversals for the period / year		(82,145)	(33,299)
		33	302,864	594,644
	Impact of reclassification of equity securities from FVOCI to FVTPL		(1,747,030)	90,432
	Closing balance		2,916,062	4,361,262

## 9.3.1 Particulars of credit loss allowance against debt securities

Category of classification	(Un-audited)		(Audited)	
	September 30, 2024		December 31, 2023	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Provision for diminution
----- Rupees in '000 -----				
<b>Domestic</b>				
Performing Stage 1	447,459,810	142	308,836,186	-
Under-performing Stage 2	695,647	131,928	-	-
Non-performing Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	1,951,428	1,200,703	1,233,212	956,961
	450,106,885	1,332,773	310,069,398	956,961
<b>Overseas</b>				
Performing Stage 1	5,679,040	555	18,362,125	58
Under-performing Stage 2	357,643	34,333	1,853,745	124,556
Non-performing Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	555,426	204,930	563,721	189,186
	6,592,109	239,818	20,779,591	313,800
<b>Total</b>	<b>456,698,994</b>	<b>1,572,591</b>	<b>330,848,989</b>	<b>1,270,761</b>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 9.4 Investment in associates

### 9.4.1 Movement of Investment in associates

September 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
			<u>216,008</u>	<u>(26,823)</u>	<u>189,185</u>
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
			<u>276,651</u>	<u>(60,643)</u>	<u>216,008</u>

### 9.4.2 Summary of financial position and performance of associates

Sep 30, 2024 (Un-audited)					
As at		Assets	Liabilities	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	Liabilities	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 Nine Months Ended September 30, 2024

		September 30, 2024 (Un-audited)		
		Performing	Non-Performing	Total
<b>10. ADVANCES</b>	Note	----- Rupees in '000 -----		
Loans, cash credits, running finances, etc.		249,755,091	26,196,283	275,951,374
Bills discounted and purchased		9,458,187	684,295	10,142,482
Islamic financing and related assets	10.2	173,811,392	19,781,543	193,592,935
Advances - gross		<u>433,024,670</u>	<u>46,662,121</u>	<u>479,686,791</u>
Credit loss allowance against advances				
- Stage 1		(2,016,965)	-	(2,016,965)
- Stage 2		(1,274,822)	-	(1,274,822)
- Stage 3		-	(36,575,328)	(36,575,328)
	10.4	<u>(3,291,787)</u>	<u>(36,575,328)</u>	<u>(39,867,115)</u>
Fair value adjustment		(3,933,296)	-	(3,933,296)
Advances - net of credit loss allowance		<u>425,799,587</u>	<u>10,086,793</u>	<u>435,886,380</u>
		December 31, 2023 (Audited)		
		Performing	Non-Performing	Total
		----- 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		<u>429,278,795</u>	<u>39,075,092</u>	<u>468,353,887</u>
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)
		<u>(4,790,803)</u>	<u>(29,109,710)</u>	<u>(33,900,513)</u>
Advances - net of provision		<u>424,487,992</u>	<u>9,965,382</u>	<u>434,453,374</u>
		(Un-audited) September 30, 2024	(Audited) December 31, 2023	
		----- Rupees in '000 -----		
<b>10.1 Particulars of advances (gross)</b>				
In local currency		463,996,809	454,582,565	
In foreign currencies		15,689,982	13,771,322	
		<u>479,686,791</u>	<u>468,353,887</u>	

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

	September 30, 2024 (Un-audited)		
	Performing	Non-Performing	Total
<b>10.2 Islamic financing and related assets</b>	----- Rupees in '000 -----		
Running Musharakah	36,522,505	1,444,955	37,967,460
Diminishing Musharakah financing and related assets - others	53,743,234	5,013,697	58,756,931
Diminishing Musharakah - Housing	20,865,980	2,282,974	23,148,954
Istisna financing and related assets	18,890,773	4,123,586	23,014,359
Diminishing Musharakah financing and related assets - Auto	16,609,249	637,310	17,246,559
Murabahah financing and related assets	13,228,320	770,556	13,998,876
Musawamah financing and related assets / Tijarah	6,944,829	4,869,816	11,814,645
Investment Agency Wakalah	2,730,590	-	2,730,590
Murabahah against Bills	504,163	196,778	700,941
Ijarah financing under IFAS 2 and related assets	575,445	158,654	734,099
Financing against Bills	3,033,615	-	3,033,615
Qardh-e-Hasana	26,453	123,031	149,484
Musharakah financing	(186)	160,186	160,000
Past Due Acceptance	47,903	-	47,903
Net investment in Ijarah financing in Pakistan	69,433	-	69,433
Housing finance portfolio - others	19,086	-	19,086
Salam	-	-	-
Islamic financing and related assets - gross	<u>173,811,392</u>	<u>19,781,543</u>	<u>193,592,935</u>
Credit loss allowance against Islamic financing and related assets			
- Stage 1	(1,803,048)	-	(1,803,048)
- Stage 2	(1,142,355)	-	(1,142,355)
- Stage 3	-	(17,247,321)	(17,247,321)
	(2,945,403)	(17,247,321)	(20,192,724)
	(957,296)	-	(957,296)
Islamic financing and related assets - net of credit loss allowance	<u>169,908,693</u>	<u>2,534,222</u>	<u>172,442,915</u>
	----- Rupees in '000 -----		
	December 31, 2023 (Audited)		
	Performing	Non-Performing	Total
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	<u>230,973,261</u>	<u>17,219,814</u>	<u>248,193,075</u>
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	<u>226,581,857</u>	<u>3,382,517</u>	<u>229,964,374</u>
<b>10.3</b>	Advances include Rs. 46,662.121 million (December 31, 2023: Rs. 39,075.092 million) which have been placed under non-performing status as detailed below:		

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

Category of classification	(Un-audited) September 30, 2024		(Audited) December 31, 2023	
	Non-Performing Loans	Credit loss allowance	«Non-Performing Loans»	Provision
----- Rupees in '000 -----				
<b>Domestic</b>				
Other Assets Especially Mentioned*	1,618,724	511,996	757,584	2,154
Substandard	5,715,909	1,911,058	2,345,892	352,882
Doubtful	3,989,207	1,657,435	4,680,410	1,092,320
Loss	35,338,281	32,494,839	31,291,206	27,662,354
				} Stage 3
<b>Total</b>	<b>46,662,121</b>	<b>36,575,328</b>	<b>39,075,092</b>	<b>29,109,710</b>

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

## 10.4 Particulars of credit loss allowance against advances

September 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	-	-	(295)	(295)
Charge for the period	7,017,444	808,606	1,019,721	8,845,771
Reversals for the period	(2,599,732)	(1,200,908)	(1,091,903)	(4,892,543)
	4,417,712	(392,302)	(72,182)	3,953,228
Amounts written off	(46,423)	-	-	(46,423)
Amounts charged off - agricultural financing	(93,299)	-	-	(93,299)
<b>Closing balance</b>	<b>36,575,328</b>	<b>1,274,822</b>	<b>2,016,965</b>	<b>39,867,115</b>
				} 10.4.1
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 period	5,189,705	1,376,836	7,538	6,574,079
Reversals for the period	(829,895)	(51,444)	-	(881,339)
	4,359,810	1,325,392	7,538	5,692,740
Amounts written off	(54,652)	-	-	(54,652)
<b>Closing balance</b>	<b>29,109,710</b>	<b>4,768,909</b>	<b>21,894</b>	<b>33,900,513</b>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 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. 5,097.672 million (December 31, 2023: Rs. 4,551.312 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 2,599.813 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**

