

CONDENSED INTERIM  
**FINANCIAL INFORMATION**  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024

## CONTENTS

CORPORATE INFORMATION	1
DIRECTORS' REVIEW	3
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION	5
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT	6
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	7
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	8
CONDENSED INTERIM CASH FLOW STATEMENT	9
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	10

**CORPORATE INFORMATION**  
**As of September 30, 2024**

**Board of Directors**

Ikramullah Khan*	Chairman / Non-Executive Director
Syed Asad Ali Shah	Independent Director
Tahir Jawaid	Independent Director
Abid Sattar	Independent Director
Osman Asghar Khan	Independent Director
Muhammed Shahid Sadiq	Independent Director
Natasha Jehangir Khan	Independent Director

\* Ikramullah Khan is holding additional charge as Secretary Finance Government of Khyber Pakhtunkhwa.

**Managing Director / CEO (Acting)**

Irfan Saleem Awan

**Shariah Board**

Mufti Muhammad Zahid	Chairman Shariah Board
Mufti Muhammad Arif Khan	Member Shariah Board
Mufti Abdul Wahab	Member Shariah Board
Qazi Abdul Samad	Resident Shariah Board Member (RSBM)

**Board Audit Committee**

Syed Asad Ali Shah	Chairman
Ikramullah Khan	Member
Abid Sattar	Member
Muhammed Shahid Sadiq	Member
Osman Asghar Khan	Member

**Board Human Resource & Remuneration Committee**

Abid Sattar	Chairperson
Tahir Jawaid	Member
Syed Asad Ali Shah	Member
Osman Asghar Khan	Member

**Board Risk Management Committee**

Abid Sattar	Chairman
Ikramullah Khan	Member
Muhammed Shahid Sadiq	Member
Osman Asghar Khan	Member
Managing Director	Member

**Board I.T Steering Committee**

Osman Asghar Khan	Chairman
Tahir Jawaid	Member
Muhammed Shahid Sadiq	Member
Abid Sattar	Member
Managing Director	Member

**Board Compliance Committee**

Muhammed Shahid Sadiq	Chairman
Ikramullah Khan	Member
Abid Sattar	Member
Managing Director	Member

**Chief Financial Officer**

Irfan Saleem Awan

**Company Secretary**

Sara Shah

**Registered Office / Head Office**

**The Bank of Khyber**  
24 – The Mall, Peshawar Cantt.

UAN# 00-92-91-111 95 95 95  
URL: [www.bok.com.pk](http://www.bok.com.pk)

**Auditors**

M/s PwC A.F. Ferguson & Co.  
Chartered Accountants

**Legal Advisors**

M/s. Mohsin Tayebaly & Co., Karachi

**Registrar and Share Registration Office**

THK Associates (Pvt) Ltd.  
Plot # 32-C, Jami Commercial Street 2  
D.H.A, Phase-VII,  
Karachi-75500

## Directors' Review

### Introduction

On behalf of the Board of Directors of **The Bank of Khyber (The Bank)**, I am pleased to present the detailed review of our performance for the nine month period ended September 30, 2024.

### Economic Overview

There has been marked improvement in the economic indicators during the period under review with a major recent positive development in the form of loan agreement secured by Government of Pakistan from International Monetary Fund (IMF). Economic growth remains steady, driven largely by consumer demand and recovery in the export sector also increases in remittances which held to manage current account positive. Keeping in view the improvements of overall economic condition and substantial reduction in the inflationary pressure from 28% to 7%, SBP during the nine months' period gradually reduced the policy rate from 22% to 17.5%.

### Bank's Operational Overview

The Bank of Khyber registered healthy performance despite the challenging economic environment. Key financial indicators of the Bank for the period under review are as follows:

	Rs. in Million	
	September 30, 2024	December 31, 2023
Total Assets	385,972	383,186
Deposits	319,938	289,292
Advance (Gross)	80,909	109,703
Investments (Net)	253,619	223,348
	<b>For the nine month period ended</b>	
	September 30, 2024	September 30, 2023
Operating Profit	5,874	5,227
Credit Loss Allowance / Provisions and write offs – Net	(142)	545
Profit Before Taxation	6,016	4,682
Taxation	3,417	2,209
Profit After Taxation	2,599	2,473

The Bank's net mark-up income increased to Rs. 12.011 billion registering a healthy growth of 27.3%. This growth is reflective of Bank's prudent portfolio management strategy keeping in view the interest rate scenario. Non mark-up income of the Bank for the current nine month stood at Rs. 1.336 billion (9M 2023: Rs. 1.711 billion) whereas gross income of the Bank stood at Rs. 13.347 billion as against Rs. 11.146 billion during the same period last year. This translates into a healthy growth of 19.7% in gross income. Operating cost of the Bank increased by 26.3% mainly due to inflationary impacts and Bank's overall increased business operations. During the nine month period, there was a reversal of provision /credit loss allowance amounting to Rs. 142 million as against the provision /credit loss charge of Rs. 545 million during same period last year. This reversal of

provision/credit loss allowance during the period reflects successful implementation of Bank's robust strategy for recovery from non-performing assets. Moreover, the Bank has implemented IFRS-9 effective January 01, 2024 which resulted in overall increase of provision coverage ratio against NPLs.

Profit before tax for the 9M-2024 showed a sizeable growth of 28.5% which increased to Rs. 6.016 billion as against Rs. 4.682 billion during the same period last year while profit after tax stood at Rs. 2.599 billion as against Rs. 2.473 same period last year.

### Future Outlook

Several strategic initiatives are currently underway to ensure the Bank's sustained growth and competitiveness:

- **Digital Transformation:** Expanding digital capabilities to enhance customer experience, drive operational efficiencies, and support the Bank's future scalability. The Bank has recently launched its new mobile app along with digital master card.
- **Product Development:** Tailoring products for key customer segments, including SMEs, green finance solutions, and innovative Islamic banking products to cater to evolving customer needs.
- **Market Penetration:** Implementing focused marketing campaigns to deepen market outreach and enhance brand recognition.

The Bank remains steadfast in its commitment to sustainable growth, prudent risk management, and enhancing shareholder value.

### Credit Ratings

During the period under review, the Bank's credit ratings have been reaffirmed by both the rating agencies as follows:

- **PACRA:** Long-term entity rating at 'A+' (Single A plus), short-term rating at 'A1' (A-one), with a stable outlook.
- **VIS Credit Rating Company:** Long-term entity rating at 'A+' (Single A plus), short-term rating at 'A-1 (A-one)', with a stable outlook.

These ratings denote low expectation of credit risk emanating from strong capacity of timely payment of financial commitments.

### Acknowledgements

We express our profound gratitude to our regulatory bodies, including the State Bank of Pakistan, for their guidance. Our thanks also extend to the Shareholders for their continued support. Most importantly, we are grateful to our customers and business partners for their enduring trust and to our employees for their dedication and hard work.

For and on behalf of the Board of Directors



**Irfan Saleem Awan**  
Managing Director

Peshawar: October 29, 2024

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
AS AT SEPTEMBER 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	5	24,809,990	23,895,690
Balances with other banks	6	3,354,560	3,960,115
Lendings to financial institutions	7	10,064,217	2,000,000
Investments	8	253,619,130	223,348,499
Advances	9	67,751,160	101,587,580
Property and equipment	10	4,351,005	4,399,426
Right-of-use assets	11	2,123,162	2,549,241
Intangible assets	12	401,415	428,608
Deferred tax assets	13	1,968,326	1,346,748
Other assets	14	17,528,742	19,670,577
<b>Total Assets</b>		<b>385,971,707</b>	<b>383,186,484</b>
<b>LIABILITIES</b>			
Bills payable	15	1,507,141	3,759,078
Borrowings	16	21,140,810	50,460,559
Deposits and other accounts	17	319,938,158	289,291,561
Lease liabilities	18	2,120,625	2,407,066
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	20,670,017	16,966,936
<b>Total Liabilities</b>		<b>365,376,751</b>	<b>362,885,200</b>
<b>NET ASSETS</b>		<b>20,594,956</b>	<b>20,301,284</b>
<b>REPRESENTED BY</b>			
Share capital	20	11,579,360	11,027,905
Reserves		4,862,820	4,343,001
Surplus on revaluation of assets - net	21	1,532,547	124,622
Unappropriated profit		2,620,229	4,805,756
		<b>20,594,956</b>	<b>20,301,284</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	22		

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

  
MANAGING  
DIRECTOR

  
CHIEF FINANCIAL  
OFFICER

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR

**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	Note	Quarter ended		Period ended	
		July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
----- Rupees in '000 -----					
Mark-up / return / Interest earned	23	16,062,205	16,460,304	49,830,477	41,238,013
Mark-up / return / Interest expensed	24	11,623,482	13,002,200	37,819,480	31,803,684
Net mark-up / Interest Income		4,438,723	3,458,104	12,010,997	9,434,329
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	25	217,329	135,935	700,621	449,853
Dividend income		178	3,587	391	8,488
Foreign exchange income		143,804	342,085	481,132	1,235,272
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	26	42,540	(68,572)	41,772	(70,264)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Share of profit of associate		2,039	874	11,182	9
Other income	27	34,948	30,885	100,660	88,363
Total non-mark-up / Interest Income		440,838	444,794	1,335,758	1,711,721
Total income		4,879,561	3,902,898	13,346,755	11,146,050
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	28	2,557,654	2,179,816	7,471,237	5,915,577
Workers Welfare Fund		-	-	-	-
Other charges	29	1,550	1,269	1,856	3,711
Total non-mark-up / interest expenses		2,559,204	2,181,085	7,473,093	5,919,288
<b>PROFIT BEFORE CREDIT LOSS ALLOWANCE / PROVISIONS</b>		<b>2,320,357</b>	<b>1,721,813</b>	<b>5,873,662</b>	<b>5,226,762</b>
Credit loss allowance / provisions and write offs - net Extra ordinary / unusual items	30	(250,242)	105,799	(142,191)	544,651
<b>PROFIT BEFORE TAXATION</b>		<b>2,570,599</b>	<b>1,616,014</b>	<b>6,015,853</b>	<b>4,682,111</b>
Taxation	31	1,503,861	831,809	3,416,756	2,209,152
<b>PROFIT AFTER TAXATION</b>		<b>1,066,738</b>	<b>784,205</b>	<b>2,599,097</b>	<b>2,472,959</b>
----- Rupees -----					
Basic and diluted earnings per share	32	0.92	0.68	2.24	2.14

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

  
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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	Quarter ended		Period ended	
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
	----- Rupees in '000 -----			
Profit after taxation for the period	1,066,738	784,205	2,599,097	2,472,959
Other comprehensive income / (loss)				
Items that may be reclassified to statement of profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	935,039	493,160	676,766	(731,211)
Items that will not be reclassified to statement of profit and loss account in subsequent periods:				
Movement in surplus on revaluation of equity investments - net of tax	390	-	983	-
Movement in deficit on revaluation of non-banking assets - net of tax	-	-	-	(2,680)
Share of surplus / (deficit) on revaluation of investment in associate - net of tax	261	118	1,406	(453)
Share of remeasurement (loss) / gain on defined benefit obligations of associate - net of tax	-	-	(916)	564
	651	118	1,473	(2,569)
<b>Total comprehensive income</b>	<b>2,002,428</b>	<b>1,277,483</b>	<b>3,277,336</b>	<b>1,739,179</b>

