JS BANK

JS

Quarterly Report September 30, 2024 (Un-audited)

Content

Company Information

Board of Directors

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

Audit Committee

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

Human Resource, Remuneration & Nomination Committee

Mr. Adil Matcheswala	Member
Mr. Usman Yousaf Mobin	Member

Risk Management Committee

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

Board IT Committee

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

Chief Financial Officer
Syed Adeel Ehtesham

Company Secretary & Head of Legal
Syed Muhammad Talib Raza

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

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

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

Registered office
JS Bank Limited
Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box 4847, Karachi-74200, Pakistan
UAN: +92 21 111 JS Bank (572-265)
+92 21 111-654-321
www.jsbl.com

*Mr. Saad Ali Bhimjee (in place of Syed Mumtaz Ali Shah) has been appointed as a Non-Executive Director of the Bank on August 27, 2024, subject to the Fit & Proper Test clearance of the State Bank of Pakistan.

**Mr. Basir Shamsie has been reappointed as an Executive Director of the Bank on August 27, 2024 subject to the Fit & Proper Test clearance of the State Bank of Pakistan

DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present the unaudited financial statements of JS Bank Limited ("JSBL") along with the consolidated financial statements for the nine months ended September 30, 2024.

Economic Review

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

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

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

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

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

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

Banking sector review

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

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

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

Performance Review

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

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

The Bank's cost to income ratio improved to 68 percent from 73 percent for the corresponding period last year, while the Bank's NII to Operating Cost Ratio was at 98 percent during the period under review. The Bank continues to target further improvement in both ratios to increase intermediation efficiency.

Period end Deposits were reported at PKR 518.735 billion. This translates to a growth of 7 percent against the December 31, 2023 position. As mentioned above, the Bank's period end Non-Remunerative Deposits mix has improved to 37 percent. In terms of averages, the Bank's average non-remunerative deposits improved from PKR 142.502 billion in 9M 2023 to PKR 154.947 billion in 9M 2024.

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

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

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

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

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

Consolidated Financial Statements

On a consolidated basis, JS Bank along with its subsidiaries BankIslami Pakistan Limited, JS Global Capital Limited, and JS Investments Limited recorded a profit before tax of PKR 24,719 million (profit after tax of PKR 12,706 million) for the nine months ended September 30, 2024, as compared to a profit before tax of PKR 9,999 million (profit after tax of PKR 6,948 million) for the corresponding period last year. The earnings per share stood at PKR 4.94 for the period. The Bank's Consolidated Capital Adequacy Ratio as of September 30, 2024, stood at 19.96 percent (December 31, 2023, 16.69 percent).

Credit Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has assigned to the Bank a long-term rating of **"AA"** (Double A) and a short-term rating of **"A1+"** (A One Plus) which is the highest possible rating within the category.

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

Acknowledgments

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

On behalf of the Board

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

Karachi: October 25, 2024

ڈائریکٹرز رپورٹ

ہم انتہائی مسرت کے ساتھ جے ایس بینک لمیٹڈ (''جے ایس بی ایل'') کے مالیاتی گوشواروں بشمول مجموعی مالیاتی گوشواروں کا 30 ستمبر 2024 کوختم ہونے والی نو ماہ کی مدت کا جائزہ پیش کرر ہے ہیں۔

معیشت کا جائزہ:

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

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

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

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

دوران جائزہ، ایف بی آر کی ٹیکس جمع شدہ رقم میں 20.5 فیصد بہتری آئی۔ بنیادی توازن نے جی ڈی پی کے 0.1 فیصد کا سرپلس دکھایا، جو گذشتہ سال جی ڈی پی کے 0.3 فیصد کے مقابلے میں کم ہے۔ گذشتہ چند سالوں میں حاصل کردہ مالی استحکام، ٹیکس کے دائرے کو وسیع کرنے اور عوامی شعبے کی اداروں (PSEs) کے مؤثر انتظام کے ذریعے جاری رہنے کی توقع ہے۔

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

بینکنگ سیکٹر کا جائزہ:

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

جولائی تا اگست 2024 کے دوران بینکنگ اسپریڈز 6.82 فیصد کی 2 سالہ کم ترین سطح پر آ گئے۔ مزید برآں، اگست 2024 میں KIBOR میں مسلسل چھٹے مہینے کمی دیکھنے میں آئی، جو مزید مالیاتی نرمی کی توقع کی عکاسی کرتی ہے۔

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

کارکردگی کا جائزہ:

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

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

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

مدت کے اختتام پر ڈپازٹس کی مالیت 518.735 بلین روپے رپورٹ کی گئی، جو 31 دسمبر 2023 کی پوزیشن کے مقابلے میں 7 فیصد کا اضافہ ظاہر کرتی ہے۔ جیسا کہ اوپر ذکر کیا گیا ہے، بینک کے مدت کے اختتام پر غیر منافع بخش ڈپازٹس کا تناسب 37 فیصد تک بہتر ہوگیا ہے۔ اوسط کے لحاظ سے، بینک کے اوسط غیر منافع بخش ڈپازٹس مالی سال 2023 کی نو ماہی مدت میں 142.502 بلین روپے سے بڑھ کر 2024 کی نوماہی مدت میں 154.947 بلین روپے ہوگئے۔

مدت کے اختتام پر مجموعی قرضے 30 ستمبر 2024 تک 280.220 بلین روپے ہوگئے، جو دسمبر 2023 میں 213.787 بلین روپے سے زیادہ ہے۔ نتیجتاً، بینک کا مجموعی ایڈوانس ڈپازٹ ریشو (ADR) مدت کے اختتام پر بڑھ کر 54 فیصد ہوگیا۔ ستمبر 2024 میں بینک کا مجموعی انفیکشن تناسب 7.63 فیصد پر برقرار رہا جو دسمبر 2023 کو 7.6 فیصد تھا، جبکہ دسمبر 2023 میں نان پرفارمنگ قرضہ جات 16.184 بلین

روپے سے بڑھ کر 21.387 بلین روپے ہو گئے۔

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

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

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

مالی پوزیشن	ملین پاکستانی روپے	
	30 ستمبر 2024	31 دسمبر 2023
شیئر ہولڈرز ایکیوٹی	43,482	40,322
مجموعی ڈپازٹس	518,735	486,283
مجموعی اثاثہ جات	680,307	589,432
خالص ایڈوانسز	263,004	203,727
خالص سرمایہ کاریاں	310,219	287,479

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

مجموعی مالیاتی گوشوارے:

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

کریڈٹ ریٹنگز:

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

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

اظہار تشکر:

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

منجانب بورڈ

باصر شمسی	عادل ماچس والا
صدر اور سی ای او	چیئرمین

کراچی: 25 اکتوبر 2024

JS BANK

Condensed Interim Unconsolidated Financial Statements for the Nine Months Ended September 30, 2024

JS BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		------------ Rupees in '000	------------
ASSETS			
Cash and balances with treasury banks	6	47,296,262	40,895,031
Balances with other banks	7	3,215,854	3,727,490
Lendings to financial institutions	8	1,691,003	-
Investments	9	310,219,226	287,478,855
Advances	10	263,004,481	203,726,900
Property and equipment	11	8,883,388	8,627,102
Right-of-use assets	12	2,558,125	2,139,578
Intangible assets	13	6,364,640	4,872,907
Deferred tax assets	20	-	-
Other assets	14	37,074,017	37,964,595
Total Assets		680,306,996	589,432,458
LIABILITIES			
Bills payable	15	5,234,450	5,668,721
Borrowings	16	80,536,000	27,222,479
Deposits and other accounts	17	518,734,586	486,282,778
Lease liabilities	18	2,711,549	2,234,115
Subordinated debt	19	8,496,567	8,497,767
Deferred tax liabilities	20	1,156,763	1,316,108
Other liabilities	21	19,955,330	17,888,422
Total Liabilities		636,825,245	549,110,390
NET ASSETS		43,481,751	40,322,068
REPRESENTED BY			
Share capital		20,506,625	20,506,625
Reserves		7,157,930	6,563,243
Surplus on revaluation of assets	22	2,794,618	1,959,868
Unappropriated profit		13,022,578	11,292,332
		43,481,751	40,322,068
CONTINGENCIES AND COMMITMENTS	23		

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

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

JS BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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

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

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

JS BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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

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

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

JS BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	Share capital	Capital reserve		Statutory reserve	Surplus / (deficit) on revaluation of			Unappro-priated profit	Total
		Share premium	Exchange translation reserve		Investments	Property and equipment	Non-banking assets		
	Rupees in '000								
Balance as at January 01, 2023 (Audited)	10,119,242	-	457,187	2,330,014	(459,791)	1,147,729	107,083	7,845,155	21,546,619
Profit after taxation	-	-	-	-	-	-	-	2,320,968	2,320,968
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branch	-	-	248,110	-	-	-	-	-	248,110
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	(177,257)	-	-	-	(177,257)
Movement in surplus / (deficit) on revaluation of property and equipment - net of tax	-	-	-	-	-	(45,739)	-	-	(45,739)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(43)	-	(43)
	-	-	248,110	-	(177,257)	(45,739)	(43)	-	25,071
Transfer to statutory reserve	-	-	-	464,194	-	-	-	(464,194)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(36,951)	(12)	36,963	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	(9,276)	-	-	9,276	-
Transactions with owners, recorded directly in equity									
Issue of share capital (right shares)	2,205,689	-	-	-	-	-	-	-	2,205,689
Issue of share capital (further issue of shares)	5,326,293	5,544,618	-	-	-	-	-	-	10,870,911
Discount on issue of shares written off against share premium account	2,855,401	(2,855,401)	-	-	-	-	-	-	-
Balance as at September 30, 2023 (Un-audited)	20,506,625	2,689,217	705,297	2,794,208	(646,324)	1,065,039	107,028	9,748,168	36,969,258
Profit after taxation	-	-	-	-	-	-	-	2,013,950	2,013,950
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branch	-	-	(28,269)	-	-	-	-	-	(28,269)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(71,780)	(71,780)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	1,048,053	-	-	-	1,048,053
Movement in surplus / (deficit) on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	390,856	-	390,856
	-	-	(28,269)	-	1,048,053	-	390,856	(71,780)	1,338,860
Transfer to statutory reserve	-	-	-	402,790	-	-	-	(402,790)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(4,716)	(4)	4,720	-
Loss on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	(64)	-	-	64	-
Balance as at December 31, 2023 (Audited)	**20,506,625**	**2,689,217**	**677,028**	**3,196,998**	**401,665**	**1,060,323**	**497,880**	**11,292,332**	**40,322,068**
Impact of adoption of IFRS 9 - net of tax (note 4.1.2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(768,336)**	**(768,336)**
Balance as at January 01, 2024 after adoption of IFRS 9	**20,506,625**	**2,689,217**	**677,028**	**3,196,998**	**401,665**	**1,060,323**	**497,880**	**10,523,996**	**39,553,732**
Profit after taxation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,100,421**	**3,100,421**
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branch	**-**	**-**	**(25,397)**	**-**	**-**	**-**	**-**	**-**	**(25,397)**
Movement in surplus / (deficit) on revaluation of investments - net of tax	**-**	**-**	**-**	**-**	**852,995**	**-**	**-**	**-**	**852,995**
	-	**-**	**(25,397)**	**-**	**852,995**	**-**	**-**	**-**	**827,598**
Transfer to statutory reserve	**-**	**-**	**-**	**620,084**	**-**	**-**	**-**	**(620,084)**	**-**
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	**-**	**-**	**-**	**-**	**-**	**(14,147)**	**(709)**	**14,856**	**-**
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	**-**	**-**	**-**	**-**	**(3,389)**	**-**	**-**	**3,389**	**-**
Balance as at September 30, 2024 (Un-audited)	**20,506,625**	**2,689,217**	**651,631**	**3,817,082**	**1,251,271**	**1,046,176**	**497,171**	**13,022,578**	**43,481,751**

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

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

JS BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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

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

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

1. STATUS AND NATURE OF BUSINESS

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

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 296 (December 31, 2023: 291) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2023: 1). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA (Double A) whereas short-term rating is maintained at A1+ (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely repayment of financial commitments.

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

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

2. BASIS OF PRESENTATION

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

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

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

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

2.1 Statement of Compliance

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

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

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

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

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

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

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

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

- the new standard - IFRS 18, 'Presentation and Disclosure in Financial Statements' (published in April 2024) with applicability date of January 01, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.

- amendments to IFRS 9, 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Impact of IFRS 9 - Financial Instruments

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

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

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

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

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

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

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

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

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

4.1.3 Impact on unappropriated profits

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

4.1.4 Impact on regulatory capital

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

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

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

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

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

4.1.5 Classification and measurement

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

4.1.5.1 Recognition and initial measurement

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

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

4.1.5.2 Classification

(a) **Financial Assets**

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

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

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

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

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

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

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

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

(b) **Financial Liabilities**

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

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

4.1.6 Business model assessment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.1.8 Subsequent measurement

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

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

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

4.1.9 Amortised cost and gross carrying amount

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

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

4.1.10 Calculation of markup income and expense

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

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

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

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

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

4.1.10.1 Presentation

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

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

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

- financial liabilities measured at amortised cost.

