



NATIONAL BANK OF PAKISTAN

پاکستان

Quarterly Report September 2024

CORPORATE INFORMATION

Board of Directors

Chairman	Mr. Ashraf Mahmood Wathra
Directors	Mr. Farid Malik, CFA Mr. Amjad Mahmood Mr. Ali Syed Mr. Nasim Ahmad
President & CEO	Mr. Rehmat Ali Hasnie

Audit Committee

Chairman	Mr. Nasim Ahmad Mr. Farid Malik, CFA Mr. Ali Syed Mr. Amjad Mahmood
----------	--

Chief Financial Officer

Mr. Abdul Wahid Sethi

Company Secretary

Syed Muhammad Ali Zamin

Auditors

A.F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co
Chartered Accountants

Legal Advisors

Syed Mustafa Ali
Advocates & Legal Advisors

Registered & Head Office

NBP Building
I.I. Chundrigar Road, Karachi, Pakistan.
Phone: 92-21-99220100 (30 lines),
92-21-99062000 (60 lines)
NBP Call Center: 111-627-627

Registrar & Share Registration Office

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B,
S.M.C.H.S., Main Shahrah-e-Faisal,
Karachi-74400, Pakistan.
111-111-500

Website

www.nbp.com.pk

**Unconsolidated Condensed Interim Financial Statements
For the nine months period ended September 30, 2024**

Directors' Report to the Shareholders

Standalone Financial Statements

Dear Shareholders,

On behalf of the Board of Directors "the Board", we have the pleasure of presenting to you, the condensed interim standalone financial statements of the Bank for the nine-months period ended September 30, 2024.

Economic Environment

The global economic outlook shows signs of stabilization with moderating inflation, strengthening trade, and broader monetary easing, contributing to a soft landing. Global growth is projected to stabilize at 3.0% in 2024, rising to 3.3% in 2025.

In FY'24, Pakistan's economy underwent broad-based stabilization supported by a relatively conducive global economic environment. It rebounded with 2.4% GDP growth, driven by agricultural sector and a modest 1.1% rise in Large Scale Manufacturing, recovering from a 9.8% decline in FY'23. As the SBP and the government have continued with the macroeconomic stabilization measures, The SBP anticipates further growth, projecting GDP to range between 2.5% and 3.5% in FY'25.

Headline inflation decreased from 29.2% in FY'23 to 23.4% in FY'24, thanks to lower food prices. Inflation is expected to ease further to 15% in FY'25, supported by prudent monetary policy, reduced exchange rate volatility, and global economic stability. With falling inflation and an improved external account, the SBP had adequate room to cut the policy rate by 450 basis points, lowering it from 22% in June 2024 to 17.5% in October 2024. Workers' remittances grew by 10.7%, reaching \$30.3 billion in FY'24, strengthening Pakistan's FX reserves, which rose from \$13.1 billion in September 2023 to \$16.0 billion by September 2024.

The Pakistan Stock Exchange made an exceptional run in 2024, setting new records and outperforming even the most optimistic projections as the KSE-100 Index surging to 86,000+ points from 62,451 points at the end of 2023. This positions it as the top-performing asset class in the country delivering near 100 percent return in dollar terms. Looking ahead, the country's economic outlook is stable, with anticipated political stability, IMF deal in line, anticipated foreign exchange inflows and improved economic outlook.

Banking industry outlook is promising and is expected to benefit from stronger economic growth and a rebound in credit demand, driven by IMF support and a reduced policy rate in the second half of 2024. With a more optimistic outlook for inflation, interest rates, and emerging economic stability, loan growth is expected to accelerate. Credit to the private sector is expected to gradually recover, largely driven by increased demand in key industries such as wholesale and retail trade. Despite some credit cost pressures on account of implementation of IFRS-9, overall credit quality remains satisfactory, and the anticipated easing of monetary policy in 2024 should help reduce the risk of increase in non-performing loans.