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024

	Share capital	Statutory reserve	Investments	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
				Property and equipment	Non-banking assets		
Balance as at January 1, 2023 (audited)	11,027,905	3,045,746	(1,042,518)	787,200	25,461	1,982,704	16,227,498
Profit after taxation for the nine month period ended September 30, 2023	-	-	-	-	-	2,472,959	2,472,959
Other comprehensive (loss) / Income - net of tax	-	-	-	-	-	-	-
Movement in deficit on revaluation of investments in debt instruments - net of tax	-	-	(731,231)	-	-	-	(731,231)
Share of deficit on revaluation of investments of associate - net of tax	-	-	(453)	-	-	564	564
Share of remeasurement gain on defined benefit obligation of associate - net of tax	-	-	-	(2,680)	-	-	(2,680)
Movement in deficit on revaluation of non-banking assets - net of tax	-	-	(731,664)	-	(2,680)	964	(731,780)
Total other comprehensive loss - net of tax	-	-	(731,664)	-	(2,680)	964	(731,780)
Transfer to statutory reserve	-	494,592	-	-	-	(494,592)	-
Transfer from surplus on revaluation of non-banking asset - net of tax	-	-	-	(1,647)	-	1,647	-
Balance as at September 30, 2023 (un-audited)	11,027,905	4,341,338	(1,774,382)	787,200	21,134	3,983,282	18,165,677
Profit after taxation for the three month period ended December 31, 2023	-	-	-	-	-	1,008,318	1,008,318
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	950,831	-	-	-	950,831
Share of surplus on revaluation of investments of associate - net of tax	-	-	130	-	-	-	130
Share of remeasurement gain on defined benefit obligation of associate - net of tax	-	-	-	-	-	34,241	34,241
Share of remeasurement loss on defined benefit obligation of associate - net of tax	-	-	-	-	-	(29)	(29)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	112,900	-	-	112,900
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	28,196	-	28,196
Total other comprehensive income - net of tax	-	-	950,961	112,900	28,196	34,212	1,126,269
Transfer to statutory reserve	-	201,553	-	-	-	(201,553)	-
Transfer from surplus on revaluation of non-banking asset - net of tax	-	-	-	(1,607)	-	1,607	-
Balance as at December 31, 2023 (audited)	11,027,905	4,343,001	(823,221)	900,120	47,723	4,805,756	20,310,284
Impact of adoption of IFRS 9 - net of tax - note 4.2	-	-	734,820	-	-	(2,054,120)	(1,329,300)
Balance as at January 1, 2024 after adoption of IFRS 9	11,027,905	4,343,001	(88,401)	900,120	47,723	2,741,636	18,971,984
Profit after taxation for the nine month period ended September 30, 2024	-	-	-	-	-	2,599,097	2,599,097
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	676,766	-	-	-	676,766
Share of surplus on revaluation of investment of associate - net of tax	-	-	1,406	-	-	-	1,406
Movement in surplus on revaluation of equity investments - net of tax	-	-	983	-	-	-	983
Share of remeasurement loss on defined benefit obligations of associate - net of tax	-	-	-	-	-	(916)	(916)
Total other comprehensive income - net of tax	-	-	679,155	-	-	(916)	678,239
Transfer to statutory reserve	-	519,819	-	-	-	(519,819)	-
Transfer from surplus on revaluation of non-banking asset - net of tax	-	-	-	(6,050)	-	6,050	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2023 (Rs. 1.50 per share)	-	-	-	-	-	(1,654,364)	(1,654,364)
Bonus shares issued for the year ended December 31, 2023 (Rs. 0.50 per share)	551,455	-	-	-	-	(551,455)	-
Balance as at September 30, 2024 (un-audited)	11,579,360	4,862,820	590,754	900,120	41,673	2,620,229	20,594,956

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

*[Signature]*  
DIRECTOR

*[Signature]*  
DIRECTOR

*[Signature]*  
DIRECTOR

*[Signature]*  
CHIEF FINANCIAL OFFICER

*[Signature]*  
MANAGING DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	January 1 to September 30, 2024	January 1 to September 30, 2023
Note	----- Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	6,015,853	4,682,111
Less: Dividend Income	391	8,488
	<u>6,015,462</u>	<u>4,673,623</u>
<b>Adjustments:</b>		
Net mark-up / return / interest income	(12,010,997)	(9,434,329)
Depreciation - Property and equipment	28 565,350	506,270
Depreciation - Non-banking assets acquired in satisfaction of claims	28 30,577	25,313
Depreciation - Right-of-use assets	28 557,304	518,289
Amortization	28 60,314	72,870
Credit loss allowance / provisions and write offs	30 (142,191)	544,651
Unrealised gain on revaluation of Investments measured at FVTPL	26 (35,258)	-
(Gain) / loss on disposal of property and equipment - net	27 (8,101)	236
Loss / (gain) on early culmination of lease	27 3,492	(1,434)
Finance charges on leased assets	24 322,333	165,498
Exchange loss / (gain) on cash and cash equivalents	11,241	(293,096)
Share of profit of associate	(11,182)	(9)
	<u>(10,657,118)</u>	<u>(7,895,741)</u>
	<u>(4,641,656)</u>	<u>(3,222,118)</u>
<b>Decrease in operating assets</b>		
Lendings to financial institutions	(8,000,000)	(27,878,773)
Securities classified as FVTPL	(1,420,667)	(201,557)
Advances	28,793,758	34,655,700
Other assets (excluding mark-up receivable)	4,945,061	(1,623,037)
	<u>24,318,152</u>	<u>4,952,333</u>
<b>(Decrease) / increase in operating liabilities</b>		
Bills payable	(2,251,937)	(854,675)
Borrowings from financial institutions	(29,319,749)	10,220,022
Deposits	30,646,597	35,960,201
Other liabilities (excluding current taxation and mark-up payable)	754,787	552,065
	<u>(170,302)</u>	<u>45,877,613</u>
Mark-up / interest received	47,028,476	31,744,616
Mark-up / interest paid	(36,748,407)	(28,962,420)
Income tax paid	(1,665,056)	(1,172,500)
<b>Net cash flow from operating activities</b>	<u>28,121,207</u>	<u>49,217,524</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net Investments in amortised cost / held to maturity securities	14,942,021	2,497,520
Net investments in securities classified as FVOCI / AFS	(39,867,399)	(44,670,705)
Dividends received	391	8,488
Investments in property and equipment	(521,010)	(655,825)
Investments in intangible assets	(33,121)	(19,517)
Disposal of property and equipment	12,182	2,373
<b>Net cash flow used in investing activities</b>	<u>(25,466,936)</u>	<u>(42,837,666)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payments of lease obligations against right-of-use assets	(694,565)	(805,109)
Dividend paid	(1,639,416)	(163)
<b>Net cash flow used in financing activities</b>	<u>(2,333,981)</u>	<u>(805,272)</u>
Effects of credit loss allowance changes on cash and cash equivalents	(304)	-
Effects of exchange rate changes on cash and cash equivalents	(11,241)	293,096
Increase in cash and cash equivalents	<u>308,745</u>	<u>5,867,682</u>
Cash and cash equivalents at beginning of the period	<u>27,855,805</u>	<u>19,830,357</u>
<b>Cash and cash equivalents at end of the period</b>	<u>28,164,550</u>	<u>25,698,039</u>

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

  
MANAGING  
DIRECTOR

  
CHIEF FINANCIAL  
OFFICER

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**1 STATUS AND NATURE OF BUSINESS**

The Bank of Khyber (the Bank) was established in Pakistan under The Bank of Khyber Act, 1991 and is principally engaged in the business of commercial banking and related services. The Bank acquired the status of a scheduled bank in 1994 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Bank is situated at 24-The Mall, Peshawar Cantt, Peshawar. The Bank operates 238 branches including 123 Islamic banking branches (December 31, 2023: 238 branches including 123 Islamic banking branches). The long term credit rating of the Bank assigned by VIS Credit Rating Company Limited and Pakistan Credit Rating Agency Limited (PACRA) are 'A+' and 'A+' respectively and the short-term credit ratings assigned are 'A-1' (A-One) and 'A-1' (A-One) respectively. The majority shares (i.e. 70.20%) of the Bank are held by Government of Khyber Pakhtunkhwa (GoKP).

The Provincial Assembly of Khyber Pakhtunkhwa has passed the Bank of Khyber (Amendment) Act, 2022. As part of the amendments, the name of Bank has been changed from "The Bank of Khyber" to "Bank of Khyber". The Bank is in the process of seeking necessary regulatory approval for the same.

**2 BASIS OF PREPARATION**

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under the respective arrangements (except for Murabaha financings accounted for under Islamic Financial Accounting Standard - 1 "Murabaha") are not reflected in these condensed interim financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.
- 2.2** The Islamic banking branches of the Bank have complied with the requirements as set out in the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.
- 2.3** The financial results of the Islamic Banking Branches have been included in these condensed interim financial statements for reporting purposes, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Branches are disclosed in note 37 to these condensed interim financial statements.
- 2.4** These condensed interim financial statements have been prepared under the historical cost convention except for certain property and equipment and non banking assets acquired in satisfaction of claims which are stated at revalued amounts; investment classified at fair value through profit or loss and at fair value through other comprehensive income, 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.
- 2.5** The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, these condensed interim financial statements have been prepared on a going concern basis.
- 2.6** These condensed interim financial statements have been presented in Pakistani Rupee, which is the Bank's functional and presentation currency. The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**3 STATEMENT OF COMPLIANCE**

**3.1** 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 as applicable in Pakistan for interim financial reporting comprise of:

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

**3.2** The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 2 dated February 9, 2023 and IAS 34. 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 December 31, 2023.

**3.3** SBP vide BSD Circular Letter No. 10, dated August 26, 2002, has deferred the applicability of International Accounting Standard (IAS) 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD Circular No. 4, dated February 25, 2015, has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements

**3.4 Standards, interpretations of and amendments to published approved accounting and reporting standards that are effective in the current period**

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore not detailed in these condensed interim financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 4.2.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2025 but are considered not to be relevant or do not have any material effect on the Bank's operations except for:

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 18 - Presentation and Disclosure in Financial Statements	January 1, 2027

**4 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 December 31, 2023, except for changes mentioned in notes 4.1 and 4.2.

**4.1 Adoption of new forms for the preparation of the condensed interim financial statements**

The SBP, vide its BPRD Circular No. 02 dated February 9, 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 January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. 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. The significant change is relating to right of use assets and corresponding lease liability which are now presented separately on the face of the statement of financial position. Previously, these were presented under property and equipment (earlier titled as 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, as presented in note 38.

**4.2 IFRS 9 - Financial Instruments**

As per SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS 9 is applicable on banks with effect from January 1, 2024. 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.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024

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 timeline.

There are a few matters including fair valuation of subsidized loans (other than staff loans) and income recognition on Islamic financing 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 matter is under consideration with the SBP.

### 4.2.1 Classification

#### Financial assets

Under IFRS 9, existing categories of financial assets: Held for trading (HFT), Available for sale (AFS), Held to maturity (HTM) and loans and receivables 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 financial liabilities are being carried at amortised cost except for derivatives which are being measured at FVTPL.

### 4.2.2 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 sale 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.

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**4.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / 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 interest / 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 interest / 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.

**4.2.4 Application to the Bank's financial assets**

**Debt based financial assets**

Debt based financial assets held by the Bank include: advances, lendings to financial institutions, investment in federal government securities, corporate bonds / term finance certificates and other private sukuks, cash and balances with treasury banks, balances with other banks, and other financial assets.

- a) These are measured at amortised cost if they meet both of the following conditions and are not designated as 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 interest / 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 of significant value are made, the Bank assesses whether and how the sales are consistent with the HTC objective.

- b) Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as 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 interest / profit on the principal amount outstanding.
- c) Debt based financial assets if these are 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 application of these policies also resulted in classifications and consequent remeasurements of certain investments in PIBs and Ijarah Sukuk held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment and certain TFCs and private sukuks held under available for sale portfolio as of December 31, 2023 to other business model (hold to sell) based on assessment of whether contractual cash flows are solely payment of principal and interest / profit (SPPI). The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 1, 2024:

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

Investment type and category	Balances as of December 31, 2023 (Audited)	IFRS 9 Classification	Balances as of December 31, 2023	Remeasurements	Balances as of January 1, 2024 - before ECL
			Rupees in '000		
<b>Federal Government Securities</b>					
- Pakistan Investment Bonds - AFS	161,781,400	FVOCI Amortised Cost	138,626,810 23,154,590 161,781,400	- 2,110,045 2,110,045	138,626,810 25,264,635 163,891,445
- Ijarah Sukuk - AFS	51,380,046	FVOCI Amortised Cost	47,026,046 4,354,000 51,380,046	- 681,514 681,514	47,026,046 5,035,514 52,061,560
	213,161,446		213,161,446	2,791,559	215,953,005
<b>Non-Government Debt Securities</b>					
- Term Finance Certificate - AFS	3,500,150	FVOCI FVTPL	2,298,350 1,201,800 3,500,150	(249,735) - (249,735)	2,048,615 1,201,800 3,250,415
- Sukuk - AFS	3,620,809	FVOCI FVTPL	3,445,809 175,000 3,620,809	- - -	3,445,809 175,000 3,620,809
	7,120,959		7,120,959	(249,735)	6,871,224
<b>Total</b>	220,282,405		220,282,405	2,541,824	222,824,229
<b>Equity based financial assets</b>					

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.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reclassified impairment of Rs. 262.87 million on listed equity investments and Rs. 371.22 million for unlisted equity investment held as at December 31, 2023 to surplus / deficit on revaluation of investments through remeasurements.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

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:

Financial assets	Before adoption of IFRS 9		After adoption of IFRS 9	
	Measurement category	Carrying amount as at December 31, 2023 Rupees in '000	Measurement category	Carrying amount as at January 1, 2024 - before ECL Rupees in '000
Cash and balances with treasury banks	Loans and receivables	23,895,690	Amortised cost	23,895,690
Balances with other banks	Loans and receivables	3,960,115	Amortised cost	3,960,115
Lendings to financial institutions - net	Loans and receivables	2,000,000	Amortised cost	2,000,000
Investments - net	Held-for-trading	-	Fair value through profit or loss	-
	Available-for-sale	220,501,912	Fair value through profit or loss	1,376,800
			Fair value through other comprehensive income	191,366,787
			Amortised cost	30,300,149
		220,501,912		223,043,736
Advances - net	Held-to-maturity	2,756,377	Amortised cost	2,756,377
	Loans and receivables	101,587,580	Amortised cost	101,587,580
Other assets	Loans and receivables	18,697,108	Fair value through profit or loss	31,449
		18,697,108	Amortised cost	18,665,659
				18,697,108
		<u>373,398,782</u>		<u>375,940,606</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**4.2.5 Initial recognition and subsequent 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 advances, lendings to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions.

