



**Bank Alfalah**  
The Way Forward



**QUARTERLY REPORT - SEPTEMBER 30, 2024**  
**(UN-AUDITED)**

**REIMAGINING BANKING**

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## **Board of Directors**

**His Highness Sheikh Nahayan Mubarak Al Nahayan**  
Chairman/Director

**Abdulla Nasser Hawaileel Al Mansoori**  
Director

**Abdulla Khalil Al Mutawa**  
Director

**Khalid Mana Saeed Al Otaiba**  
Director

**Khalid Qurashi**  
Director

**Dr. Gyorgy Tamas Ladics**  
Director

**Dr. Ayesha Khan**  
Director

**Efstratios Georgios Arapoglou**  
Director

**Atif Aslam Bajwa**  
President/CEO and Director

## Senior Management Team

### Atif Aslam Bajwa

President and Chief Executive Officer

### Aasim Wajid Jawad

Group Head, Strategy, Transformation and Customer Experience

### Anjum Hai

Chief Financial Officer

### Faisal Farooq Khan

Chief Human Resource Officer

### Faisal Rabbani

Chief Risk Officer

### Farooq Ahmed Khan

Group Head, Corporate, Investment Banking and International Business

### Haroon Khalid

Group Head, Compliance and Business Solutions

### Khawaja Muhammad Ahmad

Group Head, Operations and Corporate Services

### Mehreen Ahmed

Group Head, Retail Banking

### Mohib Hasan Khan

Chief Information Officer

### Muhammad Akram Sawleh

Company Secretary and Group Head, Legal and Corporate Affairs

### Dr. Muhammad Imran

Group Head, Islamic Banking

### Muhammad Yahya Khan

Chief Digital Banking Officer

### Pervez Shahbaz Khan

Group Head, Treasury and Financial Markets

### Tahir Khurshid

Group Head, Audit and Inspection

### Zahid Anjum

Group Head, Special Assets Management

### Chief Financial Officer

Anjum Hai

### Company Secretary

Muhammad Akram Sawleh

### Chief Internal Auditor

Tahir Khurshid

### Auditors

A. F. Ferguson & Co.

Chartered Accountants

### Registered/Head Office

B. A. Building

I. I. Chundrigar Road

Karachi, Pakistan

bankalfalah.com

### Share Registrar

F. D. Registrar Services (Pvt.) Limited

1705, 17th Floor, Saima Trade Tower-A

I. I. Chundrigar Road

Karachi, Pakistan.

### Legal Advisor

Mandviwalla & Zafar

Advocates and Legal Consultants







## Board Committees

### Board Audit Committee (BAC)

**Khalid Qurashi**  
Chairman

**Abdulla Khalil Al Mutawa**  
Member

**Khalid Mana Saeed Al Otaiba**  
Member

**Dr. Ayesha Khan**  
Member

**Efstratios Georgios Arapoglou**  
Member

**Tahir Khurshid**  
Secretary

### Board Risk Management Committee (BRMC)

**Khalid Mana Saeed Al Otaiba**  
Chairman

**Abdulla Khalil Al Mutawa**  
Member

**Khalid Qurashi**  
Member

**Dr. Ayesha Khan**  
Member

**Atif Aslam Bajwa**  
Member

**Farhan Ali**  
Secretary

### Board Human Resources, Remuneration & Nominations Committee (BHR&NC)

**Efstratios Georgios Arapoglou**  
Chairman

**Abdulla Khalil Al Mutawa**  
Member

**Khalid Mana Saeed Al Otaiba**  
Member

**Dr. Ayesha Khan**  
Member

**Dr. Gyorgy Tamas Ladics**  
Member

**Khalid Qurashi**  
Member

**Muhammad Akram Sawleh**  
Secretary

### Board Strategy and Finance Committee (BS&FC)

**Abdulla Khalil Al Mutawa**  
Chairman

**Khalid Mana Saeed Al Otaiba**  
Member

**Dr. Gyorgy Tamas Ladics**  
Member

**Dr. Ayesha Khan**  
Member

**Khalid Qurashi**  
Member

**Efstratios Georgios Arapoglou**  
Member

**Atif Aslam Bajwa**  
Member

**Aasim Wajid Jawad**  
Secretary

## Board Committees

### Board Crisis Management Committee (BCMC)

**Abdulla Khalil Al Mutawa**  
Chairman

**Khalid Mana Saeed Al Otaiba**  
Member

**Khalid Qurashi**  
Member

**Dr. Ayesha Khan**  
Member

**Dr. Gyorgy Tamas Ladics**  
Member

**Atif Aslam Bajwa**  
Member

**Muhammad Akram Sawleh**  
Secretary

### Board Information Technology Committee (BITC)

**Dr. Gyorgy Tamas Ladics**  
Chairman

**Abdulla Khalil Al Mutawa**  
Member

**Khalid Mana Saeed Al Otaiba**  
Member

**Khalid Qurashi**  
Member

**Efstratios Georgios Arapoglou**  
Member

**Atif Aslam Bajwa**  
Member

**Aasim Wajid Jawad**  
Secretary

### Board Real Estate Committee (BREC)

**Abdulla Khalil Al Mutawa**  
Chairman

**Khalid Mana Saeed Al Otaiba**  
Member

**Khalid Qurashi**  
Member

**Atif Aslam Bajwa**  
Member

**Muhammad Akram Sawleh**  
Secretary





On behalf of the Board of Directors, we are pleased to present the unconsolidated condensed interim financial statements of Bank Alfalah Limited for the period ended September 30, 2024.

## Economic Review

Pakistan entered into a new IMF Extended Fund Facility (EFF) program amounting to USD 7 billion for a duration of 37-months following the staff-level agreement in July 2024, resulting in the immediate release of USD 1 billion. This bodes well for economic stability and investor confidence. Moreover, the country's long-term sovereign credit rating was upgraded during Q3, reflecting a reduced risk of default.

During Q3 2024, negotiations led to the successful rescheduling of bilateral debts with key creditors, including China, Saudi Arabia, and the United Arab Emirates. This aims to reduce the pressure of external debt repayments, freeing up resources for other essential expenditures. Additionally, progress was made in securing financial assistance from multilateral development banks, which further cemented Pakistan's fiscal position. These measures are expected to support long-term economic growth, reduce fiscal vulnerabilities, and improve the outlook for Pakistan's debt sustainability.

The current account position has significantly improved, with the deficit narrowing to USD 665 million in fiscal year 2024 (FY24) as compared to USD 17.5 billion (FY23); exports and remittances have increased, while import growth has remained muted. The inflows from IMF have further enhanced the State Bank of Pakistan's (SBP) foreign exchange reserves, which stood at USD 10.7 billion as of September 27, 2024 compared to USD 8.2 billion as on December 31, 2023. Likewise, the country's total reserves, including

those held by banks, reached USD 16.0 billion as of the same period, up from USD 12.7 billion at the end of December 2023. As a result, the Pak Rupee appreciated by 1.5% to PKR 277.71/USD as of September 30, 2024, compared to PKR 281.86/USD as on December 31, 2023.

Inflationary pressures have eased further, with an average inflation rate for Q3 recorded at 9.2%, down from 13.9% in Q2. This reduction was primarily driven by lower global oil prices and decreased food inflation. In response, SBP further reduced the policy rate by 300 basis points during Q3, lowering it to 17.5%. Additionally, yields on government securities have sharply declined, reflecting an improved inflation outlook and enhanced government liquidity.

Pakistan's real GDP grew by 2.52% during FY24, a notable recovery from contraction of 0.22% during the previous fiscal year. The improvement mainly fueled by the agriculture sector, which rebounded with a growth of 6.36% after being adversely impacted by floods during the previous year. On the other hand, industrial growth declined by 1.15% on account of slowdown in economic activity.

On the fiscal front, the FBR exceeded its tax collection target for FY24 by PKR 59 billion to reach a total of PKR 9,311 billion. The country posted a primary surplus of 0.9% of GDP in FY24, compared to a primary deficit of 0.6% in the previous fiscal year. Importantly, the number of tax filers surged by 71%, which is expected to be well received by IMF with respect to EFF Program.

Reflecting improved economic conditions, the Pakistan Stock Exchange (PSX) continued its positive trend, recording a return of 3.4% during Q3 to reach 81,114 points as of September 30, 2024. The economic stability and improved

fundamentals were the major factors behind market performance.

Going forward, the continuation of the IMF program will be critical for sustaining macroeconomic stability. The key challenge will be meeting the fiscal targets. Overall, the outlook remains fairly positive, and the policy focus would gradually shift from stability to growth.

## Review of the Bank's Performance

Highlights of the Bank's financial results for the period ended September 30, 2024, are presented as follows:

Financial Position	September 30, 2024	December 31, 2023
Rupees in Millions		
Shareholders' Equity	167,186	137,923
Total Assets	3,278,140	3,345,917
Deposits	2,136,416	2,084,997
Advances – net	855,964	735,052
Investments – net	1,918,262	2,067,263
Financial Performance	Period ended September 30, 2024	Period ended September 30, 2023
Rupees in Millions		
Net Interest Income and Non-Markup Income	127,893	109,559
Non-Markup Expenses	59,665	47,642
Credit loss allowance / Provisions and write offs (net)	1,746	9,164
<b>Profit before tax (PBT)</b>	<b>66,482</b>	<b>52,753</b>
<b>Profit after tax (PAT)</b>	<b>33,643</b>	<b>27,252</b>
Basic and Diluted earnings per share – Rupees	21.33	17.28

Bank Alfalah posted profit after tax (PAT) of PKR 33.643 billion for the nine month period ended September 30, 2024, with earnings per share of PKR 21.33 (September 2023: PKR 17.28). The Bank's PBT of PKR 66.482 billion was 26.0% higher than the same period last year (SPLY); while PAT improved by 23.5%.

Total Revenue for the period was PKR 127.893 billion, representing a 16.7% increase over the SPLY. Net-Markup income improved by 4.6% on account of growth in net-earning assets, partly offset by spread compression, reach PKR 95.132 billion. The Bank generated Non Markup Income (Non Funded Income) to the tune of PKR 32.761 billion with a strong growth of 76.4% over the SPLY. Fee & commission and gain on securities were primary contributors towards improvement of NFI during the period. Fee and commission

experienced an impressive year on year rise of 26.6% primarily on the back of business-driven volume. Card (debit and credit) related fee increased by 44.6% owing to higher customer spend whereas commission earned on trade and remittances grew by 23.2% and 98.6% respectively, supported by significant volumetric growth in rupee terms.

The Bank continued to diligently focus towards its administrative expenses while striving to

build revenue momentum through expansion without compromising on investments in new ventures. The Bank's strategy of opening new branches and enhancing its digital technologies and IT platforms, along with the impact of inflation, resulted in increased operating costs during current period under review. The Bank has successfully opened over 100 new branches YoY, leading to improved customer acquisition and consequently revenue growth. As a results Bank's cost to income ratio stands at 45.4% for the nine-month period ending September 30, 2024.

Deposits closed at Rs. 2.136 trillion, a YoY growth of 17.3%, which is an outcome of the Bank's strategy. The gross loan book of the Bank closed at PKR 903.913 billion, with a 27.6% YoY improvement. Disciplined underwriting and





rigorous client selection processes have continued to reap benefits, as reflected in non-performing loan ratio of 4.6%. Non-performing loans remain fully covered with a coverage ratio of 114.3% (including general provision / expected credit loss (ECL)). The Bank has adopted IFRS 9 with effect from January 1, 2024 which has resulted in a net positive impact on opening equity amounting to PKR 2.049 billion. This was net of fair value on investment portfolio and incremental ECL under the new classification.

As at September 30, 2024, the Bank remains adequately capitalised with CAR at 19.04%.

## Dividend

The Board of Directors, in its meeting held on October 17, 2024, declared an interim cash dividend of PKR 2.00 per share (20%) for the quarter ended September 30, 2024, bringing the total interim cash dividend for the year to PKR 6.00 per share (60%) (2023: PKR 3.00 per share (30%)). The Board had earlier declared and paid interim cash dividends of PKR 4.00 per share (40%).

## Credit Rating

The Bank has been assigned the following ratings by PACRA:

- Entity rating: Upgraded to 'AAA' (Triple A) for the long-term and maintained at 'A1+' (A-One Plus) for the short-term, with a 'Stable' Outlook.
- Instruments' rating: Credit rating of Unsecured Tier 1 Capital instruments (Term Finance Certificates) of the Bank was also upgraded to 'AA+' (Double A Plus), with a 'Stable' Outlook.

The assigned ratings reflect the Bank's diversified operations, healthy financial risk profile, strong sponsors, and prominent market presence. These ratings denote a very low level of credit risk, and the highest capacity for timely repayment of financial commitments.

## Future Outlook

Bank Alfalah remains well-positioned to achieve sustainable growth and create long-term shareholder value, despite prevailing macroeconomic challenges. The foremost goal is to sustain its market share, further extend domestic footprint and delivering unparalleled services to the Bank's valued customers while expanding outreach to a broader audience. The Bank is committed to fine-tuning its strategic actions to ensure alignment with national economic objectives.

The Bank continues to build upon its strategic initiatives and leveraging technological advancements to meet the evolving needs of its customers, while enhancing trade volumes, increasing cash management penetration, and strengthening supply chain financing and home remittance capabilities are integral in the Banks commitment to adapt industrial and global developments.

The culture and belief of being 'One Bank, One Team' will continue to foster collaboration, creativity, and innovation. Human capital development remains a priority, ensuring the Bank can hire and retain a skilled and motivated workforce. The Banks' caring culture is being aligned with the UN Sustainable Development Goals, which aims to reach the widespread community via renewed Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) initiatives.

In line with its commitment towards innovation and efficiency, the Bank will continue to incorporate:

- New initiatives that will leverage technology;
- Advanced analytics; and
- AI across various areas within the bank.

The Bank aspires to be the leader in the digital banking landscape among traditional banks in Pakistan, and in this endeavor, digital solutions are being fast-tracked, thereby enabling improvements and efficiency in the Bank's operations.

Through strategic vision, a customer-centric approach, dedication to innovation, and a holistic focus on our human capital, Bank Alfalah is poised to embrace the future and achieve sustainable success.

## Acknowledgement

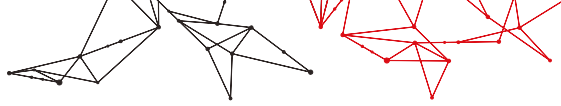
On behalf of the Board, we would like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Ministry of Finance and other regulatory authorities for their continued guidance and support. We also wish to convey our appreciation to our shareholders, customers, and business collaborators for their ongoing support.

Over the years, we have laid the foundations to deliver great value and service to our clientele, concurrently enhancing our financial performance and reinforcing our financial stability. Our commitment remains unwavering in serving our customers and playing a pivotal role in bolstering Pakistan's economic resurgence. In the process, we will maintain a conscientious approach towards our obligations to our employees and local communities, and our dedication to delivering consistent returns to our shareholders.

**Atif Aslam Bajwa**  
**President & Chief Executive Officer**  
October 17, 2024  
Karachi

**Khalid Qurashi**  
**Director**





بینک الفلاح نے ۳۰ ستمبر ۲۰۲۴ کو ختم ہونے والی نو ماہ کی مدت کے لیے بعد از ٹیکس منافع (PAT) ۱۲.۳۳٪، ۱۳.۳۳٪، ۱۳.۳۳٪ اور ۱۳.۳۳٪ کے مطابق فی شیئر آمدنی ۲.۳۲ روپے (ستمبر) ۲.۳۲ روپے (اکتوبر) ۲.۳۲ روپے (نومبر) ۲.۳۲ روپے (دسمبر) کے مقابلے میں ۲.۳۰ روپے (زیادہ تھا) جبکہ بعد از ٹیکس منافع (PAT) میں ۱۳.۳۳٪ بہتری دیکھی گئی۔

اس مدت کے دوران کم آمدنی ۱۲.۴۸۹۳٪ اور ہونے لگی، جو کہ پچھلے سال کی اسی مدت (SPLY) کے مقابلے میں ۱۱.۴٪ اضافہ ہے۔ نئی مار کا اب آمدنی میں ۳.۰٪ کا اضافہ ہوا، جو کہ نئی آمدنی والے اثاثوں میں اضافے کا نتیجہ تھا تاہم اس میں کچھ حد تک اسپرینڈنگ اور کھریش کی وجہ سے کمی ہوئی، جو کہ ۱۲.۴۸۹۳٪ اور ۱۳.۳۳٪ کے مقابلے میں ۱۲.۴۸۹۳٪ (نئی آمدنی) ۲.۳۲٪ اور ۱۳.۳۳٪ تک پہنچائی، جو کہ پچھلے سال کی اسی مدت (SPLY) کے مقابلے میں ۱۲.۴۸۹۳٪ کی مضبوطی تھی۔ اس عرصے کے دوران فیس و کمیشن اور سیکورٹیز منافع نان فنڈڈ انکم (NFI) کی بہتری کے بنیادی عوامل رہے۔ فیس اور کمیشن نے سال بعد سال ۱۲.۴۸۹۳٪ قابل ذکر ترقی حاصل کی جو کہ کاروباری سرگرمیوں کے حجم میں اضافے کی وجہ سے تھی۔ کارڈ (ڈیبٹ اور کریڈٹ) سے متعلق فیس میں ۱۲.۳۳٪ اضافہ دیکھا گیا، جو کہ صارفین کے اخراجات میں اضافے کی وجہ سے تھا، جبکہ تجارت اور ترسیلات پر کمیشن میں بالترتیب ۱۳.۳۳٪، ۱۳.۳۳٪ اور ۱۳.۳۳٪ اضافہ ہوا، جو کہ روپے کے لحاظ سے حجم میں اضافے سے تقویت پائی۔

بینک نے اپنی انتظامی اخراجات پر محتاط طور پر جاری رکھی جبکہ توسیع کے ذریعے ریونیو بڑھانے کے لیے کوشاں رہا اور نئی سرمایہ کاریوں پر سمجھوتہ کیے بغیر پیش قدمی کی۔ نئی برانچوں کے افتتاح ڈیجیٹل فیکٹا اور چیز اور آئی ٹی پلیٹ فارمز کو بہتر بنانے کی بینک کی حکمت عملی، ساتھ ہی افریقہ کے اثرات نے موجودہ مدت کے دوران آپریٹنگ اخراجات میں اضافہ کیا۔ بینک نے سال بعد سال ۷.۰۷٪ سے زائد نئی برانچیں کامیابی سے کھولی ہیں جس سے صارفین کے حصول میں بہتری آئی ہے اور اس کے نتیجے میں ریونیو میں بھی اضافہ ہوا ہے۔ نتیجتاً بینک کی اخراجات سے آمدنی کا تناسب ۳۰.۵۲٪ رہا، ۳۰.۲۲٪ کو ختم ہونے والی نو ماہ کی مدت کے لیے۔

بینک کے ڈیٹا شیٹ ۳۱.۱۲.۲۴ کو برہنہ ہوئے ہیں، جو کہ سال بعد سال ۱۴.۳۳٪ YoY کا اضافہ ہے، جو کہ بینک کی حکمت عملی کا نتیجہ ہے۔ بینک کا مجموعی قرضہ ۹۱۳.۹۱۳٪ اور ہونے پر بند ہوا، جو کہ سال بعد سال ۱۴.۳۳٪ YoY کا اضافہ ہے۔ منظر انداز اثرات اور سخت کلائنٹ سلیکشن کے عمل نے فائدہ پہنچایا ہے جیسے کہ ۳.۰۶٪ کے نان پرفارمنگ گنوں کے تناسب میں ظاہر ہوتا ہے۔ نان پرفارمنگ فنانڈنگ میں ۱۱.۱۲٪ کے تناسب سے گورننگ کے ہیں (جس میں عمومی پروویژن / متوقع کریڈٹ لاس (ECL) شامل ہے)۔ بینک نے یکم جنوری ۲۰۲۴ سے IFRS 9 کو اپنالیٹیا جس کے نتیجے میں ابتدائی ایکویٹی پر ۲۰۲۹ اور ہونے کا مثبت اثر پڑا ہے۔ یہ نئی درجہ بندی کے تحت سرمایہ کار پورٹ فولیو کی فینو ویلیو اور اضافی (ECL) کے فرق کے بعد ہے۔

۳۰ ستمبر ۲۰۲۴ تک بینک مناسب سرمایہ کے ساتھ ہے اور اس کا کیپٹل ایکویٹی ریشو (CAR) ۱۹.۰۳٪ ہے۔

## ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے اپنی میٹنگ میں، جو کہ ۱۷ اکتوبر ۲۰۲۳ کو ہوئی، ۳۰ ستمبر ۲۰۲۴ کو ختم ہونے والی ماہ کے لیے ۲.۰۰ روپے فی شیئر (۱.۰۰) کے عبوری نقد منافع کا اعلان کیا، جس سے سال کا مجموعی عبوری نقد منافع ۲.۰۰ روپے فی شیئر (۱.۰۰) ہو گیا (۲۰۲۳: ۳.۰۰۰۲۰۲۳ روپے فی شیئر (۱.۰۰))۔

بورڈ نے اس سے پہلے ۲.۰۰ روپے فی شیئر (۱.۰۰) کے عبوری نقد منافع کا اعلان اور ادائیگی کی تھی۔

## کریڈٹ رینٹنگ

بینک کو PACRA کی جانب سے درج ذیل رینٹنگ دی گئی ہے:

- ادارہ راجاتی رینٹنگ: طویل مدتی کے لیے 'AAA' (ڈبیل اے) تک اب گریڈ کیا گیا ہے اور مختصر مدت کے لیے 'A1+' (اے پلس) پر برقرار رکھا گیا ہے، جس کے ساتھ ایک 'مستحکم' نطقہ نظر ہے۔
- انسٹرو میٹس کی رینٹنگ: بینک کے غیر محفوظ ٹھیکر ایکٹیو انسٹرو میٹس (ٹرم فنانس سٹرٹیکٹس) کی کریڈٹ رینٹنگ 'A+' (ڈبیل اے پلس) تک اب گریڈ کی گئی ہے، جس کے ساتھ ایک 'مستحکم' نطقہ نظر ہے۔

## مستقبل کا منظر نامہ

اگرچہ موجودہ میکرو اکنامک اور چیلنجز درپیش ہیں، بینک الفلاح طویل مدتی شیئر ہولڈرز کی قدر میں اضافہ اور پائیدار ترقی کے حصول کے لیے پوری طرح تیار ہے۔ اس کا اولین مقصد مارکیٹ میں اپنی حصے داری کو برقرار رکھنا، مقامی موجودگی کو مزید بڑھانا اور بینک کے معزز صارفین کو بے مثال خدمات فراہم کرنا ہے جبکہ وسیع تر عوام تک پہنچنے کی کوششیں جاری رکھنا ہے۔ بینک قومی اقتصادی مقاصد کے ساتھ ہم آہنگی کو یقینی بنانے کے لیے اپنے حکمت عملی کے اقدامات کو بہتر بنانے کے لیے ہر عزم ہے تاکہ قومی اقتصادی مقاصد کے ساتھ ہم آہنگی کو یقینی بنایا جاسکے۔

بینک اپنے اسٹریٹیجک اقدامات پر قائم رہتا ہے اور اپنے صارفین کی ترقی پزیر ضروریات کو پورا کرنے کے لیے تکنیکی اقدامات کے ذریعے سود مند بناتا ہے، جبکہ تجارتی حجم میں اضافہ، کیش منیجمنٹ کی بہتر بڑھانے اور سہلانی چین کی مالی اعانت اور بوم ریمیشن کی صلاحیتوں کو مضبوط بنانا بینک کے صنعتی اور عالمی ترقی کے تناظر میں بھرپور عزم میں شامل ہے۔

ایک بینک، ایک ٹیم کے کلچر اور فلسفے کو تعاون، جدید تخلیق اور جدت کے فروغ کے لیے برقرار رکھنا چاہئے۔ انسانی وسائل کی ترقی بینک کی اولین ترجیحات میں شامل رہے گی تاکہ پوزیشن اور باصلاحیت افرادی قوت کو بہتر بنایا جاسکے۔ بینک کے ہیکل میں تبدیلی کے کلچر کو اقوام متحدہ کے پائیدار ترقیاتی اہداف کے ساتھ ہم آہنگ کیا جا رہا ہے، جس کا مقصد نئے سہ سے کارپوریٹ سوشل ریسپانسیبلٹی (CSR) اور ماحولیاتی، سماجی اور حکومتی (ESG) اقدامات کے ذریعے وسیع پیمانے پر کمیونٹی تک رسائی ہے۔

عدہ کارڈر گرو اور جدید تقاضوں سے ہم آہنگ ہونے کے حوالے سے بینکنگ کے اقدامات کو شامل کرتا ہے گا جو

- فیکٹا لوجی کا فائدہ اٹھانے کے؛
- ایڈوانسڈ اینڈ اینڈ ٹکنس؛ اور
- بینک کے مختلف شعبوں میں AI کا استعمال

بینک پاکستان میں روایتی بینکوں کے درمیان ڈیجیٹل بینکنگ کے منظر نامے میں رہنما بننے کا عزم رکھتا ہے۔ اور اس کوشش میں، ڈیجیٹل حل کے نفاذ کو تیز کیا جا رہا ہے تاکہ بینک کے آپریشنز میں مزید بہتری لائی جاسکے اور کارڈر گرو کو بہتر بنایا جاسکے۔ اسٹریٹیجک ڈون، صارف مرکوز نقطہ نظر، جدت کے لیے عزم، اور انسانی وسائل پر جامع توجہ کے ذریعے بینک الفلاح مستقبل کو اپنانے اور پائیدار کامیابی حاصل کرنے کے لیے تیار ہے۔

## تشرکات

بورڈ کی جانب سے ہم پاکستان کے اسٹیٹ بینک، پاکستان کے سیکورٹیز اینڈ ایکسچینج کمیشن، وزارت خزانہ اور دیگر ریگولیٹری اتھارٹیز کا ان کی جاری رہنمائی اور حمایت کے لیے شکر ہے اور کرتے ہیں۔ ہم اپنے حصص یافتگان، صارفین اور کاروباری تعاون کرنے والوں کے مسلسل تعاون کا بھی شکر ہے اور کرنا چاہتے ہیں۔ ہم نے سالوں سے اپنے صارفین کو بہترین قیمت اور خدمات فراہم کرنے کی راہ ہموار کی ہے اور اپنی مالی کارڈر گرو کے ساتھ مالی استحکام کو بھی مضبوط کیا ہے۔ ہمارا عزم ہے کہ ہم نہ صرف صارفین کو بہتر خدمات فراہم کریں بلکہ پاکستان کی اقتصادی بحالی میں بھی اپنی پوری کردار ادا کریں۔ اس عمل میں ہم اپنے ملازمین اور مقامی کمیونٹیز کے ساتھ اپنے ذمہ داریوں کے حوالے سے ایک باخبر نقطہ نظر رکھیں گے اور اپنے شیئر ہولڈرز کو مستقل منافع فراہم کرنے کے لیے اپنے عزم کو برقرار رکھیں گے۔

عاطف اسلم جاہوہ  
صدر چیف ایگزیکٹو آفیسر

۱۷ اکتوبر ۲۰۲۴  
کراچی

خالد قریشی  
ڈائریکٹر

# ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے ہم انتہائی مسرت کے ساتھ بینک الفلاح لمیٹڈ کے ۳۰ ستمبر ۲۰۲۳ کو ختم ہونے والی مدت کے لیے غیر مجموعی اور مختصر عبوری مالیاتی گوشواروں کی تفصیلات پیش کر رہے ہیں۔

## معاشی جائزہ

پاکستان نے جولائی ۲۰۲۳ میں عالمی سطح پر ہونے والے معاہدوں کے بعد ۴ ماہ کے دوران بے لے ۴ ارب امریکی ڈالر مالیت کے آئی ایم ایف پروگرام میں شمولیت اختیار کی ہے جس کی وجہ سے فوری طور پر ایک ارب امریکی ڈالر (EFF) کے نئے آکسٹیڈنڈ فنڈز حاصل ہوئے ہیں۔ یہ اقدام معاشی استحکام اور سرمایہ کاروں اعتماد کے لیے مثبت ثابت ہوا ہے۔ مزید یہ کہ ملک کی طویل مدتی خود مہیا گریہ کیا گیا جس سے ڈیفالٹ کا خطرہ کسی حد تک کم ہو گیا ہے۔

۲۰۲۳ ق ۳ کی تیسری سہ ماہی کے دوران، چین، سعودی عرب، اور متحدہ عرب امارات سمیت اہم قرض خواہوں کے ساتھ مذاکرات کی نتیجے میں طرفہ قرضوں کو دوبارہ ترتیب دیا گیا۔ اس اقدام کا مقصد بیرونی قرضوں کی ادائیگی کے دباؤ کو کم کرنا اور دیگر ضروری اخراجات کے لیے وسائل کو آزاد کرنا ہے۔ مزید یہ کہ گلوبل ایگریٹی ٹریڈیٹوں سے مالی امداد کے حصول میں بھی پیشرفت ہوئی، جس سے پاکستان کی مالیاتی صورت حال مزید مستحکم ہوئی۔ یہ اقدامات طویل مدتی اقتصادی ترقی کو فروغ دینے، مالیاتی کمزوریوں کو کم کرنا اور پاکستان کے قرضوں کی پائیداری کے امکانات کو بہتر بنانے میں معاون ثابت ہوئے۔

کرپٹا کاؤنٹ کی پوزیشن میں نمایاں بہتری آئی ہے، جس کے نتیجے میں مالی سال ۲۰۲۳ میں خسارہ کم ہو کر ۲۱۵ ملین امریکی ڈالر رہ گیا، جبکہ مالی سال ۲۰۲۳ میں ۵.۵ ارب امریکی ڈالر تھا۔ ہر آمدات اور ترسیلات زر میں اضافہ ہوا ہے جبکہ درآمدات کی افزائش محدود رہی ہے۔ آئی ایم ایف سے موصول ہونے والے فنڈز کی وجہ سے اسٹیٹ بینک آف پاکستان (SBP) کے زر مبادلہ کے ذخائر مزید بہتر ہوئے جو ۵ ستمبر ۲۰۲۳ کو ۱۱.۶ ارب امریکی ڈالر تک پہنچ گئے، جبکہ ۳۱ اگست ۲۰۲۳ کو یہ ۱۸.۲ ارب امریکی ڈالر تھے۔ اسی طرح ملک کے مکمل ذخائر جن میں بینکوں کے پاس موجود ذخائر بھی شامل ہیں، ۱۰ ارب امریکی ڈالر تک پہنچ گئے، جو دسمبر ۲۰۲۳ کے اہتمام پر ۱۲ ارب امریکی ڈالر تھے۔ ان اقدامات کے نتیجے میں پاکستانی روپیہ کی قدر میں ۱.۵٪ بہتری آئی، جو ۳۰ ستمبر ۲۰۲۳ تک ۲۴.۶٪ روپیہ فی امریکی ڈالر ہوئی، جبکہ ۳۱ اگست ۲۰۲۳ کو یہ ۲۸.۱۸۱۶ روپیہ فی امریکی ڈالر تھے۔

## بینک کی کارکردگی کا جائزہ

۳۰ ستمبر ۲۰۲۳ کو ختم ہونے والی مدت کے لیے بینک کے مالیاتی نتائج کی چھکچھک مندرجہ ذیل ہیں:

مالیاتی پوزیشن	
۳۰ ستمبر ۲۰۲۳	۳۱ اگست ۲۰۲۳
شینر ہولڈرز کی ایکویٹی	۱۶۶,۱۸۱
کل اثاثے	۳,۲۴۸,۱۳۰
ڈیویڈنڈس	۲,۱۳۶,۲۱۶
نیٹ ایڈوانسز	۸۵۵,۹۲۳
نیٹ سرمایہ کاری	۱,۹۱۸,۲۲۲
مالیاتی کارکردگی	
خالص مارک اپ آمدنی اور غیر مارک اپ آمدنی	۱۲۷,۸۹۳
غیر مارک اپ اخراجات	۵۹,۲۱۵
کریڈٹ نقصان کی لاؤنس/پروویژن اور تحریر (نیٹ)	۱,۷۳۶
قبل از ٹیکس منافع (PBT)	۶۶,۳۸۲
بعد از ٹیکس منافع (PAT)	۳۳,۹۳۳
بنیادی اور ڈائیلیٹڈ آمدنی فی شیئر - روپیہ	۲۱,۳۳

مہنگائی کا دباؤ مزید کم ہو گیا ہے، اور Q۳ کے دوران اوسط مہنگائی کی شرح ۹.۲٪ ریکارڈ کی گئی، جو Q۳ میں ۱۱.۹٪ تھی۔ اس کمی کی بنیادی وجہ عالمی تیل اور خوراک کی قیمتوں میں کمی رہی۔ اسی کے جواب میں، اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی ریٹ میں مزید ۳۰۰ بنیادی پوائنٹس کی کمی کرتے ہوئے اسے Q۳ میں ۱۱.۵٪ تک نیچے کر دیا۔ مزید یہ کہ حکومتی سیکورٹیز بزنس کے منافع کی شرح میں بھی نمایاں کمی آئی ہے، جو مہنگائی پر قابو پانے اور حکومتی مالی وسائل میں اضافے کی نماندگی کرتی ہے۔