	September 30, 2024 (Un-audited)		
	Stage 1	Stage 2	Stage 3
	----- Rupees in '000 -----		
Opening balance	399,344	-	9,660,542
	<b>1,690,098</b>	<b>1,667,124</b>	<b>22,636,796</b>
New Advances	126,248	27,598	4,025,038
Advances derecognised or repaid	(56,817)	(171,487)	(1,577,940)
Transfer to stage 1	104,293	(104,293)	-
Transfer to stage 2	(196,825)	196,825	-
Transfer to stage 3	(1,539,504)	(392,313)	1,931,818
	<b>(1,562,605)</b>	<b>(443,670)</b>	<b>4,378,916</b>
Amounts written off	-	-	(139,722)
Changes in risk parameters	1,490,128	51,368	38,796
<b>Closing balance</b>	<b>2,016,965</b>	<b>1,274,822</b>	<b>36,575,328</b>



# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

		<u>September 30, 2024 (Un-audited)</u>	
		<u>Outstanding</u>	<u>Credit loss</u>
		<u>amount</u>	<u>allowance held</u>
		----- Rupees in '000 -----	
<b>10.6</b>	<b>Advances - Category of classification</b>		
	<b>Domestic</b>		
	Performing Stage 1	<b>387,029,957</b>	1,994,235
	Under-performing Stage 2	<b>42,441,618</b>	1,274,822
	Non-performing Stage 3		
	OAEM	<b>1,618,724</b>	511,996
	Substandard	<b>5,715,909</b>	1,911,058
	Doubtful	<b>3,989,207</b>	1,657,435
	Loss	<b>35,338,281</b>	32,494,839
		<b>476,133,696</b>	39,844,385
	<b>Overseas</b>		
	Performing Stage 1	<b>3,553,095</b>	22,730
	Under-performing Stage 2	-	-
	Non-performing Stage 3		
	Substandard	-	-
	Doubtful	-	-
	Loss	-	-
		<b>3,553,095</b>	22,730
	<b>Total</b>	<b>479,686,791</b>	39,867,115
		<b>(Un-audited)</b>	<b>(Audited)</b>
		<b>September 30,</b>	<b>December 31,</b>
		<b>2024</b>	<b>2023</b>
		----- Rupees in '000 -----	
<b>11.</b>	<b>PROPERTY AND EQUIPMENT</b>		
	Capital work-in-progress	<b>2,696,752</b>	1,990,955
	Property and equipment	<b>21,839,320</b>	20,250,646
		<b>24,536,072</b>	22,241,601
<b>11.1</b>	<b>Capital work-in-progress</b>		
	Civil works	<b>1,619,676</b>	1,517,359
	Equipment	<b>237,276</b>	311,448
	Advances to suppliers	<b>839,800</b>	162,148
		<b>2,696,752</b>	1,990,955

## Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

		(Un-audited)	
		January - September 2024	January - September 2023
		----- Rupees in '000 -----	
<b>11.2</b>	<b>Additions to property and equipment</b>	Note	
	The following additions have been made to property and equipment during the period:		
	Capital work-in-progress - net	<b>1,452,537</b>	1,410,592
	<b>Property and equipment</b>		
	Building on leasehold land	-	617,158
	Leasehold improvements	<b>318,391</b>	184,056
	Furniture and fixture	<b>1,598,175</b>	651,998
	Electrical, office and computer equipments	<b>1,838,467</b>	1,905,434
	Vehicles	<b>179,438</b>	203,745
		<b>3,934,471</b>	3,562,391
	<b>Total</b>	<b>5,387,008</b>	<b>4,972,983</b>
		11.2.1	

**11.2.1** This includes transfer from capital work in progress during the period of Rs. 746.740 million (September 30, 2023: Rs. 1,130.617 million).

		(Un-audited)	
		January - September 2024	January - September 2023
		----- Rupees in '000 -----	
<b>11.3</b>	<b>Disposal of property and equipment</b>		
	The net book value of property and equipment disposed off during the period is as follows:		
	Building on freehold land	-	405,000
	Building on leasehold land	-	103,688
	Leasehold improvements	<b>8,093</b>	1,277
	Furniture and fixture	<b>6,528</b>	16,267
	Electrical, office and computer equipments	<b>23,802</b>	22,700
	Vehicles	<b>24,720</b>	4,832
	<b>Total</b>	<b>63,143</b>	<b>553,764</b>

## Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	Rupees in '000	
<b>12. RIGHT-OF-USE ASSETS</b>		<b>Buildings</b>	<b>Buildings</b>
Opening balance		5,848,280	2,457,244
Additional impact upon acquisition of subsidiary		-	2,449,059
Additions / renewals		3,751,056	2,554,992
Terminations		(9,510)	(203,293)
Depreciation charge	30	(2,035,091)	(1,419,084)
Exchange rate adjustments		(240)	5,685
Other adjustments		(275,697)	3,677
Closing balance		<u>7,278,798</u>	<u>5,848,280</u>
<b>13. INTANGIBLE ASSETS</b>			
Capital work-in-progress		2,039,326	815,848
Computer software		3,766,990	3,213,292
Goodwill		4,407,921	4,407,921
Others		68,481	63,987
		<u>10,282,718</u>	<u>8,501,048</u>
		(Un-audited)	(Un-audited)
		January -	January -
		September	September
		2024	2023
<b>13.1 Additions to intangible assets</b>	Note	Rupees in '000	
The following additions have been made to intangible assets during the period:			
Capital work-in-progress - net		1,761,917	687,192
Computer software	13.1.1	1,049,737	1,039,305
		<u>2,811,654</u>	<u>1,726,497</u>
<b>13.1.1</b>	This includes transfer from capital work in progress during the period of Rs. 319.635 million (September 30, 2023: Rs. 627.893 million).		
		(Un-audited)	(Un-audited)
		January -	January -
		September	September
		2024	2023
<b>13.2 Disposal of intangible assets</b>		Rupees in '000	
The net book value of intangible assets disposed off during the period is as follows:			
Membership and Subscription		<u>15,630</u>	<u>-</u>

## Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- Rupees in '000 -----	
<b>14. OTHER ASSETS</b>			
Mark-up / return / interest accrued in local currency		<b>48,301,891</b>	45,926,699
Mark-up / return / interest accrued in foreign currencies		<b>247,549</b>	163,513
Advances, deposits, advance rent and other prepayments		<b>3,279,723</b>	5,224,714
Acceptances		<b>5,126,591</b>	6,589,632
Dividend receivable		<b>12,404</b>	5,552
Receivable against bancassurance / bancatakaful		-	332,672
Stationery and stamps on hand		<b>15,709</b>	21,290
Receivable in respect of home remittance		<b>28,721</b>	30,805
Due from State Bank of Pakistan		<b>1,425,058</b>	807,190
Fair value adjustment on advances		<b>3,971,361</b>	-
Non-banking assets acquired in satisfaction of claims		<b>6,210,810</b>	6,228,532
Mark to market gain on forward foreign exchange contracts		<b>522,237</b>	1,642,158
Advance against investments in securities		<b>792,000</b>	1,178,306
Branchless banking fund settlement		-	202,425
Clearing and settlement accounts		<b>1,066,838</b>	-
Inter bank fund transfer settlement		<b>213,327</b>	1,079,395
Credit card settlement		<b>270,062</b>	498,755
Insurance claims receivable		<b>56,755</b>	27,302
Trade receivable from brokerage and advisory business - net		<b>3,479,897</b>	1,817,314
Balances due from funds under management		<b>155,877</b>	125,531
Others		<b>2,745,184</b>	1,197,153
		<b>77,921,994</b>	73,098,938
Less: Credit loss allowance / provision held against other assets	14.1	<b>(1,335,708)</b>	(1,362,792)
Other assets - net of credit loss allowance / provision held		<b>76,586,286</b>	71,736,146
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	<b>584,904</b>	588,826
Other assets - total		<b>77,171,190</b>	72,324,972
<b>14.1 Credit loss allowance / provision held against other assets</b>			
Advances, deposits, advance rent and other prepayments		<b>61,027</b>	64,555
Trade receivable from brokerage and advisory business - net		<b>444,288</b>	430,225
Non-banking assets acquired in satisfaction of claims		<b>305,762</b>	305,762
Others		<b>524,631</b>	562,250
		<b>1,335,708</b>	1,362,792