**a) Amortised cost (AC)**

Financial assets and financial 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 condensed interim statement of profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the condensed interim statement of profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the condensed interim statement of profit and loss account.

**b) Fair value through other comprehensive income (FVOCI)**

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 debt based financial assets in the condensed interim statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the condensed interim statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the condensed interim statement of profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit.

**c) Fair value through profit or loss (FVTPL)**

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**4.2.6 Derecognition**

**Financial assets**

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- 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 condensed interim 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.

**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 condensed interim statement of profit and loss account.

**4.2.7 Expected Credit Loss (ECL)**

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit and financial guarantees 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

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). 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 facility 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 60 days past due.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3 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 these 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 Exposure At Default (EAD) and multiplied by the expected Loss Given Default (LGD) and discounted by an approximation to the original Effective Interest Rate (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 flows are discounted by an approximation to the original EIR.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

Stage 3:	For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.
Financial 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.

### **The calculation of ECLs**

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

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 happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&Ps global transition default matrices, PDs are then adjusted using Vasicek Model to incorporate forward looking information.
- EAD** The Exposure at Default (EAD) 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, and accrued interest / 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 a 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.
- LGD** The Loss Given Default (LGD) 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 interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

Effective interest 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.

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, a best case, a worst case). Each of these is associated with different PDs.

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

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

**Forward looking information**

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

- GDP growth
- Consumer price index

**Definition of default**

The concept of "impairment or "default" is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

As per BPRD Circular No. 03 of 2022 dated July 5, 2022 and BPRD Circular Letter No.16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level for corporate / commercial / SME loan portfolios and at segment / product basis for retail portfolio.

This implies that if one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities of that counter party shall be considered in stage 2. However, the Bank will apply the definition of default to assess whether the remaining facilities need to be moved to stage 3.

**Write-offs**

The Bank's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework.

**4.2.8 Adoption impacts**

The Bank has adopted IFRS 9 effective from January 1, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs. 1,329.30 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:



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	Balances as of December 31, 2023 (Audited)	Impact due to:				Reversal of provisions held	Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax	Balances as of January 1, 2024	IFRS 9 category
		Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPPI assessments	Remeasurements						
<b>ASSETS</b>											
Cash and balances with treasury banks	23,895,690	(25)	-	-	-	-	(25)	-	(25)	23,895,665	Amortised cost
Balances with other banks	3,960,115	(479)	-	-	-	-	(479)	-	(479)	3,959,636	Amortised cost
Lendings to financial institutions	2,000,000	-	-	-	-	-	-	-	-	2,000,000	Amortised cost
Investments classified as:											
- available for sale	220,501,912	-	(220,501,912)	-	-	-	(220,501,912)	-	(220,501,912)	-	FVOCI
- fair value through other comprehensive income	-	(107)	(28,885,390)	(883,875)	634,090	-	191,365,680	-	191,365,680	-	Amortised cost
- held to maturity	2,756,377	-	(2,756,377)	27,508,590	-	-	(2,756,377)	-	(2,756,377)	-	Amortised cost
- amortised cost	-	-	2,756,377	-	-	-	33,056,526	-	33,056,526	-	FVTPL
- held for trading	-	-	1,376,800	-	-	-	1,376,800	-	1,376,800	-	Outside the scope of IFRS 9
- fair value through profit or loss	90,210	-	-	-	-	-	-	-	90,210	-	Outside the scope of IFRS 9
- Associate	223,348,499	(107)	-	1,907,734	634,090	-	2,541,717	-	2,541,717	225,890,216	Outside the scope of IFRS 9
<b>Advances</b>											
- Gross amount	109,703,063	-	-	-	-	-	(5,073,573)	-	(5,073,573)	109,703,063	Amortised cost
- Provisions	(8,115,483)	(5,073,573)	-	-	-	-	(5,073,573)	-	(13,189,056)	(13,189,056)	Amortised cost
	101,587,580	(5,073,573)	-	-	-	-	(5,073,573)	-	(96,514,007)	96,514,007	Amortised cost
<b>Property and equipment</b>											
Right-of-use assets	4,399,426	-	-	-	-	-	-	-	-	4,399,426	Outside the scope of IFRS 9
Intangible assets	2,549,241	-	-	-	-	-	-	-	-	2,549,241	Outside the scope of IFRS 9
Deferred tax asset	428,608	-	-	-	-	-	-	-	-	428,608	Outside the scope of IFRS 9
Other assets - financial assets	1,346,748	-	-	-	-	-	-	1,277,170	1,277,170	2,623,918	Outside the scope of IFRS 9
Other assets - non financial assets	18,697,108	(4,694)	-	-	-	-	(4,694)	-	(4,694)	18,692,414	FVTPL / amortised cost
	973,469	-	-	-	-	-	-	-	-	973,469	Outside the scope of IFRS 9
	383,186,484	(5,078,678)	-	1,907,734	634,090	-	(2,537,054)	1,277,170	(1,259,884)	381,926,600	Amortised cost
<b>LIABILITIES</b>											
Bills payable	3,759,078	-	-	-	-	-	-	-	-	3,759,078	Amortised cost
Borrowings	50,460,559	-	-	-	-	-	-	-	-	50,460,559	Amortised cost
Deposits and other accounts	289,291,561	-	-	-	-	-	-	-	-	289,291,561	Amortised cost
Lease liability against right-of-use asset	2,407,066	-	-	-	-	-	-	-	-	2,407,066	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other liabilities - non financial liabilities	1,653,675	-	-	-	-	-	-	-	-	1,653,675	Outside the scope of IFRS 9
Other liabilities - financial liabilities	15,315,261	69,416	-	-	-	-	69,416	-	69,416	15,382,677	FVTPL / amortised cost
	362,885,200	69,416	-	-	-	-	69,416	-	69,416	362,954,616	Amortised cost
<b>NET ASSETS</b>											
	20,301,284	(5,148,294)	-	1,907,734	634,090	-	(2,606,470)	1,277,170	(1,329,300)	18,971,984	
<b>REPRESENTED BY</b>											
Share capital	11,027,905	-	-	-	-	-	-	-	-	11,027,905	
Reserves	4,343,001	-	-	-	-	-	-	-	-	4,343,001	
Surplus on revaluation of assets - net of tax	124,622	-	-	1,920,775	-	-	1,920,775	(1,185,955)	734,820	859,442	
Unappropriated profit	4,805,756	(5,148,294)	-	(13,041)	634,090	-	(4,527,245)	2,463,125	(2,064,120)	2,741,636	
	20,301,284	(5,148,294)	-	1,907,734	634,090	-	(2,606,470)	1,277,170	(1,329,300)	18,971,984	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**4.3 Critical accounting estimates and judgements**

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 financial statements for the year ended December 31, 2023, except for matters related to IFRS 9 which have been disclosed in note 4.2 to these condensed interim financial statements.

**4.4 Financial risk management**

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

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- Rupees in '000 -----	
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>		
<b>In hand</b>		
Local currency	6,061,845	6,046,543
Foreign currencies	200,290	313,692
	<b>6,262,135</b>	<b>6,360,235</b>
<b>With State Bank of Pakistan in</b>		
Local currency current accounts	14,330,872	14,004,087
Foreign currency current accounts	57,219	84,236
Foreign currency deposit accounts	268,889	137,551
	<b>14,656,980</b>	<b>14,225,874</b>
<b>With National Bank of Pakistan in</b>		
Local currency current accounts	2,920,246	3,272,580
Local currency deposit accounts	967,412	29,473
Foreign currency current accounts	1,160	5,162
	<b>3,888,818</b>	<b>3,307,215</b>
<b>Prize bonds</b>	2,087	2,366
Less: Credit loss allowance / provision held against cash and balances with treasury banks	(30)	-
Cash and balances with treasury banks - net of credit loss allowance / provision	<b>24,809,990</b>	<b>23,895,690</b>
<b>6 BALANCES WITH OTHER BANKS</b>		
<b>In Pakistan</b>		
In current accounts	1,736,444	1,640,846
In deposit accounts	372,261	356,021
	<b>2,108,705</b>	<b>1,996,867</b>
<b>Outside Pakistan</b>		
In current accounts	637,842	697,145
In deposit accounts	618,315	1,276,131
	<b>1,256,157</b>	<b>1,973,276</b>
Less: Credit loss allowance / provision held against balances with other banks	(10,302)	(10,028)
Balances with other banks - net of credit loss allowance / provision	<b>3,354,560</b>	<b>3,960,115</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		----- Rupees in '000 -----	
<b>7 LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Repurchase agreement lendings (Reverse Repo)		-	-
Placements with financial institutions		<u>10,238,944</u>	<u>2,238,944</u>
		<u>10,238,944</u>	<u>2,238,944</u>
Less: Credit loss allowance / provision held against lendings to financial institutions	7.1	<u>(174,727)</u>	<u>(238,944)</u>
Lendings to financial institutions - net of credit loss allowance / provision		<u><u>10,064,217</u></u>	<u><u>2,000,000</u></u>

	Note	(Un-audited) September 30, 2024		(Audited) December 31, 2023	
		Lending	Credit loss allowance held	Lending	Provision held
----- Rupees in '000 -----					
<b>7.1 Lendings to financial institutions - particulars of credit loss allowance / provision</b>					
<b>Domestic</b>					
Performing	Stage 1	10,000,000	364	-	-
Performing		-	-	2,000,000	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss	7.2	<u>238,944</u>	<u>174,363</u>	<u>238,944</u>	<u>238,944</u>
		<u>238,944</u>	<u>174,363</u>	<u>238,944</u>	<u>238,944</u>
Total		<u><u>10,238,944</u></u>	<u><u>174,727</u></u>	<u><u>2,238,944</u></u>	<u><u>238,944</u></u>
<b>Overseas</b>					
Performing	Stage 1	-	-	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total		<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

**7.2** The credit loss allowance as of September 30, 2024 includes the forced sales value benefit amounting to Rs. 64.58 million (December 31, 2023: Rs. Nil), availed by the Bank equivalent to the market value of the Pakistan Investment Bonds received by the Bank as part of the settlement agreement against a non performing lending of the Bank. The resulting increase in the unappropriated profit amounting to Rs. 32.94 million (December 31, 2023: Rs. Nil) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

		(Un-audited) September 30, 2024			
8 INVESTMENTS		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
-----Rupees in '000-----					
8.1 Investments by type:					
	<b>Fair value through profit or loss (FVTPL)</b>				
	Federal Government Securities	1,745,708	-	36,026	1,781,734
	Non-Government Debt Securities	1,064,800	-	(13,809)	1,050,991
		2,810,508	-	22,217	2,832,725
	<b>Fair value through other comprehensive income (FVOCI)</b>				
	Federal Government Securities	224,751,365	-	2,144,624	226,895,989
	Shares	739,668	-	(518,233)	221,435
	Non-Government Debt Securities	5,605,042	(165,113)	12,196	5,452,125
		231,096,075	(165,113)	1,638,587	232,569,549
	<b>Amortised cost (AC)</b>				
	Federal Government Securities	18,114,505	-	-	18,114,505
	<b>Associate</b>	102,351	-	-	102,351
	<b>Total investments</b>	<b>252,123,439</b>	<b>(165,113)</b>	<b>1,660,804</b>	<b>253,619,130</b>
		(Audited) December 31, 2023			
		Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
-----Rupees in '000-----					
	<b>Held-for-trading securities</b>	-	-	-	-
	<b>Available-for-sale securities</b>				
	Federal Government Securities	214,878,019	-	(1,716,573)	213,161,446
	Shares	739,668	(634,090)	113,929	219,507
	Non-Government Debt Securities	7,294,466	(165,042)	(8,465)	7,120,959
		222,912,153	(799,132)	(1,611,109)	220,501,912
	<b>Held-to-maturity securities</b>				
	Federal Government Securities	2,756,377	-	-	2,756,377
	<b>Associate</b>	90,210	-	-	90,210
	<b>Total investments</b>	<b>225,758,740</b>	<b>(799,132)</b>	<b>(1,611,109)</b>	<b>223,348,499</b>
		(Un-audited) September 30, 2024		(Audited) December 31, 2023	
----- Rupees in '000 -----					
8.2 Investments given as collateral	Note				
	Pakistan Investment Bonds	8.2.1	11,310,044	39,819,481	