پاکستان کے حقیقی جی ڈی پی میں مالی سال ۲۳ میں ۲.۵٪ کی شرح سے اضافہ ہوا جو گزشتہ مالی سال کے دوران ۱۰.۲٪ کی کمی سے نکل کر بہتر کارکردگی کی علامت ہے۔ زرعی شعبہ اس مثبت تبدیلی کا مرکزی عنصر ہے۔ جس نے گزشتہ سال کے سیلاب سے متاثر ہونے کے بعد ۲.۲٪ کی ترقی کی۔ دوسری طرف صنعتی شعبے میں معاشی سرگرمیوں کی سست روی کے باعث ۱.۱۵٪ کی کمی ریکارڈ کی گئی۔

مالیاتی معاذ پر ایف بی آئی میں مالی سال ۲۰۲۳ میں اپنے ٹیکس وصولی کے بڈجٹ سے ۵۹ ارب روپے زائد وصول کر کے مجموعی طور پر ۹,۲۱۱ ارب روپے اکٹھے کیے۔ ملک نے مالی سال ۲۰۲۳ میں ۱۰.۹٪ کا بنیادی سر پلس (GDP) کے تناسب سے حاصل کیا، جو گزشتہ سال کے ۱۰.۱٪ کے بنیادی خسارے سے نمایاں بہتری ظاہر کرتا ہے۔ اس کے علاوہ ٹیکس فائلرز کی تعداد میں ۷.۱٪ کا اضافہ ہوا، جسے آئی ایم ایف کی EFF پروگرام کے تحت مثبت طور پر دیکھا جا رہا ہے۔

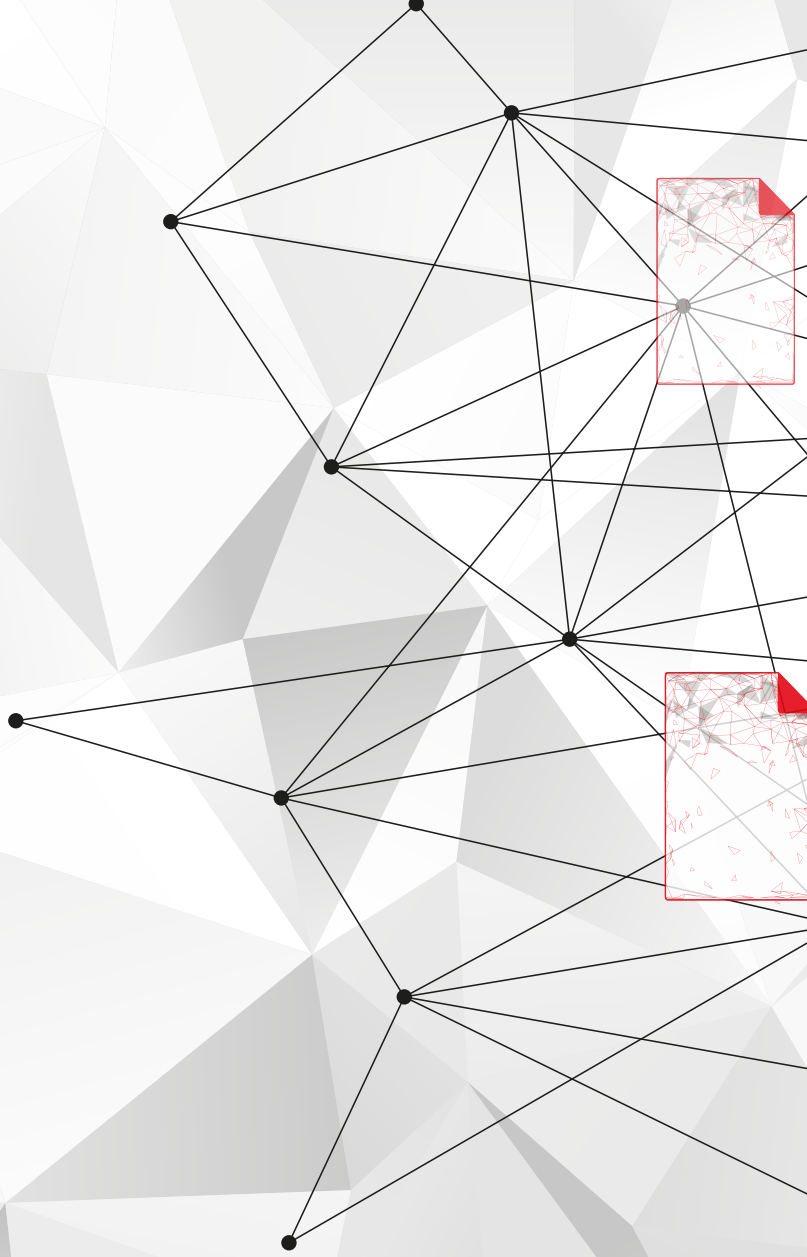
بہتر معاشی حالات کی عکاسی کرتے ہوئے، پاکستان اسٹاک ایکسچینج (PSX) نے اپنی مثبت رفتار جاری رکھی اور Q۳ ۲۰۲۳ میں ۳.۳٪ منافع حاصل کیا، جس سے ۳۰ ستمبر ۲۰۲۳ کو ۸۱.۱۱۳ پوائنٹس تک پہنچ گیا۔ معاشی استحکام اور بہتر معاشی بنیادیں مارکیٹ کی کارکردگی کے اہم عوامل ہیں۔

مزید یہ کہ، آئی ایم ایف پروگرام کا تسلسل میکر و اکنامک استحکام برقرار رکھنے کے لیے ضروری ہوگا۔ اہم چیلنج مالیاتی اہداف کا حصول ہوگا۔ مجموعی طور پر معیشت کا مستقبل کا منظر نامہ خاصا مثبت دکھائی دیتا ہے۔ یہ پیش گوئی کی جا رہی ہے کہ پالیسی اب استحکام کے بجائے ترقی پر مرکوز ہوگی۔





**UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS**  
NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024



# Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2024

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	7	207,106,593	202,692,402
Balances with other banks	8	13,206,841	16,617,834
Lendings to financial institutions	9	22,405,860	119,554,109
Investments	10	1,918,261,572	2,067,262,700
Advances	11	855,964,132	735,051,510
Property and equipment	12	54,293,180	41,816,110
Right-of-use assets	13	21,840,457	19,951,571
Intangible assets	14	1,543,046	1,369,899
Deferred tax assets	21	-	6,008,159
Other assets	15	183,517,961	135,592,533
<b>Total Assets</b>		<b>3,278,139,642</b>	<b>3,345,916,827</b>
<b>LIABILITIES</b>			
Bills payable	16	25,211,903	26,004,538
Borrowings	17	724,729,140	909,543,453
Deposits and other accounts	18	2,136,416,222	2,084,997,130
Lease liabilities	19	25,696,074	22,894,533
Subordinated debt	20	14,000,000	14,000,000
Deferred tax liabilities	21	4,912,541	-
Other liabilities	22	179,987,692	150,554,340
<b>Total Liabilities</b>		<b>3,110,953,572</b>	<b>3,207,993,994</b>
<b>NET ASSETS</b>		<b>167,186,070</b>	<b>137,922,833</b>
<b>REPRESENTED BY</b>			
Share capital		15,771,651	15,771,651
Reserves		42,831,669	41,401,130
Surplus on revaluation of assets	23	25,841,360	11,268,364
Unappropriated profit		82,741,390	69,481,688
		<b>167,186,070</b>	<b>137,922,833</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	24		

The annexed notes 1 to 48 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director





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

For the quarter and nine months period ended September 30, 2024

	Note	Quarter ended September 30, 2024	Quarter ended September 30, 2023	Nine months period ended September 30, 2024	Nine months period ended September 30, 2023
------(Rupees in '000)-----					
Mark-up / return / interest earned	26	131,339,798	109,776,373	387,132,823	286,232,638
Mark-up / return / interest expensed	27	97,565,387	77,982,313	292,000,548	195,247,418
Net mark-up / return / interest income		33,774,411	31,794,060	95,132,275	90,985,220
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	28	3,938,031	3,804,269	13,443,505	10,616,927
Dividend income		219,115	234,394	1,378,919	857,534
Foreign exchange income	29	2,421,013	2,412,544	7,756,354	7,518,196
Income from derivatives		113,094	438,255	1,486,608	1,127,246
Gain / (loss) on securities	30	6,183,824	(1,483,792)	8,504,203	(1,804,260)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income	31	32,103	124,981	191,095	257,741
Total non-mark-up / interest income		12,907,180	5,530,651	32,760,684	18,573,384
Total income		46,681,591	37,324,711	127,892,959	109,558,604
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	32	20,128,012	15,895,031	58,085,169	46,311,940
Workers' welfare fund	33	441,505	378,112	1,360,515	1,191,335
Other charges	34	9,305	1,300	218,820	138,261
Total non-mark-up / interest expenses		20,578,822	16,274,443	59,664,504	47,641,536
Profit before credit loss allowance / provisions		26,102,769	21,050,268	68,228,455	61,917,068
Credit loss allowance / provisions and write offs - net	35	439,194	4,162,498	1,746,047	9,164,461
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		25,663,575	16,887,770	66,482,408	52,752,607
Taxation	36	12,629,658	8,256,102	32,839,730	25,501,012
<b>PROFIT AFTER TAXATION</b>		13,033,917	8,631,668	33,642,678	27,251,595
------(Rupees)-----					
<b>Basic and diluted earnings per share</b>	37	8.26	5.47	21.33	17.28

The annexed notes 1 to 48 form an integral part of these unconsolidated condensed interim financial statements.

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

For the quarter and nine months period ended September 30, 2024

	Quarter ended September 30, 2024	Quarter ended September 30, 2023	Nine months period ended September 30, 2024	Nine months period ended September 30, 2023
	------(Rupees in '000)-----			
Profit after taxation for the period	13,033,917	8,631,668	33,642,678	27,251,595
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to the statement of profit and loss account in subsequent periods:</b>				
Effect of translation of net investment in foreign branches	(278,450)	(118,076)	(1,933,729)	4,316,045
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	9,609,897	-	9,124,832	-
Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	2,175,044	-	(3,080,201)
	9,331,447	2,056,968	7,191,103	1,235,844
<b>Items that will not be reclassified to the statement of profit and loss account in subsequent periods:</b>				
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	15,090	(6,631)	604,686	19,007
Movement in (deficit) / surplus on revaluation of property and equipment - net of tax	(10,460)	(9,708)	(30,204)	(97,318)
Movement in (deficit) / surplus on revaluation of non-banking assets - net of tax	(184)	405	784	(7,722)
	4,446	(15,934)	575,266	(86,033)
<b>Total comprehensive income</b>	<u>22,369,810</u>	<u>10,672,702</u>	<u>41,409,047</u>	<u>28,401,406</u>

The annexed notes 1 to 48 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

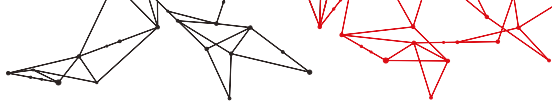
Chief Financial Officer

Director

Director

Director





# Unconsolidated Condensed Interim Statement of Changes in Equity

For the nine months period ended September 30, 2024

Share capital	Capital Reserves		Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit	Total
	Share premium	Exchange translation reserve		Investments	Property and equipment	Non banking assets		

(Rupees in '000)

Opening balance as at January 01, 2023 (audited) 15,771,651 4,731,049 10,719,682 18,832,470 (7,544,874) 12,321,092 82,505 45,101,048 100,014,623

## Changes in equity for the nine months period ended September 30, 2023

Profit after taxation - - - - - - - 27,251,595 27,251,595

Other comprehensive income / (loss) - net of tax

Effect of translation of net investment in foreign branches - - 4,316,045 - - - - - 4,316,045

Movement in surplus / (deficit) on revaluation of investments - net of tax - - - - (3,061,194) - - - (3,061,194)

Movement in surplus on revaluation of property and equipment - net of tax - - - - - (97,318) - - (97,318)

Movement in surplus on revaluation of non-banking assets - net of tax - - - - - (7,722) - - (7,722)

Total other comprehensive income / (loss) - net of tax - - 4,316,045 (3,061,194) (97,318) (7,722) - 1,149,811

Transfer to statutory reserve - - - 2,725,160 - - - (2,725,160) -

Transfer from surplus on revaluation of assets to unappropriated profit - net of tax - - - - (66,372) - 66,372 -

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## Transactions with owners, recorded directly in equity

Final cash dividend for the year ended December 31, 2022 - 25% - - - - - (3,942,913) (3,942,913)

Interim cash dividend for the half year ended June 30, 2023 - 30% - - - - - (4,731,495) (4,731,495)

Balance as at September 30, 2023 (un-audited) 15,771,651 4,731,049 15,035,727 21,557,630 (10,606,068) 12,157,402 74,783 61,019,447 119,741,621

## Changes in equity for three months period ended December 31, 2023

Profit after taxation - - - - - - - 9,204,777 9,204,777

Other comprehensive income / (loss) - net of tax

Effect of translation of net investment in foreign branches - - (843,753) - - - - - (843,753)

Movement in surplus / (deficit) on revaluation of investments - net of tax - - - - 9,699,262 - - - 9,699,262

Remeasurement gain on defined benefit obligations - net of tax - - - - - - 118,891 118,891

Movement in surplus on revaluation of property and equipment - net of tax - - - - (9,908) - - (9,908)

Movement in surplus on revaluation of non-banking assets - net of tax - - - - - 11,943 - 11,943

Total other comprehensive income / (loss) - net of tax - - (843,753) 9,699,262 (9,908) 11,943 118,891 8,976,435

Transfer to statutory reserve - - - 920,477 - - - (920,477) -

Transfer from surplus on revaluation of assets to unappropriated profit - net of tax - - - - (59,050) - 59,050 -

Balance as at December 31, 2023 (audited) 15,771,651 4,731,049 14,191,974 22,478,107 (906,806) 12,088,444 86,726 69,481,688 137,922,833

Impact of adoption of IFRS 9 - net of tax (note 4.2.8) - - - - 5,002,695 - - (2,954,019) 2,048,676

Balance as at January 01, 2024 after adoption of IFRS 9 / carried forward 15,771,651 4,731,049 14,191,974 22,478,107 4,095,889 12,088,444 86,726 66,527,669 139,971,509

# Unconsolidated Condensed Interim Statement of Changes in Equity

For the nine months period ended September 30, 2024

	Share capital	Capital Reserves		Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit	Total
		Share premium	Exchange translation reserve		Investments	Property and equipment	Non banking assets		
(Rupees in '000)									
<b>Balance brought forward</b>	15,771,651	4,731,049	14,191,974	22,478,107	4,095,889	12,088,444	86,726	66,527,669	139,971,509
<b>Changes in equity for the nine months period ended September 30, 2024</b>									
Profit after taxation	-	-	-	-	-	-	-	33,642,678	33,642,678
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branches	-	-	(1,933,729)	-	-	-	-	-	(1,933,729)
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	9,124,832	-	-	-	9,124,832
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	604,686	-	-	-	604,686
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(30,204)	-	-	(30,204)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	784	-	784
Total other comprehensive (loss) / income - net of tax	-	-	(1,933,729)	-	9,729,518	(30,204)	784	-	7,766,369
Transfer to statutory reserve	-	-	-	3,364,268	-	-	-	(3,364,268)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(66,417)	(9,180)	75,597	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	-	-	(54,200)	-	-	54,200	-
<b>Transactions with owners, recorded directly in equity</b>									
Final cash dividend for the year ended December 31, 2023 - 50%	-	-	-	-	-	-	-	(7,885,826)	(7,885,826)
Interim cash dividend for the quarter ended March 31, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)
Interim cash dividend for the half year ended June 30, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)
<b>Closing balance as at September 30, 2024 (un-audited)</b>	<b>15,771,651</b>	<b>4,731,049</b>	<b>12,258,245</b>	<b>25,842,375</b>	<b>13,771,207</b>	<b>11,991,823</b>	<b>78,330</b>	<b>82,741,390</b>	<b>167,186,070</b>

The annexed notes 1 to 48 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director



# Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended September 30, 2024

	Note	Nine months period ended	
		September 30, 2024	September 30, 2023
----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		66,482,408	52,752,607
Less: Dividend income		(1,378,919)	(857,534)
		65,103,489	51,895,073
<b>Adjustments:</b>			
Net markup / return / interest income		(95,132,275)	(90,985,220)
Depreciation	32	3,380,100	2,537,012
Depreciation on right-of-use assets	32	2,832,251	2,441,062
Amortisation	32	274,168	234,409
Credit loss allowance / provisions and write offs - net	35	1,746,047	9,164,461
Unrealised loss on revaluation of investments classified as held for trading - net	30	-	90,643
Unrealised gain on revaluation of investments measured at FVTPL	30	(3,416,886)	-
Gain on sale of property and equipment - net	31	(81,136)	(118,381)
Gain on sale of non banking assets - net	31	(27,800)	-
Gain on termination of leases - net	31	(62,345)	(70,186)
Finance charges on leased assets	27	2,479,718	1,903,382
Workers' welfare fund		1,360,515	1,191,335
Charge for defined benefit plan	32.1	503,473	350,251
Charge for staff compensated absences	32.1	157,500	142,497
		(85,986,670)	(73,118,735)
		(20,883,181)	(21,223,662)
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		71,618,222	48,272,315
Held for trading securities		-	(24,688,989)
Securities classified as FVTPL		29,180,463	-
Advances		(127,431,849)	57,015,117
Other assets (excluding advance taxation and mark-up receivable)		(23,517,264)	(20,036,896)
		(50,150,428)	60,561,547
<b>(Decrease) / increase in operating liabilities</b>			
Bills payable		(792,635)	(18,494,514)
Borrowings		(185,909,939)	16,910,575
Deposits		51,419,092	334,467,591
Other liabilities (excluding current taxation and mark-up payable)		30,492,166	34,396,387
		(104,791,316)	367,280,039
		(175,824,925)	406,617,924
Mark-up / Interest received		361,543,701	237,984,078
Mark-up / Interest paid		(283,834,454)	(170,064,907)
Income tax paid		(39,725,647)	(24,061,060)
<b>Net cash (used in) / generated from operating activities</b>		(137,841,325)	450,476,035
<b>Balance carried forward</b>		(137,841,325)	450,476,035

# Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended September 30, 2024

	Note <u>Nine months period ended</u>	
	<u>September 30,</u> <u>2024</u>	<u>September 30,</u> <u>2023</u>
	------(Rupees in '000)-----	
<b>Balance brought forward</b>	(137,841,325)	450,476,035
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	-	(298,295,110)
Net Investments in securities classified as FVOCI	147,831,648	-
Net investments in held to maturity securities	-	(76,468,510)
Net investments in amortised cost securities	7,501,156	-
Investment in subsidiaries	(2,200,000)	-
Dividends received	1,329,747	802,617
Investments in property and equipment and intangible assets	(16,289,569)	(9,291,667)
Proceeds from sale of property and equipment	96,162	132,021
Proceeds from sale of non-banking assets	267,800	-
Effect of translation of net investment in foreign branches	(1,933,729)	4,316,045
<b>Net cash generated from / (used in) investing activities</b>	<b>136,603,215</b>	<b>(378,804,604)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of lease obligations against right-of-use assets	(4,334,533)	(3,792,474)
Dividend paid	(20,059,906)	(7,083,456)
<b>Net cash used in financing activities</b>	<b>(24,394,439)</b>	<b>(10,875,930)</b>
<b>(Decrease) / increase in cash and cash equivalents</b>	<b>(25,632,549)</b>	<b>60,795,501</b>
Cash and cash equivalents at the beginning of the period	249,435,426	205,930,975
Effects of exchange rate changes on cash and cash equivalents	(1,535,507)	(20,442,845)
	247,899,919	185,488,130
Opening expected credit loss allowance on cash and cash equivalents	(39,360)	-
Impact of expected credit loss allowance on adoption of IFRS 9	(39,269)	-
Reversal in expected credit loss allowance during the period	48,405	-
Effects of exchange rate changes on cash and cash equivalents	966	-
	10,102	-
<b>Cash and cash equivalents at the end of the period</b>	<b>38 222,238,112</b>	<b>246,283,631</b>

The annexed notes 1 to 48 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director







# Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the nine months period ended September 30, 2024

## 1 STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 1,058 branches (December 31, 2023: 1,009 branches) and 12 sub-branches (December 31, 2023: 15 sub-branches). Out of the 1,058 branches, 672 (December 31, 2023: 650) are conventional, 375 (December 31, 2023: 348) are Islamic, 10 (December 31, 2023: 10) are overseas and 1 (December 31, 2023: 1) is an offshore banking unit.

## 2 BASIS OF PRESENTATION

### 2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) 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 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, IFRS or IFAS, 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 through 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 through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

As allowed by the SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022, IFRS 9 has not been adopted for overseas branches where it is not applicable as per their local regulations. In addition to the above, the SBP has recently issued BPRD Circular Letter No. 16 of 2024 dated July 29, 2024 in which certain relaxations / clarifications have been provided upon adoption of IFRS 9 which are disclosed in note 4.2 to the unconsolidated condensed interim financial statements.

**2.1.1** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 02 dated February 09, 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". These do not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2023.

**2.1.2** These unconsolidated condensed interim financial statements represent separate financial statements of Bank Alfalah Limited in which investment in subsidiaries and associates are accounted for on the basis of cost less accumulated impairment losses, if any.

**2.1.3** Key financial figures of the Islamic Banking branches are disclosed in note 43 to these unconsolidated condensed interim financial statements.

**2.1.4** The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, the unconsolidated condensed interim financial statements have been prepared on a going concern basis.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024 but are considered not relevant or do not have any material effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 4.2.

## 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 (IFRS 18) (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 BASIS OF MEASUREMENT

### 3.1 Accounting convention

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

### 3.2 Functional and presentation currency

These unconsolidated condensed interim financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees.

## 4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2023 except for changes mentioned in notes 4.1 and 4.2.

### 4.1 Adoption of revised forms for the preparation of the condensed interim financial statements

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the Banks / DFIs which are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the unconsolidated condensed interim financial statements. The significant change is relating to right of use assets and corresponding lease liability which are now presented separately on the face of the statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the unconsolidated condensed interim financial statements in terms of recognition and measurement of assets and liabilities.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 48.2.

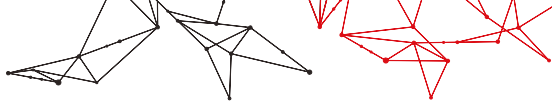
### 4.2 IFRS 9 - 'Financial Instruments'

As per SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS 9 is applicable on banks with effect from January 01, 2024. IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

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

Treatments of some aspects of IFRS 9 are still under deliberation with the SBP. The Bank has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.





#### 4.2.1 Classification

##### Financial assets

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

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

##### Financial liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus financial liabilities are being carried at amortised cost except for derivatives which are being measured at FVTPL.

#### 4.2.2 Business model assessment

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

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

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sale are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

- Hold to Collect (HTC) business model: Holding assets in order to collect contractual cash flows
- Hold to Collect and Sell (HTC&S) business model: Collecting contractual cash flows and selling financial assets
- Other business models: Resulting in classification of financial assets as FVTPL

#### 4.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

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

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

##### Debt based financial assets

Debt based financial assets held by the Bank include: advances, lending to financial institutions, investment in federal government securities, corporate bonds and other private sukuk, cash and balances with treasury banks, balances with other banks, and other financial assets.

- These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL:
  - the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

The Bank's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales of significant value are made, the Bank assesses whether and how the sales are consistent with the HTC objective.

- b) Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:
  - the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.
- c) Debt based financial assets if these are held for trading purposes are classified as measured at FVTPL.

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

The application of these policies also resulted in classifications and consequent remeasurements of certain investments in PIBs and Ijarah Sukuk held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2024:

Investment type and category	Balances as of December 31, 2023 (Audited)	IFRS 9 Classification	Balances as of December 31, 2023	Remeasurements	Balances as of January 01, 2024 - before ECL
(Rupees in '000)					
<b>Federal Government Securities</b>					
- Pakistan Investment Bonds - AFS	948,595,063	FVOCI Amortised Cost	850,963,067 97,631,996	- 6,276,632	850,963,067 103,908,628
	948,595,063		948,595,063	6,276,632	954,871,695
- Ijarah Sukuk - AFS	226,923,690	FVOCI Amortised Cost	215,930,116 10,993,574	- 1,538,294	215,930,116 12,531,868
	226,923,690		226,923,690	1,538,294	228,461,984
	<u>1,175,518,753</u>		<u>1,175,518,753</u>	<u>7,814,926</u>	<u>1,183,333,679</u>

**Equity based financial assets**

An equity instrument held by the Bank for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Bank has decided to classify Rs 767.222 million out of its available for sale equity investment (listed shares) portfolio as of December 31, 2023 as FVTPL.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reclassified impairment of Rs. 59.818 million on listed equity investments and Rs. 88.038 million for unlisted equity investment held as at December 31, 2023 to surplus / deficit on revaluation of investments through remeasurements.

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

Financial assets	Before adoption of IFRS 9*		After adoption of IFRS 9	
	Measurement category	Carrying amount as at December 31, 2023	Measurement category	Carrying amount as at January 01, 2024
		Rupees in '000		Rupees in '000
<b>Cash and balances with treasury banks</b>	Loans and receivables	202,692,402	Amortised cost	202,692,402
<b>Balances with other banks</b>	Loans and receivables	16,617,834	Amortised cost	16,617,834
<b>Lending to financial institutions</b>	Loans and receivables	119,554,109	Amortised cost	119,554,109
<b>Investments - net</b>	Held-for-trading	279,667,615	Fair value through profit or loss	279,667,615
	Available-for-sale	1,620,900,202	Fair value through profit or loss	14,126,368
		1,620,900,202	Fair value through other comprehensive income	1,501,175,992
			Amortised cost	116,440,496
				1,631,742,856
	Held-to-maturity	165,517,277	Fair value through profit or loss	600,000
		165,517,277	Amortised cost	164,917,277
				165,517,277
<b>Advances - net</b>	Loans and receivables	735,051,510	Amortised cost	735,051,510
<b>Other assets</b>	Loans and receivables	124,985,949	FVTPL / amortised cost	124,985,949
		<u>3,264,986,898</u>		<u>3,275,829,552</u>

\* This amount includes overseas ECL for branches where IFRS 9 was already applicable.





#### 4.2.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

##### a) Amortised cost (AC)

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

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

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

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

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

## 24 4.2.6 Derecognition

### Financial assets

The Bank derecognises a financial asset when:

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

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

### Financial liabilities

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

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

#### 4.2.7 Expected Credit Loss (ECL)

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

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Bank rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1:	When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.
Stage 2:	When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.
Stage 3:	For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.
Undrawn financing commitments	When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.
Guarantee and letters of credit contracts	The Bank estimates ECLs based on the BASEL driven and internally developed credit conversion factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

### The calculation of ECLs

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

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

**PD** The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&Ps global transition default matrices, PDs are then adjusted using Vicesek Model to incorporate forward looking information.





**EAD** The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

**LGD** The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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

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

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

- History of legal certainty and enforceability
- History of enforceability and recovery.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

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

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

#### **Forward looking information**

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

- GDP growth
- Consumer price index
- Any other relevant economic factor

#### **Definition of default**

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

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level for corporate / commercial / SME loan portfolios and at segment / product basis for retail portfolio.

This implies that if one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

#### **Write-offs**

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

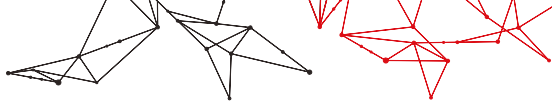
### **4.2.8 Adoption impacts**

The Bank has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs. 2,049 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

	(Rupees in '000)						IFRS 9 Category			
	Balances as of December 31, 2023 (Audited)	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and Sppp assessments	Reassessment of provisions held	Reversal of provisions held		Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax
<b>ASSETS</b>										
Cash and balances with treasury banks	202,692,402	(24,590)	-	-	-	(24,590)	-	-	(24,590)	202,667,812
Balances with other banks	16,617,834	(1,613)	-	-	-	(1,613)	-	-	(1,613)	16,616,221
Lending to financial institutions	119,554,109	(13,066)	-	-	-	(13,066)	-	-	(13,066)	119,541,043
Investments										
- Classified as available for sale	1,620,900,202	-	(1,620,900,202)	-	-	(1,620,900,202)	-	-	(1,620,900,202)	-
- Classified as fair value through other comprehensive income	-	(48)	(165,517,277)	(129,971,193)	9,609,206	437,777	-	-	1,501,175,944	1,501,175,944
- Classified as held to maturity	165,517,277	-	(165,517,277)	115,840,496	-	-	-	-	(165,517,277)	19,951,571
- Classified as amortised cost	279,667,615	-	(279,667,615)	-	-	-	-	-	281,357,773	281,357,773
- Classified as held for trading	-	-	-	-	-	-	-	-	(279,667,615)	-
- Classified as fair value through profit or loss	-	-	279,667,615	14,130,697	595,671	-	-	-	294,393,983	294,393,983
- Associates	1,177,606	-	-	-	-	-	-	-	1,177,606	1,177,606
- Subsidiary	-	-	-	-	-	-	-	-	-	-
Advances	2,067,262,700	(48)	-	-	10,404,877	437,777	-	-	10,842,606	2,078,105,306
- Gross amount	777,286,977	-	-	-	-	-	-	-	-	777,286,977
- Provisions	(42,235,467)	(5,330,502)	-	-	-	(5,330,502)	-	-	(5,330,502)	(47,565,969)
	735,051,510	(5,330,502)	-	-	-	(5,330,502)	-	-	(5,330,502)	729,721,008
Property and equipment	41,816,110	-	-	-	-	-	-	-	-	41,816,110
Right-of-use assets	19,951,571	-	-	-	-	-	-	-	-	19,951,571
Intangible assets	1,369,899	-	-	-	-	-	-	-	-	1,369,899
Deferred tax asset	6,108,159	-	-	-	-	-	-	-	-	6,108,159
Other assets - financial assets	124,985,949	(370,152)	-	-	-	-	(1,968,334)	(1,968,334)	(1,968,334)	124,615,797
Other assets - non financial assets	10,606,584	-	-	-	-	-	(370,152)	(370,152)	(370,152)	10,236,432
	3,345,916,827	(5,739,971)	-	-	10,404,877	437,777	(1,968,334)	(1,968,334)	3,134,349	3,349,051,176
<b>LIABILITIES</b>										
Bills payable	26,004,538	-	-	-	-	-	-	-	-	26,004,538
Borrowings	909,543,453	-	-	-	-	-	-	-	-	909,543,453
Deposits and other accounts	2,084,987,130	-	-	-	-	-	-	-	-	2,084,987,130
Lease liability against right-of-use assets	22,894,533	-	-	-	-	-	-	-	-	22,894,533
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities - non financial liabilities	63,778,027	1,085,673	-	-	-	1,085,673	-	1,085,673	63,778,027	
Other liabilities - financial liabilities	86,776,313	1,085,673	-	-	-	1,085,673	-	1,085,673	87,861,986	
	3,407,993,994	(6,825,644)	-	-	10,404,877	437,777	(1,968,334)	(1,968,334)	3,209,079,667	
<b>NET ASSETS</b>	137,922,833	(6,825,644)	-	-	10,404,877	437,777	(1,968,334)	(1,968,334)	139,971,509	
<b>REPRESENTED BY</b>										
Share capital	15,771,651	-	-	-	-	-	-	-	-	15,771,651
Reserves	41,401,130	-	-	-	-	-	-	-	-	41,401,130
Surplus on revaluation of assets - net of tax	11,269,264	-	-	-	9,809,206	-	(4,806,511)	5,002,695	5,002,695	
Unappropriated profit	69,481,688	(6,825,644)	-	-	5,934,571	437,777	(2,838,177)	2,838,177	66,577,669	
	137,922,833	(6,825,644)	-	-	10,404,877	437,777	(1,968,334)	(1,968,334)	139,971,509	







## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgments about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods.

The significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation were the same as those applied in the preparation of annual audited financial statements for the year ended December 31, 2023 except for matters related to adoption of IFRS 9 which have been disclosed in note 4.2 to the unconsolidated condensed interim financial statements.