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

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

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

4.1.11 Derecognition

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  (a) substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  (b) the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

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

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

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

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

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

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

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

4.1.12 Modification

(a) **Financial Assets**

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

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

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

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

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

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

(b) **Financial Liabilities**

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

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

4.1.13 Reclassification

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

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

(a) **Reclassified from amortised cost**

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

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

(b) **Reclassified from fair value through other comprehensive income**

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

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

(c) **Reclassified from fair value through profit or loss**

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

4.1.14 Impairment

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

(a) **Measurement of ECL**

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

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and

- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

(b) **Restructured financial assets**

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

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

(c) **Non-Performing financial assets**

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

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

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

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

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

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

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

(a) **Probability of default (PD)**

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

(b) **Exposure at default (EAD)**

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

(c) **Loss given default (LGD)**

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

4.1.15 Significant increase in credit risk (SICR)

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

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

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 3 dated July 05, 2022. However, banks are free to choose more stringent days past due criteria.

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

4.1.16 Write-offs

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

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

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

4.1.17 Offsetting

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

4.1.18 Undrawn loan commitments and guarantees:

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

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

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

4.1.19 Governance, ownership and responsibilities

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

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

- Quantitative Validation: Expected credit loss (ECL) model design validation, data quality validation and benchmarking with external best practices.

- Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

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

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

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

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

4.2 Revised format of condensed interim financial statements

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

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

- Right-of-use-assets (Note 12) amounting to Rs. 2,558.125 million (December 31, 2023: Rs. 2,139.578 million) which were previously shown as part of property and equipment are now shown separately on the unconsolidated statement of financial position.

- Lease liabilities (Note 18) amounting to Rs. 2,711.549 million (December 31, 2023: Rs. 2,234.115 million) which were previously shown as part of other liabilities (note 21) are now shown separately on the unconsolidated statement of financial position.

5. FINANCIAL RISK MANAGEMENT

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

6. CASH AND BALANCES WITH TREASURY BANKS

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----------- Rupees in '000 -----------	
In hand		
Local currency	8,749,787	8,606,571
Foreign currencies	914,800	2,159,380
	9,664,587	10,765,951
With State Bank of Pakistan in		
Local currency current account	27,480,584	20,387,010
Foreign currency current accounts	1,971,763	2,071,676
Foreign currency deposit accounts	4,095,806	4,614,459
	33,548,153	27,073,145
With National Bank of Pakistan in local currency current accounts	4,073,441	3,038,343
National Prize Bonds	10,631	17,592
Less: Credit loss allowance held	(550)	-
	47,296,262	40,895,031

7. BALANCES WITH OTHER BANKS

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
In Pakistan		
In current accounts	5,690	5,636
In deposit accounts	73	73
	5,763	5,709
Outside Pakistan		
In current accounts	3,210,530	3,721,855
	3,216,293	3,727,564
Less: Credit loss allowance held	(439)	(74)
	3,215,854	3,727,490

8. LENDINGS TO FINANCIAL INSTITUTIONS

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
Call Lendings	1,691,003	-
Less: Credit loss allowance held	-	-
	1,691,003	-

8.1 Particulars of credit loss allowance

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

9. INVESTMENTS

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

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

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

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

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

9.3.1 Particulars of credit loss allowance against debt securities

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

9.4 Summary of financial position and performance of associates and subsidiaries

	September 30, 2024 (Un-audited)						
	Holding (%)	Country of incorporation	Assets	Liabilites	Revenue	Profit / (loss)	Total comprehensive income
				Rupees in '000			
Associates							
Omar Jibran Engineering Industries Limited	9.60%	Pakistan	5,372,772	2,430,640	2,345,882	(145,624)	231,702
Veda Transit Solutions Private Limited	3.92%	Pakistan	3,771,523	3,318,137	3,185,247	(549,172)	(552,470)
Subsidiaries							
JS Global Capital Limited	92.90%	Pakistan	7,688,519	5,002,290	812,383	227,220	234,519
JS Investments Limited	84.56%	Pakistan	2,440,114	518,791	342,613	255,902	255,902
BankIslami Pakistan Limited	75.12%	Pakistan	662,584,319	616,501,229	33,769,677	10,207,192	12,736,490

			December 31, 2023 (Audited)		September 30, 2023 (Un-audited)		
	Holding (%)	Country of incorporation	Assets	Liabilites	Revenue	Profit / (loss)	Total comprehensive income
				Rupees in '000			
Associates							
Omar Jibran Engineering Industries Limited	9.60%	Pakistan	5,372,772	2,430,640	2,345,882	(145,624)	231,702
Veda Transit Solutions Private Limited	3.92%	Pakistan	4,242,630	3,236,774	2,468,979	(80,262)	(80,267)
Subsidiaries							
JS Global Capital Limited	92.90%	Pakistan	6,251,182	3,799,471	476,220	88,427	89,518
JS Investments Limited	84.56%	Pakistan	2,122,220	456,799	170,701	116,864	116,864
BankIslami Pakistan Limited	75.12%	Pakistan	654,865,896	618,399,978	28,344,626	8,473,584	7,352,470

10. ADVANCES

		September 30, 2024 (Un-audited)		
	Note	Performing	Non-Performing	Total
			Rupees in '000	
Loans, cash credits, running finances, etc.		249,375,065	21,386,517	270,761,582
Bills discounted and purchased		9,458,187	-	9,458,187
Advances - gross		258,833,252	21,386,517	280,219,769
Credit loss allowance against advances				
- Stage 1		(213,917)	-	(213,917)
- Stage 2		(132,467)	-	(132,467)
- Stage 3		-	(13,892,904)	(13,892,904)
	10.4	(346,384)	(13,892,904)	(14,239,288)
Fair value adjustment	10.2	(2,976,000)	-	(2,976,000)
Advances - net of credit loss allowance		255,510,868	7,493,613	263,004,481

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

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Rupees in '000	
10.1 Particulars of advances (gross)		
In local currency	267,643,754	202,199,868
In foreign currencies	12,576,015	11,586,918
	280,219,769	213,786,786

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

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

	(Un-audited) September 30, 2024		(Audited) December 31, 2023	
Category of classification	Non-Performing Loans	Credit loss allowance	Non-Performing Loans	Provision
		Rupees in '000		
Domestic				
Other Assets Especially Mentioned (OAEM) *	626,892	60,855	363,753	2,154
Substandard } Stage 3	3,454,316	455,180	1,336,698	117,718
Doubtful } Stage 3	2,338,815	451,375	2,509,560	220,851
Loss } Stage 3	14,966,494	12,925,494	11,974,439	9,319,819
Total	21,386,517	13,892,904	16,184,450	9,660,542

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

10.4 Particulars of credit loss allowance against advances

	Note	September 30, 2024 (Un-audited)			
		Stage 3	Stage 2	Stage 1	Total
		Rupees in '000			
Opening balance		9,660,542	-	399,344	10,059,886
Impact of adoption of IFRS 9		1,072,051	220,670	191,061	1,483,782
Exchange rate adjustments		-	-	(295)	(295)
Charge for the period		4,452,937	21,929	66,575	4,541,441
Reversals for the period		(1,152,904)	(110,132)	(442,768)	(1,705,804)
	33	3,300,033	(88,203)	(376,193)	2,835,637
Amounts written off		(46,423)	-	-	(46,423)
Amounts charged off - agricultural financing		(93,299)	-	-	(93,299)
Closing balance	10.5	13,892,904	132,467	213,917	14,239,288

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

10.4.1 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at September 30, 2024, the Bank has availed cumulative FSV benefit under the directives of the SBP of Rs. 4,283.261 million (December 31, 2023: Rs. 3,914.240 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 2,184.463 million (December 31, 2023: Rs. 1,996.262 million). The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend to shareholders or bonus to employees under the requirements of Prudential Regulations of Corporate / Commercial Banking of SBP.

10.5 Advances - Particulars of credit loss allowance

	(Un-audited) September 30, 2024		
	Stage 1	Stage 2	Stage 3
	Rupees in '000		
10.5.1 Opening balance	399,344	-	9,660,542
Impact of adoption of IFRS 9	191,061	220,670	1,072,051
New Advances	66,575	21,929	4,009,874
Advances derecognised or repaid	-	(110,132)	(1,152,904)
Transfer to stage 1	-	-	-
Transfer to stage 2	-	-	-
Transfer to stage 3	(443,063)	-	443,063
	(376,488)	(88,203)	3,300,033
Amounts written off / charged off	-	-	(139,722)
Changes in risk parameters	-	-	-
Closing balance	213,917	132,467	13,892,904

10.5.2 Advances - Category of classification

		(Un-audited) September 30, 2024 Outstanding amount	(Un-audited) September 30, 2024 Credit loss allowance held
		------------- Rupees in '000	-------------
Domestic			
Performing	Stage 1	212,838,539	191,187
Under-performing	Stage 2	42,441,618	132,467
Non-performing	Stage 3		
OAEM		626,892	60,855
Substandard		3,454,316	455,180
Doubtful		2,338,815	451,375
Loss		14,966,494	12,925,494
		276,666,674	14,216,558
Overseas			
Performing	Stage 1	3,553,095	22,730
Under-performing	Stage 2	-	-
Non-performing	Stage 3		
Substandard		-	-
Doubtful		-	-
Loss		-	-
		3,553,095	22,730
Total		280,219,769	14,239,288

11. PROPERTY AND EQUIPMENT

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		------------- Rupees in '000	-------------
Capital work-in-progress	11.1	650,313	450,659
Property and equipment		8,233,075	8,176,443
		8,883,388	8,627,102

11.1 Capital work-in-progress

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
Civil works	391,077	277,785
Equipment	237,276	162,148
Advances to suppliers	21,960	10,726
	650,313	450,659

11.2 Additions to property and equipment

	Note	(Un-audited) January - September 2024	(Un-audited) January - September 2023
		------------- Rupees in '000	-------------
The following additions have been made to property and equipment during the period:			
Capital work-in-progress		680,480	671,390
Property and equipment			
Building on leasehold land		-	617,158
Leasehold improvements		317,388	184,056
Furniture and fixture		121,028	92,855
Electrical, office and computer equipments		559,451	1,147,731
Vehicles		76,311	133,520
		1,074,178	2,175,320
Total	11.2.1	1,754,658	2,846,710

11.2.1 This includes transfer from capital work in progress during the period of Rs. 480.826 million (September 30, 2023: Rs. 1,107.824 million).

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

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

Property and equipment		
Building on leasehold land	**-**	61,165
Leasehold improvements	**8,093**	1,277
Furniture and fixture	**2,171**	2,710
Electrical, office and computer equipments	**23,359**	22,686
Vehicles	**25,006**	4,702
Total	**58,629**	92,540

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

13. INTANGIBLE ASSETS

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

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

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

		Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
14.	**OTHER ASSETS**		------------ Rupees in '000 ------------	
	Mark-up / return / interest accrued in local currency		**18,553,810**	23,018,231
	Mark-up / return / interest accrued in foreign currencies		**200,041**	155,308
	Advances, deposits, advance rent and other prepayments		**1,744,952**	1,239,908
	Acceptances		**3,610,764**	2,622,716
	Advance taxation (payments less provision)		**1,183,440**	-
	Stationery and stamps in hand		**15,709**	21,290
	Receivable in respect of home remittance		**28,721**	30,805
	Due from State Bank of Pakistan		**1,425,058**	807,190
	Fair value adjustment on advances	10.2	**2,976,000**	-
	Non-banking assets acquired in satisfaction of claims		**4,756,777**	4,775,743
	Mark to market gain on forward foreign exchange contracts		**522,237**	1,642,158
	Advance against investments in securities		**792,000**	1,178,306
	Branchless banking fund settlement		**-**	202,425
	Inter bank fund transfer settlement		**213,327**	1,079,395
	Credit card settlement		**270,062**	498,755
	Insurance claims receivable		**29,349**	27,302
	Others		**243,887**	155,791
			36,566,134	37,455,323
	Less: Provision held against other assets	14.1	**(11,241)**	(11,241)
	Other assets - net of provision		**36,554,893**	37,444,082
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	**519,124**	520,513
	Other assets - total		**37,074,017**	37,964,595
14.1	**Provision held against other assets**			
	Advances, deposits, advance rent and other prepayments		**10,184**	10,184
	Others		**1,057**	1,057
			11,241	11,241
15.	**BILLS PAYABLE**			
	In Pakistan		**4,872,243**	5,269,279
	Outside Pakistan		**362,207**	399,442
			5,234,450	5,668,721
16.	**BORROWINGS**			
	Secured			
	Borrowings from State Bank of Pakistan under:			
	Export refinancing scheme		**13,009,703**	13,554,172
	Long-term finance facility		**1,607,056**	2,014,764
	Financing facility for storage of agricultural produce		**152,713**	133,729
	Financing facility for renewable energy projects		**1,199,768**	1,157,963
	Refinance for women entrepreneurs		**153,348**	165,296
	Refinance facility for modernization of Small and Medium Enterprises (SMEs)		**304,934**	157,968
	Refinance facility for combating COVID-19		**94,089**	152,375
	Temporary economic refinance facility		**4,230,400**	4,714,801
	Small enterprise financing and credit guarantee scheme for special persons		**1,199**	1,978
	Refinance facility for working capital of SMEs		**26,641**	193,750
	Refinance facility for SME Asaan Finance (SAAF) scheme		**5,774,721**	1,438,299
	Repurchase agreement borrowings		**-**	-
			26,554,572	23,685,095
	Borrowing from financial institutions:			
	Repurchase agreement borrowings		**49,247,704**	-
	Refinancing facility for mortgage loans		**3,944,520**	2,987,901
			79,746,796	26,672,996
	Unsecured			
	Call Borrowings		**500,000**	-
	Overdrawn nostro accounts		**289,204**	549,483
			789,204	549,483
			80,536,000	27,222,479