8.2.1 These represent the market values of securities at reporting date.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- Rupees in '000 -----	
<b>8.3 Credit loss allowance / provision for diminution in value of investments</b>		
Opening balance	799,132	922,457
Impact of adoption of IFRS 9	(633,983)	-
Balance as at January 1, 2024 after adoption of IFRS 9	165,149	922,457
Charge / (reversals)		
Charge for the period / year	-	23,089
Reversal for the period / year	(30)	-
Reversal on disposals / repayment during the period / year	(6)	(146,414)
	(36)	(123,325)
Closing balance	165,113	799,132

**8.4 Particulars of credit loss allowance / provision against debt securities**

Category of classification		(Un-audited) September 30, 2024		(Audited) December 31, 2023	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Provision
		----- Rupees in '000 -----			
<b>Domestic</b>					
Performing	Stage 1	5,287,083	71	-	-
Performing		-	-	6,955,917	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		165,042	165,042	165,042	165,042
		165,042	165,042	165,042	165,042
<b>Total</b>		5,452,125	165,113	7,120,959	165,042
<b>Overseas</b>					
Performing	Stage 1	-	-	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
<b>Total</b>		-	-	-	-

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**8.5 Summarised financial information of associate**

**8.5.1 Investment in associate - unlisted**

	Period / year ended	Number of shares	Percentage of holding	Country of incorporation	Cost Rupees in '000
Taurus Securities Limited	September 30, 2024 (Un-audited)	4,050,374	30%	Pakistan	40,504
Taurus Securities Limited	December 31, 2023 (Audited)	4,050,374	30%	Pakistan	40,504

**8.5.2 Summary of financial information of associate**

Based on financial statements:

	Assets	Liabilities	Equity	Revenue	Profit after taxation	Total comprehensive income
- October 1, 2023 to September 30, 2024	1,109,700	768,533	341,167	230,721	37,273	40,470
- October 1, 2022 to September 30, 2023	566,593	265,893	300,701	136,100	31	759

**8.6** The market value of securities classified as amortised cost as at September 30, 2024 amounted to Rs. 17,735.55 million (held to maturity as at December 31, 2023: Rs. 2,574.49 million).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**9 ADVANCES**

Note	Performing		Non performing		Total	
	(Un-audited) September 30, 2024	(Audited) December 31, 2023	(Un-audited) September 30, 2024	(Audited) December 31, 2023	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	-----Rupees in '000-----					
Loans, cash credits, running finances, etc.	52,446,100	63,954,807	9,852,047	9,600,559	62,298,147	73,555,366
Islamic financing and related assets	14,724,075	32,383,932	2,172,112	2,148,791	16,896,187	34,532,723
Bills discounted and purchased	173,606	73,609	1,541,365	1,541,365	1,714,971	1,614,974
Advances - gross	67,343,781	96,412,348	13,565,524	13,290,715	80,909,305	109,703,063
<b>Credit loss allowance / provision against advances</b>	<b>9.3</b>					
- Stage 1	1,007,680	-	-	-	1,007,680	-
- Stage 2	702,611	-	-	-	702,611	-
- Stage 3	-	-	11,447,854	-	11,447,854	-
- Specific	-	-	-	8,019,353	-	8,019,353
- General	-	96,130	-	-	-	96,130
	1,710,291	96,130	11,447,854	8,019,353	13,158,145	8,115,483
<b>Advances - net of credit loss allowance / provision</b>	<b>65,633,490</b>	<b>96,316,218</b>	<b>2,117,670</b>	<b>5,271,362</b>	<b>67,751,160</b>	<b>101,587,580</b>

**9.1 Particulars of advances (gross)**

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
In local currency	80,909,305	109,703,063
In foreign currencies	-	-
	<u>80,909,305</u>	<u>109,703,063</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

9.2. Advances include Rs. 13,565.52 million (December 31, 2023: Rs. 13,290.72 million) which have been placed under stage 3 / non-performing status as detailed below:

Category of classification	(Un-audited)		(Audited)	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
	Non performing loans	Credit loss allowance	Non performing loans	Provision
	----- Rupees in '000 -----			
<b>Domestic</b>				
Other assets especially mentioned (OAEM)				
Substandard	99,137	53,893	238,941	1,345
Doubtful	672,583	460,655	1,172,610	133,064
Loss	928,075	670,012	1,071,990	95,419
	11,865,729	10,263,294	10,807,174	7,789,525
	13,565,524	11,447,854	13,290,715	8,019,353
<b>Overseas</b>				
Other assets especially mentioned (OAEM)				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>13,565,524</b>	<b>11,447,854</b>	<b>13,290,715</b>	<b>8,019,353</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**9.3 Particulars of credit loss allowance / provision against advances**

	(Un-audited) September 30, 2024				(Audited) December 31, 2023		
	Credit loss allowance				Provision held		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	----- Rupees in '000 -----						
Opening balance	-	96,130	8,019,353	8,115,483	7,313,193	84,356	7,397,549
Impact of adoption of IFRS 9	1,142,532	728,117	3,202,924	5,073,573	-	-	-
Balance as at January 1, 2024 after adoption of IFRS 9	1,142,532	824,247	11,222,277	13,189,056	7,313,193	84,356	7,397,549
Charge for the period / year	568,052	244,974	878,379	1,691,405	867,480	11,774	879,254
Reversals for the period / year	(702,904)	(366,610)	(652,802)	(1,722,316)	(129,068)	-	(129,068)
	(134,852)	(121,636)	225,577	(30,911)	738,412	11,774	750,186
Amounts written off	-	-	-	-	(32,252)	-	(32,252)
Closing balance	1,007,680	702,611	11,447,854	13,158,145	8,019,353	96,130	8,115,483

9.4 Advances - Particulars of credit loss allowance / provision	(Un-audited) September 30, 2024				(Audited) December 31, 2023		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	----- Rupees in '000 -----						
9.4.1 Opening balance	-	96,130	8,019,353	8,115,483	7,313,193	84,356	7,397,549
Impact of adoption of IFRS 9	1,142,532	728,117	3,202,924	5,073,573	-	-	-
Balance as at January 1, 2024 after adoption of IFRS 9	1,142,532	824,247	11,222,277	13,189,056	7,313,193	84,356	7,397,549
New advances	449,038	80,418	11,055	540,511	867,480	11,774	879,254
Advances derecognised or repaid	(606,023)	(232,776)	(651,315)	(1,490,114)	(129,068)	-	(129,068)
Transfer to stage 1	41,892	(80,135)	(1,487)	(39,730)	-	-	-
Transfer to stage 2	(72,860)	116,121	128,452	171,713	-	-	-
Transfer to stage 3	(24,021)	(53,699)	730,890	653,170	-	-	-
	(211,974)	(170,071)	217,595	(164,450)	738,412	11,774	750,186
Amounts written off / charged off during the period/ year	-	-	-	-	(32,252)	-	(32,252)
Changes in risk parameters	77,122	48,435	7,982	133,539	-	-	-
Closing balance	1,007,680	702,611	11,447,854	13,158,145	8,019,353	96,130	8,115,483

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

9.4.2 Advances - Category of classification		(Un-audited) September 30, 2024		(Audited) December 31, 2023	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Provision held
----- Rupees in '000 -----					
<b>Domestic</b>					
Performing	Stage 1	58,794,678	1,007,680	96,412,348	-
Underperforming	Stage 2	8,302,831	702,611	-	-
Non-performing	Stage 3				
Other assets especially mentioned (OAEM)		99,137	53,893	238,941	1,345
Substandard		672,583	460,655	1,172,610	133,064
Doubtful		928,075	670,012	1,071,990	95,419
Loss		11,865,729	10,263,294	10,807,174	7,789,525
General provision		-	-	-	96,130
		<u>13,565,524</u>	<u>11,447,854</u>	<u>13,290,715</u>	<u>8,115,483</u>
<b>Total</b>		<u>80,663,033</u>	<u>13,158,145</u>	<u>109,703,063</u>	<u>8,115,483</u>
<b>Overseas</b>					
Performing	Stage 1	-	-	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

9.4.3 State Bank of Pakistan (SBP) through BSD Circular No.1 dated October 21, 2011 has allowed benefit of the forced sales value (FSV) of plant & machinery under charge, pledged stocks & mortgaged residential, commercial and industrial properties (land and building only), held as collateral against Non-Performing Loans (NPLs) for a maximum of five years from the date of classification.

As explained in note 4.2, the Bank has adopted IFRS 9 with effect from January 1, 2024. In accordance with the SBP's IFRS 9 Application Instructions (together with BPRD Circular Letter No.16 of 2024 dated July 29, 2024), credit loss allowance / provision against NPLs has been taken at higher of the i) provision as required under SBP's Prudential Regulations; or ii) credit loss allowance computed in accordance with the requirements of the Application Instructions. This has effectively reduced the cumulative FSV benefit availed by the Bank as on period end. As at September 30, 2024, the Bank has availed cumulative benefit of forced sales value of Rs. 139.50 million (December 31, 2023: Rs. 3,296.30 million). Increase in unappropriated profit amounting to Rs. 71.14 million (December 31, 2023: Rs. 1,681.11 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

10 PROPERTY AND EQUIPMENT	Note	(Un-audited)	(Audited)
		September 30, 2024	December 31, 2023
----- Rupees in '000 -----			
Capital work-in-progress	10.1	123,225	104,080
Property and equipment		4,227,780	4,295,346
		<u>4,351,005</u>	<u>4,399,426</u>
<b>10.1 Capital work-in-progress</b>			
Civil works		1,632	11,242
Equipment		112,445	88,837
Furniture and fixtures		9,148	3,840
Advances to suppliers		-	161
		<u>123,225</u>	<u>104,080</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**10.2 Additions to property and equipment**

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

		(Un-audited)	
		For the nine months ended	
		September 30,	September 30,
		2024	2023
		----- Rupees in '000 -----	
Capital work-in-progress - net additions / (transfers)		19,145	(65,336)
<b>Property and equipment</b>			
Furniture and fixtures		34,355	53,406
Electrical, office and computer equipment		234,542	270,331
Vehicles		-	19,715
Books		-	31
Leasehold improvements		232,968	377,678
		501,865	721,161
<b>Total</b>		521,010	655,825

**10.3 Disposal of property and equipment**

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

Furniture and fixtures		2,473	1,523
Electrical, office and computer equipment		545	339
Leasehold improvements		1,063	747
<b>Total</b>		4,081	2,609

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

**11 RIGHT-OF-USE ASSETS**

**Buildings**

At January 1,

Cost

Accumulated depreciation

Net carrying amount at January 1,

	4,663,099	2,900,502
	(2,113,858)	(1,492,152)
	2,549,241	1,408,350

Additions during the period / year

180,336      1,853,833

Terminations during the period / year - at cost

Accumulated depreciation on termination

	(49,867)	(91,236)
	756	60,019
	(49,111)	(31,217)