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- Rupees in '000 -----	
<b>14.1.1 Movement of credit loss allowance / provision held against other assets</b>		
Opening balance	<b>1,362,792</b>	430,569
Additional impact upon acquisition of subsidiary	-	768,745
Impact of adoption of IFRS 9	<b>18,295</b>	-
Charge during the period / year	<b>18,473</b>	163,478
Reversals during the period / year	<b>(63,852)</b>	-
	<b>(45,379)</b>	163,478
Closing balance	<b><u>1,335,708</u></b>	<u>1,362,792</u>
<b>15. BILLS PAYABLE</b>		
In Pakistan	<b>8,259,636</b>	10,394,456
Outside Pakistan	<b>362,207</b>	399,442
	<b><u>8,621,843</u></b>	<u>10,793,898</u>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

(Un-audited) (Audited)  
September 30, December 31,  
2024 2023  
----- Rupees in '000 -----

## 16. BORROWINGS

### Secured

Borrowings from State Bank of Pakistan under:

Export refinancing scheme	13,009,703	13,554,172
Long-term finance facility	2,534,012	2,972,509
Financing facility for storage of agricultural produce	235,700	176,993
Financing facility for renewable energy projects	1,785,209	1,797,675
Refinance for women entrepreneurs	230,820	179,462
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	354,745	218,239
Refinance facility for combating COVID-19	227,422	232,749
Temporary economic refinance facility	11,387,508	12,461,501
Small enterprise financing and credit guarantee scheme for special persons	1,199	1,978
Refinance facility for working capital of SMEs	76,641	193,750
Refinance facility for SME Asaan Finance (SAAF) scheme	5,774,721	1,438,299
Acceptances from SBP under Mudaraba	-	30,694,154
Islamic Export Finance Scheme - Rupee based discounting	4,574,997	4,600,946
Acceptances under Islamic Export Refinance Scheme	627,000	3,554,100
Acceptances for financial assistance	4,723,276	4,413,497
Repurchase agreement borrowings	-	-
	<b>45,542,953</b>	<b>76,490,024</b>

Borrowing from financial institutions:

Repurchase agreement borrowings	49,247,704	2,987,901
Musharakah	37,500	2,649,999
Refinancing facility for mortgage loans	6,588,358	3,354,127
Refinance facility for Islamic mortgage	-	-
	<b>55,873,562</b>	<b>8,992,027</b>

**101,416,515** **85,482,051**

### Unsecured

Overdrawn nostro accounts	368,225	549,483
Call Borrowings	500,000	-
Wakalah	-	2,000,000
Musharakah	6,000,000	-
	<b>6,868,225</b>	<b>2,549,483</b>

**108,284,740** **88,031,534**

### 16.1 Particulars of borrowings

In local currency	107,995,536	87,482,051
In foreign currencies	289,204	549,483
	<b>108,284,740</b>	<b>88,031,534</b>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 17. DEPOSITS AND OTHER ACCOUNTS

	September 30, 2024			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
<b>Customers</b>						
Current deposits	332,175,055	21,018,350	353,193,405	301,477,172	19,188,611	320,665,783
Savings deposits	287,205,394	11,656,709	298,862,103	239,067,032	10,197,248	249,264,280
Term deposits	322,895,428	48,364,612	371,260,040	328,171,818	53,754,279	381,926,097
Margin deposits	26,708,268	344,538	27,052,806	32,213,341	677,539	32,890,880
	<u>968,984,145</u>	<u>81,384,209</u>	<u>1,050,368,354</u>	<u>900,929,363</u>	<u>83,817,677</u>	<u>984,747,040</u>
<b>Financial Institutions</b>						
Current deposits	2,712,831	143,360	2,856,191	1,692,578	294,647	1,987,225
Savings deposits	12,729,173	17,948	12,747,121	16,619,049	525	16,619,574
Term deposits	3,405,307	-	3,405,307	4,465,509	-	4,465,509
Margin deposits	146	-	146	146	-	146
	<u>18,847,457</u>	<u>161,308</u>	<u>19,008,765</u>	<u>22,777,282</u>	<u>295,172</u>	<u>23,072,454</u>
	<u>987,831,602</u>	<u>81,545,517</u>	<u>1,069,377,119</u>	<u>923,706,645</u>	<u>84,112,849</u>	<u>1,007,819,494</u>

## 18. LEASE LIABILITIES

Note

(Un-audited) (Audited)  
September 30, December 31,  
2024 2023

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

Opening balance	6,670,728	2,795,197
Additional impact upon acquisition of subsidiary	-	2,917,378
Additions / renewals	3,734,014	2,554,992
Lease payments including interest	(2,936,333)	(2,280,921)
Finance charges on leased assets	895,151	953,739
Terminations	(12,828)	(267,772)
Exchange difference	(227)	5,516
Other adjustments	(26,108)	8,510
Closing balance	<u>8,324,397</u>	<u>6,686,639</u>

## 18.1 Outstanding liabilities

Not later than one year	702,166	198,864
Later than one year and upto five years	5,507,243	2,143,040
Over five years	2,114,988	4,344,735
<b>Total</b>	<u>8,324,397</u>	<u>6,686,639</u>

## 19. SUBORDINATED DEBT

Term Finance Certificates - Fifth Issue	19.1	3,499,067	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	997,656	848,000
		<u>11,493,127</u>	<u>11,344,671</u>

## Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

- 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 Nine Months Ended September 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.

## Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

- 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)
Profit rate:	Floating rate of return at Base Rate + 2.25 percent per annum;
	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.
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.
<b>Loss absorbency clause:</b>	
Pre-Specified Trigger (PST)	<p>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:</p> <ul style="list-style-type: none"> <li>- 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);</li> <li>- 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</li> <li>- 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.</li> </ul>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

Point of Non-Viability (PONV)	<p>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:</p> <p>The PONV trigger event is the earlier of:</p> <ul style="list-style-type: none"> <li>- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;</li> <li>- 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.</li> <li>- 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.</li> </ul>
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- 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

For the Nine Months Ended September 30, 2024

- 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 Nine Months Ended September 30, 2024