Financial Performance – 9M'2024

▪ Summary (PKR 'Bn)

No.	Key Items	Sep'24	Sep'23	Better / (Worse)	
				Amount	%
	Net Interest Income	105.17	120.55	(15.38)	(13%)
	Non-Fund Income	41.99	24.71	17.28	70%
	Total Income	147.16	145.26	1.90	1%
	Admin Exp.	77.91	65.44	(12.47)	(19%)
	Pre-Provision Profit	69.25	79.82	(10.57)	(13%)
	Provision Charge / (Reversal)	(0.27)	9.22	9.49	103%
	Profit before Extraordinary Item	69.52	70.60	(1.08)	(1.5%)
	Extra-Ordinary Item (Pension Impact)	49.02	-	(49.02)	-
	Pre-Tax Profit	20.50	70.60	(50.10)	(71%)
	Tax	11.47	32.45	20.98	65%
	After-Tax Profit	9.03	38.15	(29.12)	(76%)
	EPS (Rs.)	4.24	17.93	(13.69)	(76%)

Amidst the challenges of the prevailing business environment, your Bank has delivered strong financial results for the nine-month period ended September 30, 2024. These results demonstrate the resilience inherent in the Bank's business model, effectiveness of the strategic efforts by management, and the commitment demonstrated by our field personnel in these demanding circumstances.

▪ **Mark-up/Interest Income**

For the nine-months period under review, your Bank earned Gross Interest Income 'GII' of PKR 833.7 Bn as against PKR 728.7 Bn for the corresponding nine-months period of 2023. The PKR 105.0 Bn increase in GII was achieved through a volumetric growth in average interest-bearing assets coupled with the favourable impact of average policy rate during 9M'24. During this period, the Bank's investments averaged PKR 4,328.3 Bn (9M'23:PKR 3,760.5 Bn) and generated a mark-up/interest income of PKR 652.8 Bn being PKR 111.2 Bn or 20.5% up against PKR 541.6 Bn for 9M'23. This translates into average yield at 20.17% (9M'23:19.26%). In the prevailing policy rate environment, maturity profile of the Bank's investment book remains as a strategy oriented towards a shorter duration investment securities. Similarly, placements, that averaged PKR 105.5 Bn (9M'23:PKR 153.7 Bn) generated a mark-up income of PKR 10.2 Bn (9M'23: PKR 22.5 Bn), yielding 12.96%.

The Bank's loan book generated a mark-up income of PKR 170.6 Bn i.e., PKR 6.1 Bn or 3.7% higher than PKR 164.5 Bn of 9M'23. This too was achieved through both, a volumetric growth by PKR 5.4 Bn, as well as the favourable rate variance with growth observed in Corporate, SME/Commercial and retail loan portfolios. Pertinent to mention, this growth in income was achieved despite the Bank carrying a higher proportion of lower-margin and non-performing loans of certain state-owned entities. Likewise, on the back of higher average policy rate, the Bank's cost of funds for 9M'24 also stood higher at PKR 728.5 Bn as compared to PKR 608.1 Bn for the similar 9M period of 2023. This increase of PKR 120.4 Bn or 19.8% was mainly contributed by an increase in cost of Deposits by PKR 90.7 Bn. Consequently, the Net Interest Income 'NII' for the period under review closed at PKR 105.2 Bn, depicting a decrease of 12.8% against PKR 120.6 Bn of 9M'23.

▪ **Non-Fund Income**

Non-Fund Income 'NFI' for the 9M'24 closed at PKR 42.0 Bn which is PKR 17.3 Bn or 69.9% higher than PKR 24.7 Bn of 9M'23. While fee & commission income recorded a YoY increase of 15.3% to close at PKR 17.2 Bn (9M'23:PKR 14.9 Bn), the dividend income increased by PKR 0.74 Bn or 21.9% to close at PKR 4.1 Bn. On the other hand, while FX income increased by 126.6% to close at PKR 5.1 Bn as against PKR 2.3 Bn for 9M'23, capital gains recorded an increase of PKR 12.7 Bn or 528.3% to close at PKR 15.2 Bn (9M'23:PKR 2.4 Bn). This includes PKR 5.8 Bn of capital gain recognised through sale of the bank's entire shareholding in the UNBL. Going forward, the NFI is expected to stay strong as the economic situation is showing stability with an expected rise in the stock market as well as the foreign exchange reserves to continue.

▪ **Operating Expenses**

Amidst the high inflationary pressures, operating expenses of the Bank for the nine-months period under review amounted to PKR 77.9 Bn which is 19.4% higher YoY as compared to PKR 65.2 Bn for the similar period last year. HR cost that constitutes around 64.0% of the total operating expenses, amounted to PKR 49.8 Bn depicting a YoY increase of PKR 7.8 Bn or 18.5%. While property related expenses amounted to PKR 10.3 Bn (9M'23:PKR 8.2 Bn), IT related expenses amounted to PKR 5.2 Bn (9M'23: PKR 4.2 Bn) as the Bank is continuing to upgrade its IT infrastructure.