Depreciation charge for the period / year

Net carrying amount at the period / year end

	(557,304)	(681,725)
	2,123,162	2,549,241

**12 INTANGIBLE ASSETS**

Capital work in progress

Licenses and computer softwares

	64,257	49,701
	337,158	378,907
	401,415	428,608

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

		(Un-audited)	
		For the nine months ended	
		September 30,	September 30,
		2024	2023
		----- Rupees in '000 -----	
<b>12.1</b>	<b>Additions to intangible assets</b>		
	The following additions have been made to intangible assets during the period:		
	Directly purchased - intangible assets	-	-
	Capital work in progress - net	18,565	11,455
	<b>Total</b>	<u>18,565</u>	<u>11,455</u>
<b>12.2</b>	<b>Disposals of intangible assets</b>		
	No intangible assets were disposed off during the periods ended September 30, 2024 and September 30, 2023.		
<b>13</b>	<b>DEFERRED TAX ASSETS</b>	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		----- Rupees in '000 -----	
	<b>Deductible temporary differences on</b>		
	Deficit on revaluation of investments - net	-	789,444
	Accelerated accounting depreciation	307,958	216,551
	Credit loss allowance / provision against investments	22,275	88,166
	Credit loss allowance / provision against advances and off balance sheet obligations	2,625,731	248,811
	Credit loss allowance / provision against cash and balances with treasury banks	12	-
	Credit loss allowance / provision against balances with other banks	5,048	4,914
	Credit loss allowance / provision against other assets	40,501	38,333
	Islamic pool management reserves	128,424	100,402
		<u>3,129,949</u>	<u>1,486,621</u>
	<b>Taxable temporary differences on</b>		
	Share of profit of associate	(30,305)	(24,356)
	Unrealised gain on FVTPL investments	(10,886)	-
	Surplus on revaluation of FVOCI investments - net	(1,047,683)	-
	Reversal of credit loss allowance / provision against lendings to financial institutions	(31,467)	-
	Surplus on revaluation of non-banking asset	(40,039)	(45,851)
	Others	(1,243)	(69,666)
		<u>(1,161,623)</u>	<u>(139,873)</u>
	<b>Deferred tax assets - net</b>	<u>1,968,326</u>	<u>1,346,748</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- Rupees in '000 -----	
<b>14 OTHER ASSETS</b>			
Income / mark-up accrued in local currency		16,030,496	13,228,495
Advances, deposits, advance rent and other prepayments		385,558	201,399
Non-banking assets acquired in satisfaction of claims		266,846	285,561
Mark to market gain on forward foreign exchange contracts		33,158	31,449
Acceptances		9,803	3,502
Pre-IPO investment		100,000	100,000
Branch adjustment account		24,253	-
Stationary and stamps on hand		133,218	159,670
Employees benefits		149,655	206,194
Clearing and settlement accounts		83,373	190,161
Receivable from the State Bank of Pakistan		365,185	5,227,550
Others		58,161	165,678
		<u>17,639,706</u>	<u>19,799,659</u>
Less: Credit loss allowance / provision held against other assets	14.1	<u>(192,676)</u>	<u>(222,656)</u>
<b>Other assets - net of credit loss allowance / provision</b>		<u>17,447,030</u>	<u>19,577,003</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	<u>81,712</u>	<u>93,574</u>
<b>Other assets - total</b>		<u><u>17,528,742</u></u>	<u><u>19,670,577</u></u>
<b>14.1 Credit loss allowance / provision held against other assets</b>			
Income / mark-up accrued in local currency		5,180	-
Pre-IPO investment		100,000	100,000
Others		87,496	122,656
		<u>192,676</u>	<u>222,656</u>
<b>14.1.1 Movement in credit loss allowance / provision held against other assets</b>			
Opening balance		222,656	144,426
Impact of adoption of IFRS 9		4,694	-
Balance as at January 1, 2024 after adoption of IFRS 9		<u>227,350</u>	<u>144,426</u>
Charge for the period / year		2,549	78,230
Reversal for the period / year		<u>(37,223)</u>	<u>-</u>
		<u>(34,674)</u>	<u>78,230</u>
Closing balance		<u>192,676</u>	<u>222,656</u>
<b>15 BILLS PAYABLE</b>			
In Pakistan		1,507,141	3,759,078
Outside Pakistan		-	-
		<u>1,507,141</u>	<u>3,759,078</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

16	BORROWINGS	(Un-audited)		(Audited)		
		September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023	
		----- Rupees in '000 -----				
	<b>Secured</b>					
	Borrowings from State Bank of Pakistan (SBP) under:					
	- Export refinance scheme	3,942,000	4,216,900			
	- Long term financing facility	3,266,258	3,560,830			
	- Refinance and credit guarantee scheme for women entrepreneurs	29,214	20,262			
	- Financing facility for renewable energy	280,260	244,594			
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	52,797	41,019			
	- Refinance facility for combating COVID-19	472,876	680,065			
	- SME Aasaan Scheme (SAAF)	868,707	292,047			
	- Financing facility for storage of agriculture produce	94,846	69,231			
	- Repurchase agreement borrowings	3,000,000	35,000,000			
		12,006,958	44,124,948			
	Repurchase agreement borrowings	8,333,852	5,460,611			
	Call borrowings	800,000	-			
		9,133,852	5,460,611			
	<b>Total secured</b>	21,140,810	49,585,559			
	<b>Unsecured</b>					
	Call borrowings	-	875,000			
	<b>Total</b>	21,140,810	50,460,559			
17	DEPOSITS AND OTHER ACCOUNTS	(Un-audited)			(Audited)	
		September 30, 2024			December 31, 2023	
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies
		----- Rupees in '000 -----				
	<b>Customers</b>					
	Current deposits	55,608,820	704,647	56,313,467	47,342,097	769,231
	Saving deposits	175,414,927	205,637	175,620,564	132,466,979	24,062
	Term deposits	72,331,822	859,770	73,191,592	89,981,071	405,316
	Others	13,619,331	-	13,619,331	13,704,470	-
		316,974,900	1,770,054	318,744,954	283,494,617	1,198,609
	<b>Financial Institutions</b>					
	Current deposits	183,910	31,190	215,100	395,672	130,518
	Saving deposits	978,104	-	978,104	4,072,145	-
		1,162,014	31,190	1,193,204	4,467,817	130,518
		318,136,914	1,801,244	319,938,158	287,962,434	1,329,127
18	LEASE LIABILITIES	(Un-audited)		(Audited)		
		September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023	
		----- Rupees in '000 -----				
	Outstanding amount at the start of the period / year	2,407,066	1,368,661			
	Additions during the period / year	131,410	1,853,833			
	Lease payments including interest during the period / year	(694,565)	(992,583)			
	Finance charges	322,333	213,486			
	Termination / modifications during the period / year	(45,619)	(36,331)			
		(286,441)	1,038,405			
	Outstanding amount at the end of the period / year	2,120,625	2,407,066			

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- Rupees in '000 -----			
<b>18.1</b>	<b>Liabilities outstanding</b>		
	Not later than one year	617,788	656,710
	Later than one year and up to five years	1,502,837	1,750,356
	Total at the period / year end	<u>2,120,625</u>	<u>2,407,066</u>
<b>18.2</b>	The Bank mainly has lease contracts for real estate that are used in its operations including branches and other offices. Generally, the Bank is restricted from assigning and subleasing the lease assets. As a practical expedient, management does not separate lease and non-lease components, wherever applicable. The additions to lease obligations during the period have been discounted at rates ranging between 19.70% to 22.18% (December 31, 2023: 15.22% to 22.37%) per annum; being the relevant incremental borrowing rate of the Bank.		
	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- Rupees in '000 -----			
<b>19</b>	<b>OTHER LIABILITIES</b>		
	Mark-up / return / interest payable in local currency	14,872,975	13,815,556
	Mark-up / return / interest payable in foreign currencies	28,816	15,162
	Unearned commission and income on bills discounted	171,857	227,050
	Accrued expenses and supplier payables	1,031,916	923,465
	Current taxation (provisions less payments)	2,693,020	945,270
	Acceptances	9,803	3,502
	Unclaimed dividends	76,396	61,448
	Mark to market loss on forward foreign exchange contracts	16,523	18,701
	Deferred income on government schemes	1,487	1,547
	Deferred income on Islamic financing	109,843	116,842
	Islamic pool management reserves	262,090	204,902
	Share subscription money refund	1,091	1,091
	Retention money	41,232	45,678
	Bills payment system over the counter (BPS-OTC)	726,001	61,191
	Charity fund balance	40,581	51,459
	Branch adjustment account	-	1,174
	Security deposits against ijarah	48,759	62,708
	Levies and other taxes payable	94,011	38,181
	Credit loss allowance / provision against off-balance sheet obligations	57,261	-
	Others	386,355	372,009
		<u>20,670,017</u>	<u>16,966,936</u>
<b>19.1</b>	<b>Credit loss allowance / provision against off-balance sheet obligations</b>		
	Opening balance	-	-
	Impact of adoption of IFRS 9	69,416	-
	Balance as at January 1, 2024 after adoption of IFRS 9	<u>69,416</u>	-
	Charge for the period / year	6,780	-
	Reversal for the period / year	(18,935)	-
		<u>(12,155)</u>	-
	Closing balance	<u>57,261</u>	-

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**20 SHARE CAPITAL**

**20.1 Authorized capital**

(Un-audited) September 30, 2024	(Audited) December 31, 2023		(Un-audited) September 30, 2024	(Audited) December 31, 2023
Number of shares			----- Rupees in '000 -----	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

**20.2 Issued, subscribed and paid up**

(Un-audited) September 30, 2024	(Audited) December 31, 2023		(Un-audited) September 30, 2024	(Audited) December 31, 2023
Number of shares			----- Rupees in '000 -----	
722,698,448	722,698,448	Ordinary shares of Rs. 10 each Fully paid in cash	7,226,984	7,226,984

**Issued as fully paid bonus shares:**

380,092,081	380,092,081	Opening balance	3,800,921	3,800,921
55,145,460	-	Issued during the period / year (Note 20.3)	551,455	-
435,237,541	380,092,081	<b>Closing balance</b>	4,352,376	3,800,921
1,157,935,989	1,102,790,529		11,579,360	11,027,905

**20.3** During the period, 55,145,460 shares were issued as fully paid bonus shares in respect of the year ended December 31, 2023.

**20.4** The Bank has only one class of shares and at reporting date, the Government of Khyber Pakhtunkhwa and Ismail Industries Limited held 812,893,803 (December 31, 2023: 774,184,576) and 282,852,969 (December 31, 2023: 269,383,781) ordinary shares respectively. Moreover, the Bank has no reserved shares under options.

**21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX**

Surplus / (deficit) on revaluation of:

- Securities measured at FVOCI - Debt
- Securities measured at FVOCI - Equity
- Available for sale securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims
- Revaluation of investment of associate

(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- Rupees in '000 -----	
2,156,820	-
(518,233)	-
-	(1,611,109)
900,120	900,120
81,712	93,574
(295)	(3,051)
2,620,124	(620,466)

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

- Securities measured at FVOCI - Debt
- Securities measured at FVOCI - Equity
- Available for sale securities
- Non-banking assets acquired in satisfaction of claims
- Revaluation of investment of associate

(1,056,842)	-
9,159	-
-	789,444
(40,039)	(45,851)
145	1,495
(1,087,577)	745,088
1,532,547	124,622

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- Rupees in '000 -----	
<b>22</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
	Guarantees	22.1 39,442,675	41,756,059
	Commitments	22.2 15,880,998	17,042,019
		<u>55,323,673</u>	<u>58,798,078</u>
<b>22.1</b>	<b>Guarantees:</b>		
	Financial guarantees	1,293,446	1,282,861
	Performance guarantees	38,143,147	40,467,116
	Other guarantees	6,082	6,082
		<u>39,442,675</u>	<u>41,756,059</u>
<b>22.2</b>	<b>Commitments:</b>		
	Documentary credits and short-term trade-related transactions		
	- Letters of credit	10,237,055	11,987,078
	Commitments in respect of:		
	- Forward foreign exchange contracts	22.2.1 5,138,591	4,503,204
	Commitments for acquisition of:		
	- Property and equipment	202,759	247,197
	- Intangible assets	302,593	304,540
	Other commitments	-	-
		<u>15,880,998</u>	<u>17,042,019</u>
<b>22.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>		
	Purchase	2,314,181	1,652,860
	Sale	2,824,410	2,850,344
		<u>5,138,591</u>	<u>4,503,204</u>

Commitments for outstanding forward foreign exchange contracts are disclosed in these condensed interim financial statements at contracted rates.

**22.3 Other contingent liabilities**

**22.3.1** There are certain claims which have not been acknowledged as debts. These mainly represent counter claims by the borrowers, claims filed by the former employees of the Bank and certain other claims. Based on legal advice and/or internal assessments management is optimistic that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these condensed interim financial statements for the same.

**22.3.2** The Bank is contesting a case filed by an employee in the Peshawar High Court regarding changes in post retirement benefit plans made by the Bank w.e.f. January 1, 2019. The management based on a legal opinion is of the view that such changes were lawfully made as per Bank's policy and is optimistic about the favourable outcome of the case. Hence, no provision in this respect is recognised in these condensed interim financial statements. Considering the complexity and uncertainty in nature, the financial impact cannot be reasonably ascertained.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**22.3.3** The matters arising from income tax assessments of the Bank up to Tax Year 2023 are detailed below:

- i) In respect of Tax Year 2014, the Commissioner Inland Revenue, Appeals (CIRA), issued an order dated November 24, 2021 under section 129 of the Income Tax Ordinance, 2001 in which he remanded back certain matters to Commissioner Inland Revenue (CIR) for reassessment and also upheld few matters. Being aggrieved, the Bank filed an appeal with Appellate Tribunal Inland Revenue (ATIR) on February 23, 2022, which is currently pending.