## 6 FINANCIAL RISK MANAGEMENT

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

## 7 CASH AND BALANCES WITH TREASURY BANKS

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
In hand		
- local currency	44,164,027	39,440,188
- foreign currency	5,082,341	7,354,310
	49,246,368	46,794,498
With State Bank of Pakistan in		
- local currency current accounts	87,802,704	76,392,873
- foreign currency current accounts	7,961,437	8,989,528
- foreign currency deposit accounts	11,697,689	12,227,044
	107,461,830	97,609,445
With other central banks in		
- foreign currency current accounts	45,689,987	45,379,083
- foreign currency deposit accounts	1,464,193	1,695,718
	47,154,180	47,074,801
With National Bank of Pakistan in local currency current account	3,144,402	11,062,857
Prize bonds	121,955	186,661
	207,128,735	202,728,262
Less: Credit loss allowance held against cash and balances with treasury banks	(22,142)	(35,860)
Cash and balances with treasury banks - net of credit loss allowance	<u>207,106,593</u>	<u>202,692,402</u>

## 8 BALANCES WITH OTHER BANKS

In Pakistan in current account	21,080	11,071
Outside Pakistan		
- in current accounts	13,160,643	16,575,317
- in deposit accounts	31,886	34,503
	13,192,529	16,609,820
	13,213,609	16,620,891
Less: Credit loss allowance held against balances with other banks	(6,768)	(3,057)
Balances with other banks - net of credit loss allowance	<u>13,206,841</u>	<u>16,617,834</u>

## 9 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	6,788,591	32,018,705
Repurchase agreement lendings (Reverse Repo)	15,617,617	87,535,847
	22,406,208	119,554,552
Less: Credit loss allowance held against lending to financial institutions	(348)	(443)
Lending to financial institutions - net of credit loss allowance	<u>22,405,860</u>	<u>119,554,109</u>

September 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
Lending	Credit loss allowance held	Lending	Credit loss allowance held

------(Rupees in '000)-----

### 9.1 Lending to Financial Institutions- Particulars of credit loss allowance

<b>Domestic</b>					
Performing	Stage 1	21,017,617	83	-	-
Performing		-	-	111,935,847	-
		21,017,617	83	111,935,847	-
<b>Overseas</b>					
Performing	Stage 1	1,388,591	265	3,946,179	443
Performing		-	-	3,672,526	-
		1,388,591	265	7,618,705	443
<b>Total</b>		22,406,208	348	119,554,552	443

## 10 INVESTMENTS

### 10.1 Investments by type:

September 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value

------(Rupees in '000)-----

#### Fair value through profit or loss

##### Federal Government Securities

- Market Treasury Bills	120,842,874	-	171,048	121,013,922	-	-	-
- Pakistan Investment Bonds	111,640,462	-	901,863	112,542,325	-	-	-
- Ijarah Sukuk	1,694,064	-	36,154	1,730,218	-	-	-
- Naya Pakistan Certificates	2,905,759	-	-	2,905,759	-	-	-

##### Shares

- Ordinary shares / units - Listed	1,876,615	-	936,174	2,812,789	-	-	-
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##### Non Government Debt Securities

- Term Finance Certificates	1,450,000	-	-	1,450,000	-	-	-
- Sukuks	422,000	-	1,332	423,332	-	-	-

##### Foreign Securities

- Overseas Bonds - Sovereign	18,148,890	-	(65,529)	18,083,361	-	-	-
- Redeemable Participating Certificates	6,232,856	-	1,435,844	7,668,700	-	-	-
	265,213,520	-	3,416,886	268,630,406	-	-	-

#### Held for trading securities

##### Federal Government Securities

- Market Treasury Bills	-	-	-	-	158,519,893	-	(283,083)	158,236,810
- Pakistan Investment Bonds	-	-	-	-	116,583,496	-	(74,689)	116,508,807
- Ijarah Sukuk	-	-	-	-	4,661,665	-	(15,205)	4,646,460

##### Shares

- Ordinary shares / units - Listed	-	-	-	-	228,833	-	-	228,833
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##### Foreign Securities

- Overseas Bonds - Sovereign	-	-	-	-	51,626	-	(4,921)	46,705
	-	-	-	-	280,045,513	-	(377,898)	279,667,615

#### Fair value through other comprehensive income

##### Federal Government Securities

- Market Treasury Bills	102,199,481	-	681,740	102,881,221	-	-	-
- Pakistan Investment Bonds	900,531,434	-	12,346,152	912,877,586	-	-	-
- Ijarah Sukuk	233,625,748	-	7,954,797	241,580,545	-	-	-
- Government of Pakistan Euro Bonds	12,068,089	(2,205,848)	1,118,652	10,980,893	-	-	-

##### Shares

- Ordinary shares - Listed	6,234,677	-	2,295,669	8,530,346	-	-	-
- Ordinary shares - Unlisted	1,211,363	-	1,389,888	2,601,251	-	-	-
- Preference Shares - Unlisted	25,000	(25,000)	-	-	-	-	-

##### Non Government Debt Securities

- Term Finance Certificates	2,434,651	(113,378)	-	2,321,273	-	-	-
- Sukuk	15,800,765	(96,511)	106,538	15,810,792	-	-	-

##### Foreign Securities

- Overseas Bonds - Sovereign	53,456,165	(79,516)	(714,098)	52,662,551	-	-	-
- Overseas Bonds - Others	23,878,794	(7,089)	(777,374)	23,094,331	-	-	-
- Equity securities - Listed	264,633	-	(8,479)	256,154	-	-	-
	1,351,730,800	(2,527,342)	24,393,485	1,373,596,943	-	-	-

Balance carried forward

	1,616,944,320	(2,527,342)	27,810,371	1,642,227,349	280,045,513	-	(377,898)	279,667,615
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## 10.1 Investments by type:

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Balance brought forward	1,616,944,320	(2,527,342)	27,810,371	1,642,227,349	280,045,513	-	(377,898)	279,667,615
<b>Available for sale securities</b>								
<b>Federal Government Securities</b>								
- Market Treasury Bills	-	-	-	-	332,007,074	-	(823,401)	331,183,673
- Pakistan Investment Bonds	-	-	-	-	951,035,850	-	(2,440,787)	948,595,063
- Ijarah Sukuk	-	-	-	-	225,217,164	-	1,706,526	226,923,690
- Government of Pakistan Euro Bonds	-	-	-	-	14,715,017	(2,355,129)	(1,339,847)	11,020,041
- Naya Pakistan Certificates	-	-	-	-	5,687,184	-	-	5,687,184
<b>Shares</b>								
- Ordinary shares - Listed	-	-	-	-	3,500,848	(59,818)	594,515	4,035,545
- Ordinary shares - Unlisted	-	-	-	-	1,211,363	(88,038)	-	1,123,325
- Preference Shares - Listed	-	-	-	-	108,835	(108,835)	-	-
- Preference Shares - Unlisted	-	-	-	-	25,000	(25,000)	-	-
<b>Non Government Debt Securities</b>								
- Term Finance Certificates	-	-	-	-	3,169,109	(221,322)	-	2,947,787
- Sukuk	-	-	-	-	16,452,185	(96,511)	66,970	16,422,644
<b>REIT Fund - Unlisted</b>								
-	-	-	-	-	1,000,000	-	-	1,000,000
<b>Foreign Securities</b>								
- Overseas Bonds - Sovereign	-	-	-	-	44,686,242	(108,774)	(1,448,004)	43,129,464
- Overseas Bonds - Others	-	-	-	-	24,656,200	(7,551)	(1,615,830)	23,032,819
- Redeemable Participating Certificates	-	-	-	-	5,514,371	-	-	5,514,371
- Equity securities - Listed	-	-	-	-	275,698	-	8,898	284,596
	-	-	-	-	1,629,262,140	(3,070,978)	(5,290,960)	1,620,900,202
<b>Amortised cost</b>								
<b>Federal Government Securities</b>								
- Pakistan Investment Bonds	216,627,078	-	-	216,627,078	-	-	-	-
- Ijarah Sukuk	40,352,206	-	-	40,352,206	-	-	-	-
<b>Non Government Debt Securities</b>								
- Term Finance Certificates	324,680	(24,720)	-	299,960	-	-	-	-
- Sukuk	3,744,631	(63,741)	-	3,680,890	-	-	-	-
<b>Foreign Securities</b>								
- Overseas Bonds - Sovereign	12,896,700	(217)	-	12,896,483	-	-	-	-
	273,945,295	(88,678)	-	273,856,617	-	-	-	-
<b>Held to maturity securities</b>								
<b>Federal Government Securities</b>								
- Pakistan Investment Bonds	-	-	-	-	111,987,852	-	-	111,987,852
- Ijarah Sukuk	-	-	-	-	27,754,444	-	-	27,754,444
<b>Non Government Debt Securities</b>								
- Term Finance Certificates	-	-	-	-	814,680	(214,680)	-	600,000
- Sukuk	-	-	-	-	3,339,720	(69,517)	-	3,270,203
<b>Foreign Securities</b>								
- Overseas Bonds - Sovereign	-	-	-	-	21,905,016	(238)	-	21,904,778
	-	-	-	-	165,801,712	(284,435)	-	165,517,277
Associates	1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606
Subsidiaries	2,505,217	(1,505,217)	-	1,000,000	305,217	(305,217)	-	-
<b>Total Investments</b>	<b>1,894,572,438</b>	<b>(4,121,237)</b>	<b>27,810,371</b>	<b>1,918,261,572</b>	<b>2,076,592,188</b>	<b>(3,660,630)</b>	<b>(5,668,858)</b>	<b>2,067,262,700</b>

## 10.2 Particulars of assets and liabilities of subsidiaries and associates

	Subsidiary / Associate	Country of Incorporation	Percentage of Holding	September 30, 2024 (Un-audited)				
				Assets	Liabilities	Revenue	Profit / (loss) for the period	Total comprehensive income / (loss)
	(Rupees in '000)							
Alfalsh Securities (Private) Limited (formerly Alfalah CLSA Securities (Private) Limited)	Subsidiary	Pakistan	95.59%	1,316,257	949,008	620,270	(108,370)	(108,370)
Alfalsh Currency Exchange (Private) Limited	Subsidiary	Pakistan	100.00%	1,077,383	56,223	126,121	20,282	21,160
Alfalsh Asset Management Limited	Associate	Pakistan	40.22%	2,903,792	742,882	1,818,446	355,161	355,161
Alfalsh Insurance Company Limited	Associate	Pakistan	30.00%	8,094,239	5,146,525	2,011,571	479,020	584,389
Sapphire Wind Power Company Limited	Associate	Pakistan	30.00%	21,064,286	4,901,268	4,502,554	2,445,941	2,445,941
	Subsidiary / Associate	Country of Incorporation	Percentage of Holding	December 31, 2023 (Audited)				
				Assets	Liabilities	Revenue	Profit / (loss) for the period	Total comprehensive income
	(Rupees in '000)							
Alfalsh Securities (Private) Limited (formerly Alfalah CLSA Securities (Private) Limited)	Subsidiary	Pakistan	62.50%	1,482,410	2,268,182	431,460	(319,823)	(319,823)
Alfalsh Currency Exchange (Private) Limited	Subsidiary	Pakistan	100.00%	-	-	-	-	-
Alfalsh Asset Management Limited	Associate	Pakistan	40.22%	2,366,955	556,130	889,628	201,490	201,490
Alfalsh Insurance Company Limited	Associate	Pakistan	30.00%	7,402,766	4,889,441	1,713,685	430,932	450,762
Sapphire Wind Power Company Limited	Associate	Pakistan	30.00%	20,656,087	6,239,010	4,807,450	2,602,936	2,602,936

- 10.2.1** During the period ended September 30, 2024, the Bank has made a further investment of Rs. 1,200 million in Alfalah Securities (Private) Limited (formerly Alfalah CLSA Securities (Private) Limited) increasing its shareholding percentage from 62.50% as at December 31, 2023 to 95.59% as at September 30, 2024. The investment in Alfalah Securities (Private) Limited has been fully impaired in these unconsolidated condensed interim financial statements.
- 10.2.2** During the period ended September 30, 2024, the Bank has invested Rs. 1,000 million in its wholly owned subsidiary Alfalah Currency Exchange (Private) Limited.

**10.3 Investments given as collateral**

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	-----Rupees in '000-----	
Market Treasury Bills	7,351,980	160,501,809
Pakistan Investment Bonds	540,321,790	575,983,500
Overseas Bonds	14,006,726	15,037,219
	<u>561,680,496</u>	<u>751,522,528</u>

- 10.3.1** The market value of securities given as collateral is Rs. 555,146.286 million (December 31, 2023: Rs. 739,217.237 million).

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

**10.4 Credit loss allowance / provision for diminution in value of investments**

<b>10.4.1</b> Opening balance	3,660,630	3,794,742
Impact of adoption of IFRS 9	(437,729)	-
Balance as at January 01 after adopting IFRS 9	3,222,901	3,794,742
Exchange and other adjustments	(30,530)	576,126
Charge / (reversals)		
Charge for the period / year	1,401,240	580,917
Reversals for the period / year	(471,955)	(363,351)
Reversal on disposals	(419)	(927,804)
	928,866	(710,238)
Closing balance	4,121,237	3,660,630

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

Category of classification		September 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Outstanding amount	Credit loss allowance / Provision held	Outstanding amount	Credit loss allowance / Provision held
		-----Rupees in '000-----			
<b>Domestic</b>					
Performing	Stage 1	1,063,167	130	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		298,220	298,220	602,030	602,030
		1,361,387	298,350	602,030	602,030
<b>Overseas</b>					
Performing	Stage 1	78,720,546	86,822	70,747,537	116,563
Underperforming	Stage 2	12,068,089	2,205,848	14,715,017	2,355,129
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
<b>Total</b>		92,150,022	2,591,020	86,064,584	3,073,722

- 10.4.3** The market value of securities classified as amortised cost as at September 30, 2024 amounted to Rs. 274,074.182 million (held-to-maturity as at December 31, 2023: Rs. 154,796.433 million).



## 11 ADVANCES

Note	Performing		Non Performing		Total	
	September 30, 2024 (Un-audited)	December 31, 2023 (Audited)	September 30, 2024 (Un-audited)	December 31, 2023 (Audited)	September 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	657,227,571	565,251,668	36,441,463	32,594,592	693,669,034	597,846,260
Islamic financing and related assets	43.3 181,772,508	162,102,341	5,094,675	4,872,026	186,867,183	166,974,367
Bills discounted and purchased	22,967,617	12,300,229	409,163	166,121	23,376,780	12,466,350
Advances - gross	861,967,696	739,654,238	41,945,301	37,632,739	903,912,997	777,286,977
Credit loss allowance / provision against advances						
- Stage 1	11.4 (4,053,830)	(25,670)	-	-	(4,053,830)	(25,670)
- Stage 2	11.4 (1,589,505)	-	-	-	(1,589,505)	-
- Stage 3	11.4 -	-	(36,348,105)	-	(36,348,105)	-
- Specific	11.4 -	-	(492,913)	(32,373,670)	(492,913)	(32,373,670)
- General	11.4 (5,464,512)	(9,836,127)	-	-	(5,464,512)	(9,836,127)
	(11,107,847)	(9,861,797)	(36,841,018)	(32,373,670)	(47,948,865)	(42,235,467)
Advances - net of credit loss allowance /provision	850,859,849	729,792,441	5,104,283	5,259,069	855,964,132	735,051,510

- 11.1** Advances include an amount of Rs. 393.376 million (December 31, 2023: Rs. 362.630 million), being Employee loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Bank, or were granted afresh, under a specific arrangement executed between the Bank and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 20.30% to 33.69% (December 31, 2023: 17.99% to 41.28%) with maturities up to October 2043 (December 31, 2023: October 2043).

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

### 11.2 Particulars of advances (gross)

In local currency	807,354,057	700,776,703
In foreign currencies	96,558,940	76,510,274
	<u>903,912,997</u>	<u>777,286,977</u>

- 11.3** Advances include Rs. 41,945.301 million (December 31, 2023: Rs. 37,632.739 million) which have been placed under non-performing status as detailed below:

#### Category of Classification

Category of Classification		September 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Non-Performing Loans	Credit loss allowance /provision	Non-Performing Loans	Credit loss allowance /provision
(Rupees in '000)					
<b>Domestic</b>					
Other Assets Especially Mentioned (OAEM)	Stage 3	564,288	91,731	186,364	3,568
Substandard	Stage 3	900,593	255,321	1,800,068	444,281
Doubtful	Stage 3	5,335,880	2,631,120	6,694,041	3,293,830
Loss	Stage 3	34,490,618	33,369,933	28,284,026	28,141,674
		41,291,379	36,348,105	36,964,499	31,883,353
<b>Overseas</b>					
Substandard	Specific	38,796	23,348	43,013	25,688
Doubtful	Specific	-	-	-	-
Loss	Specific	615,126	469,565	625,227	464,629
		653,922	492,913	668,240	490,317
<b>Total</b>		<u>41,945,301</u>	<u>36,841,018</u>	<u>37,632,739</u>	<u>32,373,670</u>

**11.4 Particulars of Credit loss allowance / provision against advances**

	September 30, 2024 (Un-audited)						December 31, 2023 (Audited)		
	Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total
	Stage 1	Stage 2	Stage 3						
(Rupees in '000)									
Opening balance	-	-	-	32,373,670	9,861,797	42,235,467	25,396,608	7,921,407	33,318,015
Impact of adoption of IFRS 9	3,383,875	1,941,645	33,603,839	(31,883,354)	(1,715,503)	5,330,502	-	-	-
Balance as at January 01 after adopting IFRS 9	3,383,875	1,941,645	33,603,839	490,316	8,146,294	47,565,969	25,396,608	7,921,407	33,318,015
Exchange and other adjustments	(488)	-	-	(51,521)	(36,776)	(88,785)	83,703	57,723	141,426
Charge for the period / year	1,586,302	574,599	9,853,913	55,479	-	12,070,293	12,130,032	1,882,667	14,012,699
Reversals for the period / year	(915,859)	(926,739)	(6,392,603)	(1,361)	(2,645,006)	(10,881,568)	(3,503,697)	-	(3,503,697)
	670,443	(352,140)	3,461,310	54,118	(2,645,006)	1,188,725	8,626,335	1,882,667	10,509,002
Amounts written off	-	-	(717,044)	-	-	(717,044)	(1,732,976)	-	(1,732,976)
	-	-	(717,044)	-	-	(717,044)	(1,732,976)	-	(1,732,976)
Closing balance	4,053,830	1,589,505	36,348,105	492,913	5,464,512	47,948,865	32,373,670	9,861,797	42,235,467

**11.4.1** The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at September 30, 2024 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 77.841 million (December 31, 2023: Rs. 86.021 million).

**11.4.2** During the period, non performing loans and provisions were reduced by Rs. 5,317.765 million (December 31, 2023: Rs. 231.391 million) due to debt property swap transactions.

**11.4.3** Specific provision relates to overseas branches to meet the requirements of regulatory authorities of the respective countries in which overseas branches operate.

**11.4.4** General provision includes:

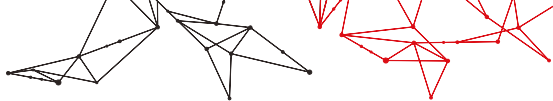
- (i) Provision held at overseas branch to meet the requirements of regulatory authorities of the respective countries in which overseas branches operate and where IFRS 9 is not applicable; and
- (ii) Provision of Rs. 5,168.000 million (December 31, 2023: Rs. 7,748.000 million) against the high risk portfolio, which is showing higher economic vulnerability.

**11.4.5** Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loan, the Bank holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

**11.5 Advances - Particulars of credit loss allowance / provision against advances**

	September 30, 2024 (Un-audited)						December 31, 2023 (Audited)		
	Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total
	Stage 1	Stage 2	Stage 3						
(Rupees in '000)									
Opening balance	-	-	-	32,373,670	9,861,797	42,235,467	25,396,608	7,921,407	33,318,015
Impact of adoption of IFRS 9	3,383,875	1,941,645	33,603,839	(31,883,354)	(1,715,503)	5,330,502	-	-	-
Balance as at January 01 after adopting IFRS 9	3,383,875	1,941,645	33,603,839	490,316	8,146,294	47,565,969	25,396,608	7,921,407	33,318,015
Exchange and other adjustments	(488)	-	-	(51,521)	(36,776)	(88,785)	83,703	57,723	141,426
New Advances	1,381,363	279,809	4,250,837	55,479	-	5,967,488	12,130,032	1,882,667	14,012,699
Due to credit deterioration	-	-	4,351,996	-	-	4,351,996	-	-	-
Advances derecognised or repaid / reversal	(677,288)	(310,353)	(6,262,977)	(1,361)	(2,645,006)	(9,896,985)	(3,503,697)	-	(3,503,697)
Transfer to stage 1	142,614	(130,545)	(12,069)	-	-	-	-	-	-
Transfer to stage 2	(188,109)	294,790	(117,557)	-	-	(10,876)	-	-	-
Transfer to stage 3	(50,462)	(235,337)	296,675	-	-	10,876	-	-	-
Changes in risk parameters	62,325	(250,504)	954,405	-	-	766,226	-	-	-
	670,443	(352,140)	3,461,310	54,118	(2,645,006)	1,188,725	8,626,335	1,882,667	10,509,002
Amounts written off / charged off	-	-	(717,044)	-	-	(717,044)	(1,732,976)	-	(1,732,976)
Closing balance	4,053,830	1,589,505	36,348,105	492,913	5,464,512	47,948,865	32,373,670	9,861,797	42,235,467





## 11.6 Advances - Category of classification

		September 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Outstanding	Credit loss allowance /provision	Outstanding	Credit loss allowance /provision
----- (Rupees in '000) -----					
<b>Domestic</b>					
Performing	Stage 1	698,013,307	3,994,963	695,123,443	-
Underperforming	Stage 2	122,958,489	1,589,505	-	-
Non-Performing	Stage 3				
Other Assets Especially Mentioned (OAEM)		564,288	91,731	186,364	3,568
Substandard		900,593	255,321	1,800,068	444,281
Doubtful		5,335,880	2,631,120	6,694,041	3,293,830
Loss		34,490,618	33,369,933	28,284,026	28,141,674
General Provision		-	5,168,000	-	9,437,833
		862,263,175	47,100,573	732,087,942	41,321,186
<b>Overseas</b>					
Performing	Stage 1	40,995,900	58,867	44,530,795	25,670
Underperforming	Stage 2	-	-	-	-
Non-Performing	Specific				
Other Assets Especially Mentioned (OAEM)		-	-	-	-
Substandard		38,796	23,348	43,013	25,688
Doubtful		-	-	-	-
Loss		615,126	469,565	625,227	464,629
General Provision		-	296,512	-	398,294
		41,649,822	848,292	45,199,035	914,281
<b>Total</b>		<b>903,912,997</b>	<b>47,948,865</b>	<b>777,286,977</b>	<b>42,235,467</b>

## 12 PROPERTY AND EQUIPMENT

	Note	(Un-audited)	(Audited)
		September 30, 2024	December 31, 2023
----- (Rupees in '000) -----			
Capital work-in-progress		3,751,900	3,525,139
Property and equipment	12.2	50,541,280	38,290,971
		54,293,180	41,816,110
<b>12.1 Capital work-in-progress</b>			
Civil works		2,336,639	2,454,986
Equipment		1,319,698	999,120
Others		95,563	71,033
		3,751,900	3,525,139

**12.2** It includes land and buildings carried at revalued amount of Rs. 32,139.968 million (December 31, 2023: Rs. 24,380.890 million).

	(Un-audited)	
	For the nine months period ended	
	September 30, 2024	September 30, 2023
----- (Rupees in '000) -----		
<b>12.3 Additions to property and equipment</b>		
The following additions were made to property and equipment during the period:		
<b>Capital work-in-progress - net of transferred out for capitalisation</b>	226,761	2,592,535
<b>Property and equipment</b>		
Freehold land	1,244,879	558,586
Leasehold land	5,604,974	584,800
Buildings on freehold land	661,232	332,560
Buildings on leasehold land	445,244	769,862
Leasehold improvement	2,750,502	870,764
Furniture and fixtures	585,994	223,940
Office equipment	3,866,808	2,950,740
Vehicles	471,672	66,698
	15,631,305	6,357,950
Total additions to property and equipment	<u>15,858,066</u>	<u>8,950,485</u>

#### 12.4 Disposals of property and equipment

The net book values of property and equipment disposed off during the period are as follows:

Leasehold improvements	1,181	7,004
Furniture and fixtures	229	665
Office equipment	13,400	5,971
Vehicles	216	-
Total disposal of property and equipment	<u>15,026</u>	<u>13,640</u>

	(Un-audited)	(Audited)
	September 30, 2024	December 31, 2023
	----- (Rupees in '000) -----	
<b>13 RIGHT-OF-USE ASSETS</b>	<b>Buildings</b>	<b>Buildings</b>
<b>At January 1</b>		
Cost	28,813,726	22,322,416
Accumulated depreciation	(8,862,155)	(6,932,893)
<b>Net carrying amount at January 1</b>	19,951,571	15,389,523
Additions / renewals / amendments / (terminations) - net during the period / year	4,771,519	7,837,519
Depreciation charge during the period / year	(2,832,251)	(3,349,633)
Exchange rate adjustments	(50,382)	74,162
Closing net carrying amount	<u>21,840,457</u>	<u>19,951,571</u>

#### 14 INTANGIBLE ASSETS

Capital work-in-progress / advance payment to suppliers	379,910	436,536
Software	1,163,136	933,363
	<u>1,543,046</u>	<u>1,369,899</u>

	(Un-audited)	
	For the nine months period ended	
	September 30, 2024	September 30, 2023
----- (Rupees in '000) -----		
<b>14.1 Additions to intangible assets</b>		
The following additions were made to intangible assets during the period:		
Capital work-in-progress - net; of transferred out for capitalisation	(56,626)	259,012
Directly purchased	504,311	66,167
Total additions to intangible assets	<u>447,685</u>	<u>325,179</u>

14.2 There were no disposals of intangible assets during the periods ended September 30, 2024 and September 30, 2023.







	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>15 OTHER ASSETS</b>			
Income / mark-up accrued in local currency - net		107,413,959	81,665,580
Income / mark-up accrued in foreign currency - net		2,242,861	2,402,118
Advances, deposits, advance rent and other prepayments		4,875,776	8,651,936
Advance against subscription of share		140,000	140,000
Non-banking assets acquired in satisfaction of claims	15.1	7,846,929	1,684,771
Dividend receivable		59,603	10,431
Mark to market gain on forward foreign exchange contracts		2,109,229	2,606,750
Mark to market gain on derivatives		3,195,196	4,175,322
Stationery and stamps on hand		27,108	11,350
Defined benefit plan		-	440,585
Branch adjustment account		532,875	-
Alternative Delivery Channel (ADC) settlement accounts	15.3	3,625,128	-
Due from card issuing banks		2,352,961	4,829,866
Accounts receivable		6,721,717	3,336,986
Claims against fraud and forgeries		112,615	126,066
Acceptances		45,031,705	24,618,660
Receivable against Government of Pakistan and overseas government securities		56,929	2,925,206
Receivable against marketable securities		161,565	692,656
Others		133,793	86,206
		186,639,949	138,404,489
Less: Credit loss allowance / provision held against other assets	15.2	(3,277,846)	(2,984,277)
Other assets (net of credit loss allowance / provision)		183,362,103	135,420,212
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	15.1	155,858	172,321
Other assets - total		183,517,961	135,592,533

**15.1** The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 8,002.787 million (December 31, 2023: Rs. 1,857.092 million).

**15.2 Credit loss allowance / provision held against other assets**

Impairment against overseas operations	2,625,038	2,359,988
Expected credit loss	161,236	46,807
Fraud and forgeries	112,615	126,066
Accounts receivable	32,989	67,807
Others	345,968	383,609
	3,277,846	2,984,277

**15.2.1 Movement in credit loss allowance / provision held against other assets**

Opening balance	2,984,277	2,671,784
Impact of adoption of IFRS 9	370,152	-
Balance as at January 01 after adopting IFRS 9	3,354,429	2,671,784
Exchange and other adjustments	(659)	2,531
Charge for the period / year	304,767	394,024
Reversals for the period / year	(340,405)	(83,100)
	(35,638)	310,924
Amount written off	(40,286)	(962)
Closing balance	3,277,846	2,984,277

**15.3** This represents settlement arising from channel transaction at the cut off date which were subsequently cleared.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>16</b>	<b>BILLS PAYABLE</b>	
In Pakistan	24,725,259	24,750,227
Outside Pakistan	486,644	1,254,311
	<u>25,211,903</u>	<u>26,004,538</u>
<b>17</b>	<b>BORROWINGS</b>	
	<b>Secured</b>	
Borrowings from State Bank of Pakistan under:		
Export Refinance Scheme	28,646,721	43,281,491
Long-Term Finance Facility	21,358,506	24,595,991
Financing Facility for Renewable Energy Projects	13,599,225	11,891,156
Financing Facility for Storage of Agriculture Produce (FFSAP)	591,073	532,102
Temporary Economic Refinance Facility (TERF)	43,345,287	48,528,109
Export Refinance under Bill Discounting	13,165,295	14,244,331
SME Asaan Finance (SAAF)	8,005,841	2,096,250
Refinance Facility for Combating COVID (RFCC)	1,043,954	988,049
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	97,797	125,595
Modernization of Small and Medium Entities (MSMES)	1,858,565	1,205,658
Other refinance schemes	300	553
Repurchase agreement	461,000,980	666,510,980
	592,712,564	814,000,265
Repurchase agreement borrowings	49,288,435	26,895,775
Bai Muajjal	48,813,527	44,830,207
Medium Term Note	-	11,000,000
<b>Total secured</b>	<u>690,814,526</u>	<u>896,726,247</u>
	<b>Unsecured</b>	
Call borrowings	23,892,342	3,946,050
Overdrawn nostro accounts	4,563,565	3,467,939
Others		
- Pakistan Mortgage Refinance Company	2,546,830	2,605,576
- Karandaaz Risk Participation	2,899,956	2,797,641
- Other financial institutions	11,921	-
<b>Total unsecured</b>	<u>33,914,614</u>	<u>12,817,206</u>
	<u>724,729,140</u>	<u>909,543,453</u>

**18 DEPOSITS AND OTHER ACCOUNTS**

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
<b>Customers</b>						
- Current deposits	688,747,052	159,067,556	847,814,608	630,357,408	152,436,273	782,793,681
- Savings deposits	582,918,813	31,136,494	614,055,307	440,331,863	38,469,718	478,801,581
- Term deposits	419,826,242	58,843,352	478,669,594	437,377,886	61,496,821	498,874,707
- Others	37,627,736	12,749,944	50,377,680	44,709,160	14,317,598	59,026,758
	<u>1,729,119,843</u>	<u>261,797,346</u>	<u>1,990,917,189</u>	<u>1,552,776,317</u>	<u>266,720,410</u>	<u>1,819,496,727</u>
<b>Financial Institutions</b>						
- Current deposits	4,201,522	3,715,547	7,917,069	4,324,374	3,241,325	7,565,699
- Savings deposits	74,808,114	2,348,342	77,156,456	171,934,453	3,442,726	175,377,179
- Term deposits	55,326,200	4,960,049	60,286,249	79,780,000	2,258,236	82,038,236
- Others	139,064	195	139,259	518,072	1,217	519,289
	<u>134,474,900</u>	<u>11,024,133</u>	<u>145,499,033</u>	<u>256,556,899</u>	<u>8,943,504</u>	<u>265,500,403</u>
	<u>1,863,594,743</u>	<u>272,821,479</u>	<u>2,136,416,222</u>	<u>1,809,333,216</u>	<u>275,663,914</u>	<u>2,084,997,130</u>

18.1 Current deposits include remunerative current deposits of Rs. 24,386.184 million (December 31, 2023: Rs. 20,788.733 million).





19 LEASE LIABILITIES	Note	(Un-audited)	(Audited)
		September 30, 2024	December 31, 2023
----- (Rupees in '000) -----			
Opening as at January 1		22,894,533	17,495,747
Additions / renewals / amendments / (terminations) - net		4,709,174	7,724,656
Finance charges		2,479,718	2,657,661
Lease payments including interest		(4,334,533)	(5,054,441)
Exchange rate / other adjustment		(52,818)	70,910
Closing net carrying amount		<u>25,696,074</u>	<u>22,894,533</u>

#### 19.1 Liabilities outstanding

Not later than one year	1,850,379	1,848,642
Later than one year and upto five years	10,110,677	9,140,725
Over five years	13,735,018	11,905,166
Total at the period / year end	<u>25,696,074</u>	<u>22,894,533</u>

For the purpose of discounting PKRV rates are being used.

#### 20 SUBORDINATED DEBT

Term Finance Certificates VI - Additional Tier-I (ADT-1)	20.1	7,000,000	7,000,000
Term Finance Certificates VIII - Additional Tier-I (ADT-1)	20.2	7,000,000	7,000,000
		<u>14,000,000</u>	<u>14,000,000</u>

#### 20.1 Term Finance Certificates VI - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Bank issued listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000
Issue date	March 2018
Maturity date	Perpetual
Rating	"AA*" (Double A plus) by The Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step up feature.  Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the issue date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.

## 20.2 Term Finance Certificates VIII - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Bank issued Rs. 7,000 million of privately placed, listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by SBP under BPRD circular No. 06 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000
Issue date	December 2022
Maturity date	Perpetual
Rating	"AA+" (Double A plus) by The Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 2.00% with no step up feature.  Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the issue date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.