16.1 Particulars of borrowings

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	------------ Rupees in '000 ------------	
In local currency	**80,246,796**	26,672,996
In foreign currencies	**289,204**	549,483
	80,536,000	27,222,479

17. DEPOSITS AND OTHER ACCOUNTS

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	**In Foreign Currencies**	**Total**	In Local Currency	In Foreign Currencies	Total
	------------ Rupees in '000 ------------					
Customers						
Current deposits	**153,861,223**	**12,417,436**	**166,278,659**	128,237,399	11,215,356	139,452,755
Savings deposits	**156,918,500**	**7,746,918**	**164,665,418**	119,326,770	6,400,278	125,727,048
Term deposits	**109,401,974**	**40,803,837**	**150,205,811**	139,870,324	45,365,021	185,235,345
Margin deposits	**21,111,372**	**247,474**	**21,358,846**	19,264,764	566,321	19,831,085
	441,293,069	**61,215,665**	**502,508,734**	406,699,257	63,546,976	470,246,233
Financial Institutions						
Current deposits	**2,018,967**	**134,931**	**2,153,898**	978,840	283,096	1,261,936
Savings deposits	**11,295,297**	**17,948**	**11,313,245**	11,207,875	525	11,208,400
Term deposits	**2,758,709**	**-**	**2,758,709**	3,566,209	-	3,566,209
	16,072,973	**152,879**	**16,225,852**	15,752,924	283,621	16,036,545
	457,366,042	**61,368,544**	**518,734,586**	422,452,181	63,830,597	486,282,778

18. LEASE LIABILITIES

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	------------ Rupees in '000 ------------	
Opening balance	**2,234,115**	2,545,780
Additions / renewals	**1,422,965**	1,147,815
Lease payments including interest	**(1,193,164)**	(1,551,908)
Finance charges on leased assets	**286,796**	300,981
Terminations	**(12,828)**	(226,861)
Exchange rate adjustments	**(227)**	5,516
Other adjustments	**(26,108)**	12,792
Closing balance	**2,711,549**	2,234,115

18.1 Outstanding liabilities

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

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

19. SUBORDINATED DEBT

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		------------ Rupees in '000 ------------	
Term Finance Certificates - Fifth Issue	19.1	**3,499,067**	3,499,767
Term Finance Certificates - Fourth Issue	19.2	**2,497,500**	2,498,000
Term Finance Certificates - Third Issue	19.3	**2,500,000**	2,500,000
		8,496,567	8,497,767

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

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

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

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

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

Purpose:	To contribute towards the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 31, 2018
Maturity date:	Perpetual
Rating:	A+ (Single A plus)
Markup rate:	Floating rate of return at Base Rate + 2.25 percent per annum; Base Rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.
Markup payment frequency:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The issue is unsecured
Subordination:	The issue is subordinated as to payment of principal and markup to all other claims except common shares.
Call option:	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbency clause:	
Pre-Specified Trigger (PST)	Upon the occurrence of a PST as defined under SBP BPRD Circular No. 06 dated August 15, 2013 which stipulates that if an Issuer's Common Equity Tier 1 (CET 1) ratio falls to or below 6.625% of Risk Weighted Assets (RWAs), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to: - If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWAs (if possible); - The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWAs (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and - In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer.
Point of Non-Viability (PONV)	Upon the occurrence of a PONV event as defined under SBP BPRD Circular No. 06 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below: The PONV trigger event is the earlier of: - A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable; - The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP. - The maximum number of shares to be issued to TFC holders at the PST and / or PONV (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
20. DEFERRED TAX LIABILITIES		------------- Rupees in '000	-------------
Deductible Temporary Differences on:			
Credit loss allowance / provision against investments		(94,432)	(80,009)
Credit loss allowance / provision against loans and advances		(1,616,415)	(734,869)
Other assets		(52,662)	(30,437)
		(1,763,509)	(845,315)
Taxable Temporary Differences on:			
Accelerated tax depreciation		659,033	702,195
Goodwill		717,176	717,176
Surplus on revaluation of investments classified as measure at FVOCI / available-for-sale	22	1,202,202	385,918
Surplus on revaluation of property and equipments	22	319,908	333,501
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	21,953	22,633
		2,920,272	2,161,423
		1,156,763	1,316,108

21. OTHER LIABILITIES

	Note	September 30, 2024	December 31, 2023
Mark-up / return / interest payable in local currency		6,868,404	5,971,062
Mark-up / return / interest payable in foreign currencies		984,388	446,941
Unearned income on guarantees		460,085	398,300
Accrued expenses		1,351,039	1,550,139
Current taxation (payments less provision)		-	34,325
Acceptances		3,610,764	2,622,716
Unclaimed dividends		4,214	4,214
Mark to market loss on forward foreign exchange contracts		1,477,709	1,609,783
Defined benefit obligation - net		115,093	133,191
Withholding taxes payable		1,090,998	1,085,992
Donation payable		117,124	169,813
Security deposits against leases, lockers and others		1,495,372	1,640,270
Workers' welfare fund		495,506	371,352
Payable in respect of home remittance		47,817	35,659
Retention money payable		56,344	58,836
Insurance payable		285,204	249,979
Payable to vendors against SBS goods		191,698	282,322
BLB fund settlement		153,219	-
Debit card settlement		416,151	473,999
Clearing and settlement accounts		411,397	499,770
Credit loss allowance against off-balance sheet obligations	21.1	33,523	-
Others		289,281	249,759
		19,955,330	17,888,422

21.1 Credit loss allowance against off-balance sheet obligations

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

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		------------ Rupees in '000 ------------	
22. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - debt	9.1	**1,790,055**	-
- Securities measured at FVOCI - equity	9.1	**663,418**	-
- Available-for-sale	9.1	**-**	787,583
- Property and equipment		**1,366,084**	1,393,824
- Non-banking assets acquired in satisfaction of claims	14	**519,124**	520,513
		4,338,681	2,701,920
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - debt		**(877,127)**	-
- Securities measured at FVOCI - equity		**(325,075)**	-
- Available-for-sale		**-**	(385,918)
- Property and equipment		**(319,908)**	(333,501)
- Non-banking assets acquired in satisfaction of claims		**(21,953)**	(22,633)
		(1,544,063)	(742,052)
		2,794,618	1,959,868

23. CONTINGENCIES AND COMMITMENTS

	Note	September 30, 2024	December 31, 2023
Guarantees	23.1	**92,146,150**	72,956,594
Commitments	23.2	**133,679,526**	162,815,632
Other contingencies	23.3	**728,642**	736,214
		226,554,318	236,508,440

23.1 Guarantees

	September 30, 2024	December 31, 2023
Financial guarantees	**10,560,692**	8,425,132
Performance guarantees	**39,459,520**	33,842,832
Other guarantees	**42,125,938**	30,688,630
	92,146,150	72,956,594

23.2 Commitments

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

23.2.1 Commitments in respect of forward foreign exchange contracts

	September 30, 2024	December 31, 2023
Purchase	**67,407,406**	71,216,019
Sale	**31,842,117**	49,056,374
	99,249,523	120,272,393

23.2.2 Commitments in respect of forward lending

	September 30, 2024	December 31, 2023
Undrawn formal standby facilities, credit lines and other commitments to lend	**10,000**	10,000

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

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

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

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

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

23.3.2 Tax related contingencies are disclosed in note 34.1.

24. DERIVATIVE INSTRUMENTS

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

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

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

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

The Bank held no derivative instruments as at nine months ended September 30, 2024 (December 31, 2023: Nil).

		(Un-audited) September 30, 2024	(Un-audited) September 30, 2023
25.	**MARK-UP / RETURN / INTEREST EARNED**	----------- Rupees in '000 -----------	
	On:		
	Loans and advances	**26,991,106**	28,494,815
	Investments	**54,142,442**	33,227,671
	Lendings to financial institutions	**106,427**	209,247
	Securities purchased under repurchase agreements	**862,769**	2,358,523
	Balances with other banks	**281,174**	212,455
		82,383,918	64,502,711
25.1	**Interest income recognised on:**		
	Financial assets measured at amortised cost	**47,036,633**	45,654,758
	Financial assets measured at FVOCI	**33,613,426**	17,936,169
	Financial assets measured at FVTPL	**1,733,859**	911,784
		82,383,918	64,502,711
26.	**MARK-UP / RETURN / INTEREST EXPENSED**		
	On:		
	Deposits	**48,140,065**	38,207,083
	Borrowings	**9,967,846**	9,345,935
	Subordinated debt	**1,473,094**	1,249,853
	Cost of foreign currency swaps against foreign currency deposits / borrowings	**2,849,318**	723,014
	Finance charges on leased assets	**286,796**	225,076
		62,717,119	49,750,961

		Note	(Un-audited) September 30, 2024	September 30, 2023
			----------- Rupees in '000 -----------	
26.1	Interest expense calculated using effective interest rate method		**11,440,940**	10,595,788
	Other financial liabilities		**51,276,179**	39,155,173
			62,717,119	49,750,961

27. FEE AND COMMISSION INCOME

Branch banking customer fees	**82,891**	79,994
Finance related fees	**364,116**	365,032
Card related fees (debit and credit cards)	**842,935**	483,077
Investment banking fees	**6,196**	66,356
Commission on trade	**843,217**	818,344
Commission on guarantees	**505,996**	688,204
Commission on cash management	**25,526**	31,124
Commission on remittances including home remittances	**232,557**	86,064
Commission on bancassurance	**63,764**	57,118
Commission on distribution of mutual funds	**5,654**	-
Commission on online services	**157,320**	177,869
Postage and courier income	**20,076**	11,888
Rebate income	**383,244**	305,276
	3,533,492	3,170,346

28. GAIN / (LOSS) ON SECURITIES - NET

	Note		
Realised	28.1	**1,104,038**	(680,483)
Unrealised - measured at FVTPL	9.1	**2,802**	(42)
		1,106,840	(680,525)

28.1 Realised gain / (loss) on:

	Note		
Federal government securities			
Market treasury bills		**179,543**	(665,611)
Pakistan investment bonds		**1,061,063**	(39,257)
Ijarah sukuk certificates		**2,425**	18,277
		1,243,031	(686,591)
Shares - Listed Companies		**-**	(2,648)
Mutual fund units		**-**	5,996
Foreign currency bonds		**(138,993)**	2,760
	28.2	**1,104,038**	(680,483)

28.2 Net gain / (loss) on financial assets

Mandatorily measured at FVTPL	**310,161**	-
Net gain on financial assets measured at FVOCI	**793,877**	-
	1,104,038	-

29. OTHER INCOME

Rent income	**17,776**	15,379
Gain on sale of property and equipment - net	**14,039**	47,143
Gain on termination of leases - net	**3,318**	35,104
Recoveries against charge off loans	**4,949**	-
Gain on reclassification of AFS equity shares	**-**	332,658
Others	**6,549**	2,639
	46,631	432,923

30. OPERATING EXPENSES

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

31. WORKERS' WELFARE FUND

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

32. OTHER CHARGES

	Note	(Un-audited) September 30, 2024	September 30, 2023
		Rupees in '000	
Penalties imposed by State Bank of Pakistan		**76,415**	38,754

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

	Note	September 30, 2024	September 30, 2023
Credit loss allowance / provision against Lending to financial institution	8	**-**	-
Credit loss allowance / provision for diminution in value of investments	9.3	**322,419**	66,489
Credit loss allowance / provision against balances with other banks		**(2,059)**	33
Credit loss allowance / provision against loans and advances	10.4	**2,835,637**	1,162,429
Credit loss allowance / provision against off balance sheet	21.1	**14,624**	-
Other credit loss allowance / provision and write offs		**24,937**	9,215
		3,195,558	1,238,166

34. TAXATION

	September 30, 2024	September 30, 2023
Current	**3,389,421**	1,588,090
Prior years	**(44,723)**	(67,188)
Deferred	**(237,428)**	829,053
	3,107,270	2,349,955

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

35. EARNINGS PER SHARE - BASIC AND DILUTED

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

36. CASH AND CASH EQUIVALENTS

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

37. FAIR VALUE MEASUREMENTS

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

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

Fair value of financial assets

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

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

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

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

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

Item	Valuation approach and input used
Financial Instruments - Level 1	
Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange / Bloomberg.
Financial instruments - Level 2	
Mutual fund units	Fair values of investments in mutual fund units are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills (MTB), Pakistan Investment Bonds (PIB) and GoP Sukuks	Fair values of Pakistan Investment Bonds, Market Treasury Bills and GoP Sukuks are derived using PKRV, PKFRV and PKISRV rates.
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising of Term Finance Certificates, Bonds and any other security issued by a company or a corporate body for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas & Euro Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

Financial instruments - Level 3

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

Non-Financial assets - Level 3

Fixed assets - Land and building Non-banking assets acquired in satisfaction of claims	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 11 and 14 of these condensed interim unconsolidated financial statements. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these condensed interim unconsolidated financial statements.

