AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

	Note	30 September 2024	31 December 2023
		------------ (Rupees in '000) ------------	
		(Un-audited)	(Audited)
ASSETS			
Cash and balances with treasury banks	6	19,628,585	21,877,439
Balances with other banks	7	4,499,216	1,683,007
Due from financial institutions	8	20,327,836	8,098,788
Investments	9	115,473,221	122,881,484
Islamic financing and related assets - net	10	81,418,450	79,755,889
Property and equipment	11	2,765,897	2,726,266
Right-of-use assets	12	1,741,094	1,543,900
Intangible assets	13	1,246,326	1,275,180
Deferred tax assets	14	3,171,684	2,545,871
Other assets	15	15,137,303	12,985,825
Total assets		265,409,612	255,373,649
LIABILITIES			
Bills payable	16	7,772,516	5,646,089
Due to financial institutions	17	6,698,583	7,649,661
Deposits and other accounts	18	215,375,460	207,337,745
Lease liabilities	19	1,889,767	1,677,081
Subordinated debt	20	3,124,241	4,624,241
Deferred tax liabilities		-	-
Other liabilities	21	9,827,995	10,185,675
Total liabilities		244,688,562	237,120,492
NET ASSETS		20,721,050	18,253,157
REPRESENTED BY			
Share capital - net		14,500,490	14,500,490
Reserves		1,990,780	1,381,115
Surplus on revaluation of assets	22	1,016,626	793,083
Unappropriated profit		3,213,154	1,578,469
		20,721,050	18,253,157
CONTINGENCIES AND COMMITMENTS	23		

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

Chief Executive Officer	Chief Financial Officer	Director	Director	Director

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 30 SEPTEMBER 2024

		Nine months ended		Quarter ended	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
	Note	(Rupees in '000)			
Profit / return earned	24	30,071,974	26,684,888	10,061,078	9,724,553
Profit / return expensed	25	(18,621,183)	(17,007,359)	(6,285,993)	(6,295,893)
Net profit / return		11,450,791	9,677,529	3,775,085	3,428,660
Other income					
Fee and commission income	26	664,337	745,248	228,074	283,333
Dividend income		3,275	3,224	2,250	750
Foreign exchange income		935,153	532,729	254,807	81,422
Gain / (loss) on securities	27	262,427	27,278	243,659	24,044
Other income	29	21,808	11,835	4,844	5,574
Total other income		1,887,000	1,320,314	733,634	395,123
Total income		13,337,791	10,997,843	4,508,719	3,823,783
Other expenses					
Operating expenses	30	(6,704,760)	(5,617,560)	(2,308,342)	(1,950,569)
Workers' Welfare Fund		(124,843)	(92,721)	(35,697)	(32,295)
Other charges	31	(10,721)	(11,918)	(10,493)	(2,866)
Total other expenses		(6,840,324)	(5,722,199)	(2,354,532)	(1,985,730)
Profit before credit loss allowance		6,497,467	5,275,644	2,154,187	1,838,053
Credit loss allowance and write offs - net	32	(380,164)	(732,309)	(405,049)	(255,580)
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		6,117,303	4,543,335	1,749,138	1,582,473
Taxation	33	(3,068,980)	(1,956,895)	(927,635)	(788,177)
Profit after taxation		3,048,323	2,586,440	821,503	794,296
		(Rupees)			
Basic and diluted earning per share	34	2.22	1.88	0.60	0.58

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

Chief Executive Officer | Chief Financial Officer | Director | Director | Director

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 30 SEPTEMBER 2024

	Nine months ended		Quarter ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	(Rupees in '000)			
Profit after taxation for the period / quarter	3,048,323	2,586,440	821,503	794,296
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	255,990	-	316,239	-
Movement in (deficit) / surplus on revaluation of investments - net of tax	-	(87,083)	-	(2,477)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain on defined benefit obligations - net of tax	-	5,785	-	-
Movement in deficit on revaluation of non-banking assets - net of tax	-	(36,806)	-	-
	-	(31,021)	-	-
Total comprehensive income	3,304,313	2,468,336	1,137,742	791,819

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

Chief Executive Officer	Chief Financial Officer	Director	Director	Director

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

	Share capital			Statutory reserve*	Surplus / (deficit) on revaluation of		(Accumulated loss) / unappropriated profit	Total
	Issued, subscribed and paid up	Capital support fund	Discount on issue of shares		investments	non banking assets		
	----------	----------	----------	----------	(Rupees in '000)	----------	----------	----------
Opening balance as at 01 January 2023 (audited)	13,739,628	1,393,628	(632,766)	760,280	(173,242)	349,653	(832,452)	14,604,729
Profit after taxation for the period	-	-	-	-	-	-	2,586,440	2,586,440
Other comprehensive (loss) / income - net of tax								
Movement in deficit on revaluation of investments - net of tax	-	-	-	-	(87,083)	-	-	(87,083)
Movement in deficit on revaluation of non-banking assets - net of tax	-	-	-	-	-	(36,806)	-	(36,806)
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	5,785	5,785
Total other comprehensive (loss) / income - net of tax	-	-	-	-	(87,083)	(36,806)	5,785	(118,104)
Transfer to statutory reserve	-	-	-	517,288	-	-	(517,288)	-
Balance as at 30 September 2023 (un-audited)	13,739,628	1,393,628	(632,766)	1,277,568	(260,325)	312,847	1,242,485	17,073,065
Profit after taxation for the period	-	-	-	-	-	-	517,736	517,736
Other comprehensive income / (loss) - net of tax								
Movement in surplus on revaluation of investments - net of tax	-	-	-	-	740,561	-	-	740,561
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	(78,205)	(78,205)
Total other comprehensive income / (loss) - net of tax	-	-	-	-	740,561	-	(78,205)	662,356
Transfer to statutory reserve	-	-	-	103,547	-	-	(103,547)	-
Balance as at 31 December 2023 (audited)	13,739,628	1,393,628	(632,766)	1,381,115	480,236	312,847	1,578,469	18,253,157
Impact of adoption of IFRS - 9 (note 3.2)	-	-	-	-	(32,447)	-	(803,973)	(836,420)
Balance as at 01 January 2024 after adoption of IFRS 9	13,739,628	1,393,628	(632,766)	1,381,115	447,789	312,847	774,496	17,416,737
Profit after taxation for the period	-	-	-	-	-	-	3,048,323	3,048,323
Other comprehensive income - net of tax								
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	255,990	-	-	255,990
Total other comprehensive income - net of tax	-	-	-	-	255,990	-	-	255,990
Transfer to statutory reserve	-	-	-	609,665	-	-	(609,665)	-
Closing balance as at 30 September 2024 (un-audited)	13,739,628	1,393,628	(632,766)	1,990,780	703,779	312,847	3,213,154	20,721,050

* This represents reserve created under section 21(i)(b) of the Banking Companies Ordinance, 1962.

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

Chief Executive Officer | Chief Financial Officer | Director | Director | Director

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

	Note	Nine months ended 30 September 2024	30 September 2023
		----------- (Rupees in '000)	-----------
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		6,117,303	4,543,335
Less: Dividend income		(3,275)	(3,224)
		6,114,028	4,540,111
Adjustments:			
Net profit / return - excluding finance charge on lease liability		(11,645,321)	-
Depreciation on fixed assets	30	222,548	183,775
Depreciation on right-of-use assets	30	409,777	379,286
Amortisation	30	120,038	116,317
Depreciation - non banking assets	30	29,521	29,521
Credit loss allowance and write-offs - net	32	380,164	732,309
Gain on sale of fixed assets - net	29	(4,486)	(1,229)
Finance charge on lease liability against right-of-use assets	25	194,530	164,958
Unrealised gain on revaluation of securities classified as FVTPL	27	(7,038)	(22,759)
Workers' Welfare Fund		124,843	92,721
		(10,175,424)	1,674,899
		(4,061,396)	6,215,010
Decrease / (increase) in operating assets			
Due from financial institutions		(12,261,182)	(2,000,000)
Securities classified as FVTPL		11,661,649	(5,101,839)
Islamic financing and related assets - net		(3,539,755)	7,098,571
Others assets (excluding advance taxation)		181,965	(4,733,176)
		(3,957,323)	(4,736,444)
Increase / (decrease) in operating liabilities			
Bills payable		2,126,427	1,325,485
Due to financial institutions		(951,078)	5,546,606
Deposits and other accounts		8,037,715	5,523,438
Other liabilities (excluding current taxation)		(826,635)	(611,530)
		8,386,429	11,783,999
Profit / return received		27,683,013	-
Profit / return paid		(18,524,126)	-
Income tax paid		(2,765,213)	(1,759,239)
Net cash flows generated from operating activities		6,761,384	11,503,326
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in securities classified as FVOCI		(3,754,908)	-
Net investments in securities classified as available for sale securities		-	(6,978,589)
Net investments in securities classified as held to maturity		-	512,848
Dividends received		3,275	3,224
Investments in fixed assets		(357,204)	(482,377)
Proceeds from sale of fixed assets		5,277	7,828
Net cash used in investing activities		(4,103,560)	(6,937,066)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(588,815)	(500,583)
Repayment of Tier II mudaraba sukuk - second issue		(1,500,000)	-
Net cash used in financing activities		(2,088,815)	(500,583)
Increase in cash and cash equivalents		569,009	4,065,677
Credit loss on cash and cash equivalent		(1,654)	-
Cash and cash equivalents at the beginning of the period		23,560,446	18,509,615
Cash and cash equivalents at the end of the period		24,127,801	22,575,292

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

Chief Executive Officer | **Chief Financial Officer** | **Director** | **Director** | **Director**

1. STATUS AND NATURE OF BUSINESS

1.1 Al Baraka Bank (Pakistan) Limited (the Bank) was incorporated in Pakistan on 20 December 2004 as a public limited company. The Bank was granted an Islamic Banking License BL(I)-01(07), issued by the Banking Policy and Regulations Department of the State Bank of Pakistan (SBP) on 18 January 2007. Subsequently, the Bank was also granted approval for commencement of business as a scheduled bank with effect from 13 February 2007. Upon merger of the Pakistan branches of AlBaraka Islamic Bank B.S.C. (c) with and into the Bank, fresh license no. BL(i)-01(2011) was issued by SBP on 12 March 2011, effective from close of business on 29 October 2010. The main objective of the Bank is to carry on Islamic banking business in Pakistan in accordance and in conformity with Shariah.

The Bank is a subsidiary of Al Baraka Islamic Bank B.S.C. (c) (Parent Bank) incorporated and domiciled in Bahrain, which is 92.81% (2023: 92.81%) owned by Al Baraka Group B.S.C. (Ultimate Parent).