Notably, with an increase in the operating costs, the Bank's cost-to-income ratio for the nine-months period ended September 30, 2024 stood at 52.9% as against 45.0% for the similar period last year under a prudent cost control strategy. Increase observed in the operating expenses incurred during the period are in line with the inflationary pressures and industry norms.

▪ **Credit Loss Allowances & Provisioning**

The Bank prudently identifies impairments in its asset portfolio and maintains strong level of provisions thereagainst. During 9M'24, the Bank's gross non-performing loans dropped marginally to PKR 218.2 Bn from PKR 220.8 Bn as on Dec 31, 2023. While specific provisioning stood at PKR 220.1 Bn (Dec'23: PKR 203.6 Bn), credit loss allowances held against the performing loans & advances (Stage-1 and Stage-2) amount to PKR 42.5 Bn (Dec'23: PKR 30.0 Bn) as of Sep'24. Thus, specific provision coverage stood high at 96.0% as of September 30, 2024.

For the nine-months period under review, a net reversal of PKR 0.27 Bn was recorded in provisioning for credit loss allowances as compared to a total charge of PKR 9.2 Bn for the corresponding nine months period of 2023. Key contributor towards this drop were reduction in charge for diminution in value of investments that recorded a net reduction of PKR 1.1 Bn against a charge of PKR 1.2 Bn in Sep'23, and a PKR 6.8 Bn drop in credit loss allowances against loans & advances that stood at PKR 0.7 Bn as against PKR 7.5 Bn in Sep'23.

▪ **Taxation and Profit After-tax**

Taxation charge for the period amounted to PKR 11.5 Bn as against PKR 32.4 Bn for 9M'23. Consequently, profit after-tax for the nine-months period ended September 30, 2024 stood at PKR 9.0 Bn i.e., PKR 29.1 Bn or 76.3% lower than PKR 38.2 Bn for 9M'23. This translates into Earnings per Share of Rs. 4.24 as compared to Rs. 17.93 for 9M'23.

▪ **Appropriation of Profit**

The standalone after-tax profit of the Bank for the nine-months ended September 30, 2024 along with the brought forward unappropriated profit is proposed for appropriation as follows:

	(PKR 'Mn)
Profit after tax for the nine-months period ended Sep 30, 2024	9,029.7
Unappropriated profit brought forward - Dec 31, 2023	218,754.4
Impact of adoption of IFRS 9	(17,668.1)
Gain on sale of Equity shares – FVOCI	2,943.3
Re-measurement loss on defined benefit obligation-net of tax	(882.8)
Transfer from surplus on revaluation of fixed assets-net of tax	129.7
	203,276.5
Profit available for appropriation	<u>212,306.2</u>
Appropriation:	
Transfer to Statutory Reserve (@ 10% of PAT)	903.0
Unappropriated profit carried forward	<u><u>211,403.2</u></u>

Financial Position as at September 30, 2024

As of September 30, 2024, total assets of the Bank amounted to PKR 7,140.0 Bn, depicting a 7.3% increase against PKR 6,652.7 Bn as of December 31, 2023.

▪ Loans & Advances

As of September 30, 2024, gross loans & advances of the Bank amounted to PKR 1,507.2 Bn depicting a decrease of 7.6% or PKR 124.4 Bn against PKR 1,631.7 Bn at end of the year 2023. Net advances stood at PKR 1,244.5 Bn i.e., 11.0% down from PKR 1,398.1 Bn at the end of 2023. While growth in advances was achieved in sectors like SME/Commercial, Islamic and Agriculture, sectors such as Corporate, Consumer, and Commodity mainly witnessed a drop.

▪ Investments

Pursuant to an effective risk/liquidity management strategy, the Bank is maintaining a well-diversified investment portfolio across zero risk weighted instruments, high dividend yielding equities and other interest-bearing financial instruments. As at September 30, 2024, the Bank's investments (at cost) amounted to PKR 4,645.9 Bn (2023:PKR 4,393.9 Bn) with a carrying value of PKR 4,735.1 Bn (2023:PKR 4,403.4 Bn). PKR 252.0 Bn or 5.7% growth in the investments (at cost) was mainly recorded in the short-term maturity 'FVOCI' securities to capitalize on price volatility in the prevailing rate environment.

▪ Deposits & Funding

As of September 30, 2024, total deposits amounted to PKR 4,101.4 Bn which is PKR 427.1 Bn or 11.6% higher than the Dec'23 levels of PKR 3,674.4 Bn. Major share of the Bank's funding comes from core customer sticky deposits that contribute PKR 3,694.6 Bn or 90.1% of the Bank's total deposits. With total current account deposits at PKR 2,228.8 Bn or 54.3% of the total deposits at September 30, 2024, the Bank maintains a strong liquidity and funding profile. The Bank's CASA ratio stood high at 79.0%. Liquidity Coverage Ratio and Net Stable Funding Ratio stood at 201% (Dec'23:176%) and 182% (Dec'23:159%), respectively vis- à-vis regulatory requirement of 100% for each.