	(Un-audited) December 30, 2024	(Audited) December 31, 2023
<b>20. DEFERRED TAX ASSET / (LIABILITIES)</b>	Note	----- Rupees in '000 -----
<b>Deductible Temporary Differences on:</b>		
Credit loss allowance / provision against investments	(256,203)	(241,763)
Credit loss allowance / provision against loans and advances	(7,562,465)	(6,270,555)
Other assets	(123,422)	(78,212)
Accumulated tax losses	(55,399)	(45,805)
	<b>(7,997,489)</b>	<b>(6,636,335)</b>
<b>Taxable Temporary Differences on:</b>		
Accelerated tax depreciation	1,575,624	1,233,336
Goodwill	717,176	717,176
Fair value adjustment on amalgamation	246,317	337,060
Surplus on revaluation of investments classified as measure at FVOCI / available-for-sale	22 6,541,441	3,466,467
Surplus on revaluation of fixed assets	22 1,561,014	1,698,745
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22 54,185	56,106
Surplus on revaluation of investments classified as measured at FVTPL / held-for-trading	27,055	17,639
	<b>10,722,812</b>	<b>7,526,529</b>
	<b>2,725,323</b>	<b>890,194</b>
<b>21. OTHER LIABILITIES</b>		
Mark-up / return / interest payable in local currency	16,033,907	14,380,731
Mark-up / return / interest payable in foreign currencies	1,215,192	718,389
Unearned income on guarantees	460,085	398,300
Accrued expenses	4,143,510	3,913,117
Current taxation (payments less provision)	1,028,144	2,448,848
Acceptances	5,126,591	6,589,632
Unclaimed dividends	7,576	7,576
Mark to market loss on derivative instruments	-	16,437
Mark to market loss on forward foreign exchange contracts	1,490,975	1,923,277
Defined benefit obligation - net	645,344	562,132
Payable to defined contribution plan	51,247	44,798
Withholding taxes payable	1,740,544	1,199,621
Donation payable	231,451	209,514
Security deposits against leases, lockers and others	1,957,672	2,061,856
Workers' welfare fund	1,756,049	1,210,355
Payable in respect of home remittance	47,817	35,659
Retention money payable	150,475	121,883
Insurance payable	285,204	249,979
Payable to vendors against SBS goods	191,698	282,322
Debit card settlement	416,151	473,999
Clearing and settlement accounts	411,397	539,857
Trade payable from brokerage and advisory business - net	3,754,592	2,899,893
Dividend payable	186,388	206,472
Deferred Murabahah income financing and IERS	813,618	1,111,958
Sundry Creditors	3,015,360	1,595,515
Credit loss allowance against off-balance sheet obligations	21.1 119,498	-
Others	1,874,893	1,244,410
	<b>47,155,378</b>	<b>44,446,530</b>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 21.1 Credit loss allowance against off-balance sheet obligations

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- Rupees in '000 -----
Opening balance	-	-
Impact of adoption of IFRS 9	16,578	-
Reclassified from advances	2,371	-
Exchange impact	(50)	-
Charge for the period / year	103,852	-
Reversals for the period / year	(3,253)	-
	100,599	-
Closing balance	119,498	-

## 22. SURPLUS ON REVALUATION OF ASSETS

	(Un-audited) September 30, 2024			(Audited) December 31, 2023		
	Attributable to			Attributable to		
	Equity Holders	Non - Controlling Interest	Total	Equity Holders	Non - Controlling Interest	Total
	Note ----- Rupees in '000 -----					
<b>Surplus / (deficit) on revaluation of:</b>						
- Securities measured at FVOCI - debt	9,976,848	2,712,101	12,688,949	-	-	-
- Securities measured at FVOCI - equity	394,168	(91,036)	303,132	-	-	-
- Available-for-sale	-	-	-	5,495,518	1,520,755	7,016,273
- Fixed assets	1,515,867	(113,123)	1,402,744	1,745,704	(50,081)	1,695,623
- Non-banking assets acquired in satisfaction of claims	517,807	(439)	517,368	521,097	193	521,290
	12,404,690	2,507,503	14,912,193	7,762,319	1,470,867	9,233,186
<b>Deferred tax on surplus / (deficit) on revaluation of:</b>						
- Securities measured at FVOCI - debt	(2,998,947)	(1,284,053)	(4,283,000)	-	-	-
- Securities measured at FVOCI - equity	(2,084,644)	(406)	(2,085,050)	-	-	-
- Available-for-sale	-	-	-	(2,599,905)	(728,167)	(3,328,072)
- Fixed assets	(152,584)	55,430	(97,154)	(259,424)	24,540	(234,884)
- Non-banking assets acquired in satisfaction of claims	(21,307)	214	(21,093)	(22,918)	(97)	(23,015)
	(5,257,482)	(1,228,815)	(6,486,297)	(2,882,247)	(703,724)	(3,585,971)
	7,147,208	1,278,688	8,425,896	4,880,072	767,143	5,647,215

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- Rupees in '000 -----	
<b>23. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	23.1	<b>106,951,181</b>	78,331,902
Commitments	23.2	<b>425,933,173</b>	415,060,508
Other contingencies	23.3	<b>1,449,235</b>	1,456,807
		<u><b>534,333,589</b></u>	<u>494,849,217</u>
<b>23.1 Guarantees</b>			
Financial guarantees		<b>10,560,692</b>	8,425,132
Performance guarantees		<b>48,211,367</b>	37,928,885
Other guarantees		<b>48,179,122</b>	31,977,885
		<u><b>106,951,181</b></u>	<u>78,331,902</u>
<b>23.2 Commitments</b>			
<b>Documentary credits and short-term trade-related transactions</b>			
- Letters of credit		<b>61,563,882</b>	66,757,307
<b>Commitments in respect of:</b>			
- Forward foreign exchange contracts	23.2.1	<b>191,879,103</b>	221,244,084
- Derivative instruments	23.2.2	<b>709,674</b>	735,596
- Forward lending	23.2.3	<b>170,886,723</b>	124,976,341
<b>Commitments for acquisition of:</b>			
- Property and equipment	23.2.4	<b>792,076</b>	1,248,891
- Intangible assets	23.2.4	<b>101,715</b>	98,289
		<b>425,933,173</b>	415,060,508
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		<b>109,666,021</b>	125,569,086
Sale		<b>82,213,082</b>	95,674,998
		<u><b>191,879,103</b></u>	<u>221,244,084</u>
<b>23.2.2 Commitments in respect of derivative instruments</b>			
<b>Forward securities contracts</b>			
Purchase		-	-
Sale		<b>709,674</b>	-
		<u><b>709,674</b></u>	<u>-</u>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- Rupees in '000 -----	
<b>23.2.3</b>	<b>Commitments in respect of forward lending</b>		
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.3.1 <u><b>170,886,723</b></u>	<u>124,976,341</u>
<b>23.2.3.1</b>	These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Group without the risk of incurring significant penalty or expense..		
<b>23.2.4</b>	This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware & network equipment, electrical equipment and computer software.		
		(Un-audited) September 30, 2024	(Audited) December 31, 2023
<b>23.3</b>	<b>Other contingencies</b>	Note ----- Rupees in '000 -----	
	Claims against the Group not acknowledged as debts	23.3.1 <b>730,446</b>	738,018
	Other contingencies	<u><b>718,789</b></u>	<u>718,789</u>
		<u><b>1,449,235</b></u>	<u>1,456,807</u>

**23.3.1** These mainly represent counter claims filed by borrowers for damages, claims by former employees of the Group 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 Group's favour and the possibility of any outcome against the Group 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.

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



# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

September 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
----- Rupees in '000 -----					
<b>24.1 Product Analysis</b>					
<b>With Banks</b>					
Hedging	-	-	-	-	-
Market making	-	-	-	709,674	(1,364)
	-	-	-	709,674	(1,364)
<b>With FIs other than banks</b>					
Hedging	-	-	-	-	-
Market making	-	-	-	-	-
	-	-	-	-	-
<b>Total</b>					
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 -----

<b>With Banks</b>					
Hedging	-	-	-	-	-
Market making	-	-	-	735,596	(16,437)
	-	-	-	735,596	(16,437)
<b>With FIs other than banks</b>					
Hedging	-	-	-	-	-
Market making	-	-	-	-	-
	-	-	-	-	-
<b>Total</b>					
Hedging	-	-	-	-	-
Market making	-	-	-	735,596	(16,437)
	-	-	-	735,596	(16,437)

(Un-audited)

September 30, 2024      September 30, 2023

**25. MARK-UP / RETURN / INTEREST EARNED**

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

<b>On:</b>		
Loans and advances	<b>57,714,981</b>	33,821,937
Investments	<b>105,844,776</b>	39,643,174
Lendings to financial institutions	<b>3,603,906</b>	572,028
Securities purchased under resale agreements	<b>862,769</b>	2,358,523
Balances with other banks	<b>459,831</b>	247,556
	<b><u>168,486,263</u></b>	<u>76,643,218</u>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