1.2 During the year 2016, the shareholders of the Bank in their extra ordinary general meeting held on 22 August 2016 approved the merger of the Bank with Burj Bank Limited under a "Scheme of Amalgamation" (the Scheme). Further, State Bank of Pakistan, through its letter no. BPRD (R&P-02)/2016/24373 dated 14 October 2016, also approved the scheme of amalgamation and granted sanction order for the amalgamation of Ex Burj Bank Limited with and into the Bank. As of the effective date of amalgamation, the entire undertaking of Ex Burj Bank Limited including all the properties, assets and liabilities and all the rights and obligations shall, without any further act, action or deed and notwithstanding the terms of any contract or other document or any rule of law, stands amalgamated with and vest in the Bank and as a consequence, Ex Burj Bank Limited stood amalgamated with and into the Bank.

The Bank's registered office is located at 162, Bangalore Town, Main Sharah-e-Faisal, Karachi. The Bank has 172 branches (31 December 2023: 170 branches) in Pakistan.

1.3 Based on the financial statements of the Bank for the year ended 31 December 2023, VIS Credit Rating Company Limited has maintained the long-term rating at 'A+' and short-term rating at 'A-1'.

1.4 In order to support the CAR requirements, Al Baraka Islamic Bank B.S.C (c) (Parent Bank) injected temporary Capital Support Fund amounting to Rs 1.394 billion (USD 9 million) which is an allowable capital for the purposes of CAR, MCR and Leverage ratio. These funds can only be remitted back after prior approval of SBP. In case capital of the Bank is not increased through alternate plans, the said capital support fund will be converted into Share Capital of the Bank. The Bank obtained exemption from SBP till 30 June 2024. Currently, the Bank has applied for extension till 30 June 2025 and response from SBP is awaited in this respect.

As at 30 September 2024, the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) stood at Rs. 14.5 billion and 22.72% respectively.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in conformity with the format of financial statements prescribed by the SBP vide BPRD Circular Letter No. 02 of 2023 dated 09 February 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting".

2.1 Statement of compliance

2.1.1 These condensed interim 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 comprise of:

- International Accounting Standard 34 "Interim Financinal Reporting" and International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the 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 IAS 34, IFRS Accounting Standards or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

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

2.1.3 Amendments to published accounting and reporting 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 01 January 2024 but are considered not to be relevant or do not have any significant effect on Bank's operations and are therefore not detailed in these condensed interim financial statements except for IFRS 9 (Financial Instruments), the impact of which is discussed under note 3.2.

2.1.4 Standards, interpretations of and amendments to 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 01 January 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 (IFRS 18) (published in April 2024) with applicability date of 01 January 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.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for certain non-banking assets acquired in satisfaction of claims which are stated at revalued amounts; investment classified at fair value through profit and loss and fair value through other comprehensive income, commitments in respect of certain foreign exchange contracts which are measured at fair value, defined benefit obligations which are carried at present value, and right of use of assets and related lease liability measured at present value on initial recognition.

2.3 Functional and presentation currency

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Bank operates. These condensed interim financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Bank for the year ended 31 December 2023 except for changes mentioned in notes 3.1 and 3.2.

3.1 Adoption of new forms for the preparation of condensed interim financial statements

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the Banks / DFIs which are applicable for quarterly / half yearly periods beginning on or after 01 January 2024. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial statements. Right of use assets and corresponding lease liability are now presented separately on the face of the statement of financial position. Previously these were presented under property and equipment (previously titled fixed assets) and other liabilities respectively. There is no impact of this change on the condensed interim financial statements in terms of recognition and measurement of assets and liabilities.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation. Such reclassification / re-measurements are disclosed in note 41 to these condensed interim financial statements.

3.2 Adoption of IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after 01 January 2024 for banks. Moreover, SBP has also issued application instructions on IFRS 9 for banks in Pakistan for ensuring smooth and consistent implementation of the standard in the banks. IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has made certain amendments and extended the timelines of SBP's IFRS 9 Application Instructions to address most of the matters raised by the banks with a direction to ensure compliance by the extended timelines.

There are a few matters which include maintenance of general provision, income recognition on Islamic financings and fair valuation of subsidised financings, the treatments of which are still under deliberation with the SBP. The Bank has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

3.2.1 Classification

Financial assets

Under IFRS 9, existing categories of financial assets: Held-for-trading (HFT), Available-for-sale (AFS) and Held-to-maturity (HTM) have been replaced by:

- Financial assets at fair value through profit or loss account (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortised cost

Financial liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus all financial liabilities are being carried at amortised cost. Financial liabilities can also be designated at FVTPL where gains or losses arising from entity's own credit rating risk relating to are required to be presented in other comprehensive income with no reclassification to the profit or loss account. The Bank did not have any financial liability measured at FVTPL.

3.2.2 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield 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 business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

- the expected frequency, value and timing of sales are also important aspects of the Bank’s assessment. 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. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Eventually, the financial assets fall under either of the following three business models:

i) Hold to Collect (HTC) Business Model: Holding assets in order to collect contractual cash flows
ii) Hold to Collect and Sell (HTC&S) Business Model: Collecting contractual cash flows and selling financial assets
iii) Other Business Models: Resulting in classification of financial assets as FVTPL

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

3.2.3 Assessments whether contractual cash flows are solely payments of principal and profit (SPPI)

As a second step of its classification process the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

3.2.4 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank (including Islamic financing and related assets, lending to financial institutions, investment in federal government securities, corporate bonds and other private sukuks, cash and balances with treasury banks, balances with other Banks, and other financial assets) are measured at amortised cost if they meet both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Bank's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are / is made, the Bank assesses whether and how the sales are consistent with the HTC objective. This assessment includes the reason(s) for the sales, the expected frequency of sales, and whether the assets that are sold are held for an extended period of time relative to their contractual maturities.

The aforementioned financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as at FVTPL:

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

The aforementioned financial assets if held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Bank's investment in sub-ordinated sukuks issued by other Banks under available for sale portfolio as of December 31, 2023 have been reclassified as FVTPL since they do not pass the SPPI criteria due to equity conversion features and loss absorbency clause embedded in the terms of these sukuks.

The following table reconciles their carrying amounts as reported on 31 December 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2024:

	Balances as of 31 December 2023 (Audited)	IFRS 9 Classification	Balances as of 31 December 2023	Balances as of 01 January 2024 - before ECL
	(Rupees in '000)		----------- (Rupees in '000) ---------	
Non-government debt securities - AFS	1,530,794	FVOCI	1,430,794	1,430,794
		FVTPL	100,000	100,000

Equity based financial assets

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual share in the issuer's net assets.

An equity instrument held by the Bank for trading purposes is classified as measured at FVTPL. 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. The Bank measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the profit and loss account, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in the profit and loss account as income when the Bank's right to receive payments is established. The Bank has decided to classify Rs. 98.127 million out of its its available for sale equity investment portfolio as of 31 December 2023 as FVOCI on irrevocable basis.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reclassified impairment of Rs. 280.599 million on listed equity investment held as at 31 December 2023 and the same has been transferred to deficit on revaluation of investments through remeasurements.

The following table reconciles the carrying amounts as reported on 31 December 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 01 January 2024:

	Balances as of 31 December 2023 (Audited)	IFRS 9 Classification	Balances as of 31 December 2023	Balances as of 01 January 2024
	(Rupees in '000)		----------- (Rupees in '000) ---------	
Shares - AFS	219,477	FVOCI	98,128	98,128
		FVTPL	121,349	121,349

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2024 are compared as follows:

Before adoption of IFRS 9			After adoption of IFRS 9	
Financial assets	Measurement category	Carrying amount as at 31 December 2023	Measurement category	Carrying amount as at 01 January 2024
		(Rupees in '000)		(Rupees in '000)
Cash and balances with treasury banks	Loans and receivables	21,877,439	Amortised cost	21,877,439
Balances with other banks	Loans and receivables	1,683,007	Amortised cost	1,683,007
Due from financial institutions	Loans and receivables	8,098,788	Amortised cost	8,098,788
Investments	Held-for-trading	11,901,767	Fair value through profit or loss	11,901,767
	Available-for-sale	110,979,717	Fair value through profit or loss	221,349
		-	Fair value through other comprehensive income	110,758,368
		110,979,717		110,979,717
Islamic financing and related assets - net	Loans and receivables	79,755,889	Amortised cost	79,755,889
Other assets (financial assets only)	Loans and receivables	10,713,217	Amortised cost	10,713,217
		245,009,824		**245,009,824**
Due to financial institutions	Held-to-maturity	7,649,661	Amortised cost	7,649,661
Deposits and other accounts	Held-to-maturity	207,337,745	Amortised cost	207,337,745
Subordinated debt	Held-to-maturity	4,624,241	Amortised cost	4,624,241
Other liabilities (financial liabilities only)	Held-to-maturity	9,081,796	Amortised cost	9,081,796
		228,693,443		**228,693,443**

3.2.5 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like Islamic financing and related assets, due from financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions or as per underlying shariah mode. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased. The Bank will recognise due to customer and financial institution balances when these funds reach the Bank.

Amortised cost

Financial assets and liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the profit or loss account. Rental income, profit earned / expensed on these assets / liabilities are recognised in the profit or loss account. On derecognition of these financial assets and liabilities, realised gain / loss will be recognised in the profit and loss account.

Fair value through other comprehensive income

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for financial assets in the profit and loss account. Rental income, profit / dividend income on these assets are recognised in the profit and loss account. On derecognition of these financial assets, realised gain / loss will be recognised in the profit and loss account only in case of debt instruments. For equity based fianncial assets classified as FVOCI, capital gain / (loss) is transferred from surplus / deficit to unappropriated profit.

Fair value through profit or loss

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in the profit and loss account. These assets are subsequently measured at fair value with changes recorded in the profit and loss account. Profit / dividend income on these assets are recognised in the profit and loss account. On derecognition of these financial assets, realised gain / loss will be recognised in the profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

The Bank's revenue recognition policy is consistent with the annual financial statements for the year ended 31 December 2023.

3.2.6 Derecognition

Financial assets

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:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- 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.

The Bank enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Bank enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Bank:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Financial liabilities

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.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit and loss account.

The exchange between the Bank and its original participants of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of profit rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Financial guarantee

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions, and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognized in accordance with the principles of IFRS 15.