Capital Strength and Adequacy

The Bank has been designated as a Domestic Systemically Important Bank "D-SIB" by the SBP. Accordingly, the Bank seeks to maintain strong levels of capitalization to build resilience and maintain adequate buffers over regulatory requirements.

The Bank's Eligible Tier 1 capital as of September 30, 2024 stood at PKR 289.0 Bn marginally above the YE'23 levels of PKR 283.3 Bn. As of Sep'24, total Risk Weighted Assets (RWA) stood at PKR 1,590.2 Bn depicting a 7.5% increase against PKR 1,478.8 Bn at YE'23. Consequently, Total Capital Adequacy Ratio and Tier-2 Capital Ratio stood at 24.49% and 18.17% respectively as compared to 25.47% and 19.16% at the year-end 2023, respectively. As of September 30, 2024, the Bank's leverage ratio stood at 3.14%, slightly up from 3.12% at the year-end 2023. Other financial soundness ratios are well compliant with applicable regulatory requirements.

Compliance & Risk Matters in the New York Branch

With close oversight from the Board of Directors and Head Office Senior Management, the New York Branch continues to comply and execute on actions pursuant to the public enforcement actions issued by the New York State Department of Financial Services and the Federal Reserve Bank.

Contingency Regarding the Pension Case

The Honourable Supreme Court of Pakistan (in Review Jurisdiction) has, by its order dated March 27 2024, dismissed all the civil review petitions filed by NBP (CRPs No 368 to 409 etc.), as a result of which the Supreme Court decision dated 25th September 2017, in respect of the pension litigation, has now attained finality and in compliance of the judgement bank has made payments to majority of petitioners as well as non-petitioners. The next hearing is to be held in early December 2024, date to be fixed.

Accordingly, the Bank has incorporated financial impact in these financial statements for the nine months period ended September 30, 2024. However, there is a pending litigation related to pension matter on which based on legal opinion, a favorable decision is expected.

Credit Ratings

NBP is rated as 'AAA' by both the recognised credit rating agencies in Pakistan. In June 2024, M/s VIS Credit Rating Company re-affirmed the Bank's standalone credit rating as "AAA", the highest credit rating awarded by the company for a bank in Pakistan. Similarly, M/s PACRA Credit Rating Company also assigned the Bank long-term entity rating as 'AAA' (Triple AAA) and short-term credit rating as 'A1+' (A-one Plus).

Future Outlook

As Pakistan's leading commercial bank, NBP will continue to play its national role towards supporting a robust economic momentum in the country, while also maintaining a strong & resilient balance sheet to create long term sustainable value for its shareholders and other stakeholders. In the foreseeable future, the Bank's business strategy will remain focused on digitising and extending financial solutions across all business segments with particular focus on financial inclusion of the underserved sectors including SME, Microfinance, Agriculture Finance as well as Islamic financing on a priority basis. We are following a strategy of de-risking in the overseas footprint where necessary.

Acknowledgement & Appreciation

We appreciate the continued efforts & dedication of our employees towards providing financial services to the Nation. We would also like to acknowledge the support of the Government of Pakistan, the State Bank of Pakistan, the SECP and other regulatory bodies for enabling the Bank to achieve its potential and contribute towards the socio-economic development in the country.

For and on behalf of the Board of Directors

Rehmat Ali Hasnie
President & CEO

Ali Syed
Director

Karachi
Dated: October 29, 2024

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	6	350,009,079	294,992,570
Balances with other banks	7	25,157,092	42,325,051
Lendings to financial institutions	8	489,692,999	192,430,437
Investments	9	4,735,147,948	4,403,364,043
Advances	10	1,244,480,323	1,398,076,820
Property and equipment	11	57,950,839	56,974,417
Intangible assets	12	1,857,948	1,510,061
Right of use assets	13	6,106,786	6,934,471
Deferred tax asset	14	-	-
Other assets	15	229,588,094	256,099,568
		7,139,991,108	6,652,707,438
LIABILITIES			
Bills payable	16	17,851,811	68,000,448
Borrowings	17	2,211,644,970	2,177,743,194
Deposits and other accounts	18	4,101,445,559	3,674,359,379
Lease liability against right of use assets	19	7,556,611	8,264,782
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	14	23,335,595	720,183
Other liabilities	20	363,666,118	340,863,859
		6,725,500,664	6,269,951,845
NET ASSETS			
		414,490,444	382,755,593
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves		79,738,254	79,071,471
Surplus on revaluation of assets	21	102,073,865	63,654,593
Unappropriated profit		211,403,194	218,754,398
		414,490,444	382,755,593
CONTINGENCIES AND COMMITMENTS			
	22		