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

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

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

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

38. SEGMENT INFORMATION

38.1 Segment Details with respect to Business Activities:

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

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

	As at September 30, 2024 (Un-audited)						
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Others	Total
Statement of financial position	Rupees in '000						
Cash and bank balances	10,401,369	47,424	36,311,398	586,146	3,165,779	-	50,512,116
Lendings to financial institutions	-	-	-	1,691,003	-	-	1,691,003
Investments	-	-	277,451,131	8,241,780	-	24,526,315	310,219,226
Net inter segment lending	277,799,292	32,257,187	-	-	2,551,822	-	312,608,301
Advances - performing	64,898,600	122,904,180	-	62,082,334	42,893	5,929,245	255,857,252
Advances - non-performing	8,453,707	12,833,297	-	1,344	7,462	90,707	21,386,517
Advances - provisions - net	(4,934,112)	(9,214,499)	-	(30,994)	(4,562)	(55,121)	(14,239,288)
	68,418,195	126,522,978	-	62,052,684	45,793	5,964,831	263,004,481
Others	-	-	-	292,588	-	54,587,582	54,880,170
Total Assets	356,618,856	158,827,589	313,762,529	72,864,201	5,763,394	85,078,728	992,915,297
Borrowings	12,595,520	17,535,314	50,405,166	-	-	-	80,536,000
Deposits and other accounts	337,972,569	139,867,027	-	35,131,596	5,763,394	-	518,734,586
Subordinated debt	-	-	-	-	-	8,496,567	8,496,567
Net inter segment borrowing	-	854,172	263,357,363	37,566,855	-	10,829,911	312,608,301
Others	6,050,767	571,076	-	165,750	-	22,270,499	29,058,092
Total Liabilities	356,618,856	158,827,589	313,762,529	72,864,201	5,763,394	41,596,977	949,433,546
Equity	-	-	-	-	-	43,481,751	43,481,751
Total Equity and Liabilities	356,618,856	158,827,589	313,762,529	72,864,201	5,763,394	85,078,728	992,915,297
Contingencies and Commitments	83,933,668	42,452,409	99,249,523	-	-	918,718	226,554,318

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

39. RELATED PARTY TRANSACTIONS

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

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

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

	As at September 30, 2024 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Statement of financial position	Rupees in '000					
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the period	-	-	-	61,500,000	-	-
Repaid during the period	-	-	-	(61,500,000)	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Investments						
Opening balance	-	-	-	20,887,275	269,800	2,637,210
Investment made during the period	-	-	-	-	-	1,186,306
Investment redeemed / disposed off during the period	-	-	-	-	-	-
Deficit on investments	-	-	-	-	-	(1,069,055)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	20,887,275	269,800	2,754,461
Credit loss allowance for diminution in value of investments	-	-	-	-	77,796	-
Advances						
Opening balance	-	247	482,029	-	185,733	1,922,929
Addition during the period	-	2,205	379,169	-	-	7,802,475
Repaid during the period	-	(1,886)	(118,788)	-	-	(7,196,717)
Transfer in / (out) - net	-	(566)	(117,147)	-	-	(204,802)
Closing balance	-	-	625,263	-	185,733	2,323,885
Credit loss allowance held against advances	-	-	-	-	-	-
Other assets						
Mark-up / return / interest accrued	-	-	15,572	-	30,160	569,507
Receivable against bancassurance / bancatakaful	-	-	-	-	-	6,352
Prepaid insurance			-	-	-	58,277
Advance against investment in securities	-	-	-	-	-	792,000
Credit loss allowance against other assets	-	-	-	-	-	-
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the period	-	-	-	-	-	-
Settled during the period	-	-	-	-	-	-
Transfer in / (out) - net						
Closing balance	-	-	-	-	-	-
Subordinated debt						
Opening balance	-	-	-	-	-	20,000
Issued during the period	-	-	-	-	-	-
Redeemed during the period	-	-	-	-	-	-
Closing balance	-	-	-	-	-	20,000
Deposits and other accounts						
Opening balance	80,689	369	41,934	1,004,208	16,895	5,868,930
Received during the period	8,647,022	4,938	658,317	240,673,210	371,832	149,464,862
Withdrawn during the period	(8,669,914)	(4,985)	(622,162)	(240,422,571)	(369,496)	(147,193,650)
Transfer in / (out) - net	-	-	(12,534)	-	-	164,163
Closing balance	57,797	322	65,555	1,254,847	19,231	8,304,305
Other liabilities						
Mark-up / return / interest payable on deposits	-	-	4	-	-	26,426
Mark-up / return / interest payable on subordinated debt	-	-	-	-	-	1,144
Payable to defined benefit plan	-	-	-	-	-	115,093
Contingencies and commitments						
Letter of guarantee	-	-	-	-	-	15,029
Letter of credit	-	-	-	-	-	76,831

	As at December 31, 2023 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Statement of financial position	Rupees in '000					
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the year	-	-	-	45,459,800	-	116,405,200
Repaid during the year	-	-	-	(45,459,800)	-	(116,405,200)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Investments						
Opening balance	-	-	-	1,919,121	269,800	5,067,465
Investment made during the period	-	-	-	17,814,959	-	1,290,000
Investment redeemed / disposed off during the period	-	-	-	-	-	(1,790,000)
Deficit on investments	-	-	-	-	-	(777,060)
Transfer in / (out) - net	-	-	-	1,153,195	-	(1,153,195)
Closing balance	-	-	-	20,887,275	269,800	2,637,210
Provision for diminution in value of investments	-	-	-	-	70,871	-
Advances						
Opening balance	-	-	498,310	-	232,166	1,342,159
Addition during the year	-	1,997	174,782	-	-	8,810,838
Repaid during the year	-	(2,240)	(170,324)	-	(46,433)	(8,243,696)
Transfer in / (out) - net	-	490	(20,739)	-	-	13,628
Closing balance	-	247	482,029	-	185,733	1,922,929
Other assets						
Mark-up / return / interest accrued	-	-	426	-	12,869	32,471
Receivable against bancassurance / bancatakaful	-	-	-	-	-	15,358
Prepaid insurance	-	-	-	-	-	587
Net defined benefit plan	-	-	-	-	-	-
Advance against investment in securities	-	-	-	-	-	1,178,306
Provision against other assets	-	-	-	-	-	-
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	-
Settled during the year	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	130,430	290	47,853	1,374,281	2,621	12,800,727
Received during the year	20,697,001	2,406	946,674	258,359,484	2,167,505	181,116,923
Withdrawn during the year	(20,746,742)	(2,327)	(946,477)	(258,729,557)	(2,158,470)	(187,829,237)
Transfer in / (out) - net	-	-	(6,116)	-	5,239	(219,483)
Closing balance	80,689	369	41,934	1,004,208	16,895	5,868,930
Subordinated debts						
Opening balance	-	-	-	-	-	124,714
Issued during the year	-	-	-	-	-	20,000
Redeemed during the year	-	-	-	-	-	(124,714)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	20,000
Other liabilities						
Mark-up / return / interest payable on deposits	-	-	-	-	-	16,403
Mark-up / return / interest payable on subordinated debt	-	-	-	-	-	13
Payable to defined benefit plan	-	-	-	-	-	133,191
Others payable	400	-	-	-	-	-
Contingencies and commitments						
Letter of guarantee	-	-	-	-	-	15,141
Letter of credit	-	-	-	-	-	516,329

	For the nine months ended September 30, 2024 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Profit and loss account	Rupees in '000					
Income						
Mark-up / return / interest earned	-	-	1,799	45,301	54,027	18,266
Fee and commission income	-	113	1,174	5,658	-	70,713
Dividend income	-	-	-	2,082,030	-	62,433
Credit loss allowance and write offs - net						
Credit loss allowance for diminution in value of investments - net	-	-	-	-	6,925	-
Expense						
Mark-up / return / interest paid	20,026	-	1,681	201,714	2,161	748,495
Remuneration paid	-	-	575,103	-	-	-
Directors' fees and allowances	-	8,750	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	273,919
Net charge for defined benefit plans	-	-	-	-	-	115,093
Insurance expense	-	-	-	-	-	174,832
Advisory fee	-	-	-	-	-	1,104
Consultancy charges	-	-	-	-	-	63,097
Other expenses	1,874	-	1,808	-	-	-
Payments made during the period						
Insurance premium paid	-	-	-	-	-	254,255
Insurance claims settled	-	-	-	-	-	2,562
Donation paid	-	-	-	-	-	169,813
Other Transactions						
Sale of Government Securities	-	-	13,425	-	-	126,871,027
Purchase of Government Securities	-	-	3,148	4,943	-	95,067,616
Sale of Foreign Currencies	-	-	-	14,037,605	-	-
Purchase of Foreign Currencies	-	-	-	28,570,034	-	-

	For the nine months ended September 30, 2023 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Profit and loss account	Rupees in '000					
Income						
Mark-up / return / interest earned	-	-	17,858	-	35,151	368,767
Fee, commission and brokerage income	-	-	1,788	6	10	59,880
Dividend income	-	-	-	-	-	148,750
Gain on sale of securities - net	-	-	-	-	-	5,997
Other income	-	-	-	-	-	800
Provisions and write offs - net						
Provision for diminution in value of investments - net	-	-	-	-	-	-
Expense						
Mark-up / return / interest paid	28,813	-	1,936	212,315	1,799	563,977
Commission / charges paid	-	-	-	1,410	-	-
Remuneration paid	-	-	444,925	-	-	-
Non-executive directors' fee	-	9,300	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	232,121
Net charge for defined benefit plans	-	-	-	-	-	98,249
Insurance expense	-	-	-	-	-	115,904
Legal charges	4,724	-	-	-	-	-
Consultancy charges	-	-	-	-	-	31,500
Other expenses	900	-	11,242	-	-	8,393
Payments made during the period						
Insurance premium paid	-	-	-	-	-	183,461
Insurance claims settled	-	-	-	-	-	6,666
Donation paid	-	-	-	-	-	35,503
Other transactions						
Sale of Government Securities	-	-	15,317	-	-	90,937,248
Purchase of Government Securities	-	-	14,712	12,298	-	3,577,322
Sale of Foreign Currencies	-	-	-	-	-	42,952,935
Purchase of Foreign Currencies	-	-	-	-	-	34,093,418

40. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

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

	Transition Arrangement	Full ECL Impact
CET1 to TRWAs	9.30%	9.21%
T1 Capital to TRWAs	10.47%	10.38%
Total eligible capital to TRWAs	13.72%	13.59%
Leverage	3.05%	3.02%

41. GENERAL

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

42. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on October 25, 2024.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

JS BANK

Condensed Interim Consolidated Financial Statements for the Nine Months Ended September 30, 2024

JS BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		------------- Rupees in '000 -------------	
ASSETS			
Cash and balances with treasury banks	6	**91,131,331**	82,182,460
Balances with other banks	7	**4,018,332**	5,302,080
Lendings to financial institutions	8	**41,226,113**	16,502,138
Investments	9	**638,688,245**	582,645,128
Advances	10	**435,886,380**	434,453,374
Property and equipment	11	**24,536,072**	22,241,601
Right-of-use assets	12	**7,278,798**	5,848,280
Intangible assets	13	**10,282,718**	8,501,048
Deferred tax assets	20	**-**	-
Other assets	14	**77,171,190**	72,324,972
		1,330,219,179	1,230,001,081
LIABILITIES			
Bills payable	15	**8,621,843**	10,793,898
Borrowings	16	**108,284,740**	88,031,534
Deposits and other accounts	17	**1,069,377,119**	1,007,819,494
Lease liabilities	18	**8,324,397**	6,686,639
Subordinated debt	19	**11,493,127**	11,344,671
Deferred tax liabilities	20	**2,725,323**	890,194
Other liabilities	21	**47,155,378**	44,446,530
		1,255,981,927	1,170,012,960
NET ASSETS		**74,237,252**	59,988,121
REPRESENTED BY			
Share capital		**20,506,625**	20,506,625
Reserves		**9,434,430**	7,306,299
Surplus on revaluation of assets	22	**7,147,208**	4,880,072
Unappropriated profit		**25,227,162**	17,808,561
		62,315,425	50,501,557
Non-controlling interest		**11,921,827**	9,486,564
		74,237,252	59,988,121
CONTINGENCIES AND COMMITMENTS	23		

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

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

JS BANK LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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

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

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

JS BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	Quarter Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	**September 30, 2024**	September 30, 2023
	------------------------- Rupees in '000	-------------------------		
Profit after taxation for the period	**2,989,831**	5,356,390	**12,706,110**	6,947,877
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods				
Effect of translation of net investment in foreign branch	**(4,471)**	20,984	**(25,397)**	248,110
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	**-**	(153,549)	**-**	(314,370)
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	**4,592,429**	539,463	**3,494,830**	187,891
	4,587,958	406,898	**3,469,433**	121,631
Items that will not be reclassified to profit and loss account in subsequent periods				
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	**(17,395)**	(29,758)	**(109,686)**	(43,644)
Movement in surplus on revaluation of fixed assets - net of tax	**-**	45,928	**-**	189
Movement in surplus on revaluation of non-banking assets - net of tax	**-**	11,419	**-**	11,376
	(17,395)	27,589	**(109,686)**	(32,079)
Total comprehensive income for the period	**7,560,394**	5,790,877	**16,065,857**	7,037,429
Attributable to:				
Equity holders of the Bank	**7,560,394**	5,568,976	**12,853,591**	6,807,285
Non-controlling interest	**-**	221,901	**3,212,266**	230,144
	7,560,394	5,790,877	**16,065,857**	7,037,429