3.2.7 Modification

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of that financial asset in accordance with IFRS 9, the Bank recalculates the gross carrying amount of the financial asset and shall recognise a modification gain or loss in the profit or loss account. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset’s original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

3.2.8 Overview of the ECL principles

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with all Islamic financing and related assets and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12mECL) as outlined below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at individual customer level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, for certain portfolios, the Bank may rebut 30 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2, Stage 3 and purchased or originated credit impaired (POCI), as described below:

Stage 1: When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for all the scenarios.

Stage 2:	When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3:	For financial instruments considered credit-impaired, the Bank recognises the lifetime expected credit losses for these instruments. the Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP under the prudential regulations which ever is higher.
POCI:	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit / rental is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.
Undrawn financing commitments	When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For Diminishing Musharaka facilities that include an undrawn commitment, ECLs are calculated and presented within other liabilities.
Guarantee and letters of credit contracts	The Bank estimates ECLs based on the BASEL driven credit conversion factor (CCF) for guarantee and letter of credit contracts.The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

Effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the bank in accordance with the contract and the cash flows that the Bank expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD	The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only occur at a specific time within the assessed period if the facility has not been previously derecognized and remains in the portfolio. PD is estimated using statistical techniques such as the Rating Transition Matrix Model, particularly for low-default portfolios based on the Bank’s internal risk ratings (ranging from 1 to 9). For the Bank’s portfolios, PDs are determined using the Rating Transition Matrix for corporate, agricultural, retail (excluding Staff and Rehnuma Travel Service products), and SME segments. The Roll Rate model is applied for two retail products: Staff and Rehnuma Travel Service. Through-the-cycle (TTC) PDs are then adjusted using the Vasicek Model for IFRS 9 Expected Credit Loss (ECL) calculations to incorporate forward-looking information. The Bank performs an annual review of the portfolio (excluding Staff and Rehnuma Travel Service products) and constructs a yearly transition matrix of ratings to compute a count-based PD over a one-year horizon for the past seven years. For Staff and Rehnuma Travel Service products, PDs are calculated based on Days Past Due (DPD) bucket levels for each segment separately. Where practical, the Bank also incorporates information from external rating agencies.
EAD	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The Bank’s product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank’s expectations of the customer behaviour, its likelihood of default and the Bank’s future risk mitigation procedures, which could include reducing or cancelling the facilities.
LGD	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective profit rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

• History of legal certainty and enforceability
• History of enforceability and recovery

When estimating the ECLs, the Bank considers three scenarios (a base case, best case, worst case). Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

The bank management has only considered cash, liquid securities and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The SBP has issued FAQs in its BPRD Circular Letter No. 16 dated July 29, 2024 with regard to certain interpretation of the SBP application instructions. In respect of Stage 3 provision, the SBP has clarified that the banks, while assessing the higher of IFRS 9 ECL and provision under the SBP Prudential Regulations, shall take into account the ECL against corporate / commercial / SME loan portfolios at the borrower / facility level, and for the retail borrowers at segment / product basis.

Forward looking information

In its ECL models, the Bank relies on a range of forward looking information as economic inputs, such as:

• GDP growth
• Consumer price index

The Bank's management has only considered cash recoveries for LGD calculations, whereas liquid securities, and Government of Pakistan guarantees are used as eligible collaterals for EAD calculation.

Definition of default

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

The customer is more than 90 days past due on its contractual payments, except in case of agriculture, project infrastructure and housing financing. This implies that if one facility of a counterparty is defaulted as per the definition all other facilities would deem to be classified as stage 3.

Further the following criteria has been determined for assessment of default:

- The Bank makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Bank taking on the exposure;
- The Bank sells the credit obligation at a material credit-related economic loss;
- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, profit or (where relevant) fees;
- The Bank has filed for the obligor’s bankruptcy or a similar order in respect of the obligor’s credit obligation to the industry group, and 'the obligor has sought or has been placed in Bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation to the industry group', and
- The Bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the Bank to actions such as realising security (if held).

Write-offs

The Bank’s accounting policy under IFRS 9 remains the same as it was under SBP regulations.

The Bank has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application of Rs. 836.420 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

	Balances as of December 31, 2023	Impact due to: Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Reclassifi-cations due to business model and SPPI assessments	Reclassifi-cations of profit receivable / payable	Remeasure-ments	Reversal of provisions held	Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax	Balances as of January 01, 2024	IFRS 9 Category
	(Rupees in '000)											
ASSETS												
Cash and balances with treasury banks	21,877,439	(152)	-	-	-	-	-	(152)	-	(152)	21,877,287	Amortised cost
Balances with other banks	1,683,007	(1,405)	-	-	-	-	-	(1,405)	-	(1,405)	1,681,602	Amortised cost
Due from financial institutions	8,098,788	(3,342)	-	-	-	-	-	(3,342)	-	(3,342)	8,095,446	Amortised cost
Investments												
- Classified as available for sale	110,979,717	-	(110,979,717)	-	-	-	-	(110,979,717)	-	(110,979,717)	-	
- Classified as air value through other comprehensive income	-	(16,869)	110,758,368	-	-	-	-	110,741,499	-	110,741,499	110,741,499	FVOCI
- Classified as held to maturity	-	-		-	-	-	-	-	-	-	-	
- Classified as amortised cost	-	-		-	-	-	-	-	-	-	-	Amortised cost
- Classified as held for trading	11,901,767	-	(11,901,767)	-	-	-	-	(11,901,767)	-	(11,901,767)	-	
- Classified as fair value through profit or loss	-	-	12,123,116	-	-	-	-	12,123,116	-	12,123,116	12,123,116	FVTPL
	122,881,484	(16,869)	-	-	-	-	-	(16,869)	-	(16,869)	122,864,615	
Islamic financing and related assets - net												
- Gross amount	91,363,465	-	-	-	-	-	-	-	-	-	91,363,465	
- Provisions	(11,607,576)	(1,448,376)	-	-	-	-	-	(1,448,376)	-	(1,448,376)	(13,055,952)	
	79,755,889	(1,448,376)	-	-	-	-	-	(1,448,376)	-	(1,448,376)	78,307,513	Amortised cost
Property and equipment	2,726,266	-	-	-	-		-	-	-	-	2,726,266	Outside the scope of IFRS 9
Right-of-use assets	1,543,900	-	-	-	-		-	-	-	-	1,543,900	Outside the scope of IFRS 9
Intangible assets	1,275,180	-	-	-	-		-	-	-	-	1,275,180	Outside the scope of IFRS 9
Deferred tax assets	2,545,871	-	-	-	-		-	-	(803,620)	803,620	3,349,491	Outside the scope of IFRS 9
Other assets - financial assets	10,713,217	(88,764)	-	-	-		-	(88,764)	-	(88,764)	10,624,453	Amortised cost
Other assets - non financial assets	2,272,608	-	-	-	-		-	-	-	-	2,272,608	Outside the scope of IFRS 9
	255,373,649	(1,558,908)	-	-	-	-	-	(1,558,908)	(803,620)	(755,288)	254,618,361	
LIABILITIES												
Bills payable	5,646,089	-	-	-	-	-	-	-	-	-	5,646,089	Amortised cost
Due to financial institutions	7,649,661	-	-	-	-	-	-	-	-	-	7,649,661	Amortised cost
Deposits and other accounts	207,337,745	-	-	-	-	-	-	-	-	-	207,337,745	Amortised cost
Lease liability against right-of-use assets	1,677,081	-	-	-	-	-	-		-	-	1,677,081	Amortised cost
Subordinated debt	4,624,241	-	-	-	-	-	-	-	-	-	4,624,241	Amortised cost
Other liabilities - financial liabilities	9,100,763	81,132	-	-	-	-	-	81,132	-	81,132	9,181,895	Amortised cost
Other liabilities - non financial liabilities	1,084,912	-	-	-	-	-	-	-	-	-	1,084,912	Outside the scope of IFRS 9
	237,120,492	81,132	-	-	-	-	-	81,132	-	81,132	237,201,624	
NET ASSETS	18,253,157	(1,640,040)	-	-	-	-	-	(1,640,040)	(803,620)	(836,420)	17,416,737	
REPRESENTED BY												
Share capital - net	14,500,490	-	-	-	-	-	-	-	-	-	14,500,490	Outside the scope of IFRS 9
Reserves	1,381,115	-	-	-	-	-	-	-	-	-	1,381,115	Outside the scope of IFRS 9
Surplus on revaluation of assets	793,083	-	(63,621)	-	-	-	-	(63,621)	(31,174)	(32,447)	760,636	Outside the scope of IFRS 9
Unappropriated profit / (accumulated losses)	1,578,469	(1,640,040)	63,621	-	-	-	-	(1,576,419)	(772,446)	(803,973)	774,496	Outside the scope of IFRS 9
	18,253,157	(1,640,040)	-	-	-	-	-	(1,640,040)	(803,620)	(836,420)	17,416,737	

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as that applied in the preparation of the annual audited financial statements for the year ended 31 December 2023, except for changes mentioned in note 3.2.

5. FINANCIAL RISK MANAGEMENT

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

	Note	30 September 2024	31 December 2023
		---------- (Rupees in '000) ----------	
6. CASH AND BALANCES WITH TREASURY BANKS		(Un-audited)	(Audited)
In hand			
Local currency		3,615,479	3,401,846
Foreign currencies		919,545	1,027,373
		4,535,024	4,429,219
With State Bank of Pakistan in			
Local currency current account		12,027,574	14,190,733
Foreign currency current account		2,196,548	2,184,645
	6.1	14,224,122	16,375,378
With National Bank of Pakistan in			
Local currency current accounts		870,701	1,072,842
Less: Credit loss allowance held against cash and balances with treasury banks		(1,262)	-
Cash and balances with treasury banks - net of credit loss allowance		19,628,585	21,877,439

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

	Note	30 September 2024	31 December 2023
		---------- (Rupees in '000) ----------	
7. BALANCES WITH OTHER BANKS		(Un-audited)	(Audited)
In Pakistan			
In current accounts		600	600
In deposit accounts	7.1	189,841	146,154
		190,441	146,754
Outside Pakistan			
In current accounts		1,132,141	1,228,153
In deposit accounts	7.1	3,177,026	308,100
		4,309,167	1,536,253
Less: Credit loss allowance held against balances with other banks		(392)	-
Balances with other banks - net of credit loss allowance		4,499,216	1,683,007

7.1 The expected return on remunerative deposits ranges from 4% to 7.85% (31 December 2023: 3% to 12%) per annum.

8. DUE FROM FINANCIAL INSTITUTIONS

	Note	30 September 2024 (Un-audited)			31 December 2023 (Audited)		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
		----------	----------	----------	(Rupees in '000)	----------	----------
Unsecured							
Musharaka placements	8.1	5,500,000	-	5,500,000	4,400,000	-	4,400,000
Wakalah placements	8.2	-	931,991	931,991	2,000,000	1,698,788	3,698,788
Bai muajjal receivables	8.3	13,927,979	-	13,927,979	-	-	-
Less: Credit loss allowance							
Stage 1		(32,129)	(5)	(32,134)	-	-	-
Stage 2		-	-	-	-	-	-
Stage 3		-	-	-	-	-	-
		(32,129)	(5)	(32,134)	-	-	-
Due from financial institutions - net of credit loss allowance		19,395,850	931,986	20,327,836	6,400,000	1,698,788	8,098,788

8.1 The expected return on these placements ranges from 17% to 17.25% (31 December 2023: 22%) per annum. These will mature in October 2024.