<b>Note</b>	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>September 30,</b>	<b>December 31,</b>
	<b>2024</b>	<b>2023</b>
	------(Rupees in '000)-----	

## 21 DEFERRED TAX LIABILITIES / (ASSETS)

### Deductible Temporary Differences on:

- Credit loss allowance / provision against investments	(2,696,499)	(2,224,378)
- Credit loss allowance / provision against advances	(8,706,567)	(4,183,318)
- Unrealised loss on revaluation of held for trading investments	-	(191,895)
- Deficit on revaluation of available for sale investments	-	(871,244)
- Credit loss allowance / provision against other assets	(1,448,174)	(1,250,843)
- Credit loss allowance against cash with treasury banks	(11,331)	-
- Credit loss allowance against balance with other banks	(3,304)	-
- Credit loss allowance / provision against lending to financial institutions	(6,475)	(73)
- Workers' Welfare Fund	(2,195,301)	(1,528,648)
	(15,067,651)	(10,250,399)

### Taxable Temporary Differences on:

- Unrealised gain on FVTPL investments	1,461,343	-
- Surplus on revaluation of FVOCI investments	13,231,159	-
- Surplus on revaluation of property and equipment	623,900	593,695
- Surplus on revaluation of non banking assets	77,528	85,595
- Accelerated tax depreciation	4,586,262	3,562,950
	19,980,192	4,242,240
	4,912,541	(6,008,159)



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

## 22 OTHER LIABILITIES

Mark-up / return / interest payable in local currency		47,277,114	39,434,467
Mark-up / return / interest payable in foreign currency		2,014,220	1,690,773
Unearned fee commission and income on bills discounted and guarantees		3,584,385	3,201,308
Accrued expenses		15,667,854	16,119,849
Current taxation		8,003,402	14,462,758
Acceptances		45,031,705	24,618,660
Dividends payable		301,262	6,166,682
Mark to market loss on forward foreign exchange contracts		3,399,138	2,779,042
Mark to market loss on derivatives		70,104	96,507
Branch adjustment account		-	73,434
Payable to defined benefit plan		62,887	-
Alternative Delivery Channel (ADC) settlement accounts	22.2	-	3,409,741
Provision for compensated absences		1,031,617	874,117
Payable against redemption of customer loyalty / reward points		1,051,046	857,241
Charity payable		163,444	114,052
Credit loss allowance / provision against off-balance sheet obligations	22.1	1,321,438	78,624
Security deposits against leases, lockers and others		12,569,865	12,983,647
Workers' welfare fund		6,454,219	5,093,704
Payable to vendors and suppliers		652,367	850,048
Margin deposits on derivatives		2,416,104	3,906,392
Payable to merchants (card acquiring)		1,373,168	776,097
Indirect taxes payable		4,834,599	3,874,309
Liability against share based payment		603,020	483,001
Trading liability		13,656,235	2,412,845
Others		8,448,499	6,197,042
		<u>179,987,692</u>	<u>150,554,340</u>

### 22.1 Credit loss allowance / provision against off-balance sheet obligations

Opening balance		78,624	62,948
Impact of adoption of IFRS 9		1,085,673	-
Balance as at January 01 after adopting IFRS 9		<u>1,164,297</u>	<u>62,948</u>
Exchange and other adjustments		(4,959)	4,029
(Reversals) / charge for the period / year		<u>162,100</u>	<u>11,647</u>
Closing balance		<u>1,321,438</u>	<u>78,624</u>

22.2 This represents settlement arising from channel transaction at the cut off date which were subsequently cleared.

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>23 SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - debt	10.1	20,716,407	-
- Securities measured at FVOCI - equity	10.1	3,677,078	-
- Available for sale securities	10.1	-	(5,290,960)
- Property and equipment		12,615,723	12,682,139
- Non-banking assets acquired in satisfaction of claims		155,858	172,321
		<u>37,165,066</u>	<u>7,563,500</u>
Less: Deferred tax (liability) / asset on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - debt		(10,151,039)	-
- Securities measured at FVOCI - equity		(1,801,768)	-
- Available for sale securities		-	2,592,570
- Property and equipment		(623,900)	(593,695)
- Non-banking assets acquired in satisfaction of claims		(77,528)	(85,595)
		<u>(12,654,235)</u>	<u>1,913,280</u>
Derivatives deficit		(2,608,881)	(3,512,910)
Less: Deferred tax asset on derivative		1,278,352	1,721,326
		<u>(1,330,529)</u>	<u>(1,791,584)</u>
		<u>25,841,360</u>	<u>11,268,364</u>
<b>24 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	24.1	160,377,687	173,579,640
- Commitments	24.2	707,589,738	731,198,269
- Other contingent liabilities	24.3.1	23,356,503	23,816,758
		<u>891,323,928</u>	<u>928,594,667</u>
<b>24.1 Guarantees:</b>			
Financial guarantees		6,037,174	5,874,903
Performance guarantees		56,401,138	55,684,506
Other guarantees		97,939,375	112,020,231
		<u>160,377,687</u>	<u>173,579,640</u>
<b>24.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- Letters of credit		208,994,821	196,248,432
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	309,267,301	350,664,300
- forward government securities transactions	24.2.2	127,769,951	109,207,715
- derivatives	24.2.3	40,743,814	51,150,198
- forward lending	24.2.4	17,014,944	19,247,075
Commitments for acquisition of:			
- Property and equipment		3,039,521	3,713,022
- Intangible assets		207,386	312,027
Commitments in respect of donations		552,000	655,500
		<u>707,589,738</u>	<u>731,198,269</u>
<b>24.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		169,722,943	198,859,218
Sale		139,544,358	151,805,082
		<u>309,267,301</u>	<u>350,664,300</u>
<b>24.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		78,752,133	20,461,347
Sale		49,017,818	88,746,368
		<u>127,769,951</u>	<u>109,207,715</u>





	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>24.2.3 Commitments in respect of derivatives</b>			
<b>Interest Rate Swaps</b>			
Purchase	25.1	30,013,732	39,466,304
Sale		-	-
		30,013,732	39,466,304
<b>Cross Currency Swaps</b>			
Purchase		-	-
Sale	25.1	10,730,082	11,683,894
		10,730,082	11,683,894
<b>Total commitments in respect of derivatives</b>		<u>40,743,814</u>	<u>51,150,198</u>
<b>24.2.4 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.4.1	15,810,891	15,828,600
Commitments in respect of investments		1,204,053	3,418,475
		<u>17,014,944</u>	<u>19,247,075</u>

**24.2.4.1** 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.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
<b>24.3 Other contingent liabilities</b>		
<b>24.3.1</b> Claims against the Bank not acknowledged as debts	<u>23,356,503</u>	<u>23,816,758</u>

These mainly represents counter claims filed by the borrowers for restricting the Bank from disposal of collateral assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by ex-employees of the Bank for damages. Based on legal advices 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 unconsolidated condensed interim financial statements.

**24.4 Contingency for tax payable**

**24.4.1** There were no tax related contingencies other than as disclosed in note 36.1.

**25 DERIVATIVE INSTRUMENTS**

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

**25.1 Product Analysis**

	September 30, 2024 (Un-audited)					
	Interest Rate Swaps			Cross Currency Swaps		
	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
----- (Rupees in '000) -----						
<b>Counterparties</b>						
<b>With Banks for Hedging</b>	34	30,013,732	2,227,292	-	-	-
<b>With other entities</b>						
Market making	-	-	-	6	10,730,082	897,800
	<u>34</u>	<u>30,013,732</u>	<u>2,227,292</u>	<u>6</u>	<u>10,730,082</u>	<u>897,800</u>
	December 31, 2023 (Audited)					
	Interest Rate Swaps			Cross Currency Swaps		
	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
----- (Rupees in '000) -----						
<b>Counterparties</b>						
<b>With Banks for Hedging</b>	41	39,466,304	3,371,331	-	-	-
<b>With other entities</b>						
Market making	-	-	-	6	11,683,894	707,484
	<u>41</u>	<u>39,466,304</u>	<u>3,371,331</u>	<u>6</u>	<u>11,683,894</u>	<u>707,484</u>

**(Un-audited)**  
**For the nine months period ended**  
**September 30,      September 30,**  
**2024                      2023**  
**------(Rupees in '000)-----**

**26 MARK-UP/RETURN/INTEREST EARNED**

On:		
a) Loans and advances	95,229,130	85,424,521
b) Investments	283,837,074	187,774,845
c) Lendings to financial institutions	4,415,310	3,368,989
d) Balances with banks	169,791	54,363
e) On securities purchased under resale agreements	3,481,518	9,609,920
	<u>387,132,823</u>	<u>286,232,638</u>

**27 MARK-UP/RETURN/INTEREST EXPENSED**

On:		
a) Deposits	176,838,643	114,143,317
b) Borrowings	12,124,580	13,645,390
c) Securities sold under repurchase agreements	91,760,642	59,047,293
d) Subordinated debt	2,435,916	2,205,050
e) Cost of foreign currency swaps against foreign currency deposits / borrowings	5,997,990	4,006,780
f) Leased assets	2,479,718	1,903,382
g) Reward points / customer loyalty	363,059	296,206
	<u>292,000,548</u>	<u>195,247,418</u>

**28 FEE & COMMISSION INCOME**

Branch banking customer fees	1,118,169	940,075
Consumer finance related fees	457,866	452,781
Card related fees (debit and credit cards)	2,548,698	1,762,509
Credit related fees	612,589	432,891
Investment banking fees	68,108	197,800
Commission on trade	2,297,898	1,865,761
Commission on guarantees	568,626	571,264
Commission on cash management	48,653	65,335
Commission on remittances including home remittances	2,105,570	1,060,115
Commission on bancassurance	446,565	435,548
Card acquiring business	1,270,589	1,204,101
Wealth management fee	264,158	143,790
Commission on Benazir Income Support Programme (BISP)	563,495	401,622
Alternative Delivery Channel (ADC) settlement accounts	853,724	924,807
Others	218,797	158,528
	<u>13,443,505</u>	<u>10,616,927</u>

**29 FOREIGN EXCHANGE INCOME**

Foreign exchange income	9,054,919	7,797,062
Foreign exchange loss related to derivatives	<u>(1,298,565)</u>	<u>(278,866)</u>
	<u>7,756,354</u>	<u>7,518,196</u>







**Note**  
**(Un-audited)**  
**For the nine months period ended**  
**September 30, September 30,**  
**2024 2023**  
**------(Rupees in '000)-----**

**30 GAIN / (LOSS) ON SECURITIES**

Realised gain / (loss)	30.1	5,521,870	(1,726,754)
Unrealised gain - measured at FVTPL	10.1	3,416,886	-
Unrealised loss - held for trading		-	(90,643)
Unrealised (loss) / gain on trading liabilities - net		<u>(434,553)</u>	<u>13,137</u>
		<u>8,504,203</u>	<u>(1,804,260)</u>

**30.1 Realised gain / (loss) on:**

Federal Government Securities	5,205,668	(1,424,213)
Shares	17,002	(586,359)
Foreign Securities	299,200	283,818
	<u>5,521,870</u>	<u>(1,726,754)</u>

**30.2 Net gain on financial assets / liabilities measured:**

**At FVTPL**

Designated upon initial recognition	5,885,858	-
Mandatorily measured at FVTPL	1,437,176	-
	7,323,034	-

Net gain on financial assets measured at FVOCI - Debt	1,181,169	-
	<u>8,504,203</u>	<u>-</u>

**31 OTHER INCOME**

Rent on property	18,339	20,939
Gain on sale of property and equipment - net	81,136	118,381
Gain on sale of non banking assets - net	27,800	-
Profit on termination of leased contracts (Ijarah)	7	48,235
Gain on termination of leases	62,345	70,186
Others	1,468	-
	<u>191,095</u>	<u>257,741</u>

**32 OPERATING EXPENSES**

<b>Total compensation expense</b>	32.1	26,153,848	19,950,124
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**Property expense**

Rates and taxes	287,427	129,235
Utilities cost	2,780,735	1,956,512
Security (including guards)	1,262,365	972,522
Repair and maintenance (including janitorial charges)	1,445,396	964,468
Depreciation on right-of-use assets	2,832,251	2,441,062
Depreciation on non-banking assets acquired in satisfaction of claims	29,942	3,737
Depreciation on owned assets	765,691	628,831
	9,403,807	7,096,367

**Information technology expenses**

Software maintenance	2,422,012	1,934,789
Hardware maintenance	556,159	723,112
Depreciation	1,027,733	780,716
Amortisation	274,168	234,409
Network charges	571,673	452,034
Consultancy and support services	155,162	139,713
	5,006,907	4,264,773

Balance carried forward		<u>40,564,562</u>	<u>31,311,264</u>
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**(Un-audited)**  
**For the nine months period ended**  
**September 30,      September 30,**  
**2024                      2023**  
 -----(Rupees in '000)-----

Balance brought forward	40,564,562	31,311,264
<b>Other operating expenses</b>		
Directors' fees and allowances	102,240	111,137
Fees and allowances to Shariah Board	15,046	10,268
Legal and professional charges	333,831	323,039
Outsourced services costs	1,064,779	757,841
Travelling and conveyance	1,116,132	921,731
Clearing and custodian charges	125,065	119,386
Depreciation	1,556,734	1,123,728
Training and development	225,466	102,072
Postage and courier charges	363,771	362,891
Communication	2,276,710	1,285,717
Stationery and printing	1,279,649	961,296
Marketing, advertisement and publicity	3,129,274	3,482,012
Donations	218,982	1,030,920
Auditors' remuneration	116,268	85,358
Brokerage and commission	395,401	305,704
Entertainment	623,238	435,972
Repairs and maintenance	737,361	604,909
Insurance	1,433,684	1,102,888
Cash handling charges	1,486,098	1,125,757
CNIC verification	254,698	184,694
Others	666,180	563,356
	<u>17,520,607</u>	<u>15,000,676</u>
	<u>58,085,169</u>	<u>46,311,940</u>

**32.1 Total compensation expense**

Managerial remuneration		
i) Fixed	17,308,139	13,981,390
ii) Variable:		
a) Cash bonus / awards etc.	4,221,268	3,164,311
b) Bonus and awards in shares etc.	455,250	243,747
Charge for defined benefit plan	503,473	350,251
Contribution to defined contribution plan	650,389	544,633
Medical	1,585,749	969,892
Conveyance	1,060,223	387,453
Staff compensated absences	157,500	142,497
Staff life insurance	108,046	102,251
Staff welfare	53,643	42,014
Club subscription	10,669	2,721
<b>Sub-total</b>	26,114,349	19,931,160
Sign-on bonus	39,499	18,964
Severance allowance	-	-
<b>Grand Total</b>	<u>26,153,848</u>	<u>19,950,124</u>





### 33 WORKERS' WELFARE FUND

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government through the Finance Act, 2008 for the levy of Workers' Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petitions is decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.

Note (Un-audited)  
For the nine months period ended

September 30, 2024      September 30, 2023

------(Rupees in '000)-----

### 34 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	<u>218,820</u>	<u>138,261</u>
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### 35 CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET

Reversal of credit loss allowance against cash with treasury banks	(37,325)	-
Credit loss allowance against balance with other banks	2,073	-
Reversal of credit loss allowance against lending to financial institutions	(13,153)	(296)
Credit loss allowance / (reversal) for diminution in value of investments	10.4.1    928,866	(528,310)
Credit loss allowance / provision against loans & advances	11.4      1,188,725	9,764,078
(Reversal) of credit loss allowance / provision against other assets	15.2.1    (35,638)	252,070
Credit loss allowance / provision against off-balance sheet obligations	22.1      162,100	11,849
(Reversal) of other credit loss allowance / provisions / write off - net	(30,556)	12,341
Recovery of written off / charged off bad debts	<u>(419,045)</u>	<u>(347,271)</u>
	<u>1,746,047</u>	<u>9,164,461</u>

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### 36 TAXATION

#### Charge / (reversal) :

Current	33,332,622	29,187,707
Prior years	(118,406)	-
Deferred	<u>(374,486)</u>	<u>(3,686,695)</u>
	<u>32,839,730</u>	<u>25,501,012</u>

36.1 a) The income tax assessments of the Bank have been finalized up to and including tax year 2023. Certain addbacks made by tax authorities for various assessment years, appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan.

In respect of tax years 2008, 2014, 2017 and 2019 to 2023, the tax authority has raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of Leasehold improvements. The aggregate tax demand due to relief provided in appeal is nil. (December 31, 2023: Rs. 764.870 million).

b) The Bank had received orders from a provincial tax authority for the periods from July 2011 to December 2020 wherein tax authority demanded sales tax on banking services and penalty amounting to Rs. 763.312 million (excluding default surcharge) by disallowing certain exemptions of sales tax on banking services and allegedly for short payment of sales tax. Appeals against these orders are pending before Commissioner Appeals and Appellate Tribunal. The Bank has not made any provision against these orders and the management is of the view that these matters will be settled in Bank's favour through appellate process.

- c) The Bank had received an order from a tax authority wherein sales tax and penalty amounting to Rs. 5,191 million (excluding default surcharge) was demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016 and appeal against this order is pending before Commissioner Appeals.

Another order received for the same accounting year wherein sales tax and further tax amounting to Rs. 8,601 million (excluding default surcharge and penalty) was demanded allegedly for non-payment of sales tax on certain transactions is redemanded in appeal effect order. This matter is pending before Commissioner Appeals and Appellate Tribunal. In the current year, a similar order for the accounting years 2017 and 2018 is issued with tax demand of Rs. 11,536 million (excluding default surcharge) which is pending before Commissioner Appeals. The Bank has not made any provision against these orders and the management is of the view that these matters will be favourably settled through appellate process.

		(Un-audited)	
		For the nine months period ended	
		September 30, 2024	September 30, 2023
		------(Rupees in '000)-----	
<b>37</b>	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>		
	Profit for the period	33,642,678	27,251,595
		------(Number of shares in '000)-----	
	Weighted average number of ordinary shares	1,577,165	1,577,165
		------(Rupees)-----	
	Basic and diluted earnings per share	21.33	17.28

- 37.1** Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

		(Un-audited)	
		For the nine months period ended	
		September 30, 2024	September 30, 2023
		------(Rupees in '000)-----	
<b>38</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and balance with treasury banks	207,128,735	198,021,222
	Balance with other banks	13,213,609	17,411,919
	Call / clean money lendings	6,488,591	33,438,238
	Overdrawn nostro accounts	(4,563,565)	(2,587,748)
	Less: Expected credit loss	(29,258)	-
		222,238,112	246,283,631

### **39 FAIR VALUE MEASUREMENTS**

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

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

#### **39.1 Fair value of financial instruments**

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

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

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

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

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





<b>September 30, 2024 (Un-audited)</b>				
Level 1	Level 2	Level 3	Total	
----- <b>(Rupees in '000)</b> -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
- Federal government securities	40,852,599	1,465,659,870	-	1,506,512,469
- Shares - listed companies	11,343,135	-	-	11,343,135
- Shares - unlisted companies	-	-	2,251,251	2,251,251
- Non-government debt securities	14,955,550	5,049,847	-	20,005,397
- Foreign government securities	-	70,745,912	-	70,745,912
- Foreign equity securities	256,154	-	-	256,154
- Foreign non-government debt securities	-	23,094,331	7,668,700	30,763,031
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments - Amortised cost	-	274,074,182	-	274,074,182
<b>Off-balance sheet financial instruments - measured at fair value</b>				
- Forward purchase of foreign exchange	-	2,109,229	-	2,109,229
- Forward sale of foreign exchange	-	(3,399,138)	-	(3,399,138)
- Forward purchase of government securities	-	25,056	-	25,056
- Forward sale government securities	-	(76,929)	-	(76,929)
- Derivatives purchases	-	2,227,292	-	2,227,292
- Derivatives sales	-	897,800	-	897,800

<b>December 31, 2023 (Audited)</b>				
Level 1	Level 2	Level 3	Total	
----- <b>(Rupees in '000)</b> -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
- Federal government securities	-	1,802,801,728	-	1,802,801,728
- Shares - listed companies	4,264,378	-	-	4,264,378
- Non-government debt securities	14,940,600	4,429,831	-	19,370,431
- Foreign government securities	-	43,176,169	-	43,176,169
- Foreign equity securities	284,596	-	-	284,596
- Foreign non-government debt securities	-	23,032,819	5,514,371	28,547,190
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments - held to maturity securities	-	154,796,433	-	154,796,433
<b>Off-balance sheet financial instruments - measured at fair value</b>				
- Forward purchase of foreign exchange	-	2,606,750	-	2,606,750
- Forward sale of foreign exchange	-	(2,779,042)	-	(2,779,042)
- Forward purchase of government securities	-	(27,210)	-	(27,210)
- Forward sale government securities transactions	-	(17,514)	-	(17,514)
- Derivatives purchases	-	3,371,331	-	3,371,331
- Derivatives sales	-	707,484	-	707,484

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

**39.3 Valuation techniques used in determination of fair values:**

**39.3.1 Fair value of financial assets**

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

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies, listed GoP Sukuks and listed non government debt securities .

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

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, forward government securities contracts, cross currency swap and interest rate swaps.

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

The fair value of unquoted shares are measured at fair value based on valuation technique mentioned in the table below.

The fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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

Certain categories of property and equipment (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 12 and 15. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of the State Bank of Pakistan.

**39.3.3 Valuation techniques**

Item	Valuation approach and input used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. Floating rate PIBs are revalued using PKFRV rates. The fair value of GoP sukuk listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other GIS are revalued using PKISRV rates.
Overseas Sukuks, Overseas and GoP Euro Bonds	The fair value of overseas government sukuks, and overseas bonds are valued on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - unlisted	The fair value of investments in unlisted equity securities are valued on the basis of dividend discount model.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the SBP.
Derivative Instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Property and equipment and non banking assets acquired in satisfaction of claims	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, 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 unconsolidated condensed interim financial statements.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of unquoted equity securities, (The valuation techniques are stated above):

Description	Fair value at September 30, 2024	Unobservable inputs*	Discount Rate	Relationship of unobservable inputs to fair value
-----{Rupees in '000}-----				
Unlisted equity securities	2,251,251	Discount rate	16.4%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 180.541 million and Rs. 21.100 million respectively.

\* There were no significant inter-relationships between unobservable inputs that materially affect fair values.



## 40 SEGMENT INFORMATION

## 40.1 Segment details with respect to Business Activities

	For the nine months period ended September 30, 2024 (Un-audited)							Elimination	Total
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*		
<b>Profit and loss</b>									
Net mark-up / return / profit	(86,767,433)	10,745,815	24,588,866	142,392,341	(10,676)	6,439,154	(2,255,792)	-	95,132,275
Inter segment revenue - net	150,890,523	5,053,908	(2,919,213)	(152,821,875)	6,502,711	698,427	1,702,874	(9,107,355)	-
Non mark-up / return / interest income	6,977,904	5,021,466	2,098,083	14,874,377	7,040,048	2,547,497	537,309	-	32,760,684
Total income	71,100,994	20,821,189	23,767,736	4,444,843	7,196,063	9,685,078	(5,609)	(9,107,355)	127,892,959
Segment direct expenses	23,123,336	2,925,828	9,162,154	710,080	2,343,034	2,825,266	18,574,606	(1,051,164)	59,664,504
Inter segment expense allocation	11,872,618	1,352,856	4,031,176	255,692	1,665,263	448,165	(18,574,606)	-	59,664,504
Total expenses	34,995,954	4,278,684	13,193,330	965,772	4,008,297	3,273,631	-	(1,051,164)	59,664,504
Credit loss allowance / provision / (reversals)	338,656	2,675,781	160,220	(15,178)	16,111	(49,543)	(1,380,000)	-	1,746,047
Profit / (loss) before tax	35,766,384	13,866,724	10,414,186	3,494,249	3,171,675	6,460,990	1,364,391	(8,056,191)	66,482,408

	As at September 30, 2024 (Un-audited)							Elimination	Total
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*		
<b>Statement of financial position</b>									
Cash and bank balances	112,111,629	14,649,033	42,534,757	-	663,304	52,181,705	-	(1,826,994)	220,313,434
Investments	-	5,110,154	233,942,436	1,550,817,848	-	125,653,534	2,737,600	-	1,918,261,572
Net inter segment lending	1,079,830,640	-	-	-	13,147,381	-	100,915,264	-	-
Lendings to financial institutions	-	-	34,999,733	21,571,803	-	8,747,854	-	(1,193,893,285)	22,405,860
Advances - performing	217,082,684	385,537,024	181,270,330	-	48,173	40,640,522	26,281,116	(42,913,530)	850,859,849
- non-performing	2,244,204	2,003,757	221,028	-	3,236	161,009	471,049	-	5,104,283
Others	25,742,555	59,041,226	51,514,658	60,782,007	1,842,502	5,265,562	54,421,623	2,584,511	261,194,644
<b>Total assets</b>	1,437,011,712	466,341,194	544,482,942	1,633,171,658	15,704,596	232,650,186	184,826,652	(1,236,049,298)	3,278,139,642
Borrowings	18,422,917	81,739,049	54,237,596	578,950,114	-	36,526,725	-	(45,147,261)	724,729,140
Subordinated debt	-	-	-	-	-	-	14,000,000	-	14,000,000
Deposits and other accounts	1,359,970,831	215,191,450	391,984,426	-	15,155,566	154,103,949	-	-	2,136,416,222
Net inter segment borrowing	-	101,676,684	28,904,230	1,031,474,472	-	31,898,029	-	(1,193,893,415)	-
Others	58,617,964	67,734,011	64,318,821	14,051,991	549,030	9,315,987	18,229,028	2,991,378	235,808,210
<b>Total liabilities</b>	1,437,011,712	466,341,194	539,455,073	1,624,476,577	15,704,596	231,784,690	32,229,028	(1,236,049,298)	3,110,953,572
<b>Net assets</b>	-	-	5,027,869	8,695,081	-	865,496	152,597,624	-	167,186,070
<b>Equity</b>	-	-	-	-	-	-	-	-	167,186,070
<b>Contingencies and commitments</b>	121,051,855	203,484,542	83,001,187	416,273,716	536	64,322,768	3,189,324	-	891,323,928

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

\* Others include head office related activities.

For the nine month period ended September 30, 2023 (Un-audited)									
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*	Elimination	Total
	(Rupees in '000)								
<b>Profit and loss</b>									
Net mark-up / return / profit	(48,892,695)	12,654,300	19,174,068	104,768,743	7,926	5,397,632	(2,124,754)	-	90,985,220
Inter segment revenue - net	106,492,181	431,964	(710,241)	(107,180,997)	5,634,310	732,654	1,709,136	(7,109,007)	-
Non mark-up / return / interest income	6,166,303	2,704,585	1,499,020	6,349,758	594,563	843,537	415,618	-	18,573,384
Total Income	63,765,789	15,790,849	19,962,847	3,937,504	6,236,799	6,973,823	-	(7,109,007)	109,558,604
Segment direct expenses	17,925,099	2,967,917	6,859,791	601,270	1,888,071	2,581,563	14,817,825	-	47,641,536
Inter segment expense allocation	9,791,557	993,019	2,770,782	469,856	1,177,008	314,835	(4,817,825)	(699,232)	-
Total expenses	27,716,656	3,960,936	9,630,573	1,071,126	3,065,079	2,896,398	-	(699,232)	47,641,536
Credit loss allowance / provision / (reversals)	4,699,845	3,847,523	104,863	(496,283)	227,40	39,773	946,000	-	9,164,461
Profit / (loss) before tax	31,349,288	7,982,350	10,227,411	3,362,661	3,148,980	4,037,652	(946,000)	(6,409,775)	52,752,607

As at December 31, 2023 (Audited)									
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*	Elimination	Total
	(Rupees in '000)								

<b>Statement of financial position</b>									
Cash and bank balances	107,505,103	20,666,132	33,920,116	1,743,435,218	801,318	56,947,383	-	(529,816)	219,310,236
Investments	-	3,609,787	214,732,021	-	-	104,537,703	947,971	-	2,067,262,700
Net inter segment lending	973,612,195	87,039,833	-	-	11,390,718	-	124,249,350	(1,196,292,096)	-
Lendings to financial institutions	-	-	32,832,027	94,864,225	-	13,960,199	-	(22,102,342)	119,554,109
Advances - performing	207,915,194	299,248,029	161,980,731	-	80,881	44,106,831	16,460,775	-	729,792,441
- non-performing	2,955,353	1,449,384	589,393	-	8,333	177,923	78,683	-	5,259,069
Others	21,680,353	30,738,634	41,414,392	62,367,729	1,333,206	9,780,632	37,423,219	107	204,738,272
<b>Total assets</b>	1,313,666,198	442,751,799	485,468,680	1,900,667,172	13,614,456	229,510,671	179,159,998	(1,218,924,147)	3,345,916,827
Borrowings	23,956,020	88,567,733	40,501,991	747,762,555	-	31,762,975	-	(23,007,821)	909,543,453
Subordinated debt	-	-	-	-	-	-	14,000,000	-	14,000,000
Deposits and other accounts	1,243,732,370	305,616,623	365,397,636	-	13,355,298	157,205,824	-	(30,621)	2,084,997,130
Net inter segment borrowing	-	-	22,614,166	1,144,470,847	-	29,207,083	-	(1,196,292,096)	-
Others	45,979,808	48,567,443	53,942,917	9,462,016	259,158	12,072,324	28,483,354	686,391	199,453,411
<b>Total liabilities</b>	1,313,666,198	442,751,799	482,456,710	1,901,695,418	13,614,456	230,248,206	42,483,354	(1,218,924,147)	3,207,993,994
<b>Net assets</b>	-	-	3,011,970	(1,028,246)	-	(737,535)	136,676,644	-	137,922,883
<b>Equity</b>	-	-	-	-	-	-	-	-	137,922,883

<b>Contingencies and commitments</b>	127,717,077	220,203,714	66,758,549	447,453,464	8	61,147,942	5,313,913	-	928,594,667
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The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.  
 \* Others include head office related activities.





**41 RELATED PARTY TRANSACTIONS**

The Bank has related party transactions with its subsidiary, associates, joint ventures, employee benefit plans, its directors, key management personnel and other related parties.