	(Un-audited)	
	September 30, 2024	September 30, 2023
	----- Rupees in '000 -----	
<b>25.1 Interest income recognised on:</b>		
Financial assets measured at amortised cost	81,436,644	51,400,952
Financial assets measured at FVOCI	85,315,760	24,330,482
Financial assets measured at FVTPL	1,733,859	911,784
	<u>168,486,263</u>	<u>76,643,218</u>
<b>26. MARK-UP / RETURN / INTEREST PROFIT / EXPENSED</b>		
<b>On:</b>		
Deposits	90,100,856	43,445,348
Borrowings	18,066,925	10,494,969
Subordinated debt	2,006,579	1,375,597
Cost of foreign currency swaps against foreign currency deposits / borrowings	3,832,709	806,501
Lease liability against right-of-use assets	899,835	899,607
	<u>114,906,904</u>	<u>57,022,022</u>
<b>26.1 Interest expense calculated using effective profit rate method</b>	<b>20,632,262</b>	<b>11,870,566</b>
Other financial liabilities	94,274,642	45,151,456
	<u>114,906,904</u>	<u>57,022,022</u>
<b>27. FEE AND COMMISSION INCOME</b>		
Branch banking customer fees	108,846	105,985
Finance related fees	471,625	379,350
Card related fees (debit and credit cards)	1,780,199	570,849
Investment banking fees	139,441	83,145
Commission on trade	1,175,994	896,792
Commission on guarantees	553,602	693,400
Commission on cash management	44,707	34,401
Commission on remittances including home remittances	271,431	91,233
Commission on bancassurance / bancatakaful	109,873	62,197
Commission on distribution of mutual funds	5,654	(293)
Commission on online services	157,320	177,869
Postage and courier income	20,076	11,888
Rebate income	383,244	305,276
Brokerage income	795,757	458,395
Management fee	345,732	188,502
	<u>6,363,501</u>	<u>4,058,989</u>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

		(Un-audited)	
		September 30, 2024	September 30, 2023
	Note	----- Rupees in '000 -----	
<b>28. GAIN / (LOSS) ON SECURITIES - NET</b>			
Realised	28.1	1,560,809	(392,373)
Unrealised - measured at FVTPL		<u>190,837</u>	<u>48,521</u>
		<u><b>1,751,646</b></u>	<u><b>(343,852)</b></u>
<b>28.1 Realised gain / (loss) on:</b>			
<b>Federal government securities</b>			
Market treasury bills		179,958	(665,258)
Pakistan investment bonds		1,065,544	(32,085)
Ijarah sukuk certificates		<u>47,308</u>	<u>104,538</u>
		<u><b>1,292,810</b></u>	<u><b>(592,805)</b></u>
<b>Shares</b>			
Listed companies		263,147	8,877
<b>Non Government Debt Securities</b>			
Term finance certificates		47,357	24,199
<b>Mutual fund units</b>		96,488	164,596
<b>Foreign currency bonds</b>		<u>(138,993)</u>	<u>2,760</u>
		<u><b>1,560,809</b></u>	<u><b>(392,373)</b></u>
<b>28.2 Net gain / (loss) on financial assets</b>			
Measured at FVTPL - designated upon initial recognition		310,161	-
Net gain on financial assets measured at FVOCI		<u>1,250,648</u>	<u>-</u>
		<u><b>1,560,809</b></u>	<u><b>-</b></u>
<b>29. OTHER INCOME</b>			
Rent Income		30,311	25,540
Gain on sale of property and equipment - net		53,257	152,422
Gain on termination of leases - net		84,302	63,451
Gain on reclassification of AFS equity shares		-	332,658
Gain on termination of Islamic financing		16,165	-
Others		<u>46,191</u>	<u>33,786</u>
		<u><b>230,226</b></u>	<u><b>607,857</b></u>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

30. OPERATING EXPENSES	(Un-audited)	
	September 30, 2024	September 30, 2023
	----- Rupees in '000 -----	
Total compensation expense	14,585,073	6,879,233
<b>Property expense</b>		
Rent and taxes	257,607	160,892
Insurance	-	1,325
Utilities cost	1,686,667	708,458
Security (including guards)	1,058,346	329,851
Repair and maintenance (including janitorial charges)	806,975	317,679
Depreciation	846,127	333,913
Depreciation on right-of-use assets	2,035,090	858,771
Depreciation on non-banking assets	27,649	25,485
	<b>6,718,461</b>	<b>2,736,374</b>
<b>Information technology expenses</b>		
Software maintenance	1,779,809	881,549
Hardware maintenance	625,946	283,886
Depreciation	746,177	377,883
Amortisation	453,223	220,397
Network charges	525,345	226,477
	<b>4,130,500</b>	<b>1,990,192</b>
<b>Other operating expenses</b>		
Directors' fees and allowances	33,718	12,843
Legal and professional charges	397,973	273,977
Insurance	701,459	248,095
Outsourced services costs	322,220	232,092
Travelling and conveyance	452,648	257,128
NIFT clearing charges	89,597	46,211
Depreciation	677,511	314,648
Amortisation	10,776	-
Training and development	74,952	39,628
Postage and courier charges	147,134	77,208
Communication	665,011	180,419
Stationery and printing	704,101	348,921
Marketing, advertisement and publicity	2,138,367	1,747,073
Donations	281,372	39,760
Auditors' remuneration	48,655	15,300
Staff auto fuel and maintenance	490,468	456,714
Bank charges	65,784	69,075
Stamp duty	70,511	72,356
Online verification charges	79,820	101,221
Brokerage, fee and commission	77,670	117,367
Card related fees (debit and credit cards)	1,302,755	857,349
CDC and other charges	58,158	24,302
Consultancy fee	90,746	70,724
Deposit protection premium	153,893	142,046
Entertainment expenses	292,651	145,373
Repair and maintenance	719,802	136,665
Cash handling charges	275,449	187,581
Fee and subscription	720,140	241,755
Employees social security	9,811	8,419
Generator fuel and maintenance	170,831	160,341
Fee and allowances to Shariah Board	25,005	3,160
Royalty	30,250	26,250
Others	185,907	99,706
	<b>11,565,145</b>	<b>6,753,707</b>
	<b>36,999,179</b>	<b>18,359,506</b>
Less: Reimbursement of selling and distribution expenses	<b>(239,475)</b>	<b>(110,926)</b>
	<b>36,759,704</b>	<b>18,248,580</b>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 31. WORKERS' WELFARE FUND

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

		(Un-audited)	
		September 30,	September 30,
		2024	2023
		----- Rupees in '000 -----	
<b>32. OTHER CHARGES</b>	Note		
Penalties imposed by State Bank of Pakistan		<u>78,258</u>	<u>38,954</u>
<b>33. CREDIT LOSS ALLOWANCE / PROVISION AND WRITE OFFS - NET</b>			
Credit loss allowance / provision against lendings to financial institutions		(2,336)	(810)
Credit loss allowance / provision for diminution in value of investments	9.3	302,864	4,237
Credit loss allowance / provision against balances with other banks		(5,808)	-
Credit loss allowance / provision against loans and advances	10.4	3,953,228	2,759,708
Credit loss allowance / provision against off balance sheet		14,624	-
Other credit loss allowance and write offs		<u>(22,903)</u>	<u>67,392</u>
		<u>4,239,669</u>	<u>2,830,527</u>
<b>34. TAXATION</b>			
Current		12,092,459	2,325,472
Prior years		(44,723)	(67,188)
Deferred		<u>(34,984)</u>	<u>792,930</u>
		<u>12,012,752</u>	<u>3,051,214</u>

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 Nine Months Ended September 30, 2024