8.2 The expected return on these placements is 2.7% (31 December 2023: 3.1% to 21.25%) per annum. These will mature in October 2024.

8.3 The expected return on these placements ranges from 16.6% to 17.15% (31 December 2023: Nil) per annum. These will mature in November 2024.

9. INVESTMENTS

9.1 Investments by type:

	30 September 2024 (Un-audited)				31 December 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance / impairment	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	-- (Rupees in '000)							--
FVTPL								
Federal Government securities	254,725	-	(557)	254,168	-	-	-	-
Non-government debt securities	100,000	-	-	100,000	-	-	-	-
Shares	300,818	-	(186,481)	114,337	-	-	-	-
	655,543	-	(187,038)	468,505	-	-	-	-
FVOCI								
Federal Government securities	83,767,339	(6,504)	1,177,567	84,938,402	-	-	-	-
Shares	135,973	(26,154)	-	109,819	-	-	-	-
Non-government debt securities	25,755,504	(114,094)	259,608	25,901,018	-	-	-	-
Foreign securities	4,114,051	(1,357)	(57,217)	4,055,477	-	-	-	-
	113,772,867	(148,109)	1,379,958	115,004,716	-	-	-	-
Held-for-trading securities								
Federal Government securities	-	-	-	-	11,901,778	-	(11)	11,901,767
Available-for-sale securities								
Federal Government securities	-	-	-	-	79,055,194	-	693,155	79,748,349
Shares	-	-	-	-	462,607	(306,753)	63,623	219,477
Non-government debt securities	-	-	-	-	25,942,932	(111,455)	351,428	26,182,905
Foreign securities	-	-	-	-	4,995,552	-	(166,566)	4,828,986
	-	-	-	-	110,456,285	(418,208)	941,640	110,979,717
Total investments	114,428,410	(148,109)	1,192,920	115,473,221	122,358,063	(418,208)	941,629	122,881,484

9.2 Investments by segments:

	30 September 2024 (Un-audited)				31 December 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance / impairment	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	-- (Rupees in '000)							--
- **Debt instruments**								
Classified / measured at FVOCI								
Federal Government securities								
-Ijarah sukuks	83,767,339	(6,504)	1,177,567	84,938,402	-	-	-	-
Non-government debt securities	25,755,504	(114,094)	259,608	25,901,018	-	-	-	-
Foreign securities	4,114,051	(1,357)	(57,217)	4,055,477	-	-	-	-
	113,636,894	(121,955)	1,379,958	114,894,897	-	-	-	-
Classified / measured at FVTPL								
Federal Government securities								
-Ijarah sukuks	254,725	-	(557)	254,168	-	-	-	-
Instruments mandatorily classified / measured at FVTPL								
Non-government debt securities	100,000	-	-	100,000	-	-	-	-
Equity instruments								
Classified / measured at FVOCI								
Shares								
Unlisted companies	135,973	(26,154)	-	109,819	-	-	-	-
- **Equity instruments**								
Classified / measured at FVTPL								
Shares								
Listed companies	300,818	-	(186,481)	114,337	-	-	-	-
- **Federal Government securities**								
Ijarah sukuk	-	-	-	-	90,956,972	-	693,144	91,650,116
	-	-	-	-				
- **Shares**								
Listed companies	-	-	-	-	338,326	(280,599)	63,623	121,350
Unlisted companies	-	-	-	-	124,281	(26,154)	-	98,127
	-	-	-	-	462,607	(306,753)	63,623	219,477
- **Non government debt securities**								
Unlisted	-	-	-	-	2,582,705	(111,455)	(12,917)	2,458,333
Listed	-	-	-	-	23,360,227	-	364,345	23,724,572
	-	-	-	-	25,942,932	(111,455)	351,428	26,182,905
- **Foreign securities**								
Government securities	-	-	-	-	845,717	-	(4,988)	840,729
Non-government debt securities	-	-	-	-	4,149,835	-	(161,578)	3,988,257
	-	-	-	-	4,995,552	-	(166,566)	4,828,986
Total investments	114,428,410	(148,109)	1,192,920	115,473,221	122,358,063	(418,208)	941,629	122,881,484

9.3 Particlurs of credit loss allowance - debt securities

	30 September 2024 (Un-audited)				31 December 2023 (Audited)				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Provision for diminution in value of investments	Total
	(Rupees in '000)				(Rupees in '000)				
Federal Government securities	6,504	-	-	6,504	-	-	-	-	-
Non-government debt securities	2,639	-	111,455	114,094	-	-	-	111,455	111,455
Foreign securities	1,357	-	-	1,357	-	-	-	-	-
	10,500	-	111,455	121,955	-	-	-	111,455	111,455

9.3.1 Credit loss allowance / provision for diminution in value of investments

	30 September 2024	31 December 2023
	----- (Rupees in '000) -----	
	(Un-audited)	(Audited)
Opening balance	418,208	414,768
Adjustment in prior years due to IFRS 9 implementation - Equity securities	(280,599)	-
ECL charge on opening investment portfolio	16,869	-
Charge / (reversals)		
Charge for the period	323	3,440
Reversal for the period	(6,692)	-
	(6,369)	3,440
Closing balance	148,109	418,208

9.4 Particulars of credit loss allowance against debt securities - FVOCI

		30 September 2024 (Un-audited)		31 December 2023 (Audited)	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Provision held
		(Rupees in '000)			
Domestic					
Performing	Stage 1	113,525,439	10,500	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		111,455	111,455	111,455	111,455
		111,455	111,455	111,455	111,455
Total		113,636,894	121,955	111,455	111,455

10. ISLAMIC FINANCING AND RELATED ASSETS - NET

	Note	Performing		Non-performing		Total	
		30 September 2024	31 December 2023	30 September 2024	31 December 2023	30 September 2024	31 December 2023
		------- (Rupees in '000) -------					
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
- Murabaha financing		1,050,675	1,065,019	2,012,190	2,188,671	3,062,865	3,253,690
- Advance against murabaha financing		284,259	256,856	223,918	123,120	508,177	379,976
- Export refinance under Islamic scheme		26,000	33,800	43,506	54,455	69,506	88,255
- Advance against export refinance under Islamic scheme		4,486,200	5,530,095	150,285	63,785	4,636,485	5,593,880
- Inventory against export refinance under Islamic scheme		271,000	25,000	-	-	271,000	25,000
- Diminishing musharaka and Ijarah financing		36,716,605	41,127,171	3,139,125	2,975,793	39,855,730	44,102,964
- Advance against diminishing musharaka finance		208,408	246,856	-	-	208,408	246,856
- Musawamah		163,791	-		-	163,791	-
- Running musharaka		4,787,356	2,577,002	-	-	4,787,356	2,577,002
- Tijarah finance		-	-	4,850	4,850	4,850	4,850
- Advance against tijarah		414,648	2,250,909	240,459	93,659	655,107	2,344,568
- Tijarah Inventory		1,778,175	-	10,228	7,228	1,788,403	7,228
- Over-due acceptances		79,513	31,341	491,342	491,342	570,855	522,683
- Payment against guarantee		3,776	3,776	64,439	64,439	68,215	68,215
- Payment against documents		51,558	1,346,999	-	-	51,558	1,346,999
- Salam financing		489,760	59,946	28,819	10,992	518,579	70,938
- Advance against salam		4,488,406	4,281,197	2,445,458	2,515,129	6,933,864	6,796,326
- Salam inventory		501,380	-	96,347	55,433	597,727	55,433
- Rahnuma Travel Services		600	5,183	-	-	600	5,183
- Istasna finance		3,368,011	1,470,672	866,498	589,264	4,234,509	2,059,936
- Advance against istasna		19,270,290	15,070,036	3,370,951	3,353,640	22,641,241	18,423,676
- Istasna inventory		2,759,333	3,200,534	332,768	72,089	3,092,101	3,272,623
- Qarz-e-Hasna		60,552	56,795	61,741	60,389	122,293	117,184
Islamic financing and related assets - gross		81,260,296	78,639,187	13,582,924	12,724,278	94,843,220	91,363,465
Provisions for non-performing financing							
- Specific	10.3	-	-	-	(10,499,196)	-	(10,499,196)
- General	10.3	(592,375)	(1,108,380)	-	-	(592,375)	(1,108,380)
		(592,375)	(1,108,380)	-	(10,499,196)	(592,375)	(11,607,576)
Credit loss allowance against financing							
- Stage 1		(236,338)	-	-	-	(236,338)	-
- Stage 2		(401,306)	-	-	-	(401,306)	-
- Stage 3		(70,704)	-	(12,124,047)	-	(12,194,751)	-
		(708,348)	-	(12,124,047)	-	(12,832,395)	-
Islamic financing and related assets - net of credit loss allowance / provision		79,959,573	77,530,807	1,458,877	2,225,082	81,418,450	79,755,889

10.1 Particulars of Islamic financing and related assets (Gross)

	30 September 2024	31 December 2023
	-------- (Rupees in '000) --------	
	(Un-audited)	(Audited)
In local currency	94,423,318	91,137,695
In foreign currency	419,902	225,770
	94,843,220	91,363,465

10.2 Islamic financing and related assets include Rs. 13,582.924 million (31 December 2023: Rs. 12,724.278 million) which have been placed under Stage 3 (non-performing) status as detailed below:

Category of classification	30 September 2024 (Un-audited)		31 December 2023 (Audited)	
	Non-performing Islamic financing and related assets	Credit loss allowance / Provision	Non-performing Islamic financing and related assets	Credit loss allowance / Provision
	------- (Rupees in '000) -------			
Domestic				
Stage 3				
- Other assets especially mentioned	227,632	144,348	246,842	-
- Substandard	1,177,839	707,930	249,877	31,356
- Doubtful	1,152,847	718,331	474,612	178,269
- Loss	11,024,606	10,553,438	11,752,947	10,289,571
	13,582,924	12,124,047	12,724,278	10,499,196