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. 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 during the period, other than those which have been disclosed elsewhere in these financial statements are as follows:

	As at September 30, 2024 (Un-audited)				As at December 31, 2023 (Audited)					
	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties
	----- (Rupees in '000) -----				----- (Rupees in '000) -----					
<b>Lendings to financial institutions</b>										
Opening balance	-	-	-	-	-	-	-	-	-	6,332,364
Addition during the period / year	-	-	-	-	-	-	-	-	-	(6,332,364)
Repaid during the period / year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
	----- (Rupees in '000) -----				----- (Rupees in '000) -----					
<b>Investments</b>										
Opening balance	-	-	305,217	1,177,606	1,802,909	-	-	305,217	1,177,606	1,552,048
Investment made during the period / year	-	-	2,200,000	-	322,077	-	-	-	-	683,255
Investment redeemed / disposed off during the period / year	-	-	-	-	(188,638)	-	-	-	-	(504,303)
Revaluation of investment during the period / year	-	-	-	-	2,095,825	-	-	-	-	71,909
Transfer in / (out) - net	-	-	-	-	58,015	-	-	-	-	-
Closing balance	-	-	2,505,217	1,177,606	4,090,188	-	-	305,217	1,177,606	1,802,909
	----- (Rupees in '000) -----				----- (Rupees in '000) -----					
Credit loss allowance / provision for diminution in value of investments	-	-	1,505,217	-	-	-	-	305,217	-	-
	----- (Rupees in '000) -----				----- (Rupees in '000) -----					
<b>Advances</b>										
Opening balance	14,918	935,186	-	-	1,925,526	18,062	672,608	-	-	2,367,924
Addition during the period / year	1,676	164,051	16,288,652	-	39,219,065	911	604,716	-	-	90,959,543
Repaid during the period / year	(3,320)	(137,434)	(16,288,652)	-	(88,864,370)	(4,055)	(314,643)	-	-	(90,662,727)
Transfer in / (out) - net	-	(1,988)	-	-	-	-	(27,495)	-	-	-
Write off	-	-	-	-	-	-	-	-	-	(739,214)
Closing balance	13,274	959,815	-	-	2,280,221	14,918	935,186	-	-	1,925,526
	----- (Rupees in '000) -----				----- (Rupees in '000) -----					
<b>Other assets</b>										
Interest / mark-up accrued	-	-	-	-	-	-	-	-	-	90,690
Receivable from staff retirement fund	4,287	77,551	-	-	20,982	2,791	59,977	-	-	440,585
Prepayment / rent receivable	-	-	-	650	-	-	-	-	4,617	-
Receivable against pre-incorporation expenses	-	-	-	-	-	-	-	17,014	-	-
Advance against shares	-	-	-	-	140,000	-	-	-	-	140,000



	As at September 30, 2024 (Un-audited)					As at December 31, 2023 (Audited)				
	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties
----- (Rupees in '000) -----										
<b>Borrowings</b>										
Opening balance	-	-	-	-	2,605,576	-	-	-	-	2,180,207
Borrowings during the period / year	-	-	-	-	449,273	-	-	-	-	2,095,000
Settled during the period / year	-	-	-	-	(508,019)	-	-	-	-	(1,669,631)
Closing balance	-	-	-	-	2,546,830	-	-	-	-	2,605,576
----- (Rupees in '000) -----										
<b>Deposits and other accounts</b>										
Opening balance	406,959	340,757	55,874	17,153,420	18,550,205	38,466	184,994	9,086	3,078,698	19,308,779
Received during the period / year	4,804,463	3,099,324	37,870,552	702,464,877	19,495,668	1,190,788	3,877,341	4,563,007	840,300,568	318,163,352
Withdrawn during the period / year	(5,006,868)	(2,381,385)	(37,950,456)	(716,659,040)	(202,319,883)	(822,295)	(5,866,772)	(4,316,218)	(826,225,846)	(311,951,919)
Transfer in / (out) - net	7	(3,300)	-	-	37,000	-	-	-	-	28,287
Closing balance	214,611	432,218	855,970	2,542,257	10,095,142	406,959	340,757	55,874	17,153,420	18,550,205
----- (Rupees in '000) -----										
<b>Subordinated debt</b>										
Opening balance	-	-	-	-	300,000	-	-	-	-	300,000
Issued / Purchased during the year	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	300,000	-	-	-	-	300,000
----- (Rupees in '000) -----										
<b>Other liabilities</b>										
Interest / mark-up payable	746	3,998	-	-	80,709	737	1,045	-	-	132,609
Dividend payable	6	-	-	-	8	1,975,728	-	-	-	1,845,246
Payable to defined benefit plan	-	-	-	-	62,887	-	-	-	-	-
Others	-	-	2,190	-	82,575	-	956	-	-	54,868
Closing balance	-	-	-	-	1,823,521	-	-	1,000,000	-	1,573,620
----- (Rupees in '000) -----										
<b>Contingencies and commitments</b>										
----- (Rupees in '000) -----										
	For the nine month period ended September 30, 2024 (Un-audited)					For the nine month period ended September 30, 2023 (Un-audited)				
<b>Income</b>										
Mark-up / return / interest earned	1,395	23,032	51,037	-	232,025	1,345	30,889	-	-	207,031
Fee and commission income	88	831	-	243,257	6,827	17	369	-	132,936	1,353
Dividend income	-	-	-	254,993	648,370	-	-	-	155,995	132,209
Gain / (loss) on sale of securities	-	4	-	(19,900)	-	-	9	-	-	(1,556)
Rent on property	-	-	-	1,950	-	-	-	-	3,248	-
Gain on sale of property and equipment - net	-	115	-	6,913	-	-	48	-	3,557	-
<b>Expenses</b>										
Mark-up / return / interest paid	22,970	24,088	108,697	589,222	1,865,758	9,558	23,034	539	668,430	1,629,735
Other operating expenses	102,240	-	-	-	-	-	-	-	-	-
Directors fee	331,647	1,387,814	-	-	109,686	111,137	-	-	-	-
Managerial remuneration	-	-	-	-	82,575	248,384	1,037,106	-	-	-
Cleaning and custodian charges	-	-	-	-	528,901	-	-	-	-	150,497
Software maintenance	-	-	-	-	8,936	-	-	-	-	180,014
Communication cost	-	-	-	-	503,473	-	-	10,563	-	-
Brokerage and commission	-	-	-	-	650,389	-	-	-	-	350,251
Charge for defined benefit plan	-	-	-	-	694	-	-	-	-	544,633
Contribution to defined contribution plan	-	-	-	-	-	-	-	-	-	3,181
Training and subscription	-	-	-	-	-	-	-	-	-	-
<b>Other information</b>										
Dividend paid	5,313,570	15,921	-	10,416	5,199,233	969,155	11,062	-	10,136	2,209,369
Insurance premium paid	-	-	-	1,378,226	-	-	-	-	1,040,659	-
Insurance claims settled	-	-	-	626,234	-	-	-	-	514,798	-





## 42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

### Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	15,771,651	15,771,651
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### Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	129,662,710	110,321,098
Eligible Additional Tier 1 (ADT 1) Capital	13,550,000	13,550,000
Total eligible tier 1 capital	143,212,710	123,871,098
Eligible tier 2 capital	47,758,950	34,802,149
Total eligible capital (tier 1 + tier 2)	190,971,660	158,673,247

### Risk weighted assets (RWAs):

Credit risk	789,496,920	754,283,194
Market risk	38,094,263	18,194,850
Operational risk	175,157,500	175,157,500
Total	1,002,748,683	947,635,544

### Common equity tier 1 capital adequacy ratio

	12.93%	11.64%
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### Tier 1 capital adequacy ratio

	14.28%	13.07%
--	--------	--------

### Total capital adequacy ratio

	19.04%	16.74%
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In line with Basel III capital adequacy guidelines, the following capital requirements are applicable to the Bank:

### Common Equity Tier 1 Capital Adequacy ratio

	6.00%	6.00%
--	-------	-------

### Tier 1 Capital Adequacy Ratio

	7.50%	7.50%
--	-------	-------

### Total Capital Adequacy Ratio

	11.50%	11.50%
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For Capital adequacy calculation, the Bank has adopted Standardised Approach for credit and market risk related exposures and Alternate Standardised Approach (ASA) for operational risk.

### Leverage Ratio (LR):

Eligible tier-1 capital	143,212,710	123,871,098
Total exposures	3,748,386,347	3,536,686,713
Leverage ratio	3.82%	3.50%

### Liquidity Coverage Ratio (LCR):

Total high quality liquid assets	1,232,976,389	1,082,954,156
Total net cash outflow	614,289,869	488,388,254
Liquidity coverage ratio	201%	222%

### Net Stable Funding Ratio (NSFR):

Total available stable funding	1,738,923,680	1,634,520,450
Total required stable funding	1,235,251,534	1,012,638,563
Net stable funding ratio	141%	161%

43 ISLAMIC BANKING BUSINESS

The Bank operates 375 Islamic banking branches (December 31, 2023: 348 branches) and 4 sub branches (December 31, 2023: 6 sub branch) as at September 30, 2024.

STATEMENT OF FINANCIAL POSITION

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	------(Rupees in '000)-----	
<b>ASSETS</b>			
Cash and balances with treasury banks		41,498,258	32,341,423
Balances with other banks		1,036,499	1,578,693
Due from financial institutions	43.1	34,999,733	32,832,027
Investments	43.2	233,942,436	214,732,021
Islamic financing and related assets - net	43.3	181,491,358	162,570,124
Property and equipment		11,381,735	9,419,759
Right-of-use assets		8,624,018	7,693,170
Intangible assets		37,691	39,602
Deferred tax assets		-	-
Other assets		31,471,214	24,261,861
<b>Total Assets</b>		<b>544,482,942</b>	<b>485,468,680</b>
<b>LIABILITIES</b>			
Bills payable		5,475,617	4,847,290
Due to financial institutions		54,237,596	40,501,991
Deposits and other accounts	43.4	391,994,426	365,397,636
Lease liabilities		10,279,097	8,931,856
Deferred tax liabilities		3,057,343	1,291,105
Other liabilities		45,506,764	38,872,666
<b>Total Liabilities</b>		<b>510,550,843</b>	<b>459,842,544</b>
<b>NET ASSETS</b>		<b>33,932,099</b>	<b>25,626,136</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		3,950,000	3,950,000
Surplus on revaluation of assets		5,027,870	3,011,969
Unappropriated / unremitted profit	43.5	24,954,229	18,664,167
		<b>33,932,099</b>	<b>25,626,136</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	43.6		
<b>PROFIT AND LOSS ACCOUNT</b>			
		(Un-audited)	
		Nine months period ended	
		September 30, 2024	September 30, 2023
	Note	------(Rupees in '000)-----	
Profit / return earned on Islamic financing and related assets, investments and placements	43.7	59,025,199	41,493,055
Profit / return expensed on deposits and other dues expensed	43.8	34,436,333	22,318,987
Net profit / return		24,588,866	19,174,068
Fee and commission income		1,673,167	1,049,493
Foreign exchange income		424,915	396,951
Loss on securities		(12,136)	(14,422)
Net gains on derecognition of financial assets measured at amortised cost		-	-
Other income		12,137	66,998
Total other income		2,098,083	1,499,020
<b>Total income</b>		<b>26,686,949</b>	<b>20,673,088</b>
<b>OTHER EXPENSES</b>			
Operating expenses		12,910,620	9,388,052
Workers' welfare fund		272,110	223,217
Other charges		10,600	19,304
Total other expenses		13,193,330	9,630,573
Profit before credit loss allowance / provisions		13,493,619	11,042,515
Credit loss allowance / provisions and write offs - net		160,220	104,863
<b>PROFIT BEFORE TAXATION</b>		<b>13,333,399</b>	<b>10,937,652</b>
Taxation		6,580,943	5,341,638
<b>PROFIT AFTER TAXATION</b>		<b>6,752,456</b>	<b>5,596,014</b>





### 43.1 Due from financial institutions

	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)-----					
Musharaka Placements	5,000,000	-	5,000,000	24,400,000	-	24,400,000
Bai Muajjal Receivables	29,999,741	-	29,999,741	8,432,027	-	8,432,027
	34,999,741	-	34,999,741	32,832,027	-	32,832,027
Less: Credit loss allowance Stage 1	(8)	-	(8)	-	-	-
	34,999,733	-	34,999,733	32,832,027	-	32,832,027

### 43.2 Investments

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost/ Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
	------(Rupees in '000)-----							
<b>By segment &amp; type:</b>								
<b>Fair value through profit or loss</b>								
<b>Federal Government Securities</b>								
Ijarah Sukuk	-	-	-	-	-	-	-	-
Naya Pakistan Certificates	2,905,759	-	-	2,905,759	-	-	-	-
<b>Non Government Debt Securities</b>								
Sukuk - Unlisted	200,000	-	-	200,000	-	-	-	-
	3,105,759	-	-	3,105,759	-	-	-	-
<b>Held-for-trading securities</b>								
<b>Federal Government Securities</b>								
Ijarah Sukuk	-	-	-	-	3,022,557	-	(4,857)	3,017,700
<b>Fair value through other comprehensive income</b>								
<b>Federal Government Securities</b>								
Ijarah Sukuk	194,800,665	-	4,970,680	199,771,345	-	-	-	-
<b>Non Government Debt Securities</b>								
Sukuk - Unlisted	15,704,254	-	106,538	15,810,792	-	-	-	-
	210,504,919	-	5,077,218	215,582,137	-	-	-	-
<b>Available for sale securities</b>								
<b>Federal Government Securities</b>								
Ijarah Sukuk	-	-	-	-	182,501,466	-	1,054,823	183,556,289
Naya Pakistan Certificates	-	-	-	-	5,687,184	-	-	5,687,184
<b>Non Government Debt Securities</b>								
Sukuk - Unlisted	-	-	-	-	16,133,675	-	66,970	16,200,645
	-	-	-	-	204,322,325	-	1,121,793	205,444,118
<b>Amortised cost</b>								
<b>Federal Government Securities</b>								
Ijarah Sukuk	11,573,650	-	-	11,573,650	-	-	-	-
<b>Non Government Debt Securities</b>								
Sukuk - Unlisted	3,744,631	(63,741)	-	3,680,890	-	-	-	-
	15,318,281	(63,741)	-	15,254,540	-	-	-	-
<b>Held to maturity securities</b>								
<b>Federal Government Securities</b>								
Ijarah Sukuk	-	-	-	-	3,000,000	-	-	3,000,000
<b>Non Government Debt Securities</b>								
Sukuk - Unlisted	-	-	-	-	3,339,720	(69,517)	-	3,270,203
	-	-	-	-	6,339,720	(69,517)	-	6,270,203
<b>Total investments</b>	228,928,959	(63,741)	5,077,218	233,942,436	213,684,602	(69,517)	1,116,936	214,732,021

#### 43.2.1 Particulars of credit loss allowance

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)			
	Expected Credit Loss			Total	Specific	General	
	Stage 1	Stage 2	Stage 3				
	------(Rupees in '000)-----						
Sukuk - Unlisted	67	-	63,674	63,741	69,517	-	69,517

**43.3 Islamic financing and related assets**

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
Ijarah	18,154,851	18,280,711
Murabaha	2,710,718	3,660,271
Musharaka	25,024,253	15,364,383
Diminishing musharaka	21,029,148	22,300,051
Salam	948,803	1,016,849
Bai muajjal financing	29,999,898	24,999,488
Musawama financing	2,038,483	4,610,248
Tijarah financing	5,122,066	5,009,036
Islamic staff financing	8,436,799	5,009,281
SBP islamic export refinance	62,000	102,965
SBP refinance scheme for wages & salaries	-	1,846
Islamic long term finance facility plant & machinery	4,303,279	3,414,902
Islamic refinance renewable energy	2,433,044	87,218
Islamic temporary economic refinance facility (ITERF)	10,144,329	10,351,896
Naya Pakistan home financing	3,185,000	3,336,697
Islamic refinance facility for combating COVID	628,263	765,491
Refinance facility under bills discounting	16,463,451	15,244,583
Advances against islamic assets	23,906,339	21,054,922
Inventory related to islamic financing	12,019,456	10,947,999
Other Islamic modes	257,003	1,415,530
Gross Islamic financing and related assets	186,867,183	166,974,367
Less: Credit loss allowance / provision against Islamic financings		
- Stage 1	(682,687)	-
- Stage 2	(150,257)	-
- Stage 3	(4,542,881)	-
- Specific	-	(4,282,632)
- General	-	(121,611)
	(5,375,825)	(4,404,243)
Islamic financing and related assets - net of credit loss allowance / provision	181,491,358	162,570,124

**43.4 Deposits**

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
<b>Customers</b>						
- Current deposits	148,345,668	8,622,275	156,967,943	135,927,618	8,790,080	144,717,698
- Savings deposits	89,580,626	4,056,903	93,637,529	74,515,796	3,755,980	78,271,776
- Term deposits	71,246,252	388,597	71,634,849	53,925,971	240,809	54,166,780
- Other deposits	2,515,291	1,850,593	4,365,884	3,716,029	1,648,389	5,364,418
	311,687,837	14,918,368	326,606,205	268,085,414	14,435,258	282,520,672
<b>Financial Institutions</b>						
- Current deposits	2,264,770	25,821	2,290,591	2,073,541	-	2,073,541
- Savings deposits	8,512,630	-	8,512,630	23,978,423	-	23,978,423
- Term deposits	54,585,000	-	54,585,000	56,825,000	-	56,825,000
	65,362,400	25,821	65,388,221	82,876,964	-	82,876,964
	377,050,237	14,944,189	391,994,426	350,962,378	14,435,258	365,397,636

**43.4.1** Current deposits include remunerative current deposits of Rs. 24,386.184 million (December 31, 2023: Rs. 20,788.733 million).





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

**43.5 Islamic banking business unappropriated profit**

Opening balance	18,664,167	11,333,811
Impact of adopting IFRS 9	(463,426)	-
Balance at January 01 on adopting IFRS 9	18,200,741	11,333,811
Add: Islamic Banking profit before taxation for the period / year	13,333,399	15,063,097
Less: Taxation for the period / year	(6,580,943)	(7,734,120)
Add: Transfer from surplus on revaluation of assets to unappropriated profit - net	1,032	1,379
Closing balance	<u>24,954,229</u>	<u>18,664,167</u>

**43.6 Contingencies and commitments**

- Guarantees	6,459,341	5,351,787
- Commitments	76,541,846	61,406,762
	<u>83,001,187</u>	<u>66,758,549</u>

(Un-audited)  
**For the nine months period ended**  
**September 30,**                      **September 30,**  
**2024**                                      **2023**  
 -----(Rupees in '000)-----

**43.7 Profit/Return earned on Islamic financing and related assets, investments and placements**

Profit earned on:		
- Islamic financing and related assets	18,725,355	18,445,444
- Investments	35,203,799	22,089,513
- Placements	5,096,045	958,098
	<u>59,025,199</u>	<u>41,493,055</u>

**43.8 Profit on deposits and other dues expensed**

Deposits and other accounts	31,010,200	17,597,531
Due to financial institutions	2,100,959	2,240,605
Securities sold under repurchase agreements	-	1,452,085
Cost of foreign currency swaps against foreign currency deposits / borrowings	337,676	257,644
Finance charges on lease liability	958,535	746,339
Reward points / customer loyalty	28,963	24,783
	<u>34,436,333</u>	<u>22,318,987</u>

**43.9 PLS Pool Management- Islamic Banking Group (IBG)**

**43.9.1** The pools, their key features and risk and reward characteristics.

The profit and loss sharing between the Rabbul Maal (depositor) and Mudarib (Bank - IBG) is based upon the underlying principles of Mudaraba, where Bank also contributes its equity to general pool of funds, and becomes the capital provider.

Currently IBG is managing following pools:

- 1) General Pool for LCY Depositors
- 2) FCY Pool for Foreign Currency (USD, GBP, EURO, AED, SAR and CAD) depositors
- 3) FIs Pool for Treasury Purposes
- 4) IERS Pool for Islamic Export Refinance Scheme facilities
- 5) Special pool
- 6) PMRC Musharikhah Pool

All the Mudaraba based remunerative deposits shall be considered as an investment from Rabbul Maal in the pool, along with IBG's own share of equity, which is also commingled in the pool. The applications of these funds are on Islamic financing and related assets, investments, and placements for generating profits to be shared among the depositors as per the weightage system.

The IERS pool is maintained as per the guideline under the SBP IERS Scheme.

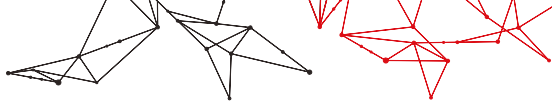
The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. All pools are usually exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved in pool.

**43.9.2 Avenues/sectors where Mudaraba based deposits have been deployed.**

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
Agriculture, Forestry, Hunting and Fishing	30,709,185	25,878,771
Automobile and transportation equipment	4,784,397	5,182,673
Cement	1,495,016	2,905,481
Chemical and Pharmaceuticals	9,379,494	8,182,123
Construction	2,740,789	2,295,131
Electronics and electrical appliances	3,621,097	1,902,371
Food & Allied Products	7,151,672	7,660,952
Footwear and Leather garments	1,209,793	874,338
Glass and Ceramics	180,113	55,349
Individuals	36,919,155	33,101,861
Metal & Allied industries	3,116,712	3,704,807
Mining and Quarrying	501,580	505,600
Oil and Allied	2,552,115	3,666,662
Paper and Board	294,006	391,103
Plastic and Allied Industries	6,043,999	5,170,406
Power (electricity), Gas, Water, Sanitary	9,376,896	4,532,146
Services	2,516,055	2,745,698
Sugar	1,681,996	1,256,366
Technology and Related services	19,903	31,528
Textile	50,432,540	44,435,263
Transport, Storage and Communication	7,574,851	7,468,667
Wholesale and Retail Trade	3,198,047	3,628,696
Others	1,367,772	1,398,375
<b>Total Gross Islamic Financing and Related Assets</b>	<b>186,867,183</b>	<b>166,974,367</b>
Total gross investments (at cost)	228,928,959	213,684,602
Total Islamic placements (at cost)	34,999,741	32,832,027
<b>Total Invested Funds</b>	<b>450,795,883</b>	<b>413,490,996</b>







#### 43.9.3 The major components of Profit distribution and charging of the expenses.

Profit is distributed among the Mudaraba deposits on the basis of underlying principles of weightage mechanism which are announced before the beginning of the relevant period. Only direct attributable expenses such as depreciation on ijarah assets, brokerage, CIB Charges, bad debts write off on advances and loss on sale of investments etc are charged to the pool. Expenses of pool(s) do not include general and specific provisioning created against non-performing financings and diminution in the value of investments.

#### 43.9.4 The Bank manages the following general and specific pools:

Remunerative Depositor's Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share (Rupees in '000)	Profit rate return distributed to remunerative deposits (Savings and fixed) %	Percentage of Mudarib share transferred through Hiba %	Amount of Mudarib Share transferred through Hiba (Rupees in '000)
			Mudarib Share/Fee %	Rabbul Maal Share				
<b>General Pools</b>								
PKR Pool	Monthly	16.58%	50.00%	50.00%	9,180,940	11.57%	13.82%	1,271,359
USD Pool	Monthly	5.98%	88.89%	11.11%	148,918	1.54%	31.58%	40,460
GBP Pool	Monthly	9.43%	88.89%	11.11%	29,262	1.18%	3.45%	611
EUR Pool	Monthly	8.22%	88.89%	11.11%	21,979	0.90%	4.83%	395
AED Pool	Monthly	2.45%	88.89%	11.11%	714	0.21%	2.45%	10
SAR Pool	Monthly	4.35%	88.89%	11.11%	846	0.25%	0.00%	-
CAD Pool	Monthly	8.11%	88.89%	11.11%	670	0.23%	0.00%	-
<b>Specific Pools</b>								
Special Pool (Saving & TDRs)	Monthly	20.89%	10.00%	90.00%	2,206,619	20.44%	44.41%	1,034,233

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SBP Refinance Borrowing Pool	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share (Rupees in '000)	Profit rate return distributed to remunerative deposits (Savings and fixed) %	Percentage of Mudarib share transferred through Hiba %	Amount of Mudarib Share transferred through Hiba (Rupees in '000)
			Bank Share	SBP Share				
Islamic Export Refinance (IERS/BD) Pool	Monthly	18.39%	85.58%	14.42%	3,798,433	Nil	0.00%	-

#### 44 AFGHANISTAN OPERATIONS

Bank Alfalah maintains a two-branch presence in Afghanistan. The Board and the management of the Bank continue to closely monitor the evolving situation in Afghanistan which has been hampered due to the country's frozen reserves and uncertainty regarding international recognition which prevent normal flows in and out of Afghanistan. The Bank has taken impairment against assets where there is an indication that carrying amount may be higher than its recoverable amount. The Bank remains focused on maintaining its control standards i.e. both onshore and through Head Office oversight.

#### 45 BANGLADESH OPERATIONS

During the period ended September 30, 2024, a non-binding indicative offer was received from Bank Asia Limited, Dhaka, Bangladesh ("Bank Asia") to acquire the Bank's Bangladesh Operations (assets and liabilities). In this regard, the Bank has been granted an in-principle approval by the State Bank of Pakistan to facilitate conduct of due diligence exercise by Bank Asia.

Further, non-binding offer was also received from Hatton National Bank of Sri Lanka ("HNB") to acquire the Bank's Bangladesh Operations (assets and liabilities). In this regard regulatory approvals to commence due diligence exercise are in process.

**46 NON-ADJUSTING EVENT**

The Board of Directors in its meeting held on October 17, 2024 has declared an interim cash dividend of 20% i.e. Rs. 2.0 per share (September 30, 2023: Rs. Nil). These unconsolidated condensed interim financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end. The Board had earlier declared and paid cumulatively an interim cash dividend of Rs. 4.0 per share (September 30, 2023: cash dividend: Rs. 3.0 per share).

**47 DATE OF AUTHORISATION**

These unconsolidated condensed interim financial statements were authorised for issue on October 17, 2024 by the Board of Directors of the Bank.

**48 GENERAL**

**48.1** Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements, wherever necessary to facilitate comparison.

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

Description of item	Nature	(Rupees in '000)	From	To
Right-of-use assets	Asset	19,951,571	Property and equipment	Right-of-use assets
Lease liabilities against right-of-use-assets	Liability	22,894,533	Other liabilities	Lease liabilities

President & Chief Executive Officer

Chief Financial Officer

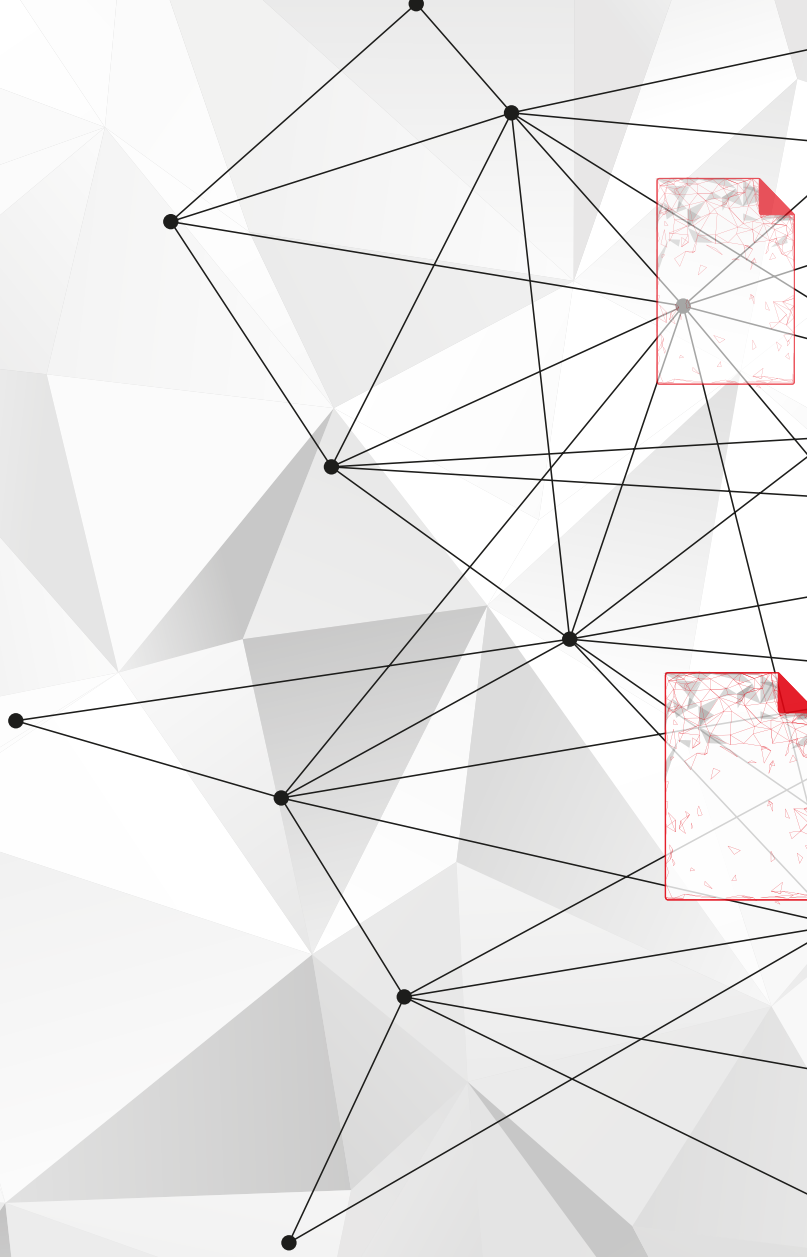
Director

Director

Director



**CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS**  
NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024



# Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2024

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	7	207,129,098	202,692,503
Balances with other banks	8	14,060,267	16,990,085
Lendings to financial institutions	9	22,405,860	119,554,109
Investments	10	1,923,106,775	2,072,156,767
Advances	11	855,964,863	735,061,827
Property and equipment	12	54,406,800	41,854,091
Right-of-use assets	13	21,922,452	19,966,957
Intangible assets	14	1,559,065	1,380,144
Deferred tax assets	21	-	3,619,475
Other assets	15	183,762,763	136,391,839
<b>Total Assets</b>		<b>3,284,317,943</b>	<b>3,349,667,797</b>
<b>LIABILITIES</b>			
Bills payable	16	25,211,903	26,004,538
Borrowings	17	725,046,778	910,216,032
Deposits and other accounts	18	2,135,580,252	2,084,941,257
Lease liabilities	19	25,767,692	22,899,808
Subordinated debt	20	14,000,000	14,000,000
Deferred tax liabilities	21	7,645,096	-
Other liabilities	22	180,600,048	151,982,924
<b>Total Liabilities</b>		<b>3,113,851,769</b>	<b>3,210,044,559</b>
<b>NET ASSETS</b>		<b>170,466,174</b>	<b>139,623,238</b>
<b>REPRESENTED BY</b>			
Share capital		15,771,651	15,771,651
Reserves		42,831,669	41,401,130
Surplus on revaluation of assets	23	25,862,765	11,272,770
Unappropriated profit		85,983,893	71,472,352
Total equity attributable to the equity holders of the Holding Company		170,449,978	139,917,903
Non-controlling interest	24	16,196	(294,665)
		<b>170,466,174</b>	<b>139,623,238</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	25		

The annexed notes 1 to 48 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director



# Consolidated Condensed Interim Profit and Loss Account (Un-audited)

For the quarter and nine months period ended September 30, 2024

	Note	Quarter ended September 30, 2024	Quarter ended September 30, 2023	Nine months period ended September 30, 2024	Nine months period ended September 30, 2023
----- (Rupees in '000) -----					
Mark-up / return / interest earned	27	131,381,497	109,801,772	387,318,262	286,279,568
Mark-up / return / interest expensed	28	97,558,625	78,034,067	292,179,262	195,379,231
Net mark-up / return / interest income		33,822,872	31,767,705	95,139,000	90,900,337
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	29	4,066,750	3,975,388	13,591,801	11,014,430
Dividend income		219,115	234,394	1,123,926	701,559
Foreign exchange income	30	2,426,813	2,412,544	7,762,631	7,518,196
Income from derivatives		113,094	438,255	1,486,608	1,127,246
Gain / (loss) on securities	31	6,233,600	(1,552,078)	8,598,616	(1,799,345)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Share of profit from associates		354,057	475,325	1,018,293	989,827
Other income	32	32,103	125,009	191,095	257,787
Total non-mark-up / interest income		13,445,532	6,108,837	33,772,970	19,809,700
Total Income		47,268,404	37,876,542	128,911,970	110,710,037
<b>64 NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	33	20,292,887	16,009,783	58,639,796	46,630,638
Workers' welfare fund	34	441,783	378,112	1,361,727	1,191,335
Other charges	35	9,305	1,300	218,820	138,261
Total non-mark-up / interest expenses		20,743,975	16,389,195	60,220,343	47,960,234
Profit before credit loss allowance / provisions		26,524,429	21,487,347	68,691,627	62,749,803
Credit loss allowance / provisions / reversals and write offs - net	36	440,389	4,162,498	208,396	9,164,461
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		26,084,040	17,324,849	68,483,231	53,585,342
Taxation	37	12,794,121	8,492,369	33,263,446	26,127,351
<b>PROFIT AFTER TAXATION</b>		13,289,919	8,832,480	35,219,785	27,457,991
<b>Profit / (loss) attributable to:</b>					
Equity holders of the Holding Company		13,286,817	8,848,082	35,215,149	27,461,834
Non-controlling interest		3,102	(15,602)	4,636	(3,843)
		13,289,919	8,832,480	35,219,785	27,457,991
----- (Rupees) -----					
<b>Basic and diluted earnings per share</b>	38	8.43	5.61	22.33	17.41

The annexed notes 1 to 48 form an integral part of these consolidated condensed interim financial statements.

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

For the quarter and nine months period ended September 30, 2024

	Quarter ended September 30, 2024	Quarter ended September 30, 2023	Nine months period ended September 30, 2024	Nine months period ended September 30, 2023
	------(Rupees in '000)-----			
Profit after taxation for the period	13,289,919	8,832,480	35,219,785	27,457,991
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to the statement of profit and loss account in subsequent periods:</b>				
Effect of translation of net investment in foreign branches	(278,450)	(118,076)	(1,933,729)	4,316,045
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	9,610,647	-	9,125,710	-
Movement in share of surplus / (deficit) on revaluation of investments of associates - net of tax	10,141	1,347	16,121	4,257
Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	2,175,044	-	(3,080,201)
	9,342,338	2,058,315	7,208,102	1,240,101
<b>Items that will not be reclassified to the statement of profit and loss account in subsequent periods:</b>				
Remeasurement loss on defined benefit obligations - net of tax	-	-	(1,105)	-
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	15,090	(6,631)	604,686	19,007
Movement in (deficit) / surplus on revaluation of property and equipment - net of tax	(10,460)	(9,708)	(30,204)	(97,318)
Movement in (deficit) / surplus on revaluation of non-banking assets - net of tax	(184)	405	784	(7,722)
	4,446	(15,934)	574,161	(86,033)
<b>Total comprehensive income</b>	<u>22,636,703</u>	<u>10,874,861</u>	<u>43,002,048</u>	<u>28,612,059</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Holding Company	22,633,601	10,890,463	42,997,826	28,615,902
Non-controlling interest	3,102	(15,602)	4,222	(3,843)
	<u>22,636,703</u>	<u>10,874,861</u>	<u>43,002,048</u>	<u>28,612,059</u>

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The annexed notes 1 to 48 form an integral part of these consolidated condensed interim financial statements.