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

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

JS BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	Attributable to equity holders of the Bank										
		Capital reserve			Surplus / (deficit) on revaluation of						
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	Investments	Fixed assets	Non-banking assets	Unappropriated profit	Sub-total	Non-controlling interest	Total
	Rupees in '000										
Balance as at January 01, 2023 (Audited)	10,119,242	-	457,187	2,330,014	(438,754)	1,674,379	107,083	8,643,962	22,893,113	363,274	23,256,387
Non-controlling interest on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	15,854,770	15,854,770
Profit after taxation	-	-	-	-	-	-	-	6,735,493	6,735,493	212,384	6,947,877
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branch	-	-	248,110	-	-	-	-	-	248,110	-	248,110
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	(132,283)	-	-	-	(132,283)	-	(132,283)
Movement in surplus / (deficit) on revaluation of property and equipment - net of tax	-	-	-	-	-	(44,165)	-	-	(44,165)	17,760	(26,405)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	131	-	131	-	131
	-	-	248,110	-	(132,283)	(44,165)	131	-	71,793	17,760	89,553
Transfer to statutory reserve	-	-	-	464,194	-	-	-	(464,194)	-	-	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	-	(91,721)	3	91,718	-	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	(9,276)	-	-	9,276	-	-	-
Transactions with owners, recorded directly in equity											
Issue of share capital (right shares)	2,205,689	-	-	-	-	-	-	-	2,205,689	-	2,205,689
Issue of share capital (further issue of shares)	5,326,293	5,544,618	-	-	-	-	-	-	10,870,911	-	10,870,911
Transfer of share discount to share premium	2,855,401	(2,855,401)	-	-	-	-	-	-	-	-	-
Sale of shares by non-controlling interest	-	-	-	-	-	-	-	1,308,753	1,308,753	(7,927,385)	(6,618,632)
Balance as at September 30, 2023 (Un-audited)	10,119,242	-	705,297	2,794,208	(580,313)	1,538,493	107,217	15,016,255	29,700,399	593,418	30,293,817
Non-controlling interest on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	15,779,178	15,779,178
Profit after taxation	-	-	-	-	-	-	-	2,713,337	2,713,337	724,046	3,437,383
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branch	-	-	(28,269)	-	-	-	-	-	(28,269)	-	(28,269)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(96,913)	(96,913)	-	(96,913)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	3,475,989	-	-	-	3,475,989	743,204	4,219,193
Movement in surplus / (deficit) on revaluation of property and equipment - net of tax	-	-	-	-	-	(1,574)	-	-	(1,574)	-	(1,574)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	391,031		391,031	19,117	410,148
	-	-	(28,269)	-	3,475,989	(1,574)	391,031	(96,913)	3,740,264	762,321	4,502,585
Transfer to statutory reserve	-	-	-	1,145,846	-	-	-	(1,145,846)	-	-	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	-	(50,639)	(69)	50,708	-	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	(63)	-	-	63	-	-	-
Transactions with owners, recorded directly in equity											
Issue of share capital (right shares)	2,205,689	-	-	-	-	-	-	-	2,205,689	-	2,205,689
Issue of share capital (further issue of shares)	5,326,293	5,544,618	-	-	-	-	-	-	10,870,911	-	10,870,911
Transfer of share discount to share premium	2,855,401	(2,855,401)	-	-	-	-	-	-	-	-	-
Sale of shares by non-controlling interest	-	-	-	-	-	-	-	1,270,957	1,270,957	(7,889,589)	(6,618,632)
Interim cash dividend to NCI by subsidiary @ Rs. 1.75 per share	-	-	-	-	-	-	-	-	-	(482,810)	(482,810)
Balance as at December 31, 2023 (Audited)	**20,506,625**	**2,689,217**	**677,028**	**3,940,054**	**2,895,613**	**1,486,280**	**498,179**	**17,808,561**	**50,501,557**	**9,486,564**	**59,988,121**
Impact of adoption of IFRS 9 - net of tax	**-**	**-**	**-**	**-**	**(360,347)**	**-**	**-**	**(679,376)**	**(1,039,723)**	**(87,275)**	**(1,126,998)**
Balance as at January 01, 2024 after adoption of IFRS 9	**20,506,625**	**2,689,217**	**677,028**	**3,940,054**	**2,535,266**	**1,486,280**	**498,179**	**17,129,185**	**49,461,834**	**9,399,289**	**58,861,123**
Profit after taxation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,123,440**	**10,123,440**	**2,582,670**	**12,706,110**
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branch	**-**	**-**	**(25,397)**	**-**	**-**	**-**	**-**	**-**	**(25,397)**	**-**	**(25,397)**
Movement in surplus / (deficit) on revaluation of investments - net of tax	**-**	**-**	**-**	**-**	**2,755,548**	**-**	**-**	**-**	**2,755,548**	**629,596**	**3,385,144**
	-	**-**	**(25,397)**	**-**	**2,755,548**	**-**	**-**	**-**	**2,730,151**	**629,596**	**3,359,747**
Transfer to statutory reserve	**-**	**-**	**-**	**2,153,528**	**-**	**-**	**-**	**(2,153,528)**	**-**	**-**	**-**
Transfer from surplus on revaluation of assets - net of tax	**-**	**-**	**-**	**-**	**-**	**(122,997)**	**(1,679)**	**124,676**	**-**	**-**	**-**
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	**-**	**-**	**-**	**-**	**(3,389)**	**-**	**-**	**3,389**	**-**	**-**	**-**
Transactions with owners recorded directly in equity											
Interim cash dividend to NCI by subsidiary @ Rs. 1.00 per share	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(689,728)**	**(689,728)**
Balance as at September 30, 2024 (Un-audited)	**20,506,625**	**2,689,217**	**651,631**	**6,093,582**	**5,287,425**	**1,363,283**	**496,500**	**25,227,162**	**62,315,425**	**11,921,827**	**74,237,252**

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

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

JS BANK LIMITED
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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

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

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

1. STATUS AND NATURE OF BUSINESS

1.1 The Group consists of:

Holding Company: JS Bank Limited

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

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 296 (December 31, 2023: 291) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2023: 1). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA (Double A) whereas short-term rating is maintained at A1+ (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely repayment of financial commitments.

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

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

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

1.3 Composition of the Group	**Effective Holding**	
	September 30, 2024	December 31, 2023
Subsidiaries		
JS Global Capital Limited	**92.90%**	92.90%
JS Investments Limited	**84.56%**	84.56%
BankIslami Pakistan Limited	**75.12%**	75.12%
My Solutions Corporation Limited	**75.12%**	75.12%

1.4 Composition of the associated companies

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

2. BASIS OF PRESENTATION

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

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

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

2.1 Statement of Compliance

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

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

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962;

- Provisions of and directives issued under the Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and the Securities & Exchange Commission of Pakistan (SECP) from time to time.

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

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

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

2.2 Basis of Consolidation

The Group

- The condensed interim consolidated financial statements include the financial statements of the Bank and its subsidiary companies together - the Group.

- Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect those return through its power over the investee, except investment in mutual funds established under trust structure where International Financial Reporting Standard (IFRS) 10, 'Consolidated Financial Statements' is not applicable.

- These condensed interim consolidated financial statements incorporate the financial statements of subsidiaries from the date that control commences until the date that control ceases.

- The financial statements of the subsidiary companies are prepared for the same reporting year as the Bank for the purpose of consolidation, using consistent accounting policies

- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.

- Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to interest which are not owned by the Bank.

- Material intra-group balances and transactions are eliminated.

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

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

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

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

- the new standard - IFRS 18, 'Presentation and Disclosure in Financial Statements' (published in April 2024) with applicability date of January 01, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.

- amendments to IFRS 9, 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Impact of IFRS 9 - Financial Instruments

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

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

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

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

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

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

Financial Asset / Liabilities	Balances as of December 31, 2023 (Audited)	Remeasure-ments	Recognition of expected credit loss (ECL)	Balance as of January 01, 2024
	------------------------------------- Rupees in '000 -------------------------------------			
Assets				
Cash and balances with treasury banks	82,182,460	-	(299)	82,182,161
Balances with other banks	5,302,080	-	(7,213)	5,294,867
Lendings to financial institutions	16,502,138	-	(20)	16,502,118
Investments				
Held for trading	1,513,353	-	-	1,513,353
Available for sale	478,769,593	-	(3,337)	478,766,256
Held to maturity	102,146,174	-	-	102,146,174
Associates	216,008	-	-	216,008
Subsidiary	-	-	-	-
	582,645,128	-	(3,337)	582,641,791
Advances				
Gross advances	468,353,887	-	-	468,353,887
Provision	(33,900,513)	-	(2,153,391)	(36,053,904)
	434,453,374	-	(2,153,391)	432,299,983
Property and equipment	22,241,601	-	-	22,241,601
Right-of-use assets	5,848,280	-	-	5,848,280
Intangible assets	8,501,048	-	-	8,501,048
Deferred tax assets	-	-	-	-
Other assets - financial assets	59,064,457	-	(18,295)	59,046,162
Other assets - non financial assets	13,260,515	-	-	13,260,515
	1,230,001,081	-	(2,182,555)	1,227,818,526
Liabilities				
Bills payable	10,793,898	-	-	10,793,898
Borrowings	88,031,534	-	-	88,031,534
Deposits and other accounts	1,007,819,494	-	-	1,007,819,494
Lease liabilities	6,686,639	-	-	6,686,639
Subordinated debt	11,344,671	-	-	11,344,671
Deferred tax liabilities	890,194	-	(1,072,135)	(181,941)
Other liabilities - financial assets	39,071,913	-	16,578	39,088,491
Other liabilities - non financial assets	5,374,617	-	-	5,374,617
	1,170,012,960	-	(1,055,557)	1,168,957,403
Net Assets	59,988,121	-	(1,126,998)	58,861,123
REPRESENTED BY				
Share capital	20,506,625	-	-	20,506,625
Reserves	7,306,299	-	-	7,306,299
Surplus on revaluation of assets	4,880,072	-	(360,347)	4,519,725
Unappropriated profit	17,808,561	-	(679,376)	17,129,185
	50,501,557	-	(1,039,723)	49,461,834
Non-controlling interest	9,486,564	-	(87,275)	9,399,289
	59,988,121	-	(1,126,998)	58,861,123

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

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

4.1.3 Impact on reserve of surplus / (deficit) on revaluation of investments

	Impact of adopting IFRS 9 at January 01, 2024 Rupees in '000
Closing balances as at December 31, 2023	2,895,613
Reclassification of investment securities (debt) from AFS to amortised cost	-
Reclassification of investment securities (debt and equity) from AFS to FVTPL	(523,653)
Reclassification of investment securities (equity) from AFS to FVOCI	-
Recognition of expected credit losses under IFRS 9 for debt financial assets at FVOCI	-
Related tax	163,306
Opening balance under IFRS 9 as at January 01, 2024	2,535,266

4.1.4 Impact on unappropriated profits

Closing balances as at December 31, 2023	17,808,561
Reclassification under IFRS 9 (net of tax)	360,347
Recognition of expected credit losses under IFRS 9	(2,028,762)
Related tax	989,039
Opening balance under IFRS 9 as at January 01, 2024	17,129,185

4.1.5 Impact on Non-controlling Interest

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

4.1.6 Impact on regulatory capital

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

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

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

4.1.7 Classification and measurement

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

4.1.7.1 Recognition and initial measurement

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

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

4.1.7.2 Classification

(a) **Financial Assets**

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

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

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

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

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

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

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

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

(b) **Financial Liabilities**

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

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

4.1.8 Business model assessment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.1.10 Subsequent measurement

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

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

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

4.1.11 Amortised cost and gross carrying amount

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

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

4.1.12 Calculation of markup income and expense

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

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

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

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

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

4.1.12.1 Presentation

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

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

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

- financial liabilities measured at amortised cost.

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

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

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

4.1.13 Derecognition

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  (a) substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  (b) the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

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

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

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

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

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

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

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

4.1.14 Modification

(a) Financial Assets

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

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

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

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

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

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

(b) **Financial Liabilities**

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

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

4.1.15 Reclassification

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

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

(a) **Reclassified from amortised cost**

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

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

(b) **Reclassified from fair value through other comprehensive income**

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

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

(c) **Reclassified from fair value through profit or loss**

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

4.1.16 Impairment

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

(a) **Measurement of ECL**

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

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and

- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

(b) **Restructured financial assets**

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

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

(b) **Non-Performing financial assets**

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

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

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

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

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

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

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

(a) **Probability of default (PD)**

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

(b) **Exposure at default (EAD)**

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

(c) **Loss given default (LGD)**

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

4.1.17 Significant increase in credit risk (SICR)

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

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

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 3 dated July 05, 2022. However, banks are free to choose more stringent days past due criteria.

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

4.1.18 Write-offs

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

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

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

4.1.19 Offsetting

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

4.1.20 Undrawn loan commitments and guarantees:

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

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

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

4.1.21 Governance, ownership and responsibilities

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

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

- Quantitative Validation: Expected credit loss (ECL) model design validation, data quality validation and benchmarking with external best practices.

- Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

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

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

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

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

4.2 Revised format of condensed interim financial statements

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

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

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

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

5. FINANCIAL RISK MANAGEMENT

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

6. CASH AND BALANCES WITH TREASURY BANKS

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		---------- Rupees in '000 ----------	
In hand			
Local currency		20,437,824	19,834,818
Foreign currencies		1,496,351	3,479,237
		21,934,175	23,314,055
With State Bank of Pakistan in			
Local currency current accounts		53,914,009	41,887,252
Foreign currency current accounts		1,971,763	2,071,676
Foreign currency deposit accounts		4,095,806	4,614,459
Cash reserve account		974,099	969,037
Special cash reserve account		1,211,256	1,206,364
US dollar clearing account		111,949	38,902
		62,278,882	50,787,690
With National Bank of Pakistan in local currency current accounts		6,908,501	8,059,788
National Prize Bonds		10,631	20,927
Less: Credit loss allowance held		(858)	-
		91,131,331	82,182,460

7. BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	48,992	40,691
In deposit accounts	126,937	165,785
	175,929	206,476
Outside Pakistan		
In current accounts	3,699,533	4,908,757
In deposit accounts	144,097	186,921
	3,843,630	5,095,678
Less: Credit loss allowance held	(1,227)	(74)
	4,018,332	5,302,080

8. LENDINGS TO FINANCIAL INSTITUTIONS

Secured			
Bai Muajjal Receivable		23,765,920	-
Call Lending		1,691,003	-
Unsecured			
Musharkah Placement		3,000,000	
Bai Muajjal receivable		12,769,304	16,502,138
Other placements		15,390	17,820
		41,241,617	16,519,958
Less: Credit loss allowance / provision held	8.1	(15,504)	(17,820)
		41,226,113	16,502,138

8.1 Particulars of credit loss allowance

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

9. INVESTMENTS

9.1 Investments by type

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

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

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

	(Un-audited) September 30, 2024		(Audited) December 31, 2023	
	Cost	Market value	Cost	Market value
9.2 Investments given as collateral	Rupees in '000			
Federal Government Securities				
Market Treasury Bills	7,335,337	7,537,679	-	-
Pakistan Investment Bonds - Floater	41,608,781	41,739,150	-	-
Government of Pakistan Ijarah Sukuks	2,814,000	2,814,000	35,314,000	36,278,840
	2,814,000	2,814,000	35,314,000	36,278,840

9.3 Credit loss allowance / provision for diminution in value of investments	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		Rupees in '000	
Opening balance		4,361,262	953,410
Additional impact upon acquisition of Subsidiary		-	2,678,462
Impact of adoption of IFRS 9		3,337	-
Exchange rate adjustments		(4,371)	44,314
Charge for the period / year		385,009	627,943
Reversals for the period / year		(82,145)	(33,299)
	33	302,864	594,644
Impact of reclassification of equity securities from FVOCI to FVTPL		(1,747,030)	90,432
Closing balance		2,916,062	4,361,262

9.3.1 Particulars of credit loss allowance against debt securities

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

9.4 Investment in associates

9.4.1 Movement of Investment in associates

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

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

9.4.2 Summary of financial position and performance of associates

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

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

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

10. ADVANCES

		September 30, 2024 (Un-audited)		
	Note	Performing	Non-Performing	Total
		Rupees in '000		
Loans, cash credits, running finances, etc.		249,755,091	26,196,283	275,951,374
Bills discounted and purchased		9,458,187	684,295	10,142,482
Islamic financing and related assets	10.2	173,811,392	19,781,543	193,592,935
Advances - gross		433,024,670	46,662,121	479,686,791
Credit loss allowance against advances				
- Stage 1		(2,016,965)	-	(2,016,965)
- Stage 2		(1,274,822)	-	(1,274,822)
- Stage 3		-	(36,575,328)	(36,575,328)
	10.4	(3,291,787)	(36,575,328)	(39,867,115)
Fair value adjustment		(3,933,296)	-	(3,933,296)
Advances - net of credit loss allowance		425,799,587	10,086,793	435,886,380

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

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----------- Rupees in '000	-----------
10.1 Particulars of advances (gross)		
In local currency	**463,996,809**	454,582,565
In foreign currencies	**15,689,982**	13,771,322
	479,686,791	468,353,887

10.2 Islamic financing and related assets	**September 30, 2024 (Un-audited) Performing**	**Non-Performing**	**Total**
	---------------------- Rupees in '000		----------------------
Running Musharakah	**36,522,505**	**1,444,955**	**37,967,460**
Diminishing Musharakah financing and related assets - others	**53,743,234**	**5,013,697**	**58,756,931**
Diminishing Musharakah - Housing	**20,865,980**	**2,282,974**	**23,148,954**
Istisna financing and related assets	**18,890,773**	**4,123,586**	**23,014,359**
Diminishing Musharakah financing and related assets - Auto	**16,609,249**	**637,310**	**17,246,559**
Murabahah financing and related assets	**13,228,320**	**770,556**	**13,998,876**
Musawamah financing and related assets / Tijarah	**6,944,829**	**4,869,816**	**11,814,645**
Investment Agency Wakalah	**2,730,590**	**-**	**2,730,590**
Murabahah against Bills	**504,163**	**196,778**	**700,941**
Ijarah financing under IFAS 2 and related assets	**575,445**	**158,654**	**734,099**
Financing against Bills	**3,033,615**	**-**	**3,033,615**
Qardh-e-Hasana	**26,453**	**123,031**	**149,484**
Musharakah financing	**(186)**	**160,186**	**160,000**
Past Due Acceptance	**47,903**	**-**	**47,903**
Net investment in Ijarah financing in Pakistan	**69,433**	**-**	**69,433**
Housing finance portfolio - others	**19,086**	**-**	**19,086**
Salam	**-**	**-**	**-**
Islamic financing and related assets - gross	**173,811,392**	**19,781,543**	**193,592,935**
Credit loss allowance against islamic financing and related assets			
- Stage 1	**(1,803,048)**	**-**	**(1,803,048)**
- Stage 2	**(1,142,355)**	**-**	**(1,142,355)**
- Stage 3	**-**	**(17,247,321)**	**(17,247,321)**
	(2,945,403)	**(17,247,321)**	**(20,192,724)**
	(957,296)	**-**	**(957,296)**
Islamic financing and related assets - net of credit loss allowance	**169,908,693**	**2,534,222**	**172,442,915**

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

10.3 Advances include Rs. 46,662.121 million (December 31, 2023: Rs. 39,075.092 million) which have been placed under non-performing status as detailed below:

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

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

10.4 Particulars of credit loss allowance against advances

	Note	September 30, 2024 (Un-audited)			
		Stage 3	Stage 2	Stage 1	Total
		Rupees in '000			
Opening balance		29,109,710	4,391,459	399,344	33,900,513
Impact of adoption of IFRS 9		3,187,628	(2,724,335)	1,690,098	2,153,391
Exchange rate adjustments		-	-	(295)	(295)
Charge for the period		7,017,444	808,606	1,019,721	8,845,771
Reversals for the period		(2,599,732)	(1,200,908)	(1,091,903)	(4,892,543)
	33	4,417,712	(392,302)	(72,182)	3,953,228
Amount written off		(46,423)	-	-	(46,423)
Amounts charged off - agricultural financing		(93,299)	-	-	(93,299)
Closing balance	10.4.1	36,575,328	1,274,822	2,016,965	39,867,115

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

10.4.1 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at June 30, 2024, the Bank has availed cumulative FSV benefit under the directives of the SBP of Rs. 5,097.672 million (December 31, 2023: Rs. 4,551.312 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 2,599.813 million (December 31, 2023: Rs. 1,968.675 million). The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend to shareholders or bonus to employees under the requirements of Prudential Regulations of Corporate / Commercial Banking of SBP.

10.5 Advances - Particulars of credit loss allowance

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

10.6 Advances - Category of classification

		Note	September 30, 2024 (Un-audited) Outstanding amount	September 30, 2024 (Un-audited) Credit loss allowance held
			------------- Rupees in '000 -------------	
Domestic				
Performing	Stage 1		**387,029,957**	**1,994,235**
Under-performing	Stage 2		**42,441,618**	**1,274,822**
Non-performing	Stage 3			
OAEM			**1,618,724**	**511,996**
Substandard			**5,715,909**	**1,911,058**
Doubtful			**3,989,207**	**1,657,435**
Loss			**35,338,281**	**32,494,839**
			476,133,696	**39,844,385**
Overseas				
Performing	Stage 1		**3,553,095**	**22,730**
Under-performing	Stage 2		**-**	**-**
Non-performing	Stage 3			
Substandard			**-**	**-**
Doubtful			**-**	**-**
Loss			**-**	**-**
			3,553,095	**22,730**
Total			**479,686,791**	**39,867,115**

11. PROPERTY AND EQUIPMENT

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		------------- Rupees in '000 -------------	
Capital work-in-progress	11.1	**2,696,752**	1,990,955
Property and equipment		**21,839,320**	20,250,646
		24,536,072	22,241,601

11.1 Capital work-in-progress

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
Civil works	**1,619,676**	1,517,359
Equipment	**237,276**	311,448
Advances to suppliers	**839,800**	162,148
	2,696,752	1,990,955

11.2 Additions to property and equipment

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

	Note	(Un-audited) January - September 2024	(Un-audited) January - September 2023
		------------- Rupees in '000 -------------	
Capital work-in-progress - net		**1,452,537**	1,410,592
Property and equipment			
Building on leasehold land		**-**	617,158
Leasehold improvements		**318,391**	184,056
Furniture and fixture		**1,598,175**	651,998
Electrical, office and computer equipments		**1,838,467**	1,905,434
Vehicles		**179,438**	203,745
		3,934,471	3,562,391
Total	11.2.1	**5,387,008**	4,972,983

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

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

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
12. RIGHT-OF-USE ASSETS		------------- Rupees in '000 -------------	
Opening balance		**5,848,280**	2,457,244
Additional impact upon acquisition of subsidiary		**-**	2,449,059
Additions / renewals		**3,751,056**	2,554,992
Terminations		**(9,510)**	(203,293)
Depreciation charge	30	**(2,035,091)**	(1,419,084)
Exchange rate adjustments		**(240)**	5,685
Other adjustments		**(275,697)**	3,677
Closing balance		**7,278,798**	5,848,280
13. INTANGIBLE ASSETS			
Capital work-in-progress		**2,039,326**	815,848
Computer software		**3,766,990**	3,213,292
Goodwill		**4,407,921**	4,407,921
Others		**68,481**	63,987
		10,282,718	8,501,048

		(Un-audited)	
		January - September 2024	January - September 2023
13.1 Additions to intangible assets		------------- Rupees in '000 -------------	
The following additions have been made to intangible assets during the period:			
Capital work-in-progress - net		**1,761,917**	687,192
Computer software	13.1.1	**1,049,737**	1,039,305
		2,811,654	1,726,497

13.1.1 This includes transfer from capital work in progress during the period of Rs. 319.635 million (September 30, 2023: Rs. 627.893 million).

13.2 Disposal of intangible assets

The net book value of intangible assets disposed off during the period is as follows:			
Membership and Subscription		**15,630**	-

14. OTHER ASSETS

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

14.1 Credit loss allowance / provision held against other assets

	September 30, 2024	December 31, 2023
Advances, deposits, advance rent and other prepayments	**61,027**	64,555
Trade receivable from brokerage and advisory business - net	**444,288**	430,225
Non-banking assets acquired in satisfaction of claims	**305,762**	305,762
Others	**524,631**	562,250
	1,335,708	1,362,792

14.1.1 Movement of credit loss allowance / provision held against other assets

	September 30, 2024	December 31, 2023
Opening balance	**1,362,792**	430,569
Additional impact upon acquisition of subsidiary	**-**	768,745
Impact of adoption of IFRS 9	**18,295**	-
Charge during the period / year	**18,473**	163,478
Reversals during the period / year	**(63,852)**	-
	(45,379)	163,478
Closing balance	**1,335,708**	1,362,792

15. BILLS PAYABLE

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	------------ Rupees in '000 ------------	
In Pakistan	**8,259,636**	10,394,456
Outside Pakistan	**362,207**	399,442
	8,621,843	10,793,898

16. BORROWINGS

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
Secured		
Borrowings from State Bank of Pakistan under:		
Export refinancing scheme	**13,009,703**	13,554,172
Long-term finance facility	**2,534,012**	2,972,509
Financing facility for storage of agricultural produce	**235,700**	176,993
Financing facility for renewable energy projects	**1,785,209**	1,797,675
Refinance for women entrepreneurs	**230,820**	179,462
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	**354,745**	218,239
Refinance facility for combating COVID-19	**227,422**	232,749
Temporary economic refinance facility	**11,387,508**	12,461,501
Small enterprise financing and credit guarantee scheme for special persons	**1,199**	1,978
Refinance facility for working capital of SMEs	**76,641**	193,750
Refinance facility for SME Asaan Finance (SAAF) scheme	**5,774,721**	1,438,299
Acceptances from SBP under Mudaraba	**-**	30,694,154
Islamic Export Finance Scheme - Rupee based discounting	**4,574,997**	4,600,946
Acceptances under Islamic Export Refinance Scheme	**627,000**	3,554,100
Acceptances for financial assistance	**4,723,276**	4,413,497
Repurchase agreement borrowings	**-**	-
	45,542,953	76,490,024
Borrowing from financial institutions:		
Repurchase agreement borrowings	**49,247,704**	2,987,901
Musharakah	**37,500**	2,649,999
Refinancing facility for mortgage loans	**6,588,358**	3,354,127
Refinance facility for Islamic mortgage	**-**	-
	55,873,562	8,992,027
	101,416,515	85,482,051
Unsecured		
Overdrawn nostro accounts	**368,225**	549,483
Call Borrowings	**500,000**	-
Wakalah	**-**	2,000,000
Musharakah	**6,000,000**	-
	6,868,225	2,549,483
	108,284,740	88,031,534