The remand back proceedings were also completed by CIR, and order was issued, creating a total demand of Rs. 231 million (December 31, 2023: Rs. 231 million) in respect of remand back proceedings and for matter upheld by CIRA and mainly included disallowances on account of provision for doubtful debt, depreciation and workers welfare fund. The Bank filed correction application with CIR as well as appeal with CIRA, on May 18, 2022 which is currently pending.

- ii) In respect of Tax Year 2015, Deputy Commissioner Inland Revenue issued an order dated February 23, 2023 creating an additional tax demand along with default surcharge of Rs. 645 million (December 31, 2023: Rs. 645 million) under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes on profit on debt, salaries and wages, advertisement and professional charges etc. Being aggrieved, the Bank filed an appeal before CIRA on March 22, 2023 which is currently pending.
- iii) In respect of Tax Year 2016, Additional Commissioner Inland Revenue issued an order dated June 21, 2022 creating a demand of Rs. 188 million (December 31, 2023: Rs. 188 million) on account of provision for non-performing loans and advances. Being aggrieved the Bank filed an appeal with CIRA on July 22, 2022 which is currently pending.
- iv) In respect of Tax Year 2017, Additional Commissioner Inland Revenue issued an order dated May 29, 2023 creating a demand of Rs. 130 million (December 31, 2023: Rs. 130 million) on account of provision for non-performing loans and advances. Being aggrieved the Bank filed an appeal with CIRA on July 4, 2023 which is currently pending.
- v) In respect of Tax Year 2019, Assistant Commissioner Inland Revenue issued an order dated November 30, 2023 creating a demand of Rs. 962 million along with default surcharge under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes. Being aggrieved, the Bank filed an appeal before CIRA on January 1, 2024, which is currently pending.
- vi) In respect of Tax Years 2022 and 2023, Deputy Commissioner Inland Revenue, RTO Peshawar vide its notice dated November 23, 2023, required payment for 40% windfall tax demand of Rs. 252.38 million (December 31, 2023: Rs. 252.38 million) under section 99D of the Income Tax Ordinance, 2001 read with SRO 1588(I)/2023 on windfall income earned during such tax years. Being aggrieved, the Bank filed a petition before Peshawar High Court (PHC) and stay was granted in favour of the Bank. The matter is currently pending before PHC.

**22.3.4** The Bank's share of contingencies of its associated company i.e. Taurus Securities Limited amounts to Rs. 8.62 million (December 31, 2023: Rs. 8.62 million)

Management is confident of a favourable outcome of the above matters. Hence, no provision has been recognised for the same in these condensed interim financial statements.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

		(Un-audited)	
		For the nine months ended	
		September 30, 2024	September 30, 2023
		----- Rupees in '000 -----	
<b>23</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>	<b>Note</b>	
	Loans and advances	13,210,595	13,817,260
	Investments	26,836,104	20,835,998
	Lendings to financial institutions	1,098,659	1,351,996
	Balances with banks	168,490	220,406
	Sukuk bonds	8,516,629	5,012,353
		<u>49,830,477</u>	<u>41,238,013</u>
<b>23.1</b>	<b>Interest income recognized on:</b>		
	Financial assets measured at amortized cost / held to maturity	16,737,059	15,694,193
	Financial assets measured at FVOCI / available for sale	32,786,611	25,438,346
	Financial assets measured at FVTPL / held for trading	306,807	105,474
		<u>49,830,477</u>	<u>41,238,013</u>
<b>24</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
	Deposits	34,289,566	25,918,989
	Borrowings	3,207,581	5,719,197
	Lease liability	322,333	165,498
		<u>37,819,480</u>	<u>31,803,684</u>
<b>25</b>	<b>FEE AND COMMISSION INCOME</b>		
	Branch banking customer fees	22,735	45,793
	Consumer finance related fees	320	445
	Card related fees (Debit cards)	296,154	123,254
	Commission on trade	118,982	81,342
	Commission on guarantees	160,201	153,195
	Commission on remittances including home remittances	50,174	19,748
	Rebate from financial institutions	34,483	16,236
	Others	17,572	9,840
		<u>700,621</u>	<u>449,853</u>
<b>26</b>	<b>GAIN / (LOSS) ON SECURITIES</b>		
	Realised gain / (loss)	26.1 6,514	(70,264)
	Unrealised gain - measured at FVTPL	26.2 35,258	-
		<u>41,772</u>	<u>(70,264)</u>
<b>26.1</b>	<b>Realised gain on:</b>		
	Federal government securities	-	740
	Mutual funds	6,514	-
	Shares	-	(71,004)
		<u>6,514</u>	<u>(70,264)</u>
<b>26.2</b>	<b>Net gain / loss on financial assets / liabilities measured at FVTPL:</b>		
	Designated upon initial recognition	-	-
	Mandatorily measured at FVTPL	35,258	-
		<u>35,258</u>	<u>-</u>
<b>27</b>	<b>OTHER INCOME</b>		
	Rent on property	3,150	1,542
	Gain on sale of property and equipment - net	8,101	-
	Postal, swift and other services	92,660	83,451
	(Loss) / gain on early culmination of lease	(3,492)	1,434
	Service income on Government schemes	241	1,936
		<u>100,660</u>	<u>88,363</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

		(Un-audited)	
		For the nine months ended	
		September 30, 2024	September 30, 2023
		-----Rupees in '000-----	
<b>28</b>	<b>OPERATING EXPENSES</b>		
	Total compensation expense	3,378,620	2,778,822
	<b>Property expense</b>		
	Rent and taxes	9,376	5,292
	Utilities cost	400,206	302,927
	Security (including guards)	278,072	188,257
	Repair and maintenance (including janitorial charges)	26,309	11,366
	Depreciation - Right of use assets	557,304	518,289
	Depreciation - Non banking assets acquired in satisfaction of claims	30,577	25,313
	Depreciation - Property and equipment	273,717	247,312
		1,575,561	1,298,756
	<b>Information technology expenses</b>		
	Software maintenance	357,027	238,436
	Hardware maintenance	61,295	19,240
	Depreciation - Property and equipment	222,368	191,536
	Amortization	60,314	72,870
	Network charges	7,599	11,183
	Connectivity charges	180,969	106,316
	ATM charges	217,998	45,203
		1,107,570	684,784
	<b>Other operating expenses</b>		
	Directors' fees and allowances	52,290	14,930
	Fees and allowances to Shariah Board	11,543	2,670
	Legal and professional charges	37,176	53,672
	Outsourced service cost	243,356	213,421
	Travelling and conveyance	79,005	53,794
	NIFT clearing charges	21,792	23,375
	Depreciation - Property and equipment	69,265	67,422
	Training and development	10,710	6,994
	Postage and courier charges	34,071	34,432
	Communication	163,193	128,941
	Stationery and printing	112,496	70,414
	Marketing, advertisement and publicity	111,349	88,007
	Auditors' remuneration	14,999	11,430
	Entertainment	48,091	39,341
	Newspapers and periodicals	1,654	1,673
	Brokerage and commission	24,058	26,786
	Rent and taxes	1,260	1,324
	Cash carriage charges	91,097	68,182
	Repair and maintenance	68,940	40,202
	Utilities cost	15,962	11,505
	Insurance	47,287	47,265
	Fees and subscriptions	8,878	8,450
	Deposit protection premium	97,038	75,658
	Others	43,976	63,327
		1,409,486	1,153,215
		7,471,237	5,915,577
<b>29</b>	<b>OTHER CHARGES</b>		
	Penalties imposed by State Bank of Pakistan	1,856	3,711

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	Note	(Un-audited)	
		For the nine months ended	
		September 30, 2024	September 30, 2023
----- Rupees in '000 -----			
<b>30 CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET</b>			
(Reversal) of credit loss allowance / provision against cash and balances with treasury banks and balances with other banks	5 & 6	(198)	-
(Reversal) of credit loss allowance / provision against lendings to financial institutions	7	(64,217)	-
Reversal of credit loss allowance / reversal of provision for diminution in value of investments	8.3	(36)	(111,150)
(Reversal) of credit loss allowance / provision against advances	9.3	(30,911)	577,571
(Reversal) of credit loss allowance / provision against other assets	14.1.1	(34,674)	78,230
(Reversal) of credit loss allowance / provision against off balance sheet obligations	19.1	(12,155)	-
		<u>(142,191)</u>	<u>544,651</u>
<b>31 TAXATION</b>			
Current		3,407,724	2,202,836
Prior periods		5,082	-
Deferred		3,950	6,316
		<u>3,416,756</u>	<u>2,209,152</u>
<b>32 BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit for the period		<u>2,599,097</u>	<u>2,472,959</u>
		----- (Number of shares) -----	
			(Restated)
Weighted average number of ordinary shares		<u>1,157,935,989</u>	<u>1,157,935,989</u>
		----- (Rupees) -----	
			(Restated)
Basic and diluted earnings per share		<u>2.24</u>	<u>2.14</u>

32.1 There were no dilutive potential ordinary shares outstanding as at September 30, 2024 and September 30, 2023.

**33 FAIR VALUE MEASUREMENTS**

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

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

**33.1 Fair value of financial assets**

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

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

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

Level 3: Fair value measurements using inputs that are not based on observable market data (i.e. unobservable inputs).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

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

	Carrying value	(Un-audited) September 30, 2024			Total
		Fair value			
		Level 1	Level 2	Level 3	
----- Rupees in '000 -----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
<b>Investments</b>					
Federal Government Securities	228,677,723	-	228,677,723	-	228,677,723
Shares	221,435	132,145	89,290	-	221,435
Non-Government Debt Securities	6,503,116	-	6,503,116	-	6,503,116
<b>Financial assets - disclosed but not measured at fair value</b>					
<b>Investments</b>					
Federal Government Securities	18,114,505	-	17,735,550	-	17,735,550
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward exchange contracts purchase	2,314,181	-	16,523	-	16,523
Forward exchange contracts sale	2,824,410	-	33,158	-	33,158
(Audited) December 31, 2023					
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
----- Rupees in '000 -----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value</b>					
<b>Investments</b>					
Federal Government Securities	213,161,446	-	213,161,446	-	213,161,446
Shares	219,507	137,844	81,663	-	219,507
Non-Government Debt Securities	7,120,959	-	7,120,959	-	7,120,959
<b>Financial assets - disclosed but not measured at fair value</b>					
<b>Investments</b>					
Federal Government Securities	2,756,377	-	2,574,496	-	2,574,496
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward exchange contracts purchase	1,652,860	-	18,701	-	18,701
Forward exchange contracts sale	2,850,344	-	31,449	-	31,449

**33.2** The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between level 1 and 2 during the period.

**33.2.1 Fair value of financial assets**

**(a) Financial Instruments in level 1**

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

**(b) Financial Instruments in level 2**

Financial instruments included in level 2 comprise of unquoted equity securities, Sukuks bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance Certificates and forward exchange contracts.

**(c) Financial Instruments in level 3**

Currently, no financial instruments are classified in level 3.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**33.2.2 Fair value of non - financial assets**

Certain categories of property and equipment (leasehold land) of Rs. 1,016.28 million (December 31, 2023: Rs. 1,016.28 million) and non banking assets acquired in satisfaction of claims of Rs. 348.59 million (December 31, 2023: Rs. 379.14 million) are carried at revalued amounts (level 3 measurements) determined by professional valuers based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by Bank which are also on panel of State Bank of Pakistan.