President &amp; Chief Executive Officer

Chief Financial Officer

Director

Director

Director



# Consolidated Condensed Interim Statement of Changes in Equity

For the nine months period ended September 30, 2024

	Capital Reserves			Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit	Sub-total	Non Controlling Interest	Total
	Share premium	Exchange translation reserve			Investments	Property and equipment	Non banking assets				
(Rupees in '000)											
<b>Opening balance as at January 01, 2023 (audited)</b>	15,771,651	4,731,049	10,719,682	18,832,470	(7,556,496)	12,321,092	82,505	47,033,616	101,935,569	127,800	102,063,369
<b>Changes in equity for the nine months period ended September 30, 2023</b>											
Profit / (loss) after taxation	-	-	-	-	-	-	-	27,461,834	27,461,834	(3,843)	27,457,991
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branches	-	-	4,316,045	-	-	-	-	-	4,316,045	-	4,316,045
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	(3,056,937)	-	-	-	(3,056,937)	-	(3,056,937)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(97,318)	-	-	(97,318)	-	(97,318)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(7,722)	-	(7,722)	-	(7,722)
Total other comprehensive income / (loss) - net of tax	-	-	4,316,045	-	(3,056,937)	(97,318)	(7,722)	-	1,154,068	-	1,154,068
Transfer to statutory reserve	-	-	-	2,725,160	-	-	-	(2,725,160)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(66,372)	-	66,372	-	-	-
<b>Transactions with owners, recorded directly in equity</b>											
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)	-	(3,942,913)
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	-	-	-	-	-	(4,731,495)	(4,731,495)	-	(4,731,495)
<b>Balance as at September 30, 2023 (un-audited)</b>	15,771,651	4,731,049	15,035,727	21,557,630	(10,613,433)	12,157,402	74,783	63,162,254	121,877,063	123,957	122,001,020
<b>Changes in equity for three months period ended December 31, 2023</b>											
Profit / (loss) after taxation	-	-	-	-	-	-	-	9,049,625	9,049,625	(421,256)	8,628,369
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branches	-	-	(843,753)	-	-	-	-	-	(843,753)	-	(843,753)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	9,711,033	-	-	-	9,711,033	-	9,711,033
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	121,900	121,900	2,634	124,534
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(9,908)	-	-	(9,908)	-	(9,908)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	11,943	-	11,943	-	11,943
Total other comprehensive (loss) / income - net of tax	-	-	(843,753)	-	9,711,033	(9,908)	11,943	121,900	8,991,215	2,634	8,993,849
Transfer to statutory reserve	-	-	-	920,477	-	-	-	(920,477)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(59,050)	-	59,050	-	-	-
<b>Balance as at December 31, 2023 (audited)</b>	15,771,651	4,731,049	14,191,974	22,478,107	(902,400)	12,088,444	86,726	71,472,352	139,917,903	(294,665)	139,623,238
Impact of adoption of IFRS 9 - net of tax (note 4.2.8)	-	-	-	-	5,002,695	-	-	(2,954,019)	2,048,676	-	2,048,676
<b>Balance as at January 01, 2024 after adoption of IFRS 9 / carried forward</b>	15,771,651	4,731,049	14,191,974	22,478,107	4,100,295	12,088,444	86,726	68,518,333	141,966,579	(294,665)	141,671,914

# Consolidated Condensed Interim Statement of Changes in Equity

For the nine months period ended September 30, 2024

	Capital Reserves			Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit	Sub-total	Non Controlling Interest	Total
	Share capital	Share premium	Exchange translation reserve		Investments	Property and equipment	Non banking assets				
	(Rupees in '000)										
<b>Balance brought forward</b>	15,771,651	4,731,049	14,191,974	22,478,107	4,100,295	12,088,444	86,726	68,518,333	141,966,579	(294,665)	141,671,914
<b>Changes in equity for the nine months period ended September 30, 2024</b>											
Profit after taxation	-	-	-	-	-	-	-	35,215,149	35,215,149	4,636	35,219,785
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branches	-	-	(1,933,729)	-	-	-	-	-	(1,933,729)	-	(1,933,729)
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	9,125,710	-	-	-	9,125,710	-	9,125,710
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	604,686	-	-	-	604,686	-	604,686
Movement in share of (deficit) on revaluation of investments of associates - net of tax	-	-	-	-	16,121	-	-	-	16,121	-	16,121
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(691)	(691)	(414)	(1,105)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(30,204)	-	-	(30,204)	-	(30,204)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	784	-	784	-	784
Total other comprehensive (loss) / income - net of tax	-	-	(1,933,729)	-	9,746,517	(30,204)	784	(691)	7,782,677	(414)	7,782,263
Transfer to statutory reserve	-	-	-	3,364,268	-	-	-	(3,364,268)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(66,417)	(9,180)	75,597	-	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	-	-	(54,200)	-	-	54,200	-	-	-
<b>Transactions with owners, recorded directly in equity</b>											
Adjustment of non-controlling interest	-	-	-	-	-	-	-	(311,627)	(311,627)	311,627	-
Right Issuance cost - subsidiary	-	-	-	-	-	-	-	(8,314)	(8,314)	(4,988)	(13,302)
Final cash dividend for the year ended December 31, 2023 - 50%	-	-	-	-	-	-	-	(7,885,826)	(7,885,826)	-	(7,885,826)
Interim cash dividend for the quarter ended March 31, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)	-	(3,154,330)
Interim cash dividend for the half year ended June 30, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)	-	(3,154,330)
<b>Closing balance as at September 30, 2024 (un-audited)</b>	<b>15,771,651</b>	<b>4,731,049</b>	<b>12,258,245</b>	<b>25,842,375</b>	<b>13,792,612</b>	<b>11,991,823</b>	<b>78,330</b>	<b>85,983,893</b>	<b>170,449,978</b>	<b>16,196</b>	<b>170,466,174</b>

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The annexed notes 1 to 48 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director







# Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended September 30, 2024

	Note	Nine months period ended	
		September 30, 2024	September 30, 2023
----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		68,483,231	53,585,342
Less: Dividend income		(1,123,926)	(701,559)
Share of profit from associates		(1,018,293)	(989,827)
		66,341,012	51,893,956
<b>Adjustments:</b>			
Net markup/ return / interest income		(95,139,000)	(90,900,337)
Depreciation	33	3,407,468	2,545,152
Depreciation on right-of-use assets	33	2,842,869	2,454,195
Amortisation	33	275,217	234,936
Credit loss allowance /provisions / reversals and write offs - net	36	208,396	9,164,461
Unrealised loss on revaluation of investments classified as held for trading - net	31	-	91,005
Unrealised gain on revaluation of investments measured at FVTPL	31	(3,424,288)	-
Gain on sale of property and equipment - net	32	(81,136)	(118,427)
Gain on sale of non banking assets - net	32	(27,800)	-
Gain on termination of leases - net	32	(62,345)	(70,186)
Finance charges on leased assets	28	2,492,016	1,905,217
Workers' welfare fund		1,361,727	1,191,335
Charge for defined benefit plan	33.1	503,473	350,251
Charge for staff compensated absences	33.1	157,500	142,497
		(87,485,903)	(73,009,901)
		(21,144,891)	(21,115,945)
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		71,618,222	48,272,315
Held for trading securities		-	(24,688,989)
Securities classified as FVTPL		29,180,463	-
Advances		(127,425,539)	57,000,857
Other assets (excluding advance taxation and mark-up receivable)		(22,876,220)	(19,981,376)
		(49,503,074)	60,602,807
<b>(Decrease) / Increase in operating liabilities</b>			
Bills payable		(792,635)	(18,494,514)
Borrowings		(185,892,301)	17,117,816
Deposits		50,638,995	334,469,048
Other liabilities (excluding current taxation and mark-up payable)		29,873,139	33,778,704
		(106,172,802)	366,871,054
		(176,820,767)	406,357,916
Mark-up / Interest received		361,715,725	238,032,288
Mark-up / Interest paid		(283,990,975)	(170,229,042)
Income tax paid		(39,770,455)	(24,079,292)
<b>Net cash (used in) / generated from operating activities</b>		(138,866,472)	450,081,870
<b>Balance carried forward</b>		(138,866,472)	450,081,870

# Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended September 30, 2024

	Note	
	Nine months period ended	
	September 30, 2024	September 30, 2023
	----- (Rupees in '000) -----	
<b>Balance brought forward</b>	(138,866,472)	450,081,870
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	-	(298,295,110)
Net Investments in securities classified as FVOCI	147,684,061	-
Net investments in held-to-maturity securities	-	(76,468,510)
Net investments in amortised cost securities	7,501,156	-
Dividends received from associates	254,993	155,995
Dividends received	1,074,754	646,642
Investments in property and equipment and intangible assets	(16,399,399)	(9,301,422)
Proceeds from sale of property and equipment	96,162	132,067
Proceeds from sale of non-banking assets	267,800	-
Effect of translation of net investment in foreign branches	(1,933,729)	4,316,045
<b>Net cash generated from / (used in) investing activities</b>	<b>138,545,798</b>	<b>(378,814,293)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of lease obligations against right-of-use assets	(4,362,509)	(3,807,045)
Payment of right issuance cost	(13,302)	-
Dividend paid	(20,059,906)	(7,083,456)
<b>Net cash used in financing activities</b>	<b>(24,435,717)</b>	<b>(10,890,501)</b>
<b>(Decrease) / increase in cash and cash equivalents</b>	<b>(24,756,391)</b>	<b>60,377,076</b>
Cash and cash equivalents at beginning of the period	249,435,199	206,551,447
Effects of exchange rate changes on cash and cash equivalents	(1,535,507)	(20,442,845)
	247,899,692	186,108,602
Opening expected credit loss allowance on cash and cash equivalents	(39,360)	-
Impact of expected credit loss allowance on adoption of IFRS 9	(39,269)	-
Reversal in expected credit loss allowance during the period	48,405	-
Effects of exchange rate changes on cash and cash equivalents	966	-
	10,102	-
<b>Cash and cash equivalents at end of the period</b>	<b>39 223,114,043</b>	<b>246,485,678</b>

The annexed notes 1 to 48 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director





# Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the nine months period ended September 30, 2024

## 1 STATUS AND NATURE OF BUSINESS

### 1.1 The "Group" consists of:

#### Holding Company : Bank Alfalah Limited, Pakistan

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 1,058 branches (December 31, 2023: 1,009 branches) and 12 sub-branches (December 31, 2023: 15 sub-branches). Out of the 1,058 branches, 672 (December 31, 2023: 650) are conventional, 375 (December 31, 2023: 348) are Islamic, 10 (December 31, 2023: 10) are overseas and 1 (December 31, 2023: 1) is an offshore banking unit.

	Note	Percentage of Holding	
		September 30, 2024	December 31, 2023
<b>Subsidiaries</b>			
Alfalah Securities (Private) Limited (formerly Alfalah CLSA Securities (Private) Limited), Pakistan	1.1.1	95.59%	62.50%
Alfalah Currency Exchange (Private) Limited, Pakistan	1.1.2	100.00%	-

**1.1.1** During the period ended September 30, 2024, the Holding Company has made a further investment of Rs. 1,200 million in Alfalah Securities (Private) Limited (formerly Alfalah CLSA Securities (Private) Limited) increasing its shareholding percentage from 62.50% as at December 31, 2023 to 95.59% as at September 30, 2024.

**1.1.2** During the period ended September 30, 2024, the Holding Company has invested Rs. 1,000 million in its wholly owned subsidiary Alfalah Currency Exchange (Private) Limited.

### 1.2 In addition, the Group maintains investments in the following:

#### Associates

Alfalah Insurance Company Limited	30.00%	30.00%
Sapphire Wind Power Company Limited	30.00%	30.00%
Alfalah Asset Management Limited	40.22%	40.22%

## 2 BASIS OF PRESENTATION

### 2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) 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 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, IFRS or IFAS, 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 through 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 through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.

As allowed by the SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022, IFRS 9 has not been adopted for overseas branches where it is not applicable as per their local regulations. In addition to the above, the SBP has recently issued BPRD Circular Letter No. 16 of 2024 dated July 29, 2024 in which certain relaxations / clarifications have been provided upon adoption of IFRS 9 which are disclosed in note 4.2 to the consolidated condensed interim financial statements.

Moreover, Alfalah Insurance Company Limited has deferred the application of IFRS 9 till January 01, 2026, which is same as effective date for application of IFRS 17 - Insurance Contracts as allowed by the SECP through S.R.O. 506(i)/2024 dated March 29, 2024. Furthermore, Sapphire Wind Power Company Limited was granted a partial exemption from the application of IFRS 9 till December 31, 2024 vide SECP S.R.O.67(i)/2023 dated January 20, 2023. Consequently, the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from Central Power Purchasing Agency (CPPA-G) have not been followed.

**2.1.1** The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 02 dated February 09, 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". These do not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2023.

## **2.1.2 Basis of consolidation**

A subsidiary is an entity controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those return through its power over the investee.

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

Associates are those entities on which the Group has significant influence, but not control, over the financial and operating policies. Associates as well as investment in mutual funds established under trust structure are accounted for using the equity method.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiary which are not owned by the Holding Company. Material intra-group balances and transactions are eliminated.

**2.1.3** Key financial figures of the Islamic Banking branches are disclosed in note 43 to the unconsolidated condensed interim financial statements.

**2.1.4** The management of the Holding company believes that there is no significant doubt on the Group company's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis.

## **2.2 Standards, interpretations of and amendments to published accounting and reporting standards that are effective in the current period:**

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 01, 2024 but are considered not relevant or do not have any material effect on the Group's operations and are therefore not detailed in these consolidated condensed interim financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 4.2.

## **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 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 (IFRS 18) (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 BASIS OF MEASUREMENT**

### **3.1 Accounting convention**

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





### 3.2 Functional and presentation currency

These consolidated condensed interim financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees.

## 4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited consolidated financial statements of the Group for the year ended December 31, 2023 except for changes mentioned in notes 4.1 and 4.2.

### 4.1 Adoption of revised forms for the preparation of the condensed interim financial statements

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the Banks / DFIs which are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the consolidated condensed interim financial statements. The significant change is relating to right of use assets and corresponding lease liability which are now presented separately on the face of the statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the consolidated condensed interim financial statements in terms of recognition and measurement of assets and liabilities.

The Group has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 48.2.

### 4.2 IFRS 9 - 'Financial Instruments'

As per SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS 9 is applicable on banks with effect from January 01, 2024. IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

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

Treatments of some aspects of IFRS 9 are still under deliberation with the SBP. The Group has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

#### 4.2.1 Classification

##### Financial assets

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

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

##### Financial liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus financial liabilities are being carried at amortised cost except for derivatives which are being measured at FVTPL.

#### 4.2.2 Business model assessment

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

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

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sale are also important aspects of the Group's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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

#### 4.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

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

#### 4.2.4 Application to the Group's financial assets

##### Debt based financial assets

Debt based financial assets held by the group include: advances, lending to financial institutions, investment in federal government securities, corporate bonds and other private sukuku, cash and balances with treasury banks, balances with other banks, and other financial assets.

- a) These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL:
  - the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

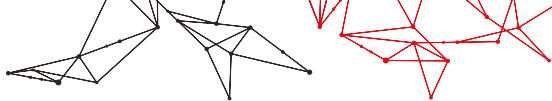
The Group's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales of significant value are made, the Group assesses whether and how the sales are consistent with the HTC objective.

- b) Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:

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

- c) Debt based financial assets if these are held for trading purposes are classified as measured at FVTPL.





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

The application of these policies also resulted in classifications and consequent remeasurements of certain investments in PIBs and Ijarah Sukuk held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2024:

Investment type and category	Balances as of December 31, 2023 (Audited)	IFRS 9 Classification	Balances as of December 31, 2023	Remeasurements	Balances as of January 01, 2024 - before ECL
(Rupees in '000)					
<b>Federal Government Securities</b>					
- Pakistan Investment Bonds - AFS	948,595,063	FVOCI	850,963,067	-	850,963,067
	-	Amortised Cost	97,631,996	6,276,632	103,908,628
	948,595,063		948,595,063	6,276,632	954,871,695
- Ijarah Sukuk - AFS	226,923,690	FVOCI	215,930,116	-	215,930,116
	-	Amortised Cost	10,993,574	1,538,294	12,531,868
	226,923,690		226,923,690	1,538,294	228,461,984
	<u>1,175,518,753</u>		<u>1,175,518,753</u>	<u>7,814,926</u>	<u>1,183,333,679</u>

#### Equity based financial assets

An equity instrument held by the Group for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The group has decided to classify Rs 767.222 million out of its available for sale equity investment (listed shares) portfolio as of December 31, 2023 as FVTPL.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Group has reclassified impairment of Rs. 59.818 million on listed equity investments and Rs. 88.038 million for unlisted equity investment held as at December 31, 2023 to surplus / deficit on revaluation of investments through remeasurements.

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

Financial assets	Before adoption of IFRS 9*		After adoption of IFRS 9	
	Measurement category	Carrying amount as at December 31, 2023	Measurement category	Carrying amount as at January 01, 2024
		Rupees in '000		Rupees in '000
<b>Cash and balances with treasury banks</b>	Loans and receivables	202,692,503	Amortised cost	202,692,503
<b>Balances with other banks</b>	Loans and receivables	16,990,085	Amortised cost	16,990,085
<b>Lending to financial institutions</b>	Loans and receivables	119,554,109	Amortised cost	119,554,109
<b>Investments - net</b>	Held-for-trading	279,686,816	Fair value through profit or loss	279,686,816
	Available-for-sale	1,620,900,202	Fair value through profit or loss	14,126,368
			Fair value through other comprehensive income	1,501,175,992
			Amortised cost	116,440,496
		1,620,900,202		1,631,742,856
	Held-to-maturity	165,517,277	Fair value through profit or loss	600,000
			Amortised cost	164,917,277
		165,517,277		165,517,277
<b>Advances - net</b>	Loans and receivables	735,061,827	Amortised cost	735,061,827
<b>Other assets</b>	Loans and receivables	125,447,855	FVTPL / amortised cost	125,447,855
		<u>3,265,850,674</u>		<u>3,276,693,328</u>

\* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

#### 4.2.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group purchases or sells the asset. Other financial assets and liabilities like advances, lendings to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

##### a) Amortised cost (AC)

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

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

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

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

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

#### 4.2.6 Derecognition

##### Financial assets

The Group derecognises a financial asset when:

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

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

##### Financial liabilities

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

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

#### 4.2.7 Expected Credit Loss (ECL)

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

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and







- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Group rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Group applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Group's financial instruments are grouped into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1:	When financial instruments are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.
Stage 2:	When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.
Stage 3:	For financial instruments considered credit-impaired, the Group recognises the LTECLs for these instruments. The Group uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.
Undrawn financing commitments	When estimating LTECLs for undrawn financings commitments, the Group estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.
Guarantee and letters of credit contracts	The Group estimates ECLs based on the BASEL driven and internally developed credit conversion factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

#### The calculation of ECLs

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

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

PD	The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&P's global transition default matrices, PDs are then adjusted using Vicesek Model to incorporate forward looking information.
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- EAD** The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has a legal right to call it earlier. The Group's product offering includes a variety of corporate and retail facilities, in which the Group has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.
- LGD** The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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

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

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

- History of legal certainty and enforceability
- History of enforceability and recovery.

When estimating the ECLs, the Group considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

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

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

#### **Forward looking information**

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

- GDP growth
- Consumer price index
- Any other relevant economic factor

#### **Definition of default**

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

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level for corporate / commercial / SME loan portfolios and at segment / product basis for retail portfolio.

This implies that If one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

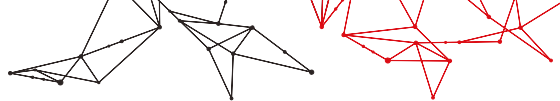
#### **Write-offs**

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

### **4.2.8 Adoption impacts**

The Group has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs. 2,049 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:





	Impact due to:						Reversal of provisions held	Taxation (current and deferred)	Total Impact - net of tax	Balances as of January 01, 2024	IFRS 9 Category
	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPP1	Reassessment	Reversal of provisions held	Total Impact - gross of tax					
<b>ASSETS</b>											
Cash and balances with treasury banks	202,692,503	-	-	-	-	-	-	(24,590)	(24,590)	202,667,913	Amortised cost
Balances with other banks	16,990,085	(1,613)	-	-	-	-	-	(1,613)	(1,613)	16,988,472	Amortised cost
Lending to financial institutions	119,534,109	(13,066)	-	-	-	-	-	(13,066)	(13,066)	119,541,043	Amortised cost
Investments											
- Classified as available for sale	1,620,900,202	-	(1,620,900,202)	-	-	-	-	(1,620,900,202)	(1,620,900,202)	-	FVOCI
- Classified as fair value through other comprehensive income	(48)	(48)	(129,971,193)	9,809,206	437,777	-	-	1,501,175,944	1,501,175,944	1,501,175,944	FVOCI
- Classified as held to maturity	165,517,277	-	(165,517,277)	165,517,277	-	-	-	(165,517,277)	(165,517,277)	-	Amortised cost
- Classified as amortised cost	279,686,816	-	(279,686,816)	115,840,496	-	-	-	(279,686,816)	(279,686,816)	281,357,773	Amortised cost
- Classified as held for trading	-	-	-	-	-	-	-	-	-	-	Amortised cost
- Classified as fair value through profit or loss	6,052,472	-	14,130,697	595,671	-	-	-	294,413,184	294,413,184	294,413,184	FVTPL
- Associates	-	-	-	-	-	-	-	-	-	6,052,472	Outside the scope of IFRS 9
Advances	2,072,156,767	(48)	-	10,404,877	437,777	-	-	10,842,606	10,842,606	2,082,993,373	Outside the scope of IFRS 9
- Gross amount	777,298,564	-	-	-	-	-	-	-	-	777,298,564	Amortised cost
- Provisions	(42,216,737)	(5,330,502)	-	-	-	-	-	(5,330,502)	(5,330,502)	(47,557,239)	Amortised cost
Property and equipment	735,061,827	(5,330,502)	-	-	-	-	-	(5,330,502)	(5,330,502)	729,731,325	Amortised cost
Right-of-use assets	41,854,091	-	-	-	-	-	-	-	-	41,854,091	Outside the scope of IFRS 9
Intangible assets	19,966,957	-	-	-	-	-	-	-	-	19,966,957	Outside the scope of IFRS 9
Deferred tax asset	1,380,144	-	-	-	-	-	-	-	-	1,380,144	Outside the scope of IFRS 9
Other assets - financial assets	3,619,475	-	-	-	-	-	-	-	-	3,619,475	Outside the scope of IFRS 9
Other assets - non financial assets	125,447,855	(370,152)	-	-	-	-	-	(370,152)	(370,152)	125,077,703	FVTPL / Amortised cost
	10,943,984	-	-	-	-	-	-	-	-	10,943,984	Outside the scope of IFRS 9
	3,349,667,797	(5,739,971)	-	10,404,877	437,777	-	-	5,102,683	3,134,349	3,352,802,146	Outside the scope of IFRS 9
<b>LIABILITIES</b>											
Bills payable	26,004,538	-	-	-	-	-	-	-	-	26,004,538	Amortised cost
Borrowings	910,216,032	-	-	-	-	-	-	-	-	910,216,032	Amortised cost
Deposits and other accounts	2,064,941,297	-	-	-	-	-	-	-	-	2,064,941,297	Amortised cost
Lease liability against right-of-use assets	22,899,808	-	-	-	-	-	-	-	-	22,899,808	Amortised cost
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	Amortised cost
Other liabilities - non financial liabilities	63,814,635	-	-	-	-	-	-	-	-	63,814,635	Outside the scope of IFRS 9
Other liabilities - financial liabilities	88,168,289	1,085,673	-	-	-	-	-	1,085,673	1,085,673	89,253,962	Outside the scope of IFRS 9
	3,210,044,559	1,085,673	-	-	-	-	-	1,085,673	1,085,673	3,211,130,232	FVTPL / Amortised cost
<b>NET ASSETS</b>											
Share capital	139,623,238	(6,825,644)	-	10,404,877	437,777	-	-	4,017,010	2,048,676	141,671,914	
Reserves	15,771,651	-	-	-	-	-	-	-	-	15,771,651	
Surplus on revaluation of assets - net of tax	41,401,130	-	-	-	-	-	-	-	-	41,401,130	
Unappropriated profit	71,472,352	(6,825,644)	-	9,809,206	437,777	-	-	5,002,695	5,002,695	68,754,465	
Non-controlling interest	(294,665)	-	-	595,671	-	-	-	(2,954,019)	(2,954,019)	294,665	
	139,623,238	(6,825,644)	-	10,404,877	437,777	-	-	4,017,010	2,048,676	141,671,914	

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgments about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods.

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation were the same as those applied in the preparation of annual audited financial statements for the year ended December 31, 2023 except for matters related to adoption of IFRS 9 which have been disclosed in note 4.2 to the consolidated condensed interim financial statements.

## 6 FINANCIAL RISK MANAGEMENT

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

## 7 CASH AND BALANCES WITH TREASURY BANKS

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
In hand		
- local currency	44,164,817	39,440,289
- foreign currency	5,099,047	7,354,310
	49,263,864	46,794,599
With State Bank of Pakistan in		
- local currency current accounts	87,807,713	76,392,873
- foreign currency current accounts	7,961,437	8,989,528
- foreign currency deposit accounts	11,697,689	12,227,044
	107,466,839	97,609,445
With other central banks in		
- foreign currency current accounts	45,689,987	45,379,083
- foreign currency deposit accounts	1,464,193	1,695,718
	47,154,180	47,074,801
With National Bank of Pakistan in local currency current account	3,144,402	11,062,857
Prize bonds	121,955	186,661
	207,151,240	202,728,363
Less: Credit loss allowance held against cash and balances with treasury banks	(22,142)	(35,860)
Cash and balances with treasury banks - net of credit loss allowance	207,129,098	202,692,503

## 8 BALANCES WITH OTHER BANKS

In Pakistan		
- in current accounts	409,131	37,056
- in deposit accounts	465,375	346,266
	874,506	383,322
Outside Pakistan		
- in current accounts	13,160,643	16,575,317
- in deposit accounts	31,886	34,503
	13,192,529	16,609,820
	14,067,035	16,993,142
Less: Credit loss allowance held against balances with other banks	(6,768)	(3,057)
Balances with other banks - net of credit loss allowance	14,060,267	16,990,085

## 9 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	6,788,591	32,018,705
Repurchase agreement lendings (Reverse Repo)	15,617,617	87,535,847
	22,406,208	119,554,552
Less: Credit loss allowance held against lending to financial institutions	(348)	(443)
Lending to financial institutions - net of credit loss allowance	22,405,860	119,554,109





September 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
Lending	Credit loss allowance held	Lending	Credit loss allowance held

## 9.1 Lending to Financial Institution- Particulars of credit loss allowance

(Rupees in '000)

Domestic		Stage 1		September 30, 2024		December 31, 2023	
Performing		21,017,617	83	-	-		
Performing		-	-	111,935,847	-		
		21,017,617	83	111,935,847	-		
Overseas		Stage 1		September 30, 2024		December 31, 2023	
Performing		1,388,591	265	3,946,179	443		
Performing		-	-	3,672,526	-		
		1,388,591	265	7,618,705	443		
Total		22,406,208	348	119,554,552	443		

## 10 INVESTMENTS

### 10.1 Investments by type:

September 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value

(Rupees in '000)

#### Fair value through profit or loss

##### Federal Government Securities

- Market Treasury Bills	120,842,874	-	171,048	121,013,922	-	-	-
- Pakistan Investment Bonds	111,640,462	-	901,863	112,542,325	-	-	-
- Ijarah Sukuk	1,694,064	-	36,154	1,730,218	-	-	-
- Naya Pakistan Certificates	2,905,759	-	-	2,905,759	-	-	-
Shares							
- Ordinary shares / units - Listed	1,895,816	-	943,576	2,839,392	-	-	-
Non Government Debt Securities							
- Term Finance Certificates	1,450,000	-	-	1,450,000	-	-	-
- Sukuk	422,000	-	1,332	423,332	-	-	-
Foreign Securities							
- Overseas Bonds - Sovereign	18,148,890	-	(65,529)	18,083,361	-	-	-
- Redeemable Participating Certificates	6,232,856	-	1,435,844	7,668,700	-	-	-
	265,232,721	-	3,424,288	268,657,009	-	-	-

#### Held for trading securities

##### Federal Government Securities

- Market Treasury Bills	-	-	-	-	158,519,893	-	(283,083)	158,236,810
- Pakistan Investment Bonds	-	-	-	-	116,583,496	-	(74,689)	116,508,807
- Ijarah Sukuk	-	-	-	-	4,661,665	-	(15,205)	4,646,460
Shares								
- Ordinary shares / units - Listed	-	-	-	-	244,208	-	3,826	248,034
Foreign Securities								
- Overseas Bonds - Sovereign	-	-	-	-	51,626	-	(4,921)	46,705
	-	-	-	-	280,060,888	-	(374,072)	279,686,816

#### Fair value through other comprehensive income

##### Federal Government Securities

- Market Treasury Bills	102,199,481	-	681,740	102,881,221	-	-	-
- Pakistan Investment Bonds	900,679,021	-	12,347,388	913,026,409	-	-	-
- Ijarah Sukuk	233,625,748	-	7,954,797	241,580,545	-	-	-
- Government of Pakistan Euro Bonds	12,068,089	(2,205,848)	1,118,652	10,980,893	-	-	-
Shares							
- Ordinary shares - Listed	6,234,677	-	2,295,669	8,530,346	-	-	-
- Ordinary shares - Unlisted	1,211,363	-	1,389,888	2,601,251	-	-	-
- Preference Shares - Unlisted	25,000	(25,000)	-	-	-	-	-
Non Government Debt Securities							
- Term Finance Certificates	2,434,651	(113,378)	-	2,321,273	-	-	-
- Sukuk	15,800,765	(96,511)	106,538	15,810,792	-	-	-
Foreign Securities							
- Overseas Bonds - Sovereign	53,456,165	(79,516)	(714,098)	52,662,551	-	-	-
- Overseas Bonds - Others	23,878,794	(7,089)	(777,374)	23,094,331	-	-	-
- Equity security - Listed	264,633	-	(8,479)	256,154	-	-	-
	1,351,878,387	(2,527,342)	24,394,721	1,373,745,766	-	-	-

#### Balance carried forward

	1,617,111,108	(2,527,342)	27,819,009	1,642,402,775	280,060,888	-	(374,072)	279,686,816
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10.1 Investments by type:

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
Balance brought forward	1,617,111,108	(2,527,342)	27,819,009	1,642,402,775	280,060,888	-	(374,072)	279,686,816
<b>Available for sale securities</b>								
<b>Federal Government Securities</b>								
- Market Treasury Bills	-	-	-	-	332,007,074	-	(823,401)	331,183,673
- Pakistan Investment Bonds	-	-	-	-	951,035,850	-	(2,440,787)	948,595,063
- Ijarah Sukuk	-	-	-	-	225,217,164	-	1,706,526	226,923,690
- Government of Pakistan Euro Bonds	-	-	-	-	14,715,017	(2,355,129)	(1,339,847)	11,020,041
- Naya Pakistan Certificates	-	-	-	-	5,687,184	-	-	5,687,184
<b>Shares</b>								
- Ordinary shares - Listed	-	-	-	-	3,500,848	(59,818)	594,515	4,035,545
- Ordinary shares - Unlisted	-	-	-	-	1,211,363	(88,038)	-	1,123,325
- Preference Shares - Listed	-	-	-	-	108,835	(108,835)	-	-
- Preference Shares - Unlisted	-	-	-	-	25,000	(25,000)	-	-
<b>Non Government Debt Securities</b>								
- Term Finance Certificates	-	-	-	-	3,169,109	(221,322)	-	2,947,787
- Sukuk	-	-	-	-	16,452,185	(96,511)	66,970	16,422,644
<b>REIT Fund - Unlisted</b>								
<b>Foreign Securities</b>								
- Overseas Bonds - Sovereign	-	-	-	-	44,686,242	(108,774)	(1,448,004)	43,129,464
- Overseas Bonds - Others	-	-	-	-	24,656,200	(7,551)	(1,615,830)	23,032,819
- Redeemable Participating Certificates	-	-	-	-	5,514,371	-	-	5,514,371
- Equity security - Listed	-	-	-	-	275,698	-	8,898	284,596
	-	-	-	-	1,629,262,140	(3,070,978)	(5,290,960)	1,620,900,202
<b>Amortised cost</b>								
<b>Federal Government Securities</b>								
- Pakistan Investment Bonds	216,627,078	-	-	216,627,078	-	-	-	-
- Ijarah Sukuk	40,352,206	-	-	40,352,206	-	-	-	-
<b>Non Government Debt Securities</b>								
- Term Finance Certificates	324,680	(24,720)	-	299,960	-	-	-	-
- Sukuk	3,744,631	(63,741)	-	3,680,890	-	-	-	-
<b>Foreign Securities</b>								
Overseas Bonds - Sovereign	12,896,700	(217)	-	12,896,483	-	-	-	-
	273,945,295	(88,678)	-	273,856,617	-	-	-	-
<b>Held to maturity securities</b>								
<b>Federal Government Securities</b>								
- Pakistan Investment Bonds	-	-	-	-	111,987,852	-	-	111,987,852
- Ijarah Sukuk	-	-	-	-	27,754,444	-	-	27,754,444
<b>Non Government Debt Securities</b>								
- Term Finance Certificates	-	-	-	-	814,680	(214,680)	-	600,000
- Sukuk	-	-	-	-	3,339,720	(69,517)	-	3,270,203
<b>Foreign Securities</b>								
Overseas Bonds - Sovereign	-	-	-	-	21,905,016	(238)	-	21,904,778
	-	-	-	-	165,801,712	(284,435)	-	165,517,277
<b>Associates (valued at equity method)</b>								
- Alfalah Insurance Company Limited	887,191	-	-	887,191	756,867	-	-	756,867
- Sapphire Wind Power Company Limited	5,091,075	-	-	5,091,075	4,567,293	-	-	4,567,293
- Alfalah Asset Management Limited	869,117	-	-	869,117	728,312	-	-	728,312
	6,847,383	-	-	6,847,383	6,052,472	-	-	6,052,472
<b>Total Investments</b>	<b>1,897,903,786</b>	<b>(2,616,020)</b>	<b>27,819,009</b>	<b>1,923,106,775</b>	<b>2,081,177,212</b>	<b>(3,355,413)</b>	<b>(5,665,032)</b>	<b>2,072,156,767</b>

10.2 Particulars of assets and liabilities of associates

Associate	Country of incorporation	Percentage of Holding	September 30, 2024 (Un-audited)					Total Comprehensive income
			Assets	Liabilities	Revenue	Profit for the period		
(Rupees in '000)								
Alfalah Asset Management Limited	Associate	Pakistan	40.22%	2,903,792	742,882	1,818,446	355,161	355,161
Alfalah Insurance Company Limited	Associate	Pakistan	30.00%	8,094,239	5,146,525	2,011,571	479,020	584,389
Sapphire Wind Power Company Limited	Associate	Pakistan	30.00%	21,064,286	4,901,268	4,502,554	2,445,941	2,445,941
Associate	Country of incorporation	Percentage of Holding	December 31, 2023 (Audited)		September 30, 2023 (Un-audited)			Total Comprehensive income
			Assets	Liabilities	Revenue	Profit for the period		
(Rupees in '000)								
Alfalah Asset Management Limited	Associate	Pakistan	40.22%	2,366,955	556,130	889,628	201,490	201,490
Alfalah Insurance Company Limited	Associate	Pakistan	30.00%	7,402,766	4,889,441	1,713,685	430,932	450,762
Sapphire Wind Power Company Limited	Associate	Pakistan	30.00%	20,656,087	6,239,010	4,807,450	2,602,936	2,602,936





### 10.3 Investments given as collateral

Market Treasury Bills  
Pakistan Investment Bonds  
Overseas Bonds

(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in 000) -----	
7,351,980	160,501,809
540,321,790	575,983,500
14,006,726	15,037,219
<u>561,680,496</u>	<u>751,522,528</u>

10.3.1 The market value of securities given as collateral is Rs. 555,146.286 million (December 31, 2023: Rs. 739,217.237 million).