16.1 Particulars of borrowings

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

17. DEPOSITS AND OTHER ACCOUNTS

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

18. LEASE LIABILITIES

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		------ Rupees in '000 ------	
Opening balance		**6,670,728**	2,795,197
Additional impact upon acquisition of subsidiary		**-**	2,917,378
Additions / renewals		**3,734,014**	2,554,992
Lease payments including interest		**(2,936,333)**	(2,280,921)
Finance charges on leased assets		**895,151**	953,739
Terminations		**(12,828)**	(267,772)
Exchange difference		**(227)**	5,516
Other adjustments		**(26,108)**	8,510
Closing balance		**8,324,397**	6,686,639

18.1 Outstanding liabilities

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

19. SUBORDINATED DEBT

Term Finance Certificates - Fifth Issue	19.1	**3,499,067**	3,499,767
Term Finance Certificates - Fourth Issue	19.2	**2,497,500**	2,498,000
Term Finance Certificates - Third Issue	19.3	**2,500,000**	2,500,000
ADT-1 Sukuk Issue I	19.4	**1,998,904**	1,998,904
ADT-1 Sukuk Issue II	19.5	**997,656**	848,000
		11,493,127	11,344,671

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

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

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

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

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

Purpose:	To contribute towards the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 31, 2018
Maturity date:	Perpetual
Rating:	A+ (Single A plus)
Profit rate:	Floating rate of return at Base Rate + 2.25 percent per annum; Base Rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The Issue is unsecured
Subordination:	The Issue is subordinated as to payment of principal and profit to all other claims except common shares.
Call option:	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbency clause:	
Pre-Specified Trigger (PST)	Upon the occurrence of a PST as defined under SBP BPRD Circular No. 06 dated August 15, 2013 which stipulates that if an Issuer's Common Equity Tier 1 (CET 1) ratio falls to or below 6.625% of Risk Weighted Assets (RWAs), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to: - If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWAs (if possible); - The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWAs (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and - In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer.
Point of Non-Viability (PONV)	Upon the occurrence of a PONV event as defined under SBP BPRD Circular No. 06 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below: The PONV trigger event is the earlier of: - A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable; - The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP. - The maximum number of shares to be issued to TFC holders at the PST and / or PONV (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

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

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

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

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

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
20. DEFERRED TAX ASSET / (LIABILITIES)		------------ Rupees in '000	------------
Deductible Temporary Differences on:			
Credit loss allowance / provision against investments		**(256,203)**	(241,763)
Credit loss allowance / provision against loans and advances		**(7,562,465)**	(6,270,555)
Other assets		**(123,422)**	(78,212)
Accumulated tax losses		**(55,399)**	(45,805)
		(7,997,489)	(6,636,335)
Taxable Temporary Differences on:			
Accelerated tax depreciation		**1,575,624**	1,233,336
Goodwill		**717,176**	717,176
Fair value adjustment on amalgamation		**246,317**	337,060
Surplus on revaluation of investments classified as measure at FVOCI / available-for-sale	22	**6,541,441**	3,466,467
Surplus on revaluation of fixed assets	22	**1,561,014**	1,698,745
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	**54,185**	56,106
Surplus on revaluation of investments classified as measured at FVTPL / held-for-trading		**27,055**	17,639
		10,722,812	7,526,529
		2,725,323	890,194

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
21. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		**16,033,907**	14,380,731
Mark-up / return / interest payable in foreign currencies		**1,215,192**	718,389
Unearned income on guarantees		**460,085**	398,300
Accrued expenses		**4,143,510**	3,913,117
Current taxation (payments less provision)		**1,028,144**	2,448,848
Acceptances		**5,126,591**	6,589,632
Unclaimed dividends		**7,576**	7,576
Mark to market loss on derivative instruments		**-**	16,437
Mark to market loss on forward foreign exchange contracts		**1,490,975**	1,923,277
Defined benefit obligation - net		**645,344**	562,132
Payable to defined contribution plan		**51,247**	44,798
Withholding taxes payable		**1,740,544**	1,199,621
Donation payable		**231,451**	209,514
Security deposits against leases, lockers and others		**1,957,672**	2,061,856
Workers' welfare fund		**1,756,049**	1,210,355
Payable in respect of home remittance		**47,817**	35,659
Retention money payable		**150,475**	121,883
Insurance payable		**285,204**	249,979
Payable to vendors against SBS goods		**191,698**	282,322
Debit card settlement		**416,151**	473,999
Clearing and settlement accounts		**411,397**	539,857
Trade payable from brokerage and advisory business - net		**3,754,592**	2,899,893
Dividend payable		**186,388**	206,472
Deferred Murabahah income financing and IERS		**813,618**	1,111,958
Sundry Creditors		**3,015,360**	1,595,515
Credit loss allowance against off-balance sheet obligations	21.1	**119,498**	-
Others		**1,874,893**	1,244,410
		47,155,378	44,446,530

21.1 Credit loss allowance against off-balance sheet obligations

Opening balance	**-**	-
Impact of adoption of IFRS 9	**16,578**	-
Reclassified from advances	**2,371**	-
Exchange impact	**(50)**	-
Charge for the period / year	**103,852**	-
Reversals for the period / year	**(3,253)**	-
	100,599	-
Closing balance	**119,498**	-

22. SURPLUS ON REVALUATION OF ASSETS

	Note	(Un-audited) September 30, 2024 Attributable to Equity Holders	Non - Controlling Interest	Total	(Audited) December 31, 2023 Attributable to Equity Holders	Non - Controlling Interest	Total
		------- Rupees in '000 -------					
Surplus / (deficit) on revaluation of:							
- Securities measured at FVOCI - debt	9.1	9,976,848	2,712,101	12,688,949	-	-	-
- Securities measured at FVOCI - equity	9.1	394,168	(91,036)	303,132	-	-	-
- Available-for-sale	9.1	-	-	-	5,495,518	1,520,755	7,016,273
- Fixed assets		1,515,867	(113,123)	1,402,744	1,745,704	(50,081)	1,695,623
- Non-banking assets acquired in satisfaction of claims	14	517,807	(439)	517,368	521,097	193	521,290
		12,404,690	2,507,503	14,912,193	7,762,319	1,470,867	9,233,186
Deferred tax on surplus / (deficit) on revaluation of:							
- Securities measured at FVOCI - debt		(2,998,947)	(1,284,053)	(4,283,000)	-	-	-
- Securities measured at FVOCI - equity		(2,084,644)	(406)	(2,085,050)	-	-	-
- Available-for-sale		-	-	-	(2,599,905)	(728,167)	(3,328,072)
- Fixed assets		(152,584)	55,430	(97,154)	(259,424)	24,540	(234,884)
- Non-banking assets acquired in satisfaction of claims		(21,307)	214	(21,093)	(22,918)	(97)	(23,015)
		(5,257,482)	(1,228,815)	(6,486,297)	(2,882,247)	(703,724)	(3,585,971)
		7,147,208	1,278,688	8,425,896	4,880,072	767,143	5,647,215

23. CONTINGENCIES AND COMMITMENTS

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		------- Rupees in '000 -------	
Guarantees	23.1	106,951,181	78,331,902
Commitments	23.2	425,933,173	415,060,508
Other contingencies	23.3	1,449,235	1,456,807
		534,333,589	494,849,217

23.1 Guarantees

Financial guarantees	10,560,692	8,425,132
Performance guarantees	48,211,367	37,928,885
Other guarantees	48,179,122	31,977,885
	106,951,181	78,331,902

23.2 Commitments

Documentary credits and short-term trade-related transactions			
- Letters of credit		61,563,882	66,757,307
Commitments in respect of:			
- Forward foreign exchange contracts	23.2.1	191,879,103	221,244,084
- Derivative instruments	23.2.2	709,674	735,596
- Forward lending	23.2.3	170,886,723	124,976,341
Commitments for acquisition of:			
- Property and equipment	23.2.4	792,076	1,248,891
- Intangible assets	23.2.4	101,715	98,289
		425,933,173	415,060,508

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	109,666,021	125,569,086
Sale	82,213,082	95,674,998
	191,879,103	221,244,084

23.2.2 Commitments in respect of derivative instruments

Forward securities contract		
Purchase	-	-
Sale	709,674	-
	709,674	-

		Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
23.2.3	**Commitments in respect of forward lending**		------ Rupees in '000 ------	
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.3.1	**170,886,723**	124,976,341

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

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

		Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
23.3	**Other contingencies**		------ Rupees in '000 ------	
	Claims against the Bank not acknowledged as debts	23.3.1	**730,446**	738,018
	Other contingencies		**718,789**	718,789
			1,449,235	1,456,807

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

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

23.3.2 Tax related contingencies are disclosed in note 34.1.

24. DERIVATIVE INSTRUMENTS

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

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

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

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

24.1 Product Analysis

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

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

	(Un-audited) September 30, 2024	September 30, 2023
	----------- Rupees in '000 -----------	
25. MARK-UP / RETURN / INTEREST / PROFIT EARNED		
On:		
Loans and advances	**57,714,981**	33,821,937
Investments	**105,844,776**	39,643,174
Lendings to financial institutions	**3,603,906**	572,028
Securities purchased under resale agreements	**862,769**	2,358,523
Balances with other banks	**459,831**	247,556
	168,486,263	76,643,218
25.1 Interest income recognised on:		
Financial assets measured at amortised cost	**81,436,644**	51,400,952
Financial assets measured at FVOCI	**85,315,760**	24,330,482
Financial assets measured at FVTPL	**1,733,859**	911,784
	168,486,263	76,643,218
26. MARK-UP / RETURN / INTEREST PROFIT / EXPENSED		
On:		
Deposits	**90,100,856**	43,445,348
Borrowings	**18,066,925**	10,494,969
Subordinated debt	**2,006,579**	1,375,597
Cost of foreign currency swaps against foreign currency deposits / borrowings	**3,832,709**	806,501
Lease liability against right-of-use assets	**899,835**	899,607
	114,906,904	57,022,022
26.1 Interest expense calculated using effective profit rate method	**20,632,262**	11,870,566
Other financial liabilities	**94,274,642**	45,151,456
	114,906,904	57,022,022
27. FEE, COMMISSION AND BROKERAGE INCOME		
Branch banking customer fees	**108,846**	105,985
Finance related fees	**471,625**	379,350
Card related fees (debit and credit cards)	**1,780,199**	570,849
Investment banking fees	**139,441**	83,145
Commission on trade	**1,175,994**	896,792
Commission on guarantees	**553,602**	693,400
Commission on cash management	**44,707**	34,401
Commission on remittances including home remittances	**271,431**	91,233
Commission on bancassurance / bancatakaful	**109,873**	62,197
Commission on distribution of mutual funds	**5,654**	(293)
Commission on online services	**157,320**	177,869
Postage and courier income	**20,076**	11,888
Rebate income	**383,244**	305,276
Brokerage income	**795,757**	458,395
Management fee	**345,732**	188,502
	6,363,501	4,058,989

		(Un-audited)	
		September 30, 2024	September 30, 2023
28. GAIN / (LOSS) ON SECURITIES - NET	Note	----------- Rupees in '000 -----------	
Realised	28.1	**1,560,809**	(392,373)
Unrealised - measured at FVTPL		**190,837**	48,521
		1,751,646	(343,852)

28.1 Realised gain / (loss) on:

Federal government securities		
Market treasury bills	**179,958**	(665,258)
Pakistan investment bonds	**1,065,544**	(32,085)
Ijarah sukuk certificates	**47,308**	104,538
	1,292,810	(592,805)
Shares		
Listed companies	**263,147**	8,877
Non Government Debt Securities		
Term finance certificates	**47,357**	24,199
Mutual fund units	**96,488**	164,596
Foreign currency bonds	**(138,993)**	2,760
	1,560,809	(392,373)

28.2 Net gain / (loss) on financial assets

Measured at FVTPL - designated upon initial recognition	**310,161**	-
Net gain on financial assets measured at FVOCI	**1,250,648**	-
	1,560,809	-

29. OTHER INCOME

Rent Income	**30,311**	25,540
Gain on sale of property and equipment - net	**53,257**	152,422
Gain on termination of leases - net	**84,302**	63,451
Gain on reclassification of AFS equity shares	**-**	332,658
Gain on termination of Islamic financing	**16,165**	-
Others	**46,191**	33,786
	230,226	607,857

30. OPERATING EXPENSES

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

31. WORKERS' WELFARE FUND

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

		(Un-audited)	
		September 30, 2024	September 30, 2023
32. OTHER CHARGES	Note	Rupees in '000	
Penalties imposed by State Bank of Pakistan		78,258	38,954

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

	Note	September 30, 2024	September 30, 2023
Credit loss allowance / provision against lendings to financial institutions		(2,336)	(810)
Credit loss allowance / provision for diminution in value of investments	9.3	302,864	4,237
Credit loss allowance / provision against balances with other banks		(5,808)	-
Credit loss allowance / provision against loans and advances	10.4	3,953,228	2,759,708
Credit loss allowance / provision against off balance sheet		14,624	-
Other credit loss allowance and write offs		(22,903)	67,392
		4,239,669	2,830,527