10.3 Particulars of credit loss allowance against islamic financing and related assets

	30 September 2024 (Un-audited)						31 December 2023 (Audited)		
	Stage 3	Stage 2	Stage 1	Specific	General	Total	Specific	General	Total
	(Rupees in '000)								
Opening balance	-	-	-	10,499,196	1,108,380	11,607,576	9,717,701	418,752	10,136,453
IFRS 9 Implementation	11,487,822	507,414	268,341	(10,499,196)	(316,005)	1,448,376	-	-	-
Charge for the period	1,695,970	211,672	113,193	-	-	2,020,835	1,215,776	750,000	1,965,776
Reversals	(939,698)	(318,038)	(143,499)	-	(200,000)	(1,601,235)	(426,963)	(60,372)	(487,335)
	756,272	(106,366)	(30,306)	-	(200,000)	419,600	788,813	689,628	1,478,441
Amounts written off	(60,000)	-	-	-	-	(60,000)	(12,519)	-	(12,519)
Provision / amounts charged off - agriculture financing	10,657	258	(1,697)	-	-	9,218	5,201	-	5,201
Closing balance	12,194,751	401,306	236,338	-	592,375	13,424,770	10,499,196	1,108,380	11,607,576

10.3.1 The above provision against non-performing Islamic financing has been computed after considering allowable forced sale value (FSV) of collateral amounting to Rs. 2,438.680 million (31 December 2023: Rs. 1,763.004 million). The FSV benefit recognised is not allowed for distribution of cash or stock dividend to shareholders and bonus to employees.

10.3.2 The Bank has maintained a general provision of Rs. 592.375 million (31 December 2023: Rs. 894.744 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations and IFRS 9.

10.4 Islamic financing and related assets - Particulars of credit loss allowance / provision

	30 September 2024 (Un-audited)						31 December 2023 (Audited)		
	Stage 3	Stage 2	Stage 1	Specific	General	Total	Specific	General	Total
	(Rupees in '000)								
Opening balance	-	-	-	10,499,196	1,108,380	11,607,576	9,717,701	418,752	10,136,453
IFRS 9 Implementation	11,487,822	507,414	268,341	(10,499,196)	(316,005)	1,448,376	-	-	-
New financing	652,905	137,344	101,333	-	-	891,582	1,221,300	750,000	1,971,300
Financing derecognised or repaid	(499,947)	(167,901)	(151,114)	-	(200,000)	(1,018,962)	(427,286)	(60,372)	(487,658)
Transfer to stage 1	(1,209)	(33,314)	34,523	-	-	-	-	-	-
Transfer to stage 2	(10,170)	24,213	(14,043)	-	-	-	-	-	-
Transfer to stage 3	82,027	(79,786)	(2,241)	-	-	-	-	-	-
	223,606	(119,444)	(31,542)	-	(200,000)	(127,380)	794,014	689,628	1,483,642
Amounts written off / charged off	(60,000)	-	-	-	-	(60,000)	(12,519)	-	(12,519)
Changes in risk parameters	543,323	13,336	(461)	-	-	556,198	-	-	-
Closing balance	12,194,751	401,306	236,338	-	592,375	13,424,770	10,499,196	1,108,380	11,607,576

10.5 Islamic financing and related assets - Category of classification

		30 September 2024 (Un-audited)		31 December 2023 (Audited)	
Category of classification		Outstanding amount	Credit loss allowance / provision held	Outstanding amount	Credit loss allowance / provision held
		(Rupees in '000)			
Domestic					
Performing	Stage 1	56,920,978	236,338	-	-
Underperforming	Stage 2	24,192,775	401,306	-	-
Underperforming (under cool-off period)	Stage 3	146,543	70,704	-	-
Non-Performing	Stage 3				
Other assets especially mentioned		227,632	144,348	246,842	-
Substandard		1,177,839	707,930	249,877	31,356
Doubtful		1,152,847	718,331	474,612	178,269
Loss		11,024,606	10,553,438	11,752,947	10,289,571
		13,582,924	12,124,047	12,724,278	10,499,196
General Provision		-	592,375	-	1,108,380
Total		94,843,220	13,424,770	12,724,278	11,607,576

11. PROPERTY AND EQUIPMENT

	Note	30 September 2024	31 December 2023
		---------- (Rupees in '000) ----------	
		(Un-audited)	(Audited)
Capital work-in-progress	11.1	325,667	295,956
Property and equipment		2,440,230	2,430,310
		2,765,897	2,726,266

11.1 Capital work-in-progress

		30 September 2024	31 December 2023
Advances to suppliers and contractors for:			
- civil works		321,925	295,492
- computer hardware		3,742	464
Advance for purchase of property - related party		251,680	251,680
Provisions for impairment against advance for purchase of property		(251,680)	(251,680)
		-	-
Total capital work-in-progress		325,667	295,956

11.2 Additions to property and equipment

	30 September 2024	30 September 2023
	---------- (Rupees in '000) ----------	
	------------ (Un-audited) ------------	

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

	30 September 2024	30 September 2023
Capital work-in-progress	30,175	24,190
Property and equipment		
Leasehold improvements	20,307	11,052
Furniture and fixture	16,298	6,614
Electrical office and computer equipment	140,083	298,070
Vehicles	59,613	35,883
	236,301	351,619
Total	266,476	375,809

11.3 Disposal of property and equipment

The net book value of property and equipment disposed off during the period is as follows:

	30 September 2024	30 September 2023
Leasehold improvements	333	31
Furniture and fixture	118	-
Electrical office and computer equipment	339	142
Vehicles	-	6,426
Total	790	6,599

		30 September 2024	31 December 2023
		---------- (Rupees in '000) ----------	
		(Un-audited)	(Audited)
12.	**RIGHT-OF-USE ASSETS**		
	Cost	2,785,148	3,618,310
	Accumulated depreciation	(1,241,248)	(2,015,076)
	Net carrying amount as of 01 January 2024	1,543,900	1,603,234
	Additions during the period	720,395	553,440
	Depreciation charge for the period	(409,777)	(518,438)
	Deletions during the period	(113,424)	(93,175)
	Modification during the period	-	(1,161)
	Net carrying amount as of 30 September 2024	**1,741,094**	**1,543,900**
13.	**INTANGIBLE ASSETS**		
	Computer software	139,147	143,458
	Advance to suppliers against computer software	181,667	153,560
	Core deposits	146,250	198,900
	Brand	383,145	383,145
	Goodwill	396,117	396,117
		1,246,326	1,275,180

		30 September 2024	30 September 2023
		---------- (Rupees in '000) ----------	
		(Un-audited)	
13.1	**Additions to intangible assets**		

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

Directly purchased

	30 September 2024	30 September 2023
Advance to suppliers against computer software	39,452	74,584
Computer software	63,077	72,463
	102,529	147,047

		30 September 2024	31 December 2023
		---------- (Rupees in '000) ----------	
		(Un-audited)	(Audited)
14.	**DEFERRED TAX ASSETS**		
	Deductible temporary differences on:		
	- Post retirement employee benefits	122,379	122,379
	- Credit loss allowance against assets	3,975,974	3,315,052
	- Other deductible temporary differences	175,070	113,897
		4,273,423	3,551,328
	Taxable temporary differences on:		
	- Surplus on revaluation of investments	(584,531)	(461,399)
	- Surplus on revaluation of non-banking assets	(300,579)	(300,579)
	- Accelerated tax depreciation	(216,629)	(243,479)
		(1,101,739)	(1,005,457)
		3,171,684	2,545,871

		Note	30 September 2024	31 December 2023
			---------- (Rupees in '000) ----------	
			(Un-audited)	(Audited)
15.	**OTHER ASSETS**			
	Profit / return accrued in local currency		10,005,960	7,617,279
	Profit / return accrued in foreign currency		28,812	28,532
	Advances, deposits, advance rent and other prepayments		593,220	623,373
	Non-banking assets acquired in satisfaction of claims		1,243,899	1,273,420
	Acceptances		1,613,322	1,867,635
	Settlement account with State Bank of Pakistan		1,042,230	864,924
	Branch adjustment account		26,512	-
	Others		222,929	324,206
			14,776,884	12,599,369
	Less: Credit loss allowance held against other assets	15.1	(253,007)	(226,970)
	Other assets (net of credit loss allowance)		14,523,877	12,372,399
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		613,426	613,426
	Other assets - total		15,137,303	12,985,825
15.1	**Credit loss allowance held against other assets**			
	Expected credit loss allowances on profit receivable		26,166	-
	Fraud and forgeries		213,314	215,420
	Non-performing receivables		11,550	11,550
	Expected credit loss allowances on acceptances		1,977	-
			253,007	226,970
15.1.1	**Movement in credit loss allowance held against other assets**			
	Opening balance		226,970	149,212
	ECL charge on adoption of IFRS 9		88,764	-
	Charge for the period		11,612	77,758
	Reversals		(74,339)	-
			(62,727)	77,758
	Closing balance		253,007	226,970
16.	**BILLS PAYABLE**			
	In Pakistan		7,772,516	5,646,089
17.	**DUE TO FINANCIAL INSTITUTIONS**			
	Secured			
	Borrowings from State Bank of Pakistan			
	- Under Islamic export refinance scheme	17.1	4,785,000	5,652,680
	- Under Islamic temporary economic refinance facility for plant and machinery	17.2	1,742,573	1,901,331
	- Under Islamic refinance facility for combating COVID-19	17.3	27,856	36,039
	- Under Islamic financing facility for renewable energy	17.4	76,292	42,433
	- Under Islamic refinance and credit guarantee scheme for Women entrepreneurs	17.5	16,862	17,178
	- Under Islamic financing facility for storage of agricultural produce	17.6	50,000	-
			6,698,583	7,649,661

17.1 The range of profit rates on these borrowings is 13.5% to 18% per annum (31 December 2023: 17% to 18% per annum). The maximum limit approved by SBP to the Bank under Islamic Export Refinance Scheme is Rs. 5.436 billion. These contracts will mature in March 2025.

17.2 SBP vide its Circular No. 02 of 2020 had introduced an Islamic temporary economic refinance facility to support sustainable economic growth. The facility aims to provide concessionary finance for setting up of new industrial units through purchase of new imported and locally manufactured plant and machinery. The profit rate on these borrowings is 1% (31 December 2023: 1%) per annum. The maximum limit approved by SBP to the Bank under this scheme is Rs. 2 billion. These contracts will mature in October 2032.