### 10.4 Credit loss allowance / provision for diminution in value of investments

10.4.1 Opening balance  
Impact of adoption of IFRS 9  
Balance as at January 01 after adopting IFRS 9  
Exchange and other adjustments

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

Charge / (reversals)

Charge for the period / year  
Reversals for the period / year  
Reversal on disposals

3,355,413	3,751,761
(437,729)	-
<u>2,917,684</u>	<u>3,751,761</u>
(30,530)	576,126
201,240	318,681
(471,955)	(363,351)
(419)	(927,804)
<u>(271,134)</u>	<u>(972,474)</u>

Closing Balance

<u>2,616,020</u>	<u>3,355,413</u>
------------------	------------------

### 10.4.2 Particulars of credit loss allowance / provision against debt securities

Category of classification

	September 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
	Outstanding amount	Credit loss allowance / Provision held	Outstanding amount	Credit loss allowance / Provision held
----- (Rupees in '000) -----				
<b>Domestic</b>				
Performing	Stage 1	1,063,167	130	-
Underperforming	Stage 2	-	-	-
Non-performing	Stage 3	-	-	-
Substandard		-	-	-
Doubtful		-	-	-
Loss		298,220	298,220	602,030
		<u>1,361,387</u>	<u>298,350</u>	<u>602,030</u>
<b>Overseas</b>				
Performing	Stage 1	78,720,546	86,822	70,747,537
Underperforming	Stage 2	12,068,089	2,205,848	14,715,017
Non-performing	Stage 3	-	-	-
Substandard		-	-	-
Doubtful		-	-	-
Loss		-	-	-
<b>Total</b>		<u>92,150,022</u>	<u>2,591,020</u>	<u>86,064,584</u>
				<u>3,073,722</u>

10.4.3 The market value of securities classified as amortised cost as at September 30, 2024 amounted to Rs. 274,074.182 million (held-to-maturity as at December 31, 2023: Rs. 154,796.433 million).

**11 ADVANCES**

Note	Performing		Non Performing		Total	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	657,228,303	565,261,986	36,446,008	32,595,861	693,674,311	597,857,847
Islamic financing and related assets	181,772,508	162,102,341	5,094,675	4,872,026	186,867,183	166,974,367
Bills discounted and purchased	22,967,617	12,300,229	409,163	166,121	23,376,780	12,466,350
Advances - gross	861,968,428	739,664,556	41,949,846	37,634,008	903,918,274	777,298,564
Credit loss allowance / provision against advances						
- Stage 1	11.4 (4,053,830)	(25,670)	-	-	(4,053,830)	(25,670)
- Stage 2	11.4 (1,589,505)	-	-	-	(1,589,505)	-
- Stage 3	11.4 -	-	(36,352,651)	-	(36,352,651)	-
- Specific	11.4 -	-	(492,913)	(32,374,940)	(492,913)	(32,374,940)
- General	11.4 (5,464,512)	(9,836,127)	-	-	(5,464,512)	(9,836,127)
	(11,107,847)	(9,861,797)	(36,845,564)	(32,374,940)	(47,953,411)	(42,236,737)
Advances - net of credit loss allowance / provision	850,860,581	729,802,759	5,104,282	5,259,068	855,964,863	735,061,827

**11.1** Advances include an amount of Rs. 393.376 million (December 31, 2023: Rs. 362.630 million), being Employee loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Holding Company, or were granted afresh, under a specific arrangement executed between the Holding Company and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 20.30% to 33.69% (December 31, 2023: 17.99% to 41.28%) with maturities up to October 2043 (December 31, 2023: October 2043).

11.2 Particulars of advances (gross)	(Un-audited)	(Audited)
	September 30, 2024	December 31, 2023
	----- (Rupees in '000) -----	
In local currency	807,359,334	700,788,290
In foreign currencies	96,558,940	76,510,274
	903,918,274	777,298,564

**11.3** Advances include Rs. 41,949.846 million (December 31, 2023: Rs. 37,634.008 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2024		December 31, 2023		
	(Un-audited)		(Audited)		
	Non-Performing Loans	Credit loss allowance /provision	Non-Performing Loans	Credit loss allowance /provision	
	----- (Rupees in '000) -----				
<b>Domestic</b>					
Other Assets Especially Mentioned (OAEM)	Stage 3	564,288	91,731	186,364	3,568
Substandard	Stage 3	900,593	255,321	1,800,068	444,281
Doubtful	Stage 3	5,335,880	2,631,120	6,694,041	3,293,830
Loss	Stage 3	34,495,163	33,374,479	28,285,295	28,142,944
		41,295,924	36,352,651	36,965,768	31,884,623
<b>Overseas</b>					
Substandard	Specific	38,796	23,348	43,013	25,688
Doubtful	Specific	-	-	-	-
Loss	Specific	615,126	469,565	625,227	464,629
		653,922	492,913	668,240	490,317
<b>Total</b>		41,949,846	36,845,564	37,634,008	32,374,940





#### 11.4 Particulars of Credit loss allowance / provision against advances

September 30, 2024 (Un-audited)						December 31, 2023 (Audited)			
Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total	
Stage 1	Stage 2	Stage 3							
(Rupees in '000)									
Opening balance	-	-	-	32,374,940	9,861,797	42,236,737	25,397,878	7,921,407	33,319,285
Impact of adoption of IFRS 9 Balance as at January 01 after adopting IFRS 9	3,383,875	1,941,645	33,605,109	(31,884,624)	(1,715,503)	5,330,502	-	-	-
Exchange and other adjustments	(488)	-	-	(51,521)	(36,776)	(88,785)	83,703	57,723	141,426
Charge for the period / year	1,586,302	574,599	9,857,189	55,479	-	12,073,569	12,130,032	1,882,667	14,012,699
Reversals for the period / year	(915,859)	(926,739)	(6,392,603)	(1,361)	(2,645,006)	(10,881,568)	(3,503,697)	-	(3,503,697)
	670,443	(352,140)	3,464,586	54,118	(2,645,006)	1,192,001	8,626,335	1,882,667	10,509,002
Amounts written off	-	-	(717,044)	-	-	(717,044)	(1,732,976)	-	(1,732,976)
	-	-	(717,044)	-	-	(717,044)	(1,732,976)	-	(1,732,976)
Closing balance	4,053,830	1,589,505	36,352,651	492,913	5,464,512	47,953,411	32,374,940	9,861,797	42,236,737

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at September 30, 2024 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 77.841 million (December 31, 2023: Rs. 86.021 million).

11.4.2 During the period, non performing loans and provisions were reduced by Rs. 5,317.765 million (December 31, 2023: Rs. 231.391 million) due to debt property swap transactions.

11.4.3 Specific provision relates to overseas branches to meet the requirements of regulatory authorities of the respective countries in which overseas branches operate.

11.4.4 General provision includes:

(i) Provision held at overseas branch to meet the requirements of regulatory authorities of the respective countries in which overseas branches operate and where IFRS 9 is not applicable; and

(ii) Provision of Rs. 5,168.000 million (December 31, 2023: Rs. 7,748.000 million) against the high risk portfolio, which is showing higher economic vulnerability.

11.4.5 Although the Holding Company has made provision against its non-performing portfolio as per the category of classification of the loan, the Holding Company holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

#### 11.5 Advances - Particulars of credit loss allowance / provision against advances

September 30, 2024 (Un-audited)						December 31, 2023 (Audited)			
Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total	
Stage 1	Stage 2	Stage 3							
(Rupees in '000)									
Opening balance	-	-	-	32,374,940	9,861,797	42,236,737	25,397,878	7,921,407	33,319,285
Impact of adoption of IFRS 9 Balance as at January 01 after adopting IFRS 9	3,383,875	1,941,645	33,605,109	(31,884,624)	(1,715,503)	5,330,502	-	-	-
Exchange and other adjustments	(488)	-	-	(51,521)	(36,776)	(88,785)	83,703	57,723	141,426
New Advances	1,381,363	279,809	4,254,113	55,479	-	5,970,764	12,130,032	1,882,667	14,012,699
Due to credit deterioration	-	-	4,351,996	-	-	4,351,996	-	-	-
Advances derecognised or repaid / reversal	(677,288)	(310,353)	(6,262,977)	(1,361)	(2,645,006)	(9,896,985)	(3,503,697)	-	(3,503,697)
Transfer to stage 1	142,614	(130,545)	(12,069)	-	-	-	-	-	-
Transfer to stage 2	(188,109)	294,790	(117,557)	-	-	(10,876)	-	-	-
Transfer to stage 3	(50,462)	(235,337)	296,675	-	-	10,876	-	-	-
Changes in risk parameters	62,325	(250,504)	954,405	-	-	766,226	-	-	-
	670,443	(352,140)	3,464,586	54,118	(2,645,006)	1,192,001	8,626,335	1,882,667	10,509,002
Amounts written off / charged off	-	-	(717,044)	-	-	(717,044)	(1,732,976)	-	(1,732,976)
Closing balance	4,053,830	1,589,505	36,352,651	492,913	5,464,512	47,953,411	32,374,940	9,861,797	42,236,737

**11.6 Advances - Category of classification**

		September 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Outstanding	Credit loss allowance /provision	Outstanding	Credit loss allowance /provision
------(Rupees in '000)-----					
<b>Domestic</b>					
Performing	Stage 1	698,014,039	3,994,963	695,123,443	-
Underperforming	Stage 2	122,958,489	1,589,505	-	-
Non-Performing	Stage 3				
Other Assets Especially Mentioned (OAEM)		564,288	91,731	186,364	3,568
Substandard		900,593	255,321	1,800,068	444,281
Doubtful		5,335,880	2,631,120	6,694,041	3,293,830
Loss		34,495,163	33,374,479	28,295,613	28,142,944
General Provision		-	5,168,000	-	9,437,833
		862,268,452	47,105,119	732,099,529	41,322,456
<b>Overseas</b>					
Performing	Stage 1	40,995,900	58,867	44,530,795	25,670
Underperforming	Stage 2	-	-	-	-
Non-Performing	Specific				
Other Assets Especially Mentioned (OAEM)		-	-	-	-
Substandard		38,796	23,348	43,013	25,688
Doubtful		-	-	-	-
Loss		615,126	469,565	625,227	464,629
General Provision		-	296,512	-	398,294
		41,649,822	848,292	45,199,035	914,281
<b>Total</b>		<b>903,918,274</b>	<b>47,953,411</b>	<b>777,298,564</b>	<b>42,236,737</b>

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**12 PROPERTY AND EQUIPMENT**

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
------(Rupees in '000)-----			
Capital work-in-progress	12.1	3,779,465	3,525,139
Property and equipment	12.2	50,627,335	38,328,952
		<u>54,406,800</u>	<u>41,854,091</u>
<b>12.1 Capital work-in-progress</b>			
Civil works		2,364,204	2,454,986
Equipment		1,319,698	999,120
Others		95,563	71,033
		<u>3,779,465</u>	<u>3,525,139</u>

**12.2** It includes land and buildings carried at revalued amount of Rs. 32,139.968 million (December 31, 2023: Rs. 24,380.890 million).





(Un-audited)  
For the nine months period ended  
**September 30, 2024**      **September 30, 2023**  
------(Rupees in 000)-----

**12.3 Additions to property and equipment**

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

<b>Capital work-in-progress - net of transferred out for capitalisation</b>	254,326	2,593,448
<b>Property and equipment</b>		
Freehold land	1,244,879	558,586
Leasehold land	5,604,974	584,800
Buildings on freehold land	661,232	332,560
Buildings on leasehold land	445,244	769,862
Leasehold improvement	2,750,502	870,764
Furniture and fixtures	586,524	225,913
Office equipment	3,896,492	2,954,557
Vehicles	471,784	66,698
	15,661,631	6,363,740
<b>Total additions to property and equipment</b>	<u>15,915,957</u>	<u>8,957,188</u>

**12.4 Disposals of property and equipment**

The net book values of property and equipment disposed off during the period are as follows:

Leasehold improvements	1,181	7,004
Furniture and fixtures	229	665
Office equipments	13,400	5,971
Vehicles	216	-
<b>Total disposal of property and equipment</b>	<u>15,026</u>	<u>13,640</u>

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

**13 RIGHT-OF-USE ASSETS**

**At January 1**

Cost	28,896,873	22,399,553
Accumulated depreciation	(8,929,916)	(6,983,079)
<b>Net carrying amount at January 1</b>	19,966,957	15,416,474
Additions / renewals / amendments / (terminations) - net during the period / year	4,848,746	7,843,529
Depreciation charge during the period / year	(2,842,869)	(3,367,208)
Exchange rate adjustments	(50,382)	74,162
<b>Closing net carrying amount</b>	<u>21,922,452</u>	<u>19,966,957</u>

**14 INTANGIBLE ASSETS**

Capital work-in-progress / advance payment to suppliers	382,931	439,291
Software	1,170,134	934,853
Membership Card	6,000	6,000
	<u>1,559,065</u>	<u>1,380,144</u>

(Un-audited)  
For the nine months period ended  
**September 30, 2024**      **September 30, 2023**  
------(Rupees in 000)-----

**14.1 Additions to intangible assets**

The following additions were made to intangible assets during the period:

Capital work-in-progress - net; of transferred out for capitalisation	(56,360)	261,756
Directly purchased	510,868	66,476
<b>Total additions to intangible assets</b>	<u>454,508</u>	<u>328,232</u>

**14.2** There were no disposal of intangible assets during the periods ended September 30, 2024 and September 30, 2023.

**15 OTHER ASSETS**

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
Income / mark-up accrued in local currency - net		107,428,923	81,667,129
Income / mark-up accrued in foreign currency - net		2,242,861	2,402,118
Advances, deposits, advance rent and other prepayments		4,912,195	8,989,267
Advance against subscription of share		140,000	140,000
Non-banking assets acquired in satisfaction of claims	15.1	7,846,929	1,684,771
Dividend receivable		59,603	10,431
Mark to market gain on forward foreign exchange contracts		2,109,229	2,606,750
Mark to market gain on derivatives		3,195,196	4,175,322
Stationery and stamps on hand		27,108	11,350
Defined benefit plan		-	440,585
Branch adjustment account		532,875	-
Alternative Delivery Channel (ADC) settlement accounts	15.3	3,625,128	-
Due from card issuing banks		2,352,961	4,829,866
Accounts receivable		6,721,717	3,336,986
Claims against fraud and forgeries		112,615	126,066
Acceptances		45,031,705	24,618,660
Receivable against Government of Pakistan and overseas government securities		56,929	2,925,206
Receivable against marketable securities		1,638,715	2,787,773
Others		133,809	86,275
		<u>188,168,498</u>	<u>140,838,555</u>
Less: Credit loss allowance / provision held against other assets	15.2	<u>(4,561,593)</u>	<u>(4,619,037)</u>
Other assets (net of credit loss allowance / provision)		183,606,905	136,219,518
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	15.1	155,858	172,321
Other assets - total		<u>183,762,763</u>	<u>136,391,839</u>

**15.1** The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 8,002.787 million (December 31, 2023: Rs. 1,857.092 million).

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
<b>15.2 Credit loss allowance / provision held against other assets</b>		
Impairment against overseas operations	2,625,038	2,359,988
Expected credit loss	161,236	46,807
Fraud and forgeries	112,615	126,066
Receivable against marketable securities	1,283,747	1,634,760
Accounts receivable	32,989	67,807
Others	345,968	383,609
	<u>4,561,593</u>	<u>4,619,037</u>

**15.2.1 Movement in credit loss allowance / provision held against other assets**

Opening balance	4,619,037	3,181,544
Impact of adoption of IFRS 9	370,152	-
Balance as at January 01 after adopting IFRS 9	4,989,189	3,181,544
Exchange and other adjustments	(659)	2,531
Charge for the period / year	304,767	1,519,024
Reversals for the period / year	(681,332)	(83,100)
	(376,565)	1,435,924
Amount written off	(50,372)	(962)
Closing balance	<u>4,561,593</u>	<u>4,619,037</u>

**15.3** This represents settlement arising from channel transaction at the cut off date which were subsequently cleared.





	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>16</b>		
<b>BILLS PAYABLE</b>		
In Pakistan	24,725,259	24,750,227
Outside Pakistan	<u>486,644</u>	<u>1,254,311</u>
	<u>25,211,903</u>	<u>26,004,538</u>

**17** **BORROWINGS**

**Secured**

Borrowings from State Bank of Pakistan under:

Export Refinance Scheme	28,646,721	43,281,491
Long-Term Finance Facility	21,358,506	24,595,991
Financing Facility for Renewable Energy Projects	13,599,225	11,891,156
Financing Facility for Storage of Agriculture Produce (FFSAP)	591,073	532,102
Temporary Economic Refinance Facility (TERF)	43,345,287	48,528,109
Export Refinance under Bill Discounting	13,165,295	14,244,331
SME Asaan Finance (SAAF)	8,005,841	2,096,250
Refinance Facility for Combating COVID (RFCC)	1,043,954	988,049
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	97,797	125,595
Modernization of Small and Medium Entities (MSMES)	1,858,565	1,205,658
Other refinance schemes	300	553
Repurchase agreement	<u>461,000,000</u>	<u>666,510,980</u>
	592,712,564	814,000,265
Repurchase agreement borrowings	49,288,435	26,895,775
Bai Muajjal	48,813,527	44,830,207
Medium Term Note	-	11,000,000
Others	<u>317,638</u>	<u>672,579</u>
<b>Total secured</b>	691,132,164	897,398,826

**Unsecured**

Call borrowings	23,892,342	3,946,050
Overdrawn nostro accounts	4,563,565	3,467,939
Others		
- Pakistan Mortgage Refinance Company	2,546,830	2,605,576
- Karandaaz Risk Participation	<u>2,899,956</u>	<u>2,797,641</u>
<b>Total unsecured</b>	33,914,614	12,817,206
	<u>725,046,778</u>	<u>910,216,032</u>

**18** **DEPOSITS AND OTHER ACCOUNTS**

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
<b>Customers</b>						
Current deposits	688,747,052	159,067,556	847,814,608	630,357,408	152,436,273	782,793,681
Savings deposits	582,918,813	31,136,494	614,055,307	440,331,863	38,469,718	478,801,581
Term deposits	419,826,242	58,843,352	478,669,594	437,377,886	61,496,821	498,874,707
Others	<u>37,627,736</u>	<u>12,749,944</u>	<u>50,377,680</u>	<u>44,709,160</u>	<u>14,317,598</u>	<u>59,026,758</u>
	1,729,119,843	261,797,346	1,990,917,189	1,552,776,317	266,720,410	1,819,496,727
<b>Financial Institutions</b>						
Current deposits	3,955,492	3,715,547	7,671,039	4,278,645	3,241,325	7,519,970
Savings deposits	74,218,174	2,348,342	76,566,516	171,924,309	3,442,726	175,367,035
Term deposits	55,326,200	4,960,049	60,286,249	79,780,000	2,258,236	82,038,236
Others	<u>139,064</u>	<u>195</u>	<u>139,259</u>	<u>518,072</u>	<u>1,217</u>	<u>519,289</u>
	133,638,930	11,024,133	144,663,063	256,501,026	8,943,504	265,444,530
	<u>1,862,758,773</u>	<u>272,821,479</u>	<u>2,135,580,252</u>	<u>1,809,277,343</u>	<u>275,663,914</u>	<u>2,084,941,257</u>

**18.1** Current deposits include remunerative current deposits of Rs. 24,386.184 million (December 31, 2023: Rs. 20,788.733 million).

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>19 LEASE LIABILITIES</b>			
Opening as at January 1		22,899,808	17,514,201
Additions / renewals / amendments / (terminations) - net		4,791,195	7,730,666
Finance charges		2,492,016	2,659,787
Lease payments including interest		(4,362,509)	(5,075,756)
Exchange rate / other adjustment		(52,818)	70,910
Closing net carrying amount		<u>25,767,692</u>	<u>22,899,808</u>
<b>19.1 Liabilities outstanding</b>			
Not later than one year		1,865,055	1,852,281
Later than one year and upto five years		10,131,969	9,142,361
Over five years		<u>13,770,668</u>	<u>11,905,166</u>
Total at the period / year end		<u>25,767,692</u>	<u>22,899,808</u>
<b>20 SUBORDINATED DEBT</b>			
Term Finance Certificates VI - Additional Tier-I (ADT-1)	20.1	7,000,000	7,000,000
Term Finance Certificates VIII - Additional Tier-I (ADT-1)	20.2	7,000,000	7,000,000
		<u>14,000,000</u>	<u>14,000,000</u>

**20.1 Term Finance Certificates VI - Additional Tier-I (ADT-1) - Quoted, Unsecured**

The Holding Company issued listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000
Issue date	March 2018
Maturity date	Perpetual
Rating	"AA+" (Double A plus) by The Pakistan Credit Rating Agency Limited
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Holding Company including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Holding Company is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step up feature.  Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Holding Company's current year's earning and if the Holding Company is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Holding Company to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call option	The Holding Company may, at its sole discretion, exercise call option any time after five years from the issue date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.





## 20.2 Term Finance Certificates VIII - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Holding Company issued Rs. 7,000 million of privately placed, listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by SBP under BPRD circular No. 06 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000
Issue date	December 2022
Maturity date	Perpetual
Rating	"AA+" (Double A plus) by The Pakistan Credit Rating Agency Limited
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Holding Company including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Holding Company is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 2.00% with no step up feature.  Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Holding Company's current year's earning and if the Holding Company is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Holding Company to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call option	The Holding Company may, at its sole discretion, exercise call option any time after five years from the issue date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.

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## 21 DEFERRED TAX LIABILITIES / (ASSETS)

### Deductible Temporary Differences on:

- Credit loss allowance / provision against investments
- Credit loss allowance / provision against advances
- Unrealised loss on revaluation of held for trading investments
- Deficit on revaluation of available for sale investments
- Credit loss allowance / provision against other assets
- Credit loss allowance against cash with treasury banks
- Credit loss allowance against balance with other banks
- Credit loss allowance / provision against lending to financial institutions
- Workers' Welfare Fund
- Pre-commencement expenditures
- Others

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

(2,696,499)	(2,224,378)
(8,706,567)	(4,183,318)
-	(192,350)
-	(870,169)
(1,448,174)	(1,251,950)
(11,331)	-
(3,335)	-
(6,475)	(73)
(2,195,301)	(1,528,648)
(2,690)	-
(45,636)	-
(15,116,008)	(10,250,886)

### Taxable Temporary Differences on:

- Unrealised gain on FVTPL investments
- Surplus on revaluation of FVOCI investments
- Surplus on revaluation of property and equipment
- Surplus on revaluation of non banking assets
- Share of profit and other comprehensive income from associates
- Accelerated tax depreciation

1,461,343	-
13,231,517	-
623,900	593,695
77,528	85,595
2,778,191	2,388,685
4,588,625	3,563,436
22,761,104	6,631,411
7,645,096	(3,619,475)

22 OTHER LIABILITIES	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
Mark-up / return / interest payable in local currency		47,299,307	39,434,467
Mark-up / return / interest payable in foreign currency		2,014,220	1,690,773
Unearned fee commission and income on bills discounted and guarantees		3,584,385	3,201,308
Accrued expenses		15,728,708	16,281,467
Current taxation		7,977,609	14,386,078
Acceptances		45,031,705	24,618,660
Dividends payable		301,262	6,166,682
Mark to market loss on forward foreign exchange contracts		3,399,138	2,779,042
Mark to market loss on derivatives		70,104	96,507
Branch adjustment account		-	73,434
Payable to defined benefit plan		62,887	-
Alternative Delivery Channel (ADC) settlement accounts	22.2	-	3,409,741
Provision for compensated absences		1,031,617	874,117
Payable against redemption of customer loyalty / reward points		1,051,046	857,241
Charity payable		163,444	114,052
Credit loss allowance / provision against off-balance sheet obligations	22.1	1,321,438	78,624
Security deposits against leases, lockers and others		12,569,865	12,983,647
Workers' welfare fund		6,455,431	5,093,704
Payable to vendors and suppliers		652,367	850,048
Margin deposits on derivatives		2,416,104	3,906,392
Payable to merchants (card acquiring)		1,373,168	776,097
Indirect taxes payable		4,853,584	3,874,309
Payable against marketable securities		452,678	1,391,975
Liability against share based payment		603,020	483,001
Trading liability		13,656,235	2,412,845
Others		8,530,726	6,148,713
		<u>180,600,048</u>	<u>151,982,924</u>

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**22.1 Credit loss allowance / provision against off-balance sheet obligations**

Opening balance	78,624	62,948
Impact of adoption of IFRS 9	<u>1,085,673</u>	-
Balance as at January 01 after adopting IFRS 9	1,164,297	62,948
Exchange and other adjustments	(4,959)	4,029
(Reversals) / charge for the period / year	<u>162,100</u>	<u>11,647</u>
Closing balance	<u>1,321,438</u>	<u>78,624</u>

22.2 This represents settlement arising from channel transaction at the cut off date which were subsequently cleared.







## 23 SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of:

Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
- Securities measured at FVOCI - debt	20,717,643	-
- Securities measured at FVOCI - equity	3,677,078	-
- Securities measured at FVOCI - equity of associates	40,250	8,639
- Available for sale securities	-	(5,290,960)
- Property and equipment	12,615,723	12,682,139
- Non-banking assets acquired in satisfaction of claims	155,858	172,321
	<u>37,206,552</u>	<u>7,572,139</u>

Less: Deferred tax (liability) / asset on surplus / (deficit) on revaluation of:

- Securities measured at FVOCI - debt	(10,151,397)	-
- Securities measured at FVOCI - equity	(1,801,768)	-
- Securities measured at FVOCI - equity of associates	(19,723)	(4,233)
- Available for sale securities	-	2,592,570
- Property and equipment	(623,900)	(593,695)
- Non-banking assets acquired in satisfaction of claims	(77,528)	(85,595)
	<u>(12,674,316)</u>	<u>1,909,047</u>

Derivatives deficit

Less: Deferred tax asset on derivative

	(2,608,881)	(3,512,910)
	1,278,352	1,721,326
	<u>(1,330,529)</u>	<u>(1,791,584)</u>
	<u>25,862,765</u>	<u>11,272,770</u>

## 24 NON-CONTROLLING INTEREST

Name	Principal activity	Principal place of Business	(Un-audited) September 30, 2024	(Audited) December 31, 2023
			Ownership interest held by NCI	
Alfaluh Securities (Private) Limited (formerly Alfalah CLSA Securities (Private) Limited), Pakistan	Stock Brokerage	Pakistan	4.41%	37.50%

### Key financial information of the subsidiary

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
Assets	1,316,257	1,482,410
Liabilities	949,008	2,268,182
Net Assets	<u>367,249</u>	<u>(785,772)</u>
<b>Non-Controlling Interest (NCI)</b>	<u>16,196</u>	<u>(294,665)</u>

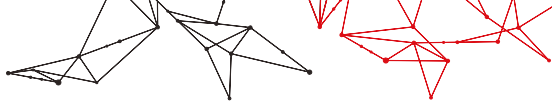
	(Un-audited) For the nine months period ended	
	September 30, 2024	September 30, 2023
----- (Rupees in '000) -----		
Revenue	620,270	431,460
Expenses and provision	726,605	742,132
Loss before tax	<u>(106,335)</u>	<u>(310,672)</u>
Loss after tax	<u>(108,370)</u>	<u>(319,823)</u>
Other comprehensive loss	<u>(108,370)</u>	<u>(319,823)</u>

### Cash Flows:

Cash flows (used in) / from operating activities	(628,315)	256,435
Cash flows from used in investing activities	230,734	(367,907)
Cash flows from financing activities	769,020	88,183
<b>Net increase / (decrease) in cash and cash equivalent</b>	<u>371,439</u>	<u>(23,289)</u>

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>25 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	25.1	160,377,687	173,579,640
- Commitments	25.2	708,096,749	731,648,269
- Other contingent liabilities	25.3.1	23,356,503	23,816,758
		<u>891,830,939</u>	<u>929,044,667</u>
<b>25.1 Guarantees:</b>			
Financial guarantees		6,037,174	5,874,903
Performance guarantees		56,401,138	55,684,506
Other guarantees		97,939,375	112,020,231
		<u>160,377,687</u>	<u>173,579,640</u>
<b>25.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- Letters of credit		208,994,821	196,248,432
Commitments in respect of:			
- forward foreign exchange contracts	25.2.1	309,267,301	350,664,300
- forward government securities transactions	25.2.2	127,769,951	109,207,715
- derivatives	25.2.3	40,743,814	51,150,198
- forward lending	25.2.4	17,014,944	19,247,075
Commitments for acquisition of:			
- Property and equipment		3,081,933	3,713,022
- intangible assets		221,985	312,027
Commitments in respect of donations		552,000	655,500
Other commitments	25.2.5	450,000	450,000
		<u>708,096,749</u>	<u>731,648,269</u>
<b>25.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		169,722,943	198,859,218
Sale		139,544,358	151,805,082
		<u>309,267,301</u>	<u>350,664,300</u>
<b>25.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		78,752,133	20,461,347
Sale		49,017,818	88,746,368
		<u>127,769,951</u>	<u>109,207,715</u>
<b>25.2.3 Commitments in respect of derivatives</b>			
<b>Interest rate swap</b>			
Purchase	26.1	30,013,732	39,466,304
Sale		-	-
		<u>30,013,732</u>	<u>39,466,304</u>
<b>Cross Currency Swaps</b>			
Purchase		-	-
Sale	26.1	10,730,082	11,683,894
		<u>10,730,082</u>	<u>11,683,894</u>
<b>Total commitments in respect of derivatives</b>		<u>40,743,814</u>	<u>51,150,198</u>
<b>25.2.4 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	25.2.4.1	15,810,891	15,828,600
Commitments in respect of investments		1,204,053	3,418,475
		<u>17,014,944</u>	<u>19,247,075</u>





**25.2.4.1** These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Holding Company without the risk of incurring significant penalty or expense.

**25.2.5 Other Commitments**

A commercial bank on behalf of Alfalah Securities (Private) Limited (formerly, Alfalah CLSA Securities (Private) Limited), Pakistan has given a guarantee of Rs. 450 million (December 31, 2023: Rs. 450 million) to National Clearing Company of Pakistan Limited (NCCPL) in respect of margin eligible securities. The guarantee facility is for one year and is secured by 1st Pari Passu charge on current assets of the subsidiary.

	<b>(Un-audited)</b> <b>September 30,</b> <b>2024</b>	<b>(Audited)</b> <b>December 31,</b> <b>2023</b>
	----- <b>(Rupees in '000)</b> -----	
<b>25.3 Other contingent liabilities</b>		
<b>25.3.1</b> Claims against the Holding Company not acknowledged as debts	23,356,503	23,816,758

These mainly represents counter claims filed by the borrowers for restricting the Holding Company from disposal of collateral assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by ex-employees of the Holding Company for damages. Based on legal advices and / or internal assessments, management is confident that the matters will be decided in the Holding Company's favour and the possibility of any outcome against the Holding Company is remote and accordingly no provision has been made in these consolidated condensed interim financial statements.