## 35. EARNINGS PER SHARE - BASIC AND DILUTED

	(Un-audited)			
	Quarter Ended		Nine Months Period Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	----- Rupees in '000 -----			
Profit after taxation attributable to ordinary equity holders of the Bank	<u>2,195,320</u>	<u>5,151,688</u>	<u>10,123,440</u>	<u>6,735,493</u>
	----- Number of shares -----			
Weighted average number of ordinary shares	<u>2,050,662,536</u>	<u>1,421,755,501</u>	<u>2,050,662,536</u>	<u>1,421,755,501</u>
	----- Rupees -----			
Earnings per share - basic and diluted	<u>1.07</u>	<u>3.62</u>	<u>4.94</u>	<u>4.74</u>

36. CASH AND CASH EQUIVALENTS	Note	(Un-audited)		
		September 30, 2024	(Audited) December 31, 2023	(Un-audited) September 30, 2023
		----- Rupees in '000-----		
Cash and balances with treasury banks	6	<u>91,132,189</u>	<u>82,182,460</u>	<u>76,580,763</u>
Balances with other banks - gross	7	<u>4,019,559</u>	<u>5,302,154</u>	<u>4,017,409</u>
Overdrawn nostro accounts	16	<u>(368,225)</u>	<u>(549,483)</u>	<u>(1,372,723)</u>
		<u>94,783,523</u>	<u>86,935,131</u>	<u>79,225,449</u>

## 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.

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

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

**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.

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

## Non-Financial assets - Level 3

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

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.

	<u>September 30, 2024 (Un-audited)</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	----- Rupees in '000 -----			
<b><u>On balance sheet financial instruments</u></b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	47,469,014	388,561,622	-	436,030,636
Shares	4,297,154	-	32,439	4,329,593
Non Government Debt Securities	-	35,986,797	-	35,986,797
Foreign Securities	6,060,036	87,720	-	6,147,756
Open end mutual funds	-	2,286,568	-	2,286,568
	<u>57,826,204</u>	<u>426,922,707</u>	<u>32,439</u>	<u>484,781,350</u>
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	143,087,076	-	143,087,076
	<u>57,826,204</u>	<u>570,009,783</u>	<u>32,439</u>	<u>627,868,426</u>
<b><u>Off balance sheet financial instruments</u></b>				
<b>Commitments in respect of:</b>				
<b>Forward foreign exchange contracts</b>				
Purchase	-	126,660,382	-	126,660,382
Sale	-	70,706,183	-	70,706,183
<b>Derivative instruments</b>				
<b>Forward securities contract</b>				
Purchase	-	-	-	-
Sale	-	709,674	-	709,674



# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

	December 31, 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>				
----- Rupees in '000 -----				
<b>Financial assets - measured at fair value</b>				
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
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	100,310,906	-	100,310,906
	4,799,708	575,769,654	-	580,569,362
<b>Off balance sheet financial instruments</b>				
<b>Commitments in respect of:</b>				
<b>Forward foreign exchange contracts</b>				
Purchase	-	127,211,243	-	127,211,243
Sale	-	93,751,722	-	93,751,722
<b>Derivative instruments</b>				
<b>Forward securities contract</b>				
Purchase	-	-	-	-
Sale	-	719,159	-	719,159

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

## 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 September 30, 2024 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
<b>Statement of financial position</b>	----- Rupees in '000 -----				
<b>Lendings to financial institutions</b>					
Opening balance	-	-	-	-	-
Addition during the period	-	-	-	-	-
Repaid during the period	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
<b>Investments</b>					
Opening balance	7,595	-	-	1,371,911	6,508,867
Investment made during the period	-	-	-	-	5,290,012
Investment redeemed / disposed off during the period	-	-	-	-	(5,425,868)
Deficit on investments	-	-	-	-	(1,069,055)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	7,595	-	-	1,371,911	5,303,956
Credit loss allowance for diminution in value of investments	-	-	-	1,179,907	388,607
<b>Advances</b>					
Opening balance	-	247	919,926	665,920	2,006,365
Addition during the period	-	2,205	552,228	418,721	8,757,735
Repaid during the period	-	(1,886)	(196,736)	(418,721)	(7,494,078)
Transfer in / (out) - net	-	(566)	(145,606)	-	(204,802)
Closing balance	-	-	1,129,812	665,920	3,065,220
<b>Other assets</b>					
Mark-up / return / interest accrued	-	-	1,181	81,943	23,957
Receivable against bancassurance / bancatakaful	-	-	-	-	6,352
Prepaid insurance	-	-	-	-	58,277
Net defined benefit plan	-	-	1,472	-	41,746
Trade receivable	-	-	-	-	-
Rent receivable	-	-	-	-	-
Advance against investment in securities	-	-	-	-	792,000
Credit loss allowance against other assets	-	-	-	-	-

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

	As at September 30, 2024 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
<b>Borrowings</b>					
Opening balance	-	-	-	-	-
Borrowings during the period	-	-	-	-	-
Settled during the period	-	-	-	-	-
Closing balance	-	-	-	-	-
<b>Deposits and other accounts</b>					
Opening balance	80,689	369	88,537	46,398	12,037,377
Received during the period	8,647,022	4,938	1,582,800	2,128,787	190,917,836
Withdrawn during the period	(8,669,914)	(4,985)	(1,447,436)	(1,956,861)	(191,944,831)
Transfer in / (out) - net	-	-	(40,221)	-	173,733
Closing balance	57,797	322	183,680	218,324	11,184,115
<b>Subordinated debt</b>					
Opening balance	2,500	-	485	-	21,119
Issued during the period	-	-	-	-	140,316
Redeemed during the period	(2,500)	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	485	-	161,435
<b>Other liabilities</b>					
Mark-up / return / interest payable on deposits	-	-	2,203	2	70,611
Mark-up / return / interest payable on subordinated debt	-	-	-	-	1,144
Dividend Payable	-	-	-	-	76,454
Trade payable	14,468	-	2,697	13,118	-
Donation payable	-	-	-	-	-
Payable to defined benefit plan	-	-	-	-	115,093
Others payable	-	-	-	-	18,807
<b>Contingencies and commitments</b>					
Letter of guarantee	-	-	-	-	15,029
Letter of credit	-	-	-	-	76,831

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

	As at December 31, 2023 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
<b>Statement of financial position</b>	----- Rupees in '000 -----				
<b>Lendings to financial institutions</b>					
Opening balance	-	-	-	-	-
Addition during the year	-	-	-	-	116,405,200
Repaid during the year	-	-	-	-	(116,405,200)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
<b>Investments</b>					
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
<b>Advances</b>					
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
<b>Other assets</b>					
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
Advance against investment in securities	-	-	-	-	1,178,306
Other receivable	-	-	-	-	3,650
Provision against other assets	-	-	-	-	-
<b>Borrowings</b>					
Opening balance	-	-	-	-	320,785
Borrowings during the year	-	-	-	-	-
Settled during the year	-	-	-	-	(320,785)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

	As at December 31, 2023 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	----- Rupees in '000 -----				
<b>Deposits and other accounts</b>					
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)	(206,032,788)
Transfer in / (out) - net	-	(174,195)	25,951	17,409	1,733,846
Closing balance	<u>80,689</u>	<u>369</u>	<u>88,537</u>	<u>46,398</u>	<u>12,037,377</u>
<b>Subordinated debts</b>					
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	<u>2,500</u>	<u>-</u>	<u>485</u>	<u>-</u>	<u>21,119</u>
<b>Other liabilities</b>					
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
<b>Contingencies and commitments</b>					
Letter of guarantee	-	-	-	-	15,141
Letter of Credit	-	-	-	-	516,329