17.3 SBP vide its Circular No. 04 of 2020 had introduced an Islamic refinance facility to combat the impact of COVID-19. The facility aims to provide long term finance for purchase of new imported and locally manufactured medical equipments to be used for combating COVID-19 by hospitals and medical centers registered with provincials / federal agencies. The profit rate on these borrowings is nil (31 December 2023: nil). The maximum limit approved by SBP to the Bank under this scheme is Rs. 75 million. These contracts will mature in December 2026.

17.4 The profit rate on these borrowings is 2% (31 December 2023: 2%) per annum. The maximum limit approved by SBP to the Bank is Rs. 168 million. Further, these contracts will mature in April 2032.

17.5 SBP vide its IH&SMEFD Circular No. 05 of 2017 had introduced a refinance and credit guarantee scheme to improve access to finance for women entrepreneurs in the underserved areas of the Country. The profit rate on these borrowings is nil (31 December 2023: nil). The maximum limit approved by SBP to the Bank under this scheme is Rs. 100 million. These contracts will mature in January 2029.

17.6 SBP vide its IH&SMEFD Circular No. 08 of 2010 had introduced a Financing Facility for Storage of Agricultural Produce (FFSAP) to encourage private sector to establish silos, warehouses and cold storages. The profit rate on these borrowings is 3.25% (31 December 2023: Nil) per annum. The maximum limit approved by SBP to the Bank under this scheme is Rs. 75 million. These contracts will mature in February 2029.

17.6 These represents acceptance of funds by the Bank on Mudaraba basis and are secured against lien of the Bank's investment in Federal Government Securities. The range of profit rates on these borrowings is 20.28% to 20.29% (31 December 2023: nil) per annum and are due to mature by June 2023.

18. DEPOSITS AND OTHER ACCOUNTS

	30 September 2024 (Un-audited)			31 December 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	---- (Rupees in '000) ----					
Customers						
Current deposits	44,598,093	8,845,732	53,443,825	46,335,328	9,299,502	55,634,830
Savings deposits	59,837,923	5,519,968	65,357,891	45,175,857	5,959,493	51,135,350
Term deposits	50,716,601	8,108,206	58,824,807	50,297,961	7,757,803	58,055,764
Margin accounts	2,979,873	-	2,979,873	8,781,295	-	8,781,295
	158,132,490	22,473,906	180,606,396	150,590,441	23,016,798	173,607,239
Financial institutions						
Current deposits	23,061	27,614	50,675	143,469	96,629	240,098
Savings deposits	34,643,382	7	34,643,389	33,474,252	1,156	33,475,408
Term deposits	75,000	-	75,000	15,000	-	15,000
	34,741,443	27,621	34,769,064	33,632,721	97,785	33,730,506
	192,873,933	22,501,527	215,375,460	184,223,162	23,114,583	207,337,745

19. LEASE LIABILITIES

	30 September 2024	31 December 2023
	---------- (Rupees in '000) ----------	
	(Un-audited)	(Audited)
Outstanding amount at the start of the period / year	1,677,081	1,695,781
Additions during the period / year	720,395	553,440
Finance charge for the period / year	194,530	219,693
Payments made during the period / year	(588,815)	(697,497)
Derecognition during the period / year	(113,424)	(93,175)
Modifications made during the period / year	-	(1,161)
Outstanding amount at the end of the period / year	**1,889,767**	**1,677,081**

19.1 Liabilities outstanding

	Note	30 September 2024	31 December 2023
		---------- (Rupees in '000) ----------	
		(Un-audited)	(Audited)
Not later than one year		435,831	387,132
Later than one year and upto five years		1,093,433	1,009,459
Over five years		360,503	280,490
Total at the period / year end		**1,889,767**	**1,677,081**

19.1.1 For the purpose of discounting, PKRV rates with a spread of 2.5% have been used.

20. SUBORDINATED DEBT

	Note	30 September 2024	31 December 2023
Tier II mudaraba sukuk - second issue		-	1,500,000
Tier II mudaraba sukuk - third issue	20.1	1,735,000	1,735,000
Additional Tier I capital	20.2	1,389,241	1,389,241
		3,124,241	4,624,241

20.1 In December 2021, the Bank issued regulatory shariah compliant unsecured, subordinated privately placed Tier-II sukuk (third issue) based on mudaraba of Rs. 1.735 billion as instruments of redeemable capital under section 66 of the Companies Act, 2017. A brief description of Tier-II sukuk (third issue) is as follows:

Credit rating	A by VIS Credit Rating Company Limited
Issue date	22 December 2021
Maturity date	21 December 2031
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year
Expected periodic profit amount (mudaraba profit amount)	Mudaraba profit is computed under the general depositors' pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 6 month KIBOR + 1.5% per annum.
Call option	The Bank may call Tier-II sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss absorbency	The Tier-II sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-clause	Profit and / or redemption amount can be held back in respect of the Tier-II sukuk, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

20.2 In December 2018, the Bank issued regulatory shariah compliant unsecured, subordinated privately placed Additional Tier-I (ADT-1) capital based on mudaraba of Rs. 1.389 billion. A brief description of Additional Tier-I (ADT-1) capital is as follows:

Credit rating	Not rated
Issue date	26 December 2018
Tenor	Perpetual
Profit payment frequency	Monthly
Redemption	Perpetual
Expected periodic profit amount (mudaraba profit amount)	Mudaraba profit is computed under the general depositors' pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 1 year KIBOR + 2.50% per annum.
Call option	The Bank may call ADT-1 Capital sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss absorbency	The ADT-1 capital, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-clause	Profit and / or redemption amount can be held back in respect of the ADT-1 capital, if such payment will result in a shortfall in the Bank's minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

	Note	30 September 2024	31 December 2023
		-------- (Rupees in '000) --------	
		(Un-audited)	(Audited)
21. OTHER LIABILITIES			
Return on deposits and other dues:			
- payable in local currency		3,159,556	3,157,342
- payable in foreign currencies		150,314	250,001
Accrued expenses		913,784	872,224
Current taxation (payments less provisions)		1,358,041	986,130
Mark to market loss on re-measurement of forward exchange contracts		228,191	493,523
Unearned income		105,168	73,512
Advance payments		818,547	739,862
Charity fund balance		49,725	58,422
Security deposits against ijarah		72,589	73,718
Payable in respect of defined benefit plan		312,312	286,268
Workers Welfare Fund payable		357,286	232,443
Taxes payable		123,610	100,605
Takaful payable against ijarah and diminishing musharakah assets		265,724	294,557
Branch adjustment account		-	179,877
Acceptances		1,613,322	1,867,635
Others		230,152	519,556
Credit loss allowance against off-balance sheet obligations	21.1	69,674	-
		9,827,995	10,185,675

21.1 Credit loss allowance against off-balance sheet obligations

	30 September 2024	31 December 2023
Opening balance	-	-
ECL charge on adoption of IFRS 9	81,132	-
Charge for the period	35,262	-
Reversals	(46,720)	-
	(11,458)	-
Amount written off	-	-
Closing balance	69,674	-

		Note	30 September 2024	31 December 2023
			------ (Rupees in '000) ------	
22.	**SURPLUS ON REVALUATION OF ASSETS**		(Un-audited)	(Audited)
	Surplus on revaluation of:			
	- Available-for-sale securities	9.1	-	941,640
	- Securities measured at FVOCI-Debt securities	9.1	1,379,958	-
	- Non-banking assets acquired in satisfaction of claims	15	613,426	613,426
			1,993,384	1,555,066
	Deferred tax on surplus on revaluation of:			
	- Available-for-sale securities		-	(461,404)
	- Securities measured at FVOCI-Debt securities		(676,179)	-
	- Non-banking assets acquired in satisfaction of claims	14	(300,579)	(300,579)
			(976,758)	(761,983)
			1,016,626	793,083
23	**CONTINGENCIES AND COMMITMENTS**			
	- Guarantees	23.1	13,118,317	13,425,395
	- Commitments	23.2	41,159,355	43,424,135
			54,277,672	56,849,530
23.1	**Guarantees:**			
	Performance guarantees		9,785,500	10,642,086
	Other guarantees		3,332,817	2,783,309
			13,118,317	13,425,395
23.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions - letters of credit		12,625,567	16,300,830
	Commitments in respect of forward foreign exchange contracts	23.2.1	27,584,100	26,425,287
	Commitments for acquisition of operating fixed assets		25,780	10,952
	Other commitments	23.2.2	923,908	687,066
			41,159,355	43,424,135
23.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		18,696,345	19,051,426
	Sale		8,887,755	7,373,861
			27,584,100	26,425,287

23.2.1.1 The maturities of the above contracts are spread over the period upto one year.

23.2.2	**Other commitments**			
	Commitments in respect of financing	23.2.2.1	923,908	687,066

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

		30 September 2024	31 December 2023
		------ (Rupees in '000) ------	
23.3	**Other contingent liabilities**	(Un-audited)	(Audited)
	Claims against the Bank not acknowledged as debt	2,072,416	2,687,416

23.4 Tax contingencies

There is no change in the status of contingencies disclosed in notes 22.3 to the annual audited financial statements for the year ended 31 December 2023, except for the following:

During the year 2021, Assistant / Deputy Commissioner Inland Revenue (DCIR) passed an Order under Section 122(1) of the Income Tax Ordinance, 2001, on account of certain additions / disallowances of certain expenses in the tax return filed for the tax year 2018. The Bank filed an appeal before Commissioner Inland Revenue (Appeals) who passed an Order in 2022 annulling additions / disallowances of certain expenses however there are certain additions / disallowances of expenses for which appeal has been filed before ATIR.

During the year 2023, the DCIR issued notice for the tax year 2018 under section 137(2) to pay the outstanding demand of Rs. 380.154 million. The notice was duly replied by the Bank. During the current period, CIR(A) passed an order wherein the demand of income tax has been reduced to Rs. 61.474 million. The Bank has filed stay application against this demand which has been granted by Appellate Tribunal Inland Revenue (ATIR).

The management of the Bank, in consultation with its tax advisors, is confident that the appeal is likely to be decided in favor of the Bank and hence, no provision has been made in these condensed interim financial statements for the income tax claims of Rs. 61.474 million.