**25.4 Contingency for tax payable**

There were no tax related contingencies other than as disclosed in note 37.1

**26 DERIVATIVE INSTRUMENTS**

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

**94 26.1 Product Analysis**

<b>September 30, 2024 (Un-audited)</b>						
<b>Interest Rate Swaps</b>			<b>Cross Currency Swaps</b>			
<b>No. of contracts</b>	<b>Notional Principal</b>	<b>Mark to market gain - net</b>	<b>No. of contracts</b>	<b>Notional Principal</b>	<b>Mark to market gain - net</b>	
----- <b>(Rupees in '000)</b> -----						
<b>Counterparties</b>						
<b>With Banks for</b>						
Hedging	34	30,013,732	2,227,292	-	-	-
<b>With other entities</b>						
Market making	-	-	-	6	10,730,082	897,800
	34	30,013,732	2,227,292	6	10,730,082	897,800

<b>December 31, 2023 (Audited)</b>						
<b>Interest Rate Swaps</b>			<b>Cross Currency Swaps</b>			
<b>No. of contracts</b>	<b>Notional Principal</b>	<b>Mark to market gain - net</b>	<b>No. of contracts</b>	<b>Notional Principal</b>	<b>Mark to market gain - net</b>	
----- <b>(Rupees in '000)</b> -----						
<b>Counterparties</b>						
<b>With Banks for</b>						
Hedging	41	39,466,304	3,371,331	-	-	-
<b>With other entities</b>						
Market making	-	-	-	6	11,683,894	707,484
	41	39,466,304	3,371,331	6	11,683,894	707,484

(Un-audited)	
For the nine months period ended	
September 30, 2024	September 30, 2023
------(Rupees in '000)-----	

**27 MARK-UP/RETURN/INTEREST EARNED**

On:		
a) Loans and advances	95,179,867	85,426,305
b) Investments	283,849,364	187,774,845
c) Lendings to financial institutions	4,415,310	3,368,989
d) Balances with banks / financial institutions	389,463	77,658
e) On securities purchased under resale agreements	3,484,258	9,631,771
	<u>387,318,262</u>	<u>286,279,568</u>

**28 MARK-UP/RETURN/INTEREST EXPENSED**

On:		
a) Deposits	176,729,946	114,142,778
b) Borrowings	12,399,693	13,775,907
c) Securities sold under repurchase agreements	91,760,642	59,047,293
d) Subordinated debt	2,435,916	2,205,050
e) Cost of foreign currency swaps against foreign currency deposits / borrowings	5,997,990	4,006,780
f) Leased assets	2,492,016	1,905,217
g) Reward points / customer loyalty	363,059	296,206
	<u>292,179,262</u>	<u>195,379,231</u>

**29 FEE & COMMISSION INCOME**

Branch banking customer fees	1,118,108	940,003
Consumer finance related fees	457,866	452,781
Card related fees (debit and credit cards)	2,548,698	1,762,509
Credit related fees	612,589	432,891
Investment banking fees	68,295	199,300
Commission on trade	2,297,898	1,865,761
Commission on guarantees	568,626	571,264
Commission on cash management	48,653	65,335
Commission on remittances including home remittances	2,105,570	1,060,115
Commission on bancassurance	446,565	435,548
Card acquiring business	1,270,589	1,204,101
Wealth management fee	264,158	143,790
Commission on Benazir Income Support Programme (BISP)	563,495	401,622
Alternative Delivery Channel (ADC) settlement accounts	853,724	924,807
Brokerage / commission Income	148,170	396,075
Others	218,797	158,528
	<u>13,591,801</u>	<u>11,014,430</u>

**30 FOREIGN EXCHANGE INCOME**

Foreign exchange income	9,061,196	7,797,062
Foreign exchange loss related to derivatives	(1,298,565)	(278,866)
	<u>7,762,631</u>	<u>7,518,196</u>





	Note	(Un-audited)	
		For the nine months period ended	
		September 30, 2024	September 30, 2023
		------(Rupees in '000)-----	
<b>31 GAIN / (LOSS) ON SECURITIES</b>			
Realised gain / (loss)	31.1	5,608,881	(1,721,477)
Unrealised gain - measured at FVTPL	10.1	3,424,288	-
Unrealised loss - held for trading		-	(91,005)
Unrealised (loss) / gain on trading liabilities - net		(434,553)	13,137
		<u>8,598,616</u>	<u>(1,799,345)</u>
<b>31.1 Realised gain / (loss) on:</b>			
Federal Government Securities		5,205,668	(1,424,213)
Shares		104,013	(581,082)
Foreign Securities		299,200	283,818
		<u>5,608,881</u>	<u>(1,721,477)</u>
<b>31.2 Net gain on financial assets / liabilities measured:</b>			
<b>At FVTPL</b>			
Designated upon initial recognition		5,980,271	-
Mandatorily measured at FVTPL		1,437,176	-
		7,417,447	-
Net gain on financial assets measured at FVOCI - Debt		1,181,169	-
		<u>8,598,616</u>	<u>-</u>
<b>32 OTHER INCOME</b>			
Rent on property		18,339	20,939
Gain on sale of property and equipment - net		81,136	118,427
Gain on sale of non banking assets - net		27,800	-
Profit on termination of leased contracts (Ijarah)		7	48,235
Gain on termination of leases		62,345	70,186
Others		1,468	-
		<u>191,095</u>	<u>257,787</u>
<b>33 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	33.1	26,459,771	20,138,244
<b>Property expense</b>			
Rates and taxes		288,964	129,235
Utilities cost		2,791,590	1,966,556
Security (including guards)		1,262,365	972,522
Repair and maintenance (including janitorial charges)		1,445,669	964,468
Depreciation on right-of-use assets		2,842,869	2,454,195
Depreciation on non-banking assets acquired in satisfaction of claims		29,942	3,737
Depreciation on owned assets		765,691	628,831
		9,427,090	7,119,544
<b>Information technology expenses</b>			
Software maintenance		2,427,067	1,940,404
Hardware maintenance		556,174	723,134
Depreciation		1,027,733	780,716
Amortisation		275,217	234,936
Network charges		578,943	458,376
Consultancy and support services		168,819	144,077
		5,033,953	4,281,643
Balance carried forward		<u>40,920,814</u>	<u>31,539,431</u>

	(Un-audited)	
	For the nine months period ended	
	September 30, 2024	September 30, 2023
	----- (Rupees in '000) -----	
Balance brought forward	40,920,814	31,539,431
<b>Other operating expenses</b>		
Directors' fees and allowances	102,240	111,137
Fees and allowances to Shariah Board	15,046	10,268
Legal and professional charges	361,130	326,555
Outsourced services costs	1,064,779	757,841
Travelling and conveyance	1,139,962	945,125
Clearing and custodian charges	146,963	144,107
Depreciation	1,584,102	1,131,868
Training and development	225,466	102,370
Postage and courier charges	364,037	362,985
Communication	2,279,011	1,298,439
Stationery and printing	1,281,400	962,889
Marketing, advertisement and publicity	3,130,329	3,482,048
Donations	218,982	1,030,920
Auditors' remuneration	169,063	86,289
Brokerage and commission	414,810	307,651
Entertainment	630,232	437,644
Repairs and maintenance	741,291	608,476
Insurance	1,439,364	1,105,553
Cash Handling charges	1,486,098	1,125,757
CNIC verification	254,698	184,694
Others	669,979	568,591
	17,718,982	15,091,207
	<u>58,639,796</u>	<u>46,630,638</u>

### 33.1 Total compensation expense

Managerial Remuneration		
i) Fixed	17,450,633	14,090,601
ii) Variable:		
a) Cash bonus / awards etc.	4,365,194	3,234,471
b) Bonus and awards in shares etc.	455,250	243,747
Charge for defined benefit plan	503,473	350,251
Contribution to defined contribution plan	650,389	544,633
Medical	1,585,749	969,902
Conveyance	1,060,354	387,453
Staff compensated absences	157,500	142,497
Staff life insurance	108,046	102,251
Staff welfare	53,645	42,014
Club subscription	10,669	2,721
Others	19,370	8,739
<b>Sub-total</b>	26,420,272	20,119,280
Sign-on Bonus	39,499	18,964
Severance Allowance	-	-
<b>Grand Total</b>	<u>26,459,771</u>	<u>20,138,244</u>





### 34 WORKERS' WELFARE FUND

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government through the Finance Act, 2008 for the levy of Workers' Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petitions is decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.

Note	(Un-audited)	
	For the nine months period ended	
	September 30, 2024	September 30, 2023
	------(Rupees in '000)-----	

### 35 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	218,820	138,261
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### 36 CREDIT LOSS ALLOWANCE / PROVISIONS / REVERSALS AND WRITE OFFS - NET

Reversal of credit loss allowance against cash with treasury banks	(37,325)	-
Credit loss allowance against balance with other banks	2,073	-
Reversal of credit loss allowance against lending to financial institutions	(13,153)	(296)
Reversal of credit loss allowance / provision for diminution in value of investments	10.4.1 (271,134)	(528,310)
Credit loss allowance / provision against loans & advances	11.4 1,192,001	9,764,078
(Reversal) of credit loss allowance / provision against other assets	15.2.1 (376,565)	252,070
Credit loss allowance / provision against off-balance sheet obligations	22.1 162,100	11,849
(Reversal) of other credit loss allowance / provisions / write off - net	(30,556)	12,341
Recovery of written off / charged off bad debts	(419,045)	(347,271)
	<u>208,396</u>	<u>9,164,461</u>

### 98 37 TAXATION

Charge / (reversal) :		
Current	33,428,317	29,196,857
Prior years	(118,406)	-
Deferred	(46,465)	(3,069,506)
	<u>33,263,446</u>	<u>26,127,351</u>

- 37.1 a) The income tax assessments of the Holding Company have been finalized up to and including tax year 2023. Certain addbacks made by tax authorities for various assessment years, appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan.

In respect of tax years 2008, 2014, 2017 and 2019 to 2023, the tax authority has raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of Leasehold improvements. The aggregate tax demand due to relief provided in appeal is nil. (December 31, 2023: Rs. 764.870 million).

- b) The Holding Company had received orders from a provincial tax authority for the periods from July 2011 to December 2020 wherein tax authority demanded sales tax on banking services and penalty amounting to Rs. 763.312 million (excluding default surcharge) by disallowing certain exemptions of sales tax on banking services and allegedly for short payment of sales tax. Appeals against these orders are pending before Commissioner Appeals and Appellate Tribunal. The Holding Company has not made any provision against these orders and the management is of the view that these matters will be settled in Holding Company's favour through appellate process.
- c) The Holding Company had received an order from a tax authority wherein sales tax and penalty amounting to Rs. 5.191 million (excluding default surcharge) was demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016 and appeal against this order is pending before Commissioner Appeals.

Another order received for the same accounting year wherein sales tax and further tax amounting to Rs. 8.601 million (excluding default surcharge and penalty) was demanded allegedly for non-payment of sales tax on certain transactions is redemanded in appeal effect order. This matter is pending before Commissioner Appeals and Appellate Tribunal. In the current year, a similar order for the accounting years 2017 and 2018 is issued with tax demand of Rs. 11.536 million (excluding default surcharge) which is pending before Commissioner Appeals. The Holding Company has not made any provision against these orders and the management is of the view that these matters will be favourably settled through appellate process.

38	BASIC AND DILUTED EARNINGS PER SHARE	(Un-audited)	
		For the nine months period ended	
		September 30, 2024	September 30, 2023
------(Rupees in '000)-----			
	Profit for the period attributable to equity holders of the Holding Company	35,215,149	27,461,834
------(Number of shares in '000)-----			
	Weighted average number of ordinary shares	1,577,165	1,577,165
------(Rupees)-----			
	Basic and diluted earnings per share	22.33	17.41

38.1 Diluted earnings per share has not been presented separately as the Holding Company does not have any convertible instruments in issue.

39	CASH AND CASH EQUIVALENTS	Note	(Un-audited)	
			For the nine months period ended	
			September 30, 2024	September 30, 2023
------(Rupees in '000)-----				
	Cash and balance with treasury banks	7	207,151,240	198,021,299
	Balance with other banks	8	14,067,035	17,613,889
	Call / clean money lendings		6,488,591	33,438,238
	Overdrawn nostro accounts	17	(4,563,565)	(2,587,748)
	Less: Expected credit loss		(29,258)	-
			<u>223,114,043</u>	<u>246,485,678</u>

#### 40 FAIR VALUE MEASUREMENTS

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

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

##### 40.1 Fair value of financial instruments

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

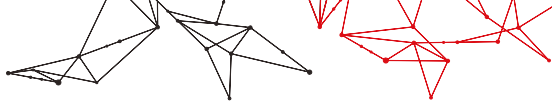
Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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







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

	<b>September 30, 2024 (Un-audited)</b>			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
- Federal government securities	40,852,599	1,465,808,693	-	1,506,661,292
- Shares - listed companies	11,369,738	-	-	11,369,738
- Shares - unlisted companies	-	-	2,251,251	2,251,251
- Non-government debt securities	14,955,550	5,049,847	-	20,005,397
- Foreign government securities	-	70,745,912	-	70,745,912
- Foreign equity securities	256,154	-	-	256,154
- Foreign non-government debt securities	-	23,094,331	7,668,700	30,763,031
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments - Amortised cost	-	274,074,182	-	274,074,182
<b>Off-balance sheet financial instruments - measured at fair value</b>				
- Forward purchase of foreign exchange	-	2,109,229	-	2,109,229
- Forward sale of foreign exchange	-	(3,399,138)	-	(3,399,138)
- Forward purchase of government securities	-	25,056	-	25,056
- Forward sale government securities	-	(76,929)	-	(76,929)
- Derivatives purchases	-	2,227,292	-	2,227,292
- Derivatives sales	-	897,800	-	897,800

	<b>December 31, 2023 (Audited)</b>			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
- Federal government securities	-	1,802,801,728	-	1,802,801,728
- Shares - listed companies	4,283,579	-	-	4,283,579
- Non-government debt securities	14,940,600	4,429,831	-	19,370,431
- Foreign government securities	-	43,176,169	-	43,176,169
- Foreign equity securities	284,596	-	-	284,596
- Foreign non-government debt securities	-	23,032,819	5,514,371	28,547,190
<b>Financial assets - disclosed but not measured at fair value</b>				
Investment - held to maturity securities	-	154,796,433	-	154,796,433
<b>Off-balance sheet financial instruments - measured at fair value</b>				
- Forward purchase of foreign exchange	-	2,606,750	-	2,606,750
- Forward sale of foreign exchange	-	(2,779,042)	-	(2,779,042)
- Forward purchase of government securities	-	(27,210)	-	(27,210)
- Forward sale government securities	-	(17,514)	-	(17,514)
- Derivatives purchases	-	3,371,331	-	3,371,331
- Derivatives sales	-	707,484	-	707,484

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

**40.3 Valuation techniques used in determination of fair values:**

**40.3.1 Fair value of financial assets**

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

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies, listed GoP Sukuks and listed non government debt securities.

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

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, forward government securities contracts, cross currency swap and interest rate swaps.

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

The fair value of unquoted shares are measured at fair value based on valuation technique mentioned in the table below.

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 reliable data regarding market rates for similar instruments.

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

Certain categories of property and equipment (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 12 and 15. The valuations are conducted by the valuation experts appointed by the Holding Company which are also on the panel of the State Bank of Pakistan.

**40.3.3 Valuation techniques**

Item	Valuation approach and input used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. Floating rate PIBs are revalued using PKFRV rates. The fair value of GoP sukuk listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other GIS are revalued using PKISRV rates.
Overseas Sukuks, Overseas and GoP Euro Bonds	The fair value of overseas government sukuks, and overseas bonds are valued on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - unlisted	The fair value of investments in unlisted equity securities are valued on the basis of dividend discount model.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the SBP.
Derivative Instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Property and equipment and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Group's properties. The market approach used prices and other relevant information generated by market transactions involving identical, 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 condensed interim financial statements.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of unquoted equity securities, (the valuation techniques are stated above):

Description	Fair value at September 30, 2024	Unobservable inputs*	Discount Rate	Relationship of unobservable inputs to fair value
----- (Rupees in '000) -----				
Unlisted equity securities	2,251,251	Discount rate	16.4%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 180.541 million and Rs. 21.100 million respectively.

\* There were no significant inter-relationships between unobservable inputs that materially affect fair values.



## 41 SEGMENT INFORMATION

## 41.1 Segment details with respect to business activities

For the nine months period ended September 30, 2024 (Un-audited)										
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others*	Elimination	Total
	(86,767,433)	10,745,815	24,588,866	142,392,341	10,676	6,439,154	6,725	(2,255,792)	-	95,139,000
Net mark-up / return / profit	150,890,523	5,063,908	(2,919,213)	(152,821,875)	6,502,711	6,988,427	-	1,702,874	(9,107,355)	-
Inter segment revenue - net	6,977,904	5,021,466	2,098,083	14,874,377	704,048	2,547,497	257,922	1,300,609	(8,936)	33,772,970
Non mark-up / return / interest income	71,100,994	20,821,189	23,767,736	4,444,843	7,196,083	9,685,078	264,647	747,691	(9,116,291)	128,911,970
Total Income	23,123,336	2,925,828	9,162,154	710,080	2,343,034	2,825,466	564,775	18,574,606	(8,936)	60,220,343
Segment direct expenses	11,872,618	1,352,856	4,031,176	255,692	1,665,263	448,165	-	(18,574,606)	(1,051,164)	-
Inter segment expense allocation	34,995,954	4,278,684	13,193,330	965,772	4,008,297	3,273,631	564,775	-	(1,060,100)	60,220,343
Total expenses	338,656	2,675,781	160,220	(5,178)	16,111	(49,543)	(337,543)	(2,580,108)	-	208,396
Credit loss allowance / provision / (reversals)	35,766,384	13,866,724	10,414,186	3,494,249	3,171,675	5,460,990	37,415	3,327,799	(8,056,191)	68,483,231
Profit / (loss) before tax										

**Consolidated Profit & loss account**

Net mark-up / return / profit  
 Inter segment revenue - net  
 Non mark-up / return / interest income  
 Total Income

Segment direct expenses  
 Inter segment expense allocation  
 Total expenses  
 Credit loss allowance / provision / (reversals)  
 Profit / (loss) before tax

As at September 30, 2024 (Un-audited)										
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others*	Elimination	Total
	112,111,629	14,649,033	42,534,757	1,550,817,848	663,304	52,181,705	1,686,444	-	(2,637,507)	221,189,365
Cash and bank balances	-	5,110,154	233,942,436	-	13,147,381	125,653,534	175,426	7,407,377	-	1,923,106,775
Investments	1,079,830,640	-	-	-	-	-	-	100,915,264	-	-
Net inter segment lending	-	-	34,999,733	21,571,803	-	8,747,854	-	-	(42,913,530)	22,405,860
Lendings to financial institutions	217,082,684	385,537,024	181,270,330	-	48,173	40,640,522	731	26,281,117	-	850,860,581
Advances - performing	2,244,204	2,003,757	221,028	-	3,236	161,009	-	471,048	-	5,104,282
- non-performing	25,742,555	59,041,226	51,514,658	60,782,007	1,842,502	5,265,562	485,911	54,421,623	2,555,436	261,651,080
Others	1,437,011,712	466,341,194	544,482,942	1,633,171,658	15,704,596	232,650,186	2,348,112	189,496,429	(1,236,888,886)	3,284,317,943
Total assets	18,422,917	81,739,049	54,237,596	578,950,114	-	36,526,725	317,638	14,000,000	(45,147,261)	725,046,778
Borrowings	-	-	-	-	-	-	-	-	-	14,000,000
Subordinated debt	1,359,970,831	215,191,450	391,994,426	15,155,566	-	154,103,949	-	-	(835,970)	2,135,580,252
Deposits and other accounts	-	101,676,684	28,904,230	1,031,474,472	-	31,838,029	-	-	(1,193,893,415)	-
Net inter segment borrowing	58,617,964	67,734,011	64,318,821	14,051,991	549,030	9,315,987	641,956	21,007,219	2,987,760	239,224,739
Others	1,437,011,712	466,341,194	539,455,073	1,624,476,577	15,704,596	231,784,690	959,594	35,007,219	(1,236,888,886)	3,113,851,769
Total liabilities	-	-	5,027,869	8,695,081	-	865,496	1,388,518	154,489,210	-	170,466,174
Net assets	121,051,855	203,484,542	83,001,187	416,273,716	536	64,322,768	507,011	3,189,324	-	891,830,939
Equity including non-controlling interest										
Contingencies and commitments										

**Consolidated Statement of Financial Position**

Cash and bank balances  
 Investments  
 Net inter segment lending  
 Lendings to financial institutions  
 Advances - performing  
 - non-performing  
 Others  
 Total assets

Borrowings  
 Subordinated debt  
 Deposits and other accounts  
 Net inter segment borrowing  
 Others  
 Total liabilities  
 Net assets

Equity including non-controlling interest  
 Contingencies and commitments

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

\* Others include head office related activities.

For the nine months period ended September 30, 2023 (Un-audited)										
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others*	Elimination	Total

	(48,892,695)	12,654,300	19,174,068	104,768,743	7,926	5,997,632	(84,883)	(2,124,754)	-	90,900,337
Net mark-up / return / profit	106,492,181	431,964	(710,244)	(107,180,997)	5,634,310	732,654	-	1,709,136	(7,109,007)	-
Inter segment revenue - net	6,166,303	2,704,585	1,499,020	6,349,758	594,563	843,537	413,119	1,249,450	(10,635)	19,809,700
Non mark-up / return / interest income	63,765,789	15,790,849	19,962,847	3,937,504	6,236,799	6,973,823	328,236	883,632	(7,119,642)	110,710,037
Total income	17,925,099	2,967,917	6,859,791	601,270	1,888,071	2,581,563	329,333	14,817,825	(10,635)	47,960,234
Segment direct expenses	97,915,577	993,019	2,770,702	469,856	1,177,008	314,835	-	(14,817,825)	(699,232)	-
Inter segment expense allocation	27,716,656	3,960,936	9,630,573	1,071,126	3,065,079	2,896,398	329,333	-	(709,867)	47,960,234
Total expenses	4,699,845	3,847,523	104,863	(496,283)	227,440	39,773	-	946,000	-	9,164,461
Credit loss allowance / provision / (reversals)	31,349,288	7,982,390	10,227,411	3,362,661	1,149,980	4,037,652	(1,097)	(6,409,775)	-	53,585,342
Profit / (loss) before tax										

As at December 31, 2023 (Audited)										
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others*	Elimination	Total

107,505,103	20,666,132	33,920,116	801,318	56,947,383	512,336	-	-	-	(669,800)	219,682,588
-	3,609,787	214,735,021	1,743,435,218	-	104,537,703	19,201	5,822,837	-	-	2,072,156,767
973,612,195	87,039,833	-	11,390,718	-	-	-	124,249,350	-	(1,196,292,096)	-
207,915,194	299,248,029	32,832,027	94,864,225	13,960,199	-	-	-	(22,102,342)	-	119,554,109
2,955,353	1,449,384	161,980,731	80,881	44,106,831	10,318	16,460,775	-	-	-	729,802,759
216,800,353	30,738,634	41,414,392	8,333	177,923	-	78,682	-	-	-	5,259,068
1,313,668,198	442,751,799	485,468,680	1,900,667,172	13,614,456	229,510,671	1,482,410	181,646,178	(1,219,141,767)	-	3,349,667,797

23,956,020	88,567,733	40,501,991	747,762,555	-	31,762,975	672,579	-	-	(23,007,821)	910,216,032
1,243,732,370	305,616,623	365,397,636	-	13,355,298	157,205,824	-	14,000,000	-	(366,494)	14,000,000
45,979,808	48,567,443	22,614,166	1,144,470,847	29,207,083	-	-	-	(1,196,292,096)	-	2,084,941,257
1,313,668,198	442,751,799	482,456,710	1,901,695,418	13,614,456	230,246,206	2,768,182	42,483,357	(2,119,141,767)	-	3,210,044,959
			(1,028,246)							199,623,238
										199,623,238

127,717,077	220,203,714	66,758,549	447,453,464	8	61,147,942	450,000	5,313,913	-	-	929,044,667
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The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

\* Others include head office related activities.



**42 RELATED PARTY TRANSACTIONS**

The Group has related party transactions with its associates, joint ventures, employee benefit plans, its directors, key management personnel and other related parties.

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

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

	As at September 30, 2024 (Un-audited)				As at December 31, 2023 (Audited)			
	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
	(Rupees in '000)				(Rupees in '000)			
<b>Lendings to financial institutions</b>								
Opening balance	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	-	-	-
Repaid during the period / year	-	-	-	-	-	-	-	6,332,364
Closing balance	-	-	-	-	-	-	-	(6,332,364)
<b>Investments</b>								
Opening balance	-	-	6,052,472	1,802,909	-	-	4,634,071	1,552,048
Investment made during the period / year	-	-	-	322,077	-	-	-	663,255
Investment redeemed / disposed off during the period / year	-	-	-	(188,638)	-	-	-	(504,303)
Revaluation of investment during the period / year	-	-	-	2,095,825	-	-	-	71,909
Equity method adjustment	-	-	794,911	-	-	-	1,418,401	-
Transfer in / (out) - net	-	-	-	58,015	-	-	-	-
Closing balance	-	-	6,847,383	4,030,188	-	-	6,052,472	1,802,909
<b>Advances</b>								
Opening balance	14,918	935,186	-	1,925,526	18,062	672,608	-	2,367,924
Addition during the period / year	1,676	164,051	-	39,219,065	911	604,716	-	90,959,543
Repaid during the period / year	(3,320)	(137,434)	-	(38,864,370)	(4,055)	(314,643)	-	(90,662,727)
Transfer in / (out) - net	-	(1,988)	-	-	-	(27,495)	-	-
Write off	-	-	-	-	-	-	-	(739,214)
Closing balance	13,274	959,815	-	2,260,221	14,918	935,186	-	1,925,526
<b>Other Assets</b>								
Interest / mark-up accrued	4,287	77,551	-	20,982	2,791	59,977	-	90,690
Receivable from staff retirement fund	-	-	-	-	-	-	-	440,385
Prepayment / rent receivable	-	-	5,110	-	-	-	6,214	-
Advance against shares	-	-	-	140,000	-	-	-	140,000
<b>Borrowings</b>								
Opening balance	-	-	-	2,605,576	-	-	-	2,180,207
Borrowings during the period / year	-	-	-	449,273	-	-	-	2,095,000
Settled during the period / year	-	-	-	(508,019)	-	-	-	(1,669,631)
Closing balance	-	-	-	2,546,830	-	-	-	2,605,576



	As at September 30, 2024 (Un-audited)			As at December 31, 2023 (Audited)				
	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
	(Rupees in '000)			(Rupees in '000)				
<b>Deposits and other accounts</b>								
Opening balance	406,959	340,757	17,153,420	18,550,205	38,466	184,994	3,078,698	12,308,779
Received during the period / year	4,814,463	3,099,344	702,247,877	194,050,680	1,190,788	3,877,341	840,300,568	318,163,352
Withdrawn during the period / year	(5,006,818)	(2,981,985)	(716,859,040)	(202,519,823)	(822,295)	(3,686,772)	(826,225,846)	(311,950,193)
Transfer in. / (out) - net	7	(5,900)	-	17,080	-	(94,806)	-	28,267
Closing balance	214,611	452,216	2,542,257	10,098,142	406,959	340,757	17,153,420	18,550,205
	(Rupees in '000)			(Rupees in '000)				
<b>Subordinated debt</b>								
Opening balance	-	-	-	300,000	-	-	-	300,000
Issued / Purchased during the year	-	-	-	-	-	-	-	-
Redemption / Sold during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	300,000	-	-	-	300,000
	(Rupees in '000)			(Rupees in '000)				
<b>Other Liabilities</b>								
Interest / mark-up payable	746	3,998	-	80,709	737	1,045	-	132,609
Dividend Payable	6	-	-	8	1,975,728	-	-	1,845,246
Payable to defined benefit plan	-	-	-	62,887	-	-	-	-
Others	-	-	-	82,575	-	-	-	54,868
Closing balance	-	-	-	1,823,521	-	-	-	1,573,620
	(Rupees in '000)			(Rupees in '000)				
	<b>For the nine month period ended September 30, 2024 (Un-audited)</b>			<b>For the nine month period ended September 30, 2023 (Un-audited)</b>				
	(Rupees in '000)			(Rupees in '000)				
<b>Income</b>								
Mark-up / return / interest earned	1,395	23,032	-	232,025	1,345	30,689	-	207,031
Fee and commission income	88	831	247,297	6,827	17	369	135,502	1,353
Dividend income	-	-	254,993	648,370	-	-	155,995	132,209
Gain / (loss) on sale of securities	-	4	-	(19,901)	-	9	-	(1,556)
Rent on property	-	-	1,950	-	-	-	3,248	-
Gain on sale of property and equipment - net	-	115	6,913	-	-	48	3,557	-
<b>Expenses</b>								
Mark-up / return / interest paid	22,970	24,088	589,222	1,863,758	9,558	23,034	668,430	1,629,735
Other operating expenses	102,240	-	-	-	111,137	-	-	-
Directors' fee	331,647	1,392,490	-	248,384	248,384	1,046,467	-	-
Managerial remuneration	-	-	-	109,686	-	-	-	-
Cleaning and custodian charges	-	-	-	82,575	-	-	-	150,497
Software maintenance	-	-	-	528,901	-	-	-	180,014
Communication cost	-	-	-	503,473	-	-	-	350,251
Charge for defined benefit plan	-	-	-	650,589	-	-	-	544,633
Contribution to defined contribution plan	-	-	-	694	-	-	-	3,181
Training and subscription	-	-	-	-	-	-	-	-
<b>Other information</b>								
Dividend paid	5,313,570	15,921	10,416	5,199,233	969,155	11,062	10,136	2,209,369
Insurance premium paid	-	-	1,384,681	626,234	-	-	1,043,459	-
Insurance claims settled	-	-	-	-	-	-	514,798	-





**43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

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

**Minimum Capital Requirement (MCR):**

Paid-up capital (net of losses)	15,771,651	15,771,651
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**Capital Adequacy Ratio (CAR):**

Eligible Common Equity Tier 1 (CET 1) Capital	132,895,512	112,301,515
Eligible Additional Tier 1 (ADT 1) Capital	13,551,115	13,550,000
Total eligible tier 1 capital	146,446,627	125,851,515
Eligible tier 2 capital	48,308,450	35,171,385
Total eligible capital (tier 1 + tier 2)	194,755,077	161,022,900

**Risk Weighted Assets (RWAs):**

Credit risk	821,112,945	783,469,384
Market risk	38,147,463	18,233,250
Operational risk	177,472,700	177,472,700
Total	1,036,733,108	979,175,334

Common equity tier 1 capital adequacy ratio	12.82%	11.47%
Tier 1 capital adequacy ratio	14.13%	12.85%
Total capital adequacy ratio	18.79%	16.44%

In line with Basel III Capital Adequacy guidelines, following capital requirements are applicable to the Holding Company:

Common equity tier 1 capital adequacy ratio	6.00%	6.00%
Tier 1 capital adequacy ratio	7.50%	7.50%
Total capital adequacy ratio	11.50%	11.50%

For Capital adequacy calculation, the Holding Company has adopted Standardized Approach for Credit & Market Risk related exposures and Alternate Standardized Approach (ASA) for operational risk.

**Leverage Ratio (LR):**

Eligible Teer-1 capital	146,446,627	125,851,515
Total exposures	3,754,071,005	3,541,562,293
Leverage ratio	3.90%	3.55%

**Liquidity Coverage Ratio (LCR):**

Total high quality liquid assets	1,232,976,389	1,082,954,156
Total net cash outflow	614,289,869	488,388,254
Liquidity coverage ratio	201%	222%

**Net Stable Funding Ratio (NSFR):**

Total available stable funding	1,738,923,680	1,634,520,450
Total required stable funding	1,235,251,534	1,012,638,563
Net stable funding ratio	141%	161%

#### 44 AFGHANISTAN OPERATIONS

The Holding Company's maintains a two-branch presence in Afghanistan. The Board and the management of the Holding Company continue to closely monitor the evolving situation in Afghanistan which has been hampered due to country's frozen reserves and uncertainty regarding international recognition which prevent normal flows in and out of Afghanistan. The Holding Company has taken impairment against assets where there is an indication that carrying amount may be higher than its recoverable amount. The Holding Company remains focused on maintaining its control standards i.e. both onshore and through Head Office oversight.

#### 45 BANGLADESH OPERATIONS

During the period ended September 30, 2024, a non-binding indicative offer was received from Bank Asia Limited, Dhaka, Bangladesh ("Bank Asia") to acquire the Holding Company's Bangladesh Operations (assets and liabilities). In this regard, the Holding Company has been granted an in-principle approval by the State Bank of Pakistan to facilitate conduct of due diligence exercise by Bank Asia.

Further, non-binding offer was also received from Hatton National Bank of Sri Lanka ("HNB") to acquire the Holding Company's Bangladesh Operations (assets and liabilities). In this regard regulatory approvals to commence due diligence exercise are in process.

#### 46 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on October 17, 2024 has declared an interim cash dividend of 20% i.e. Rs. 2.0 per share (September 30, 2023: Rs. Nil). These consolidated condensed interim financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end. The Board had earlier declared and paid cumulatively an interim cash dividend of Rs. 4.0 per share (September 30, 2023: cash dividend: Rs. 3.0 per share).

#### 47 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on October 17, 2024 by the Board of Directors of the Holding Company.

#### 48 GENERAL

**48.1** Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements, wherever necessary for better presentation and classification.

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

Description of item	Nature	(Rupees in '000)	From	To
Right-of-use assets	Asset	19,966,957	Property and equipment	Right-of-use assets
Lease liabilities against right-of-use-assets	Liability	22,899,808	Other liabilities	Lease liabilities

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director







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