34. TAXATION

	September 30, 2024	September 30, 2023
Current	12,092,459	2,325,472
Prior years	(44,723)	(67,188)
Deferred	(34,984)	792,930
	12,012,752	3,051,214

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

35. EARNINGS PER SHARE - BASIC AND DILUTED

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

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

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Fair value hierarchy

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

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

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

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

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

Item	Valuation approach and input used
Financial Instruments - Level 1	
Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange / Bloomberg.
Financial instruments - Level 2	
Mutual fund units	Fair values of investments in mutual fund units are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills (MTB), Pakistan Investment Bonds (PIB) and GoP Sukuks	Fair values of Pakistan Investment Bonds, Market Treasury Bills and GoP Sukuks are derived using PKRV, PKFRV and PKISRV rates.
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising of Term Finance Certificates, Bonds and any other security issued by a company or a corporate body for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas & Euro Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

Financial instruments - Level 3

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

Non-Financial assets - Level 3

Fixed assets - Land and building Non-banking assets acquired in satisfaction of claims	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 11 and 14 of these condensed interim consolidated financial statements. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

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

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

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

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

38. RELATED PARTY TRANSACTIONS

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

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

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

	As at September 30, 2024 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
Statement of financial position	Rupees in '000				
Lendings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the period	-	-	-	-	-
Repaid during the period	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Investments					
Opening balance	7,595	-	-	1,371,911	6,508,867
Investment made during the period	-	-	-	-	5,290,012
Investment redeemed / disposed off during the period	-	-	-	-	(5,425,868)
Deficit on investments	-	-	-	-	(1,069,055)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	7,595	-	-	1,371,911	5,303,956
Credit loss allowance for diminution in value of investments	-	-	-	1,179,907	388,607
Advances					
Opening balance	-	247	919,926	665,920	2,006,365
Addition during the period	-	2,205	552,228	418,721	8,757,735
Repaid during the period	-	(1,886)	(196,736)	(418,721)	(7,494,078)
Transfer in / (out) - net	-	(566)	(145,606)	-	(204,802)
Closing balance	-	-	1,129,812	665,920	3,065,220
Other assets					
Mark-up / return / interest accrued	-	-	1,181	81,943	23,957
Receivable against bancassurance / bancatakaful	-	-	-	-	6,352
Prepaid insurance	-	-	-	-	58,277
Net defined benefit plan	-	-	-	-	-
Trade receivable	-	-	1,472	-	41,746
Rent receivable	-	-	-	-	-
Advance against investment in securities	-	-	-	-	792,000
Credit loss allowance against other assets	-	-	-	-	-
Borrowings					
Opening balance	-	-	-	-	-
Borrowings during the period	-	-	-	-	-
Settled during the period	-	-	-	-	-
Closing balance	-	-	-	-	-
Deposits and other accounts					
Opening balance	80,689	369	88,537	46,398	12,037,377
Received during the period	8,647,022	4,938	1,582,800	2,128,787	190,917,836
Withdrawn during the period	(8,669,914)	(4,985)	(1,447,436)	(1,956,861)	(191,944,831)
Transfer in / (out) - net	-	-	(40,221)	-	173,733
Closing balance	57,797	322	183,680	218,324	11,184,115
Subordinated debt					
Opening balance	2,500	-	485	-	21,119
Issued during the period	-	-	-	-	140,316
Redeemed during the period	(2,500)	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	485	-	161,435
Other liabilities					
Mark-up / return / interest payable on deposits	-	-	2,203	2	70,611
Mark-up / return / interest payable on subordinated debt	-	-	-	-	1,144
Dividend Payable	-	-	-	-	76,454
Trade payable	14,468	-	2,697	13,118	-
Donation payable	-	-	-	-	-
Payable to defined benefit plan	-	-	-	-	115,093
Others payable	-	-	-	-	18,807
Contingencies and commitments					
Letter of guarantee	-	-	-	-	15,029
Letter of credit	-	-	-	-	76,831

	As at December 31, 2023 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
Statement of financial position	Rupees in '000				
Lendings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the year	-	-	-	-	116,405,200
Repaid during the year	-	-	-	-	(116,405,200)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Investments					
Opening balance	7,595	-	-	269,800	11,290,639
Investment made during the year	-	-	-	-	1,290,203
Investment redeemed / disposed off during the year	-	-	-	-	(4,141,720)
Deficit on investments	-	-	-	-	(777,060)
Transfer in / (out) - net	-	-	-	1,102,111	(1,153,195)
Closing balance	7,595	-	-	1,371,911	6,508,867
Provision for diminution in value of investments	-	-	-	1,102,111	388,607
Advances					
Opening balance	-	-	524,061	232,166	1,340,315
Addition during the year	-	1,997	414,637	903,910	13,272,798
Repaid during the year	-	(2,240)	(238,056)	(950,343)	(12,232,769)
Transfer in / (out) - net	-	490	219,284	480,187	(373,979)
Closing balance	-	247	919,926	665,920	2,006,365
Other assets					
Mark-up / return / interest accrued	-	-	869	20,758	33,338
Receivable against bancassurance / bancatakaful	-	-	-	-	15,358
Prepaid insurance	-	-	-	-	587
Net defined benefit plan	-	-	-	-	-
Trade receivable	-	-	511	-	169,423
Rent receivable	-	-	-	-	16,338
Advance against investment in securities	-	-	-	-	1,178,306
Other receivable	-	-	-	-	3,650
Provision against other assets	-	-	-	-	-
Borrowings					
Opening balance	-	-	-	-	320,785
Borrowings during the year	-	-	-	-	-
Settled during the year	-	-	-	-	(320,785)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Deposits and other accounts					
Opening balance	130,430	174,485	47,853	2,621	12,626,532
Received during the year	20,697,001	2,406	1,800,295	4,325,135	203,709,787
Withdrawn during the year	(20,746,742)	(2,327)	(1,785,562)	(4,298,767)	(206,032,788)
Transfer in / (out) - net	-	(174,195)	25,951	17,409	1,733,846
Closing balance	80,689	369	88,537	46,398	12,037,377
Subordinated debts					
Opening balance	2,500	-	-	-	124,714
Issued during the year	-	-	-	-	20,000
Redeemed during the year	-	-	-	-	(124,715)
Transfer in / (out) - net	-	-	485	-	1,120
Closing balance	2,500	-	485	-	21,119
Other liabilities					
Mark-up / return / interest payable on deposits	-	-	333	13	82,686
Mark-up / return / interest payable on borrowings	-	-	-	-	-
Mark-up / return / interest payable on subordinated debts	-	-	-	-	13
Dividend payable	-	-	-	-	169,317
Trade payable	5,989	-	1,154	-	21,868
Donation payable	-	-	-	-	209,514
Defined benefit obligation - net	-	-	-	-	133,191
Others payable	400	-	10	-	4,950
Contingencies and commitments					
Letters of guarantee	-	-	-	-	15,141
Letters of credit	-	-	-	-	516,329
Forward lending	-	-	-	-	-

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

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

39. SEGMENT INFORMATION

39.1 Segment Details with respect to Business Activities:

	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Islamic Banking	Brokerage	Asset Management	Others	Total
	For the nine months ended September 30, 2024 (Un-audited)									
Profit and loss account	Rupees in '000									
Net mark-up / return / interest / profit / (expense)	(19,881,849)	(3,195,634)	43,452,581	595,518	(56,713)	33,721,514	136,032	733	(1,192,823)	53,579,359
Inter segment revenue - net	35,171,059	7,413,279	(40,318,468)	1,240,682	370,032	-	-	-	(3,876,584)	-
Non mark-up / return / income	1,564,920	1,496,011	3,295,701	822,763	295,674	3,497,172	976,207	612,002	201,352	12,761,802
Total Income / (loss)	16,854,130	5,713,656	6,429,814	2,658,963	608,993	37,218,686	1,112,239	612,735	(4,868,055)	66,341,161
Segment direct expenses	9,421,726	538,276	150,571	1,237,993	2,902,605	16,211,906	806,513	316,351	5,796,689	37,382,630
Inter segment expense allocation	2,732,541	717,761	159,963	185,531	393,608	-	-	-	(4,189,404)	-
Total expenses	12,154,267	1,256,037	310,534	1,423,524	3,296,213	16,211,906	806,513	316,351	1,607,285	37,382,630
Credit loss allowance and write offs - net	1,565,375	1,265,850	306,141	15,989	6,558	1,063,559	(12,530)	-	28,727	4,239,669
Profit / (loss) before tax	3,134,488	3,191,769	5,813,139	1,219,450	(2,693,778)	19,943,221	318,256	296,384	(6,504,067)	24,718,862

	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Islamic Banking	Brokerage	Asset Management	Others	Total
	For the nine months ended September 30, 2023 (Un-audited)									
Profit and loss account	Rupees in '000									
Net mark-up / return / interest / (expense)	(12,380,240)	1,222,711	27,286,374	(214,145)	(24,996)	4,767,261	57,614	1,606	(1,094,989)	19,621,196
Inter segment revenue - net	28,502,522	3,741,325	(30,876,602)	1,655,049	251,597	-	-	-	(3,273,891)	-
Non mark-up / return / income	1,651,814	1,427,601	2,272,234	740,683	167,198	28,350	651,333	403,797	643,027	7,986,037
Total Income / (loss)	17,774,096	6,391,637	(1,317,994)	2,181,587	393,799	4,795,611	708,947	405,403	(3,725,853)	27,607,233
Segment direct expenses	8,192,660	542,147	155,191	883,105	2,707,452	1,798,355	608,133	262,174	3,281,286	18,430,503
Inter segment expense allocation	2,258,179	388,913	114,255	87,300	288,332	-	-	-	(3,136,979)	-
Total expenses	10,450,839	931,060	269,446	970,405	2,995,784	1,798,355	608,133	262,174	144,307	18,430,503
Provisions and write offs - net	479,682	670,596	-	85,277	-	1,581,060	11,301	-	2,611	2,830,527
Extraordinary / unusual items	-	-	-	-	-	-	-	-	3,652,888	3,652,888
Profit / (loss) before tax	6,843,575	4,789,981	(1,587,440)	1,125,905	(2,601,985)	1,416,196	89,513	143,229	(219,883)	9,999,091

	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Islamic Banking	Brokerage	Asset Management	Others	Total
	As at September 30, 2024 (Un-audited)									
Statement of financial position	Rupees in '000									
Cash and bank balances	10,401,369	47,424	36,311,398	586,146	3,165,779	44,466,841	168,412	2,294	-	95,149,663
Lendings to financial institutions	-	-	-	1,691,003	-	39,535,110	-	-	-	41,226,113
Investments	-	-	277,451,131	8,241,780	-	346,744,229	1,001,363	1,613,521	3,636,221	638,688,245
Net inter segment lending	277,799,292	32,257,187	-	-	2,551,822	-	-	-	50,603,138	363,211,439
Advances - performing	64,898,600	122,904,180	-	62,082,334	42,893	172,854,096	370,912	9,114	5,929,245	429,091,374
Advances - non-performing	8,453,707	12,833,297	-	1,344	7,462	25,275,604	-	-	90,707	46,662,121
Advances - provisions - net	(4,934,112)	(9,214,499)	-	(30,994)	(4,562)	(25,627,827)	-	-	(55,121)	(39,867,115)
	68,418,195	126,522,978	-	62,052,684	45,793	172,501,873	370,912	9,114	5,964,831	435,886,380
Others	-	-	-	292,588	-	58,923,215	4,775,484	690,044	54,587,447	119,268,778
Total Assets	356,618,856	158,827,589	313,762,529	72,864,201	5,763,394	662,171,268	6,316,171	2,314,973	114,791,637	1,693,430,618
Borrowings	12,595,520	17,535,314	50,405,166	-	-	27,711,240	37,500	-	-	108,284,740
Deposits and other accounts	336,717,721	139,867,027	-	35,131,596	5,763,394	551,897,381	-	-	-	1,069,377,119
Subordinated debt	-	-	-	-	-	2,996,560	-	-	8,496,567	11,493,127
Net inter segment borrowing	1,254,848	854,172	263,357,363	37,566,855	-	45,673,479	1,809,261	1,865,550	10,829,911	363,211,439
Others	6,050,767	571,076	-	165,750	-	33,892,608	4,469,410	449,423	21,227,907	66,826,941
Total Liabilities	356,618,856	158,827,589	313,762,529	72,864,201	5,763,394	662,171,268	6,316,171	2,314,973	40,554,385	1,619,193,366
Equity	-	-	-	-	-	-	-	-	62,315,425	62,315,425
Non-controlling interest	-	-	-	-	-	-	-	-	11,921,827	11,921,827
Total Equity and Liabilities	356,618,856	158,827,589	313,762,529	72,864,201	5,763,394	662,171,268	6,316,171	2,314,973	114,791,637	1,693,430,618
Contingencies and Commitments	83,933,668	42,452,409	99,249,523	-	-	307,069,597	709,674	-	918,718	534,333,589

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

40. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

41. GENERAL

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

42. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on October 25, 2024.

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

JS BANK

Registered office
JS Bank Limited, Shaheen Commercial Complex,
Dr. Zia Uddin Ahmed Road, P.O. Box 4847,
Karachi-74200 Sindh, Pakistan.

UAN: (021-051)111-654-321