		Note	Nine months ended	
			30 September 2024	30 September 2023
			---------- (Rupees in '000) ----------	
			----------- (Un-audited) -----------	
24.	**PROFIT / RETURN EARNED**			
	On:			
	- Islamic financing and related assets - net		11,263,680	10,778,970
	- Investments		17,802,392	15,542,143
	- Due from financial institutions		994,143	347,407
	- Balances with banks		11,759	16,368
			30,071,974	26,684,888
25.	**PROFIT / RETURN EXPENSED**			
	On:			
	- Deposits		16,275,736	14,158,291
	- Borrowings		89,385	840,879
	- Conversion cost against foreign currency deposits / borrowings		614,358	577,270
	- Subordinated debt		762,499	693,794
	- Finance charge on lease liability against right-of-use asset		194,530	164,958
	- SBP Islamic refinance schemes		684,675	572,167
			18,621,183	17,007,359
26.	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		92,909	81,550
	Consumer finance related fees		92,364	137,434
	Debit card related fees and income		136,388	119,422
	Investment banking fees		11,627	21,860
	Commission on trade		253,449	243,188
	Commission on guarantees		32,463	90,210
	Commission on cash management		12,710	9,413
	Commission on remittances including home remittances		16,337	22,462
	Commission on bancatakaful		588	2,413
	Others		15,502	17,296
			664,337	745,248
27.	**GAIN ON SECURITIES**			
	Realised	27.1	255,389	4,519
	Unrealised - measured at FVTPL		7,038	22,759
			262,427	27,278
27.1	Realised gain on:			
	Federal Government securities		237,657	2,866
	Shares		17,732	1,653
			255,389	4,519

		Note	Nine months ended 30 September 2024	Nine months ended 30 September 2023
			---------- (Rupees in '000) ----------	
28.	**Net gain / loss on financial assets measured at FVTPL:**		----------- (Un-audited) -----------	
	Designated upon initial recognition		82,062	25,444
	Mandatorily measured at FVTPL		-	-
			82,062	25,444
	Net gain on financial assets measured at FVOCI - Debt securities		180,365	1,834
			262,427	27,278
29.	**OTHER INCOME**			
	Rent on property		20,017	12,004
	Gain on sale of fixed assets - net		4,486	1,229
	Loss on termination of Islamic financing		(2,695)	(1,398)
			21,808	11,835
30.	**OPERATING EXPENSES**			
	Total compensation expense		3,002,906	2,526,266
	Property expense			
	Rent and taxes		131,907	119,986
	Takaful expense		29,901	27,538
	Utilities		346,988	286,283
	Security (including guards)	30.1	318,790	264,786
	Repair and maintenance (including janitorial charges)	30.1	120,727	99,241
	Depreciation		48,514	49,172
	Depreciation on right of use assets		409,777	379,286
	Depreciation - non banking assets		29,521	29,521
	Others		5,388	5,363
			1,441,513	1,261,176
	Information technology expenses			
	Software maintenance		393,168	284,625
	Hardware maintenance		28,161	12,169
	Depreciation		81,734	62,012
	Amortisation		67,388	63,811
	Network charges		72,605	74,514
	Mastercard association Fee		134,517	89,315
			777,573	586,446
	Other operating expenses			
	Directors' fees and allowances		45,500	80,975
	Fees and allowances to Shariah Board		4,402	4,374
	Legal and professional charges		75,411	50,631
	Outsourced services costs	30.1	273,189	197,272
	Travelling and conveyance		61,959	53,474
	NIFT clearing charges		16,410	16,432
	Depreciation		92,300	72,591
	Amortisation		52,650	52,506
	Takaful and registration of Ijarah		6,850	6,475
	Training and development		31,653	13,104
	Postage and courier charges		57,687	25,445
	Communication		47,671	41,646
	Stationery and printing	30.1	129,002	120,513
	Marketing, advertisement and publicity		143,115	58,608
	Repair and maintenance		51,719	52,543
	Auditors' remuneration		15,819	14,423
	Depositors' protection		109,815	97,272
	Brokerage, commission and bank charges		171,607	203,108
	Others		96,009	82,280
			1,482,768	1,243,672
			6,704,760	5,617,560

30.1 These amounts include outsourcing services with regards to janitorial services, security services, contractual employees over third party contracts and printing activities.

			Nine months ended	
			30 September 2024	30 September 2023
			---------- (Rupees in '000) ----------	
31.	**OTHER CHARGES**		----------- (Un-audited) -----------	
	Penalties imposed by State Bank of Pakistan		10,721	11,918
32.	**CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET**			
	Write off against other assets		(40)	13,476
	Write off against fixed assets		3,051	-
	Reversal of credit loss allowance against other assets		(62,727)	-
	Credit loss allowance against balances with treasury banks		1,110	-
	Credit loss allowance against balances with other banks		(1,013)	-
	Reversal of credit loss allowance against due from financial institutions		28,792	-
	Reversal of credit loss allowance / provision for diminution in value of investments	9.3.1	(6,369)	3,440
	Credit loss allowance / provision against islamic financing and related assets	10.3	428,818	715,393
	Reversal of credit loss allowance against off balance sheet obligations	21.1	(11,458)	-
			380,164	732,309
33.	**TAXATION**			
	Current tax - current period		3,137,124	2,142,562
	Deferred tax - current period		(68,144)	(185,667)
			3,068,980	1,956,895
34.	**BASIC / DILUTED EARNING PER SHARE**			
	Profit after taxation for the period		3,048,323	2,586,440
			----------Number of shares----------	
	Weighted average number of ordinary shares		1,373,962,760	1,373,962,760
			-----------------Rupees-----------------	
	Basic and diluted earnings per share		2.22	1.88

Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at September 30, 2024 and December 31, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

35. FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as amortised cost / held to maturity, is based on quoted market price. Quoted debt securities classified as amortised cost / held to maturity are carried at cost. The fair value of unquoted equity securities is determined on the basis of the valuation methodologies which are best reflective on their business model in accordance with SBP application instructions.

The fair value of unquoted debt securities that are not available, 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 reliable data regarding market rates for similar instruments.

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

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

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

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

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

35.1 Fair value of financial assets

The following table provides the fair value measurement hierarchy of the Bank's assets:

	30 September 2024 (Un-audited)			
On balance sheet financial instruments	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	85,192,570	-	85,192,570
Non-government debt securities	23,587,254	2,413,764	-	26,001,018
Shares	114,337	-	-	114,337
Foreign securities	-	4,055,477	-	4,055,477
	23,701,591	91,661,811	-	115,363,402
Financial assets - disclosed but not measured at fair value				
Investments	-	-	-	-
	-	-	-	-
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	18,696,345	-	18,696,345
Forward sale of foreign exchange	-	8,887,755	-	8,887,755

	31 December 2023 (Audited)			
On balance sheet financial instruments	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	92,577,655	-	92,577,655
Non-government debt securities	23,724,572	1,530,794	-	25,255,366
Shares	121,350	-	-	121,350
Foreign securities	-	4,828,986	-	4,828,986
	23,845,922	98,937,435	-	122,783,357
Financial assets - disclosed but not measured at fair value				
Investments	-	-	-	-
	-	-	-	-
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	19,051,426	-	19,051,426
Forward sale of foreign exchange	-	7,373,861	-	7,373,861

There were no transfers between level 1 and level 2 during the period.

35.2 Fair value of non-financial assets

	30 September 2024 (Un-audited)				
	Carrying amount	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Non-banking assets acquired in satisfaction of claims	1,857,325	-	-	1,857,325	1,857,325
	1,857,325	-	-	1,857,325	1,857,325

	31 December 2023 (Audited)				
	Carrying amount	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Non-banking assets acquired in satisfaction of claims	1,886,846	-	-	1,886,846	1,886,846
	1,886,846	-	-	1,886,846	1,886,846

35.3 Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Particulars	Valuation approach and input used
Listed securities	The valuation has been determined through closing rates of Pakistan Stock Exchange (PSX).
Federal government securities	The fair value of Federal Government securities are determined on the basis of rates / prices sourced from Reuters. However, valuation of Pakistan Energy Sukuk on the basis of rates announced or last traded rates by PSX.
Non-government debt securities	Investment in non-government debt securities denominated in local currency are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP).
Foreign securities	The fair value of foreign securities are denominated on the basis of rates taken from Bloomberg / Reuters.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.
Non-banking assets aqcuired in satisfaction of claims	The fair value of land and building are derived using the sale comparison approach. The sales value is determined by physically analysing the condition of land and building and by ascertaining the current market value of similar land, which is selling in near vicinity. Moreover, for buildings, the valuer has also considered prevailing current cost of construction for relevant type of civil work carried out thereon, whereever required.

The valuations of land and building, mentioned above, are conducted by the valuation experts appointed by the Bank which are also on the panel of the Pakistan Banks' Association (PBA). The valuation experts use a market based approach to arrive at the fair value of the Bank's properties. The market approach uses 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 quantitative disclosure of sensitivity has not been presented in these condensed interim financial statements.

36. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its Parent, employee benefit plans and its directors and Key Management Personnel.

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing other than Islamic Financing made to key management personnel which is in accordance with human resource policy of the bank. Contributions to and accruals in respect of employee 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 during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements are as follows:

	30 September 2024 (Un-audited)					31 December 2023 (Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
	---------- (Rupees in '000) ----------									
Islamic financing and related assets										
Opening balance	-	-	439,033	2,088	441,121	-	-	323,346	-	323,346
Addition during the period / year	-	-	157,016	-	157,016	-	-	179,092	2,500	181,592
Repaid during the period / year	-	-	(37,081)	(308)	(37,389)	-	-	(62,074)	(412)	(62,486)
Transfer in / (out) - net	-	-	(19,201)	-	(19,201)	-	-	(1,331)	-	(1,331)
Closing balance	-	-	539,767	1,780	541,547	-	-	439,033	2,088	441,121
Credit loss allowance held against Islamic financing and related assets	-	-	3,817	13	3,830	-	-	-	-	-
Fixed assets										
Fixed assets	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Provision for impairment	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Other assets										
Profit receivable on Islamic financing and related assets	-	-	290	10	300	-	-	239	2	241
Credit loss allowance held against other assets	-	-	1	-	1	-	-	-	-	-
Subordinated debt	1,389,241	-	-	-	1,389,241	1,389,241	-	-	-	1,389,241
Deposits and other accounts										
Opening balance	16,937	60,215	40,466	648,517	766,135	15,310	47,938	44,752	481,779	589,779
Received during the period / year	-	85,727	303,342	1,527,223	1,916,292	8,273	131,804	367,805	2,425,311	2,933,193
Withdrawn during the period / year	(122)	(76,934)	(282,262)	(1,628,974)	(1,988,292)	(6,646)	(119,527)	(366,731)	(2,225,262)	(2,718,166)
Transfer in / (out) - net	-	(94)	(21,412)	1,958	(19,548)	-	-	(5,360)	(33,311)	(38,671)
Closing balance	16,815	68,914	40,134	548,724	674,587	16,937	60,215	40,466	648,517	766,135
Other liabilities										
Return payable on deposits	-	12	864	7,950	8,826	-	28	359	6,596	6,983
Return payable on sub-ordinated debt	255,972	-	-	-	255,972	278,975	-	-	-	278,975
Payable in respect of defined benefit plan	-	-	-	173,091	173,091	-	-	-	173,091	173,091
Other liabilities	-	-	-	657	657	-	-	-	657	657