**33.2.3 Valuation techniques and inputs used in determination of fair values within level 1**

Fully paid-up ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
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**Valuation techniques and inputs used in determination of fair values within level 2**

Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates for fixed rate securities and PKFRV rates for floating rate PIB's (Reuters page).
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Government of Pakistan (GoP) - Ijarah Sukuks	Fair values of GoP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
--	--

Term Finance, Bonds and Sukuk certificates	Investments in debt securities (comprising term finance certificates, bonds, Sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan. In the determination of the rates, the MUFAP takes into account the holding pattern of these securities and categorizes these as traded, thinly traded and non-traded securities. However, fair values of investments in unquoted debt securities are valued on the basis of present value technique based on market interest rates.
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Unquoted equity securities	Fair value of unquoted equity securities is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.
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**Valuation techniques and inputs used in determination of fair values within level 3**

Operating fixed assets (Leasehold land) and non-banking assets acquired in satisfaction of claims	These assets are revalued on regular basis using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**34 SEGMENT INFORMATION**

**34.1 Segment details with respect to business activities**

	For the nine months ended September 30, 2024 (Un-audited)				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	----- Rupees in 000 -----				
<b>Profit and loss</b>					
Net mark-up / return / profit	(15,775,552)	32,248,797	(6,332,797)	1,870,549	12,010,997
Inter segment revenue - net	17,622,254	(27,055,127)	7,297,000	2,135,873	-
Non mark-up / return / interest income	5,000	682,321	298,889	349,548	1,335,758
<b>Total income</b>	<b>1,851,702</b>	<b>5,875,991</b>	<b>1,263,092</b>	<b>4,355,970</b>	<b>13,346,755</b>
Segment direct expenses	(4,254,192)	(20,020)	(1,718,291)	(1,480,590)	(7,473,093)
Inter segment expense allocation	3,217,647	(3,269,238)	1,011,239	(959,648)	-
<b>Total expenses</b>	<b>(1,036,545)</b>	<b>(3,289,258)</b>	<b>(707,052)</b>	<b>(2,440,238)</b>	<b>(7,473,093)</b>
Credit loss allowance	-	64,253	(114,724)	192,662	142,191
<b>Profit before tax</b>	<b>815,157</b>	<b>2,650,986</b>	<b>441,316</b>	<b>2,108,394</b>	<b>6,015,853</b>
<b>As at September 30, 2024 (Un-audited)</b>					
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	----- Rupees in 000 -----				
<b>Balance sheet</b>					
Cash and bank balances	1,518,892	20,553,955	671,921	5,419,782	28,164,550
Investments	18,114,505	235,402,274	-	102,351	253,619,130
Net inter segment lending	180,238,370	(247,580,211)	67,851,537	(509,696)	-
Lendings to financial institutions	-	10,064,217	-	-	10,064,217
Advances - performing	-	-	8,024,448	57,609,042	65,633,490
Advances - non performing	-	-	296,639	1,821,031	2,117,670
Others	2,007,972	15,179,342	926,452	8,258,884	26,372,650
<b>Total assets</b>	<b>201,879,739</b>	<b>33,619,577</b>	<b>77,770,997</b>	<b>72,701,394</b>	<b>385,971,707</b>
Borrowings	9,006,958	11,333,852	-	800,000	21,140,810
Deposits and other accounts	179,395,231	5,727,406	72,458,705	62,356,816	319,938,158
Net inter segment borrowing	(180,238,370)	247,580,211	(67,851,537)	509,696	-
Others	12,322,795	1,553,858	4,783,001	5,638,129	24,297,783
<b>Total liabilities</b>	<b>20,486,614</b>	<b>266,195,327</b>	<b>9,390,169</b>	<b>69,304,641</b>	<b>365,376,751</b>
Equity	181,393,125	(232,575,750)	68,380,828	3,396,753	20,594,956
<b>Total equity and liabilities</b>	<b>201,879,739</b>	<b>33,619,577</b>	<b>77,770,997</b>	<b>72,701,394</b>	<b>385,971,707</b>
<b>Contingencies and commitments</b>	<b>31,258,963</b>	<b>5,515,553</b>	<b>13,632,329</b>	<b>4,916,828</b>	<b>55,323,673</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

For the nine months ended September 30, 2023 (Un-audited)

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
----- Rupees in 000 -----					
<b>Profit and loss</b>					
Net mark-up / return / profit	(10,088,219)	22,014,087	(3,973,698)	1,482,159	9,434,329
Inter segment revenue - net	12,129,128	(18,212,371)	4,457,654	1,625,589	-
Non mark-up / return / interest income	18,555	1,255,888	127,239	310,039	1,711,721
<b>Total Income</b>	<b>2,059,464</b>	<b>5,057,604</b>	<b>611,195</b>	<b>3,417,787</b>	<b>11,146,050</b>
Segment direct expenses	(3,326,601)	(22,446)	(1,145,181)	(1,425,060)	(5,919,288)
Inter segment expense allocation	2,233,574	(2,661,792)	820,799	(392,581)	-
<b>Total expenses</b>	<b>(1,093,027)</b>	<b>(2,684,238)</b>	<b>(324,382)</b>	<b>(1,817,641)</b>	<b>(5,919,288)</b>
Provisions	-	111,150	(72,888)	(582,913)	(544,651)
<b>Profit / (loss) before tax</b>	<b>966,437</b>	<b>2,484,516</b>	<b>213,925</b>	<b>1,017,233</b>	<b>4,682,111</b>

As at December 31, 2023 (Audited)

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
----- Rupees in 000 -----					
<b>Balance sheet</b>					
Cash and bank balances	3,767,523	18,390,992	623,725	5,073,565	27,855,805
Investments	2,756,377	220,501,912	-	90,210	223,348,499
Net inter segment lending	129,223,472	(198,727,702)	53,921,863	15,582,367	-
Lendings to financial institutions	-	2,000,000	-	-	2,000,000
Advances - performing	42,796,073	-	7,546,091	45,974,054	96,316,218
Advances - non performing	626,774	-	49,461	4,595,127	5,271,362
Others	8,284,367	15,551,753	713,214	3,845,266	28,394,600
<b>Total assets</b>	<b>187,454,586</b>	<b>57,716,955</b>	<b>62,854,354</b>	<b>75,160,589</b>	<b>383,186,484</b>
Borrowings	9,124,948	40,460,611	-	875,000	50,460,559
Deposits and other accounts	164,351,364	-	58,512,945	66,427,252	289,291,561
Net inter segment borrowing	(129,223,472)	198,727,702	(53,921,863)	(15,582,367)	-
Others	10,893,179	3,669,864	3,868,165	4,701,872	23,133,080
<b>Total liabilities</b>	<b>55,146,019</b>	<b>242,858,177</b>	<b>8,459,247</b>	<b>56,421,757</b>	<b>362,885,200</b>
Equity	132,308,567	(185,141,222)	54,395,107	18,738,832	20,301,284
<b>Total equity and liabilities</b>	<b>187,454,586</b>	<b>57,716,955</b>	<b>62,854,354</b>	<b>75,160,589</b>	<b>383,186,484</b>
<b>Contingencies and commitments</b>	<b>37,441,442</b>	<b>4,884,852</b>	<b>3,360,776</b>	<b>13,111,008</b>	<b>58,798,078</b>

#### 34.2 Geographical segment

Segment details with respect to geographical locations are not presented in these condensed interim financial statements as geographically the Bank conducts all its operations in Pakistan only.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**35 RELATED PARTY TRANSACTIONS**

The Bank has related party relationship with its majority shareholders (Government of Khyber Pakhtunkhwa and Ismail Industries Limited), associate, directors, key management personnel, staff retirement benefit plan and other related parties.

The Bank 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. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives are determined in accordance with terms of their appointments. Further, the Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) account maintained on behalf of Government of Khyber Pakhtunkhwa having face value of Rs. 40,447.50 million (December 31, 2023: Rs. 20,249.50 million).

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:

	(Un-audited) As at September 30, 2024				(Audited) As at December 31, 2023			
	Key Directors management personnel	Associate	Employee funds		Key Directors management personnel	Associate	Employee funds	
----- Rupees in '000 -----								
<b>Advances</b>								
Opening balance	-	179,490	-	-	-	213,178	-	-
Addition during the period / year	-	29,766	-	-	-	56,183	-	-
Repaid during the period / year	-	(21,247)	-	-	-	(21,626)	-	-
Transfer (out) / In - net	-	1,157	-	-	-	(68,245)	-	-
Closing balance	-	189,166	-	-	-	179,490	-	-
Credit loss allowance / provision held against advances	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>								
Opening balance	13,956	6,467	44,580	3,301,627	3,228	7,637	40,825	2,841,338
Received during the period / year	12,145	116,371	190,090	4,224,918	55,900	131,625	54,125	4,272,781
Withdrawn during the period / year	15,646	110,799	194,731	3,672,296	48,172	130,015	50,370	3,812,492
Transfer (out) / In - net	(8,824)	(18)	-	-	-	(2,780)	-	-
Closing balance	1,631	12,021	39,939	3,854,249	13,956	6,467	44,580	3,301,627
<b>Other liabilities</b>								
Interest / mark-up payable	-	1	3	163,673	232	1,759	4,532	222,285
----- Rupees in '000 -----								
	(Un-audited) For the nine months ended September 30, 2024				(Un-audited) For the nine months ended September 30, 2023			
	Key Directors management personnel	Associate	Employee funds		Key Directors management personnel	Associate	Employee funds	
----- Rupees in '000 -----								
<b>Income</b>								
Mark-up / return / interest earned	-	3,394	-	-	-	3,179	-	-
<b>Expense</b>								
Mark-up / return / interest expensed	162	753	7,235	510,566	642	765	3,447	372,542
Operating expenses - Compensation	55,509	174,072	-	-	54,313	142,485	-	-

35.1 As of September 30, 2024, the Bank has an equity investment having cost of Rs. 112.50 million (December 31, 2023: Rs. 112.50 million) and carrying value of Rs. 89.29 million (December 31, 2023: Rs. 81.65 million) in Dawood Family Takaful Limited, a related party.

35.2 Government of Khyber Pakhtunkhwa (GoKP) holds 70.20% shareholding in the Bank and therefore, entities which are owned and / or controlled by the GoKP, or where the GoKP may exercise significant influence, are also related parties of the Bank. The Bank in the ordinary course of its business enters into transaction with various departments of the GoKP and its related entities. Such transactions include advances to, deposits from and provision for other banking services to Government related entities.

Transactions and balances with Government and its related entities, other than those disclosed in the respective notes to these condensed interim financial statements, as at period end includes loans and advances and deposits amounting to Rs. Nil (December 31, 2023: Rs. 43,423 million) and Rs. 179,395 million (December 31, 2023: Rs. 164,351 million), respectively.

Detailed related party disclosure for being government entity is disclosed as required under IAS-24 "Related Party Disclosures". Relevant details are referred in the following notes:

Particulars	Note
Investments	8.1
Shareholding	20

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	<b>(Un-audited) September 30, 2024</b>	<b>(Audited) December 31, 2023</b>
	<b>---- Rupees in '000 ----</b>	
<b>36 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>11,579,360</u>	<u>11,027,905</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible common equity tier 1 (CET 1) capital	<u>19,446,018</u>	<u>19,747,849</u>
Eligible additional tier 1 (ADT 1) capital	<u>-</u>	<u>-</u>
Total eligible tier 1 capital	<u>19,446,018</u>	<u>19,747,849</u>
Eligible tier 2 capital	<u>1,661,903</u>	<u>173,029</u>
Total eligible capital (Tier 1 + Tier 2)	<u>21,107,921</u>	<u>19,920,878</u>
<b>Risk weighted assets (RWAs):</b>		
Credit risk	<u>69,029,570</u>	<u>75,008,452</u>
Market risk	<u>10,438,002</u>	<u>13,893,580</u>
Operational risk	<u>20,243,274</u>	<u>20,243,274</u>
<b>Total</b>	<u>99,710,846</u>	<u>109,145,306</u>
Common equity tier 1 capital adequacy ratio	<u>19.50%</u>	<u>18.09%</u>
Tier 1 capital adequacy ratio	<u>19.50%</u>	<u>18.09%</u>
Total capital adequacy ratio	<u>21.17%</u>	<u>18.25%</u>
<b>National minimum capital requirements prescribed by SBP</b>		
CET1 minimum ratio	6.00%	6.00%
ADT-1 minimum ratio	1.50%	1.50%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital conservation buffer (CCB- consisting of CET1 only)	1.50%	1.50%
Total capital plus CCB	11.50%	11.50%
<b>Leverage Ratio (LR):</b>		
Eligible tier 1 capital	19,446,018	19,747,849
Total exposures	<u>453,338,491</u>	<u>455,665,307</u>
Leverage ratio	<u>4.29%</u>	<u>4.33%</u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total high quality liquid assets	<u>245,076,000</u>	<u>178,286,835</u>
Total net cash outflow	<u>91,982,000</u>	<u>88,514,877</u>
Liquidity coverage ratio	<u>266.44%</u>	<u>201.42%</u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total available stable funding	<u>230,707,000</u>	<u>210,054,766</u>
Total required stable funding	<u>119,680,000</u>	<u>116,062,991</u>
Net stable funding ratio	<u>192.77%</u>	<u>180.98%</u>