Nine Months Ended September 30, 2021

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

	For the nine months ended September 30, 2024 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	----- Rupees in '000 -----				
<b>Profit and loss account</b>					
<b>Income</b>					
Mark-up / return / interest earned	-	93	40,609	30,160	660,953
Fee, commission and brokerage income	1,110	165	3,766	-	74,903
Dividend income	-	-	-	-	77,007
Gain / (loss) on sale of securities - net	-	-	-	-	20,249
Rental income	-	-	-	-	-
Other income	-	-	16	22	-
<b>Credit loss allowance and write offs - net</b>					
Credit loss allowance for diminution in value of investments - net	-	-	-	6,925	-
<b>Expense</b>					
Mark-up / return / interest paid	20,026	-	12,109	2,234	1,184,973
Commission / charges paid	-	-	-	-	-
Remuneration paid	-	-	941,443	-	-
Non-executive directors' fee	-	8,750	-	-	26,317
Net charge for defined contribution plans	-	-	-	-	507,900
Net charge for defined benefit plans	-	-	-	-	316,403
Insurance expense	-	-	-	-	191,975
Rental expense	3,035	-	-	-	20,030
Advisory fee	1,400	-	-	-	1,104
Consultancy charges	-	-	-	-	63,097
Royalty	-	-	-	-	16,250
Other expenses	1,874	-	28,413	-	175,031
<b>Payments made during the period</b>					
Insurance premium paid	-	-	-	-	259,029
Insurance claims settled	-	-	-	-	2,562
Donation paid	-	-	-	-	169,813
Dividend paid	-	-	99	-	451,583
<b>Other Transactions</b>					
Sale of Government Securities	-	-	13,425	-	126,871,027
Purchase of Government Securities	-	-	3,148	-	95,067,616

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

	For the nine months ended September 30, 2023 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
<b>Profit and loss account</b>					
<b>Income</b>					
Mark-up / return / interest earned	712	-	17,858	35,151	547,028
Fee, commission and brokerage income	2,636	-	1,788	10	263,114
Dividend income	-	-	-	-	154,246
Gain on sale of securities - net	-	-	-	-	18,142
Rental income	-	-	-	-	24,861
Other income	-	-	-	-	1,346
<b>Provisions and write offs - net</b>					
Provision for diminution in value of investments - net	-	-	-	-	-
<b>Expense</b>					
Mark-up / return / interest expensed	28,813	-	1,936	1,799	946,484
Commission / charges paid	-	-	-	-	-
Remuneration paid	-	-	444,925	-	687,598
Non-executive directors' fee	-	9,300	-	-	20,690
Net charge for defined contribution plans	-	-	-	-	405,139
Net charge for defined benefit plans	-	-	-	-	240,476
Insurance expense	-	-	-	-	127,799
Donation	-	-	-	-	39,760
Rental expense	2,771	-	-	-	12,485
Advisory fee	11,250	-	-	-	-
Consultancy charges	-	-	-	-	31,500
Royalty	-	-	-	-	21,250
Other expenses	900	-	11,242	-	84,365
<b>Payments made during the period</b>					
Insurance premium paid	-	-	-	-	195,356
Insurance claims settled	-	-	-	-	6,666
<b>Other transactions</b>					
Sale of Government Securities	-	-	15,317	-	90,937,248
Purchase of Government Securities	-	-	14,712	-	3,577,322
Sale of Non Government Securities	-	-	-	-	1,695,778
Purchase of non-Government Securities	-	-	-	-	50,456
Sale of Foreign Currencies	-	-	-	-	42,952,935
Purchase of Foreign Currencies	-	-	-	-	34,093,418

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

39. SEGMENT INFORMATION

39.1 Segment Details with respect to Business Activities:

	For the nine months ended September 30, 2024 (Un-audited)							Total		
	Retail Banking	Corporate/ Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Islamic Banking	Brokerage		Asset Management	Others
<b>Profit and loss account</b>										
Net mark-up / return / interest / profit / (expense)	(19,881,849)	(3,195,634)	43,452,581	595,518	(56,713)	33,721,514	136,032	733	(1,192,823)	53,579,359
Inter segment revenue - net	35,171,059	7,413,279	(40,318,468)	1,240,682	370,032	-	-	-	(3,876,584)	-
Non mark-up / return / income	1,564,920	1,496,011	3,295,701	822,763	295,674	3,497,172	976,207	612,002	201,352	12,761,802
<b>Total income / (loss)</b>	<b>16,894,130</b>	<b>5,713,656</b>	<b>6,429,814</b>	<b>2,658,963</b>	<b>608,993</b>	<b>37,218,686</b>	<b>1,112,239</b>	<b>612,735</b>	<b>(4,868,055)</b>	<b>66,341,161</b>
Segment direct expenses	9,421,726	538,276	150,571	1,237,993	2,902,805	16,211,906	806,513	316,351	5,796,689	37,382,630
Inter segment expense allocation	2,732,541	717,761	159,963	185,531	393,608	-	-	-	(4,189,404)	-
<b>Total expenses</b>	<b>12,154,267</b>	<b>1,256,037</b>	<b>310,534</b>	<b>1,423,524</b>	<b>3,296,413</b>	<b>16,211,906</b>	<b>806,513</b>	<b>316,351</b>	<b>1,607,285</b>	<b>37,382,630</b>
Credit loss allowance and write-offs - net	1,565,375	1,265,850	306,141	15,989	6,568	1,063,559	(12,530)	-	28,727	4,239,669
<b>Profit / (loss) before tax</b>	<b>3,134,488</b>	<b>3,191,769</b>	<b>5,813,139</b>	<b>1,219,450</b>	<b>(2,689,778)</b>	<b>19,943,221</b>	<b>318,256</b>	<b>296,384</b>	<b>(6,504,067)</b>	<b>24,719,862</b>
<b>Profit and loss account</b>										
Net mark-up / return / interest / (expense)	(12,300,240)	1,222,711	27,286,374	(214,145)	(24,996)	4,767,261	57,614	1,606	(1,094,988)	19,621,196
Inter segment revenue - net	28,502,622	3,741,325	(30,876,602)	1,655,049	251,597	-	-	-	(3,273,891)	-
Non mark-up / return / income	1,651,814	1,427,601	2,272,234	740,683	167,198	28,350	651,333	403,797	643,027	7,986,037
<b>Total income / (loss)</b>	<b>17,774,096</b>	<b>6,391,637</b>	<b>(1,317,994)</b>	<b>2,181,587</b>	<b>393,799</b>	<b>47,955,611</b>	<b>708,947</b>	<b>405,403</b>	<b>(8,725,853)</b>	<b>27,607,233</b>
Segment direct expenses	8,192,660	542,147	155,191	893,105	2,707,452	17,988,355	608,133	262,174	3,281,286	18,439,503
Inter segment expense allocation	2,298,179	388,913	114,255	87,300	296,332	-	-	-	(3,136,979)	-
<b>Total expenses</b>	<b>10,450,839</b>	<b>931,060</b>	<b>269,446</b>	<b>970,405</b>	<b>2,993,784</b>	<b>17,988,355</b>	<b>608,133</b>	<b>262,174</b>	<b>144,307</b>	<b>18,439,503</b>
Provisions and write-offs - net	479,682	670,596	-	85,277	-	1,581,060	11,301	-	2,611	2,800,527
Extraordinary / unusual items	6,843,975	4,789,981	(1,587,440)	1,125,905	(2,601,985)	1,416,196	89,513	143,229	3,652,888	3,652,888
<b>Profit / (loss) before tax</b>	<b>(6,843,975)</b>	<b>4,789,981</b>	<b>(1,587,440)</b>	<b>1,125,905</b>	<b>(2,601,985)</b>	<b>1,416,196</b>	<b>89,513</b>	<b>143,229</b>	<b>(219,883)</b>	<b>9,999,091</b>



# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

As at September 30, 2024 (Un-audited)