	Nine months ended ended 30 September 2024 (Un-audited)					Nine months ended 30 September 2023 (Un-audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
	---------- (Rupees in '000) ----------									
Related party transactions during the period										
Income										
Profit earned on Islamic financing and related assets	-	-	10,998	83	11,081	-	-	7,689	76	7,765
Expense and transactions										
Return on deposits expenses	-	95	2,274	70,753	73,122	-	5,352	2,676	41,027	49,055
Salaries, allowances and benefits	-	-	344,892	-	344,892	-	-	234,959	-	234,959
Director fee and other allowances	-	45,500	-	-	45,500	-	80,975	-	-	80,975
Shariah Board fee	-	-	-	4,402	4,402	-	-	-	4,374	4,374
Rent expense	-	-	-	42,928	42,928	-	-	-	21,248	21,248
Contribution to defined contribution plan	-	-	-	109,702	109,702	-	-	-	88,631	88,631
Contribution to defined benefit plan	-	-	-	91,718	91,718	-	-	-	72,941	72,941
Return on sub-ordinated loan	251,439	-	-	-	251,439	206,257	-	-	-	206,257

37. SEGMENT INFORMATION

37.1 Segment details with respect to business activities

	30 September 2024 (Un-audited)						
	Corporate Banking	Commercial and SME Banking	Retail and Consumer Banking	Trading and Sales	Others	Inter-segment Eliminations	Total
	(Rupees in '000)						
Profit and loss							
Net profit / return earned	3,901,589	1,128,242	(6,019,641)	13,134,832	(694,231)	-	11,450,791
Inter segment revenue - net	-	-	17,194,067	-	2,932,924	(20,126,991)	-
Other income	187,414	193,864	344,343	1,156,893	4,486	-	1,887,000
Total income	4,089,003	1,322,106	11,518,769	14,291,725	2,243,179	(20,126,991)	13,337,791
Segment direct expenses	(311,513)	(345,777)	(6,072,748)	(110,286)	-	-	(6,840,324)
Inter segment expense allocation	(5,133,375)	(646,673)	(3,236,143)	(11,110,800)	-	20,126,991	-
Total expenses	(5,444,888)	(992,450)	(9,308,891)	(11,221,086)	-	20,126,991	(6,840,324)
Reversal / (Credit loss allowance)	(431,580)	(104,821)	(21,628)	(27,387)	205,252	-	(380,164)
(Loss) / Profit before tax	(1,787,465)	224,835	2,188,250	3,043,252	2,448,431	-	6,117,303
Statement of financial position							
Cash and balances with treasury banks	69,272	-	5,326,013	14,233,131	169	-	19,628,585
Balances with other banks	-	-	-	4,499,216	-	-	4,499,216
Due from financial institutions	-	-	-	20,327,836	-	-	20,327,836
Investments	2,413,763	-	-	113,059,458	-	-	115,473,221
Net inter segment lending	24,689,297	1,336,141	-	117,593,797	-	(143,619,235)	-
Islamic financing and related assets - net							
- performing	49,270,814	10,309,642	17,442,806	-	2,936,311	-	79,959,573
- non-performing	923,762	198,166	336,949	-	-	-	1,458,877
Others	4,452,643	979,540	6,248,042	7,924,578	4,457,501	-	24,062,304
Total assets	81,819,551	12,823,489	29,353,810	277,638,016	7,393,981	(143,619,235)	265,409,612
Bills payable	141,170	-	7,631,346	-	-	-	7,772,516
Due to financial institutions	5,656,135	1,042,448	-	-	-	-	6,698,583
Subordinated debt	-	-	-	-	3,124,241	-	3,124,241
Deposits and other accounts	26,312,776	8,097,030	143,354,167	37,611,487	-	-	215,375,460
Net inter segment borrowing	-	-	129,203,245	-	14,415,990	(143,619,235)	-
Others	2,118,339	786,893	5,383,290	805,570	2,623,670	-	11,717,762
Total liabilities	34,228,420	9,926,371	285,572,048	38,417,057	20,163,901	(143,619,235)	244,688,562
Equity	47,591,131	2,897,118	(256,218,238)	239,220,959	(12,769,920)	-	20,721,050
Total equity and liabilities	81,819,551	12,823,489	29,353,810	277,638,016	7,393,981	(143,619,235)	265,409,612
Contingencies and commitments	16,194,693	10,448,090	5,003	27,629,885	4,319,877	-	58,597,548

	30 September 2023 (Un-audited)						
	Corporate Banking	Commercial and SME Banking	Retail and Consumer Banking	Trading and Sales	Others	Inter-segment Eliminations	Total
	(Rupees in '000)						
Profit and loss							
Net profit / return earned	4,279,830	739,514	(4,261,034)	10,283,765	(1,364,546)	-	9,677,529
Inter segment revenue - net	-	-	15,590,123	-	2,103,829	(17,693,952)	-
Other income	223,296	161,657	370,608	556,343	8,410	-	1,320,314
Total income	4,503,126	901,171	11,699,697	10,840,108	747,693	(17,693,952)	10,997,843
Segment direct expenses	(417,816)	(256,589)	(4,981,416)	(66,378)	-	-	(5,722,199)
Inter segment expense allocation	(3,583,406)	(338,759)	(4,052,152)	(9,719,635)	-	17,693,952	-
Total expenses	(4,001,222)	(595,348)	(9,033,568)	(9,786,013)	-	17,693,952	(5,722,199)
Reversal / (Credit loss allowance)	(322,101)	91,334	(47,301)	(3,441)	(450,800)	-	(732,309)
(Loss) / Profit before tax	179,803	397,157	2,618,828	1,050,654	296,893	-	4,543,335

	31 December 2023 (Audited)						
	Corporate Banking	Commercial and SME Banking	Retail and Consumer Banking	Trading and Sales	Others	Inter-segment Eliminations	Total
	(Rupees in '000)						
Statement of financial position							
Cash and balances with treasury banks	87,960	-	5,395,092	16,394,387	-	-	21,877,439
Balances with other banks	-	-	-	1,683,007	-	-	1,683,007
Due from financial institutions	-	-	-	8,098,788	-	-	8,098,788
Investments	2,458,333	-	-	120,423,151	-	-	122,881,484
Net inter segment lending	-	2,778,119	114,925,932	-	12,829,560	(130,533,611)	-
Islamic financing and related assets - net							
- performing	44,710,868	9,884,104	20,417,096	-	2,518,739	-	77,530,807
- non-performing	1,319,625	511,813	393,644	-	-	-	2,225,082
Others	4,959,465	1,271,581	5,984,593	4,805,841	4,055,562	-	21,077,042
Total assets	53,536,251	14,445,617	147,116,357	151,405,174	19,403,861	(130,533,611)	255,373,649
Bills payable	-	-	5,646,089	-	-	-	5,646,089
Due to financial institutions	6,721,303	928,358	-	-	-	-	7,649,661
Subordinated debt	-	-	-	-	4,624,241	-	4,624,241
Deposits and other accounts	32,582,761	11,081,545	132,109,431	31,564,008	-	-	207,337,745
Net inter segment borrowing	14,765,408	-	-	115,768,203	-	(130,533,611)	-
Others	2,301,884	947,012	5,425,300	872,159	2,316,401	-	11,862,756
Total liabilities	56,371,356	12,956,915	143,180,820	148,204,370	6,940,642	(130,533,611)	237,120,492
Equity	(2,835,105)	1,488,702	3,935,537	3,200,804	12,463,219	-	18,253,157
Total equity and liabilities	53,536,251	14,445,617	147,116,357	151,405,174	19,403,861	(130,533,611)	255,373,649
Contingencies and commitments	16,800,544	13,232,847	180,052	26,636,088	5,253,587	-	62,103,118

38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	30 September 2024	31 December 2023
	------ (Rupees in '000) ------	
	(Un-audited)	(Audited)
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,500,490	14,500,490
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	16,856,788	14,495,766
Eligible Additional Tier 1 (ADT 1) Capital	1,389,241	1,389,241
Total Eligible Tier 1 Capital	18,246,029	15,885,007
Eligible Tier 2 Capital	3,105,349	2,867,796
Total Eligible Capital (Tier 1 + Tier 2)	21,351,378	18,752,803
Risk Weighted Assets (RWAs):		
Credit Risk	71,694,077	73,335,184
Market Risk	1,021,435	2,426,120
Operational Risk	21,257,712	21,257,712
Total	93,973,224	97,019,016
Common Equity Tier 1 Capital Adequacy Ratio	17.94%	14.94%
Tier 1 Capital Adequacy Ratio	19.42%	16.37%
Total Capital Adequacy Ratio	22.72%	19.33%

The minimum capital adequacy ratio required by SBP as at 30 September 2024 is 11.50% (31 December 2023: 11.50%).

Leverage Ratio (LR):		
Eligible Tier-1 Capital	18,246,029	15,885,007
Total Exposures	295,450,592	288,551,099
Leverage Ratio	6.18%	5.51%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	128,451,809	138,869,289
Total Net Cash Outflow	67,344,806	64,926,867
Liquidity Coverage Ratio	190.74%	213.89%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	188,098,237	169,467,734
Total Required Stable Funding	79,769,399	78,239,783
Net Stable Funding Ratio	235.80%	216.60%

39. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison and better presentation. There were no significant reclassifications / restatements during the period except as given in note 41.

40. GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

41. RECLASSIFICATION

As a result of changes in forms for the preparation of condensed interim financial information issued by SBP as referred in note 3.1 and for better presentation, corresponding figures have been rearranged as follows. There are no other material reclassifications.

Transfer from	Transfer to	(Rupees in
Property and equipment	Right-of-use assets	1,543,900
Other liabilities	Lease liabilities	1,677,081

42. DATE OF AUTHORISATION

These financial statements were authorised for issue on 24 October 2024 by the Board of Directors of the Bank.

Chief Executive Officer	Chief Financial Officer	Director	Director	Director