**36.1** The SBP in its application instructions for IFRS 9 has permitted the banks to adopt a transitional approach to phase in the initial impact of ECL for stage 1 and 2 financial assets over a period of five years. Had this relaxation not been availed, the Bank's CAR and Leverage Ratio would have been lower by 0.51% and 0.20% respectively.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

**ISLAMIC BANKING BUSINESS**

37 The Bank is operating 123 (December 31, 2023: 123) Islamic banking branches as at September 30, 2024.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	---- Rupees in '000 ----	
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>Note</b>	
<b>ASSETS</b>		
Cash and balances with treasury banks	9,624,012	10,697,876
Balances with other banks	1,118,228	1,169,045
Due from financial institutions	37.1 9,999,636	2,000,000
Investments	37.2 68,979,728	54,438,416
Islamic financing and related assets - net	37.3 14,856,133	33,620,499
Property and equipment	756,494	782,059
Right-of-use assets	640,116	753,238
Intangible assets	-	-
Due from head office	605,254	-
Other assets	5,395,961	3,929,795
<b>Total Assets</b>	<b>111,975,562</b>	<b>107,390,928</b>
<b>LIABILITIES</b>		
Bills payable	438,242	481,636
Due to financial institutions	1,707,391	1,645,347
Deposits and other accounts	37.4 94,592,113	89,314,690
Due to head office	-	1,310,267
Lease liabilities	583,763	659,416
Sub-ordinated debt	-	-
Other liabilities	5,481,412	5,553,646
<b>Total Liabilities</b>	<b>102,802,921</b>	<b>98,965,002</b>
<b>NET ASSETS</b>	<b>9,172,641</b>	<b>8,425,926</b>
<b>REPRESENTED BY</b>		
Islamic banking fund	1,000,000	1,000,000
Reserves	91,961	65,918
Surplus / (deficit) on revaluation of assets	1,210,554	(97,300)
Unappropriated profit	37.8 6,870,126	7,457,308
	<b>9,172,641</b>	<b>8,425,926</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>37.5</b>	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

The profit and loss account of the Bank's Islamic banking branches For the nine months ended September 30, 2024 is as follows:

	Note	(Un-audited)	
		For the nine months ended	
		September 30, 2024	September 30, 2023
		---- Rupees in '000 ----	
<b>PROFIT AND LOSS ACCOUNT</b>			
Profit / return earned	37.6	13,543,410	11,093,904
Profit / return expensed	37.7	6,275,776	5,292,797
Net profit / return		<u>7,267,634</u>	<u>5,801,107</u>
<b>Other income</b>			
Fee and commission income		257,393	144,360
Dividend income		391	1,557
Foreign exchange income		201,272	180,953
Gain on securities		6,514	667
Other income		48,551	41,917
Total other income		<u>514,121</u>	<u>369,454</u>
Total income		<u>7,781,755</u>	<u>6,170,561</u>
<b>Other expenses</b>			
Operating expenses		3,561,387	2,876,111
Workers Welfare Fund		-	-
Other charges		100	-
Total other expenses		<u>3,561,487</u>	<u>2,876,111</u>
<b>Profit before credit loss allowance / provision</b>		<u>4,220,268</u>	<u>3,294,450</u>
(Reversal) of credit loss allowance / provision and write offs - net		<u>(162,563)</u>	<u>370,871</u>
<b>Profit before taxation</b>		<u>4,382,831</u>	<u>2,923,579</u>
Taxation		<u>2,241,906</u>	<u>1,432,554</u>
<b>Profit after taxation</b>		<u><u>2,140,925</u></u>	<u><u>1,491,025</u></u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	(Un-audited) September 30, 2024			(Audited) December 31, 2023		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
<b>37.1 Due from financial institutions</b>						
<b>Unsecured</b>						
Placement with other banks	10,000,000	-	10,000,000	2,000,000	-	2,000,000
Less: Credit loss allowance / provision						
Stage 1	(364)	-	(364)	-	-	-
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
<b>Due from financial institutions - net of credit loss allowance / provision</b>	<b>9,999,636</b>	<b>-</b>	<b>9,999,636</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>

	(Un-audited) September 30, 2024			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying value
	----- Rupees in '000 -----			
<b>37.2 Investments by segments</b>				
<b>Debt Instruments</b>				
<b>Classified / measured at amortised cost</b>				
Federal Government securities				
- GoP Ijarah sukuks	5,027,576	-	-	5,027,576
<b>Classified / measured at fair value through other comprehensive income (FVOCI)</b>				
Federal Government securities				
- GoP Ijarah sukuks	59,601,637	-	1,176,063	60,777,700
Non - government debt securities	3,140,000	(39)	34,491	3,174,452
	62,741,637	(39)	1,210,554	63,952,152
<b>Classified / measured at fair value through profit or loss (FVTPL)</b>				
	-	-	-	-
<b>Total Investments</b>	<b>67,769,213</b>	<b>(39)</b>	<b>1,210,554</b>	<b>68,979,728</b>
	December 31, 2023			
	Cost / amortised cost	Provision for diminution	(Deficit) / Surplus	Carrying value
	----- Rupees in '000 -----			
<b>Federal Government Securities:</b>				
- GoP Ijarah Sukuks	50,921,133	-	(103,525)	50,817,608
<b>Non-government debt securities</b>				
- Power / gas and other Sukuks - listed	2,375,000	-	6,225	2,381,225
- unlisted	1,239,583	-	-	1,239,583
	3,614,583	-	6,225	3,620,808
<b>Total Investment</b>	<b>54,535,716</b>	<b>-</b>	<b>(97,300)</b>	<b>54,438,416</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	<b>(Un-audited) September 30, 2024</b>	<b>(Audited) December 31, 2023</b>
-----Rupees in '000-----		
<b>37.3 Islamic financing and related assets</b>		
Ijarah	137,783	175,077
Murabaha	1,875,118	1,684,931
Diminishing musharaka	8,050,870	8,726,454
Running musharaka	2,453,705	18,972,415
Istisna	4,378,662	4,973,663
Qarze Hasna	49	183
<b>Gross Islamic financing and related assets</b>	<b>16,896,187</b>	<b>34,532,723</b>
<b>Less: Credit loss allowance / provision against Islamic financing</b>		
- Stage 1	230,231	-
- Stage 2	191,817	-
- Stage 3	1,618,006	-
- Specific	-	896,662
- General	-	15,562
	<b>2,040,054</b>	<b>912,224</b>
<b>Islamic financing and related assets - net of credit loss allowance / provision</b>	<b>14,856,133</b>	<b>33,620,499</b>
<b>37.4 Deposits</b>		
<b>Customers</b>		
Current deposits	25,734,536	23,341,690
Savings deposits	59,112,194	53,507,331
Term deposits	6,545,071	6,758,767
Others	3,016,492	3,733,075
	<b>94,408,293</b>	<b>87,340,863</b>
<b>Financial Institutions</b>		
Current Deposits	24,121	294,991
Savings deposits	159,699	1,678,836
	<b>183,820</b>	<b>1,973,827</b>
	<b>94,592,113</b>	<b>89,314,690</b>
<b>37.5 Contingencies and commitments</b>		
Guarantees	8,633,382	11,905,753
Commitments	2,496,524	4,598,814
	<b>11,129,906</b>	<b>16,504,567</b>
	<b>(Un-audited)</b>	
	<b>For the nine months ended</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2024</b>	<b>2023</b>
	----- Rupees in '000 -----	
<b>37.6 Profit / return earned on financing, investments and placements</b>		
Profit earned on:		
Financing	4,384,527	5,701,204
Investments	8,427,256	4,934,629
Placements	705,919	442,972
Balances with banks	25,708	15,099
	<b>13,543,410</b>	<b>11,093,904</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

	(Un-audited)	
	For the nine months ended	
	September 30, 2024	September 30, 2023
	----- Rupees in '000 -----	
<b>37.7 Profit on deposits and other dues expensed</b>		
Deposits and other accounts	5,963,868	4,986,308
Due to financial institutions	203,946	271,485
Finance charge on lease liability	107,962	35,004
	<u>6,275,776</u>	<u>5,292,797</u>
	(Un-audited)	(Audited)
	September 30, 2024	December 31, 2023
	----- Rupees in '000 -----	
<b>37.8 Islamic banking business unappropriated profit</b>		
Opening balance	7,457,308	5,633,781
Impact of adoption of IFRS 9	(645,558)	-
Balance as at January 1, 2024 after adoption of IFRS 9	<u>6,811,750</u>	<u>5,633,781</u>
Add: Islamic banking profit before taxation for the period / year	4,382,831	4,469,430
Less: Taxation	(2,241,906)	(2,190,021)
Less: Transferred to head office	(2,082,549)	(455,882)
Closing balance	<u>6,870,126</u>	<u>7,457,308</u>

**37.9 Profit equalization reserve**

The profit equalization reserves amounting to Rs. 91.96 million (December 31, 2023: Rs. 65.92 million) classified in other liabilities, which has been presented as reserves in note 19.

**37.10 Pool management**

During the period, no new special pool has been created.

**38 CORRESPONDING FIGURES**

**38.1** Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements, wherever necessary to facilitate comparison. The following reclassification has been made in the condensed interim statement of profit and loss account.

Description of item	From	To	(Rupees in '000)
Rebate from financial institutions	Other income	Fee and commission income	<u>16,236</u>

**38.2** The effect of reclassification, rearrangement, restatement in the comparative information presented in these condensed interim financial statements due to adoption of revised forms for the preparation of condensed interim financial statements as mentioned in note 4.1 is as follows:

Description of item	From	To	(Rupees in '000)
Right-of-use assets	Property and equipment	Right-of-use assets	<u>2,549,241</u>
Lease liabilities against right-of-use-assets	Other liabilities	Lease liabilities	<u>2,407,066</u>

**39 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue in the Board of Directors meeting of the Bank held on October 29, 2024.

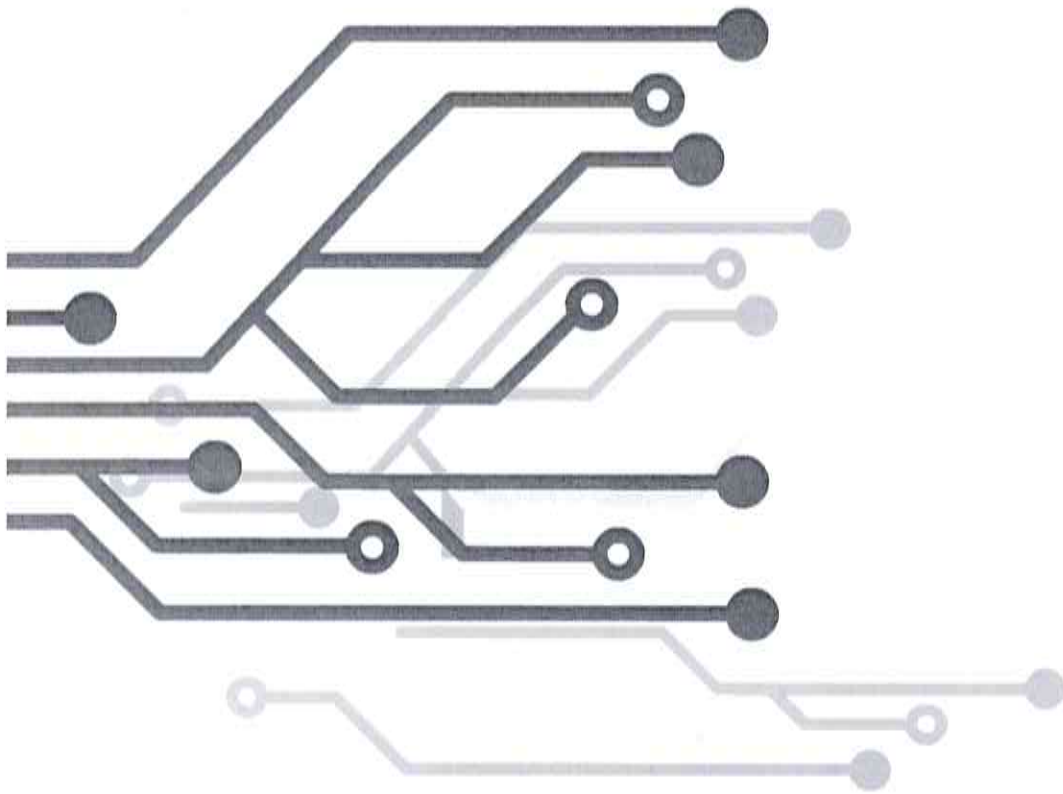
  
MANAGING DIRECTOR

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR



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