	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindgi	Islamic Banking	Brokerage	Asset Management	Others	Total
Rupees in '000										
<b>Statement of financial position</b>										
Cash and bank balances	10,401,369	47,424	36,311,398	586,146	3,165,779	44,466,841	168,412	2,294	-	95,149,663
Lendings to financial institutions	-	-	-	1,691,003	-	39,535,110	-	-	-	41,226,113
Investments	-	-	277,451,131	8,241,780	-	346,744,229	1,001,363	1,619,521	3,636,221	638,686,245
Net inter segment lending	277,799,292	32,257,187	-	-	2,551,822	-	-	-	50,603,138	363,211,439
Advances - performing	64,898,600	122,904,180	-	62,082,334	42,883	172,854,096	370,912	9,114	5,929,245	429,091,374
Advances - non-performing	8,463,707	12,833,297	-	1,344	7,462	25,275,604	-	-	90,707	46,662,121
Advances - provisions - net	(4,934,112)	(9,214,499)	-	(30,994)	(4,562)	(25,827,827)	-	-	(55,121)	(39,887,115)
Others	68,618,195	126,822,978	-	62,082,684	45,793	172,501,873	370,912	9,114	5,964,031	435,866,380
<b>Total Assets</b>	<b>356,618,856</b>	<b>158,827,589</b>	<b>313,762,529</b>	<b>72,864,201</b>	<b>5,763,394</b>	<b>662,171,268</b>	<b>6,316,171</b>	<b>2,314,973</b>	<b>114,791,637</b>	<b>1,693,430,618</b>
Borrowings	12,995,520	17,535,314	50,405,166	-	-	27,711,240	37,500	-	-	108,284,740
Deposits and other accounts	336,717,721	139,867,027	-	35,131,596	5,763,394	551,897,381	-	-	-	1,063,377,119
Subordinated debt	-	-	-	2,998,580	-	2,998,580	-	-	8,496,567	11,493,127
Net inter segment borrowing	1,254,848	854,172	263,367,363	37,596,855	-	45,873,479	1,809,261	1,865,550	10,829,311	363,211,439
Others	6,050,767	571,076	-	165,750	-	33,982,608	4,469,410	449,423	21,227,907	68,826,944
<b>Total Liabilities</b>	<b>356,618,856</b>	<b>158,827,589</b>	<b>313,762,529</b>	<b>72,864,201</b>	<b>5,763,394</b>	<b>662,171,268</b>	<b>6,316,171</b>	<b>2,314,973</b>	<b>114,791,637</b>	<b>1,693,430,618</b>
Non-controlling interest	-	-	-	-	-	-	-	-	62,315,425	62,315,425
<b>Total Equity and Liabilities</b>	<b>356,618,856</b>	<b>158,827,589</b>	<b>313,762,529</b>	<b>72,864,201</b>	<b>5,763,394</b>	<b>662,171,268</b>	<b>6,316,171</b>	<b>2,314,973</b>	<b>114,791,637</b>	<b>1,693,430,618</b>
<b>Contingencies and Commitments</b>	<b>83,833,668</b>	<b>42,462,409</b>	<b>99,249,523</b>	<b>-</b>	<b>-</b>	<b>307,089,597</b>	<b>709,674</b>	<b>-</b>	<b>918,718</b>	<b>534,333,569</b>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

As at December 31, 2023 (Audited)										
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindgi	Islamic Banking	Brokerage	Asset Management	Others	Total
	Rupees in '000									
<b>Statement of financial position</b>										
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	-	-	-	22,083,318	-	16,502,138	-	-	-	16,502,138
Investments	237,203,038	41,050,823	241,068,307	7,114,783	2,745,472	314,083,872	590,962	1,361,628	3,456,441	562,846,128
Net inter segment lending										
Advances - performing	73,093,100	112,007,279	-	7,267,979	-	230,978,830	694,467	3,172	5,233,978	429,278,795
Advances - non-performing	6,569,395	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)
Others	76,750,478	114,463,755	-	7,273,686	-	230,026,845	694,467	3,172	5,233,979	434,453,374
<b>Total Assets</b>	<b>320,554,992</b>	<b>155,523,211</b>	<b>270,324,232</b>	<b>36,145,505</b>	<b>3,617,739</b>	<b>654,460,452</b>	<b>5,039,361</b>	<b>1,938,999</b>	<b>108,843,074</b>	<b>1,558,647,565</b>
Borrowings	77,49,336	17,572,794	1,900,349	-	-	60,650,056	149,999	-	-	88,031,534
Deposits and other accounts	304,975,970	137,568,824	-	36,088,734	3,617,739	522,540,925	-	-	817,302	1,007,819,494
Subordinated debt	-	-	-	-	-	2,846,304	-	-	8,497,767	11,344,671
Net inter segment borrowing	1,004,209	-	266,422,683	-	-	36,299,104	1,616,726	1,612,329	19,690,233	326,646,484
Others	6,825,477	381,593	-	46,771	-	32,114,463	3,272,636	326,670	19,849,651	62,817,261
<b>Total Liabilities</b>	<b>320,554,992</b>	<b>155,523,211</b>	<b>270,324,232</b>	<b>36,145,505</b>	<b>3,617,739</b>	<b>654,460,452</b>	<b>5,039,361</b>	<b>1,938,999</b>	<b>48,854,953</b>	<b>1,498,659,444</b>
Equity	-	-	-	-	-	-	-	-	50,501,557	50,501,557
Non-controlling interest	-	-	-	-	-	-	-	-	9,486,364	9,486,364
<b>Total Equity and Liabilities</b>	<b>320,554,992</b>	<b>155,523,211</b>	<b>270,324,232</b>	<b>36,145,505</b>	<b>3,617,739</b>	<b>654,460,452</b>	<b>5,039,361</b>	<b>1,938,999</b>	<b>108,843,074</b>	<b>1,558,647,565</b>
<b>Contingencies and Commitments</b>	<b>77,650,720</b>	<b>37,673,689</b>	<b>120,272,383</b>	<b>-</b>	<b>-</b>	<b>257,605,181</b>	<b>735,536</b>	<b>-</b>	<b>911,638</b>	<b>494,849,217</b>

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- Rupees in '000 -----	
<b>40. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>20,506,625</u>	<u>20,506,625</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>53,332,298</u>	42,774,020
Eligible Additional Tier 1 (ADT 1) Capital	<u>5,500,000</u>	5,358,441
Total Eligible Tier 1 Capital	<u>58,832,298</u>	48,132,461
Eligible Tier 2 Capital	<u>19,299,048</u>	15,440,920
Total Eligible Capital (Tier 1 + Tier 2)	<u>78,131,346</u>	<u>63,573,381</u>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u>291,218,357</u>	279,081,514
Market Risk	<u>4,493,302</u>	6,158,393
Operational Risk	<u>95,774,177</u>	95,774,177
Total	<u>391,485,835</u>	<u>381,014,084</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>13.62%</u>	11.23%
Tier 1 Capital Adequacy Ratio	<u>15.03%</u>	12.63%
Total Capital Adequacy Ratio	<u>19.96%</u>	16.69%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<u>58,832,298</u>	48,132,461
Total Exposures	<u>1,561,840,637</u>	1,363,431,140
Leverage Ratio	<u>3.77%</u>	3.53%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u>511,166,354</u>	518,459,296
Total Net Cash Outflow	<u>138,744,055</u>	182,046,259
Liquidity Coverage Ratio	<u>368.42%</u>	284.80%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u>1,048,051,412</u>	958,135,272
Total Required Stable Funding	<u>489,428,150</u>	457,577,597
Net Stable Funding Ratio	<u>214.14%</u>	209.39%

# Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024

**41. GENERAL**

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

**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 October 25, 2024.

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President and  
Chief Executive Officer

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Chief Financial Officer

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Director

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Director

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Chairman





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**Registered office**

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