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Chairman

President / CEO

Chief Financial Officer

Director

Director

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024

	<u>Quarter ended</u>		<u>Nine months ended</u>	
	<u>September 30, 2024</u>	<u>September 30, 2023</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Note	----- (Rupees in '000) -----			
Mark-up / return / interest earned	23 271,052,463	296,352,611	833,658,212	728,685,063
Mark-up / return / interest expensed	24 237,655,287	248,948,037	728,488,931	608,134,722
Net mark-up / return / interest income	33,397,176	47,404,574	105,169,281	120,550,341
NON MARK-UP / INTEREST INCOME				
Fee and commission income	25 5,186,090	4,439,012	17,243,745	14,949,656
Dividend income	1,088,801	1,011,758	4,120,528	3,381,113
Foreign exchange income	1,136,122	(1,802,529)	5,135,066	2,265,940
Income / (Loss) from derivatives		-	-	-
Gain on securities - net	26 9,336,890	1,491,786	15,159,733	2,412,868
Net gains/(loss) on derecognition of financial assets measured at amortised cost		-	-	-
Other income	27 177,413	541,489	327,183	1,697,424
Total non-mark-up / interest income	16,925,316	5,681,516	41,986,255	24,707,001
Total income	50,322,492	53,086,090	147,155,536	145,257,342
NON MARK-UP / INTEREST EXPENSES				
Operating expenses	28 28,802,786	21,333,271	77,872,249	65,232,072
Other charges	29 19,253	9,051	36,392	205,964
Total non-markup / interest expenses	28,822,039	21,342,322	77,908,641	65,438,036
Profit before credit loss allowance	21,500,453	31,743,768	69,246,895	79,819,306
Credit loss allowance and write offs - net	30 1,516,166	8,812,872	(266,595)	9,224,733
Extra ordinary / unusual items - Pension Expense	31 -	-	49,014,365	-
PROFIT BEFORE TAXATION	19,984,287	22,930,896	20,499,125	70,594,573
Taxation	32 11,205,741	10,802,818	11,469,455	32,444,232
PROFIT AFTER TAXATION	8,778,546	12,128,078	9,029,670	38,150,341
----- (Rupees) -----				
Earnings per share - basic and diluted	33 4.12	5.70	4.24	17.93

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Chairman

President / CEO

Chief Financial Officer

Director

Director

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QTR AND NINE MONTHS ENDED SEPTEMBER 30, 2024

	Quarter ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Profit after taxation for the period	8,778,546	12,128,078	9,029,670	38,150,341
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Exchange gain / (loss) on translation of net assets of foreign branches	763,705	(140,427)	(236,184)	9,803,741
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	33,758,136	-	42,480,069	-
Movement in surplus on revaluation of investments of available for sale	-	8,219,643	-	(4,455,813)
	34,521,841	(140,427)	42,243,885	9,803,741
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement (loss) / gain on defined benefit obligations - net of tax	93,873	1,028,834	(882,786)	908,660
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	(1,752,973)	-	(2,216,674)	-
Movement in surplus on revaluation of fixed assets - net of tax	86,462	(3,035)	-	(418,066)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	(3,034)
Gain on sale of equity shares - FVOCI	1,677,164	-	2,943,317	-
	104,526	1,025,799	(156,143)	487,560
Total comprehensive income	43,404,913	13,013,450	51,117,412	48,441,642

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

_____ Chairman	_____ President / CEO	_____ Chief Financial Officer	_____ Director	_____ Director
-------------------	--------------------------	----------------------------------	-------------------	-------------------

**NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

Share capital	Reserves					Surplus on revaluation of assets			Unappropriated profit	Total	
	Exchange translation	Statutory reserve	Merger reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets	Total			
(Rupees in '000)											
Balance as at January 01, 2023	21,275,131	21,289,575	41,969,531	363,606	521,338	64,144,050	(4,253,682)	47,170,584	42,916,902	172,511,676	300,847,759
Profit after taxation for nine months ended September 30, 2023	-	-	-	-	-	-	-	-	-	38,150,341	38,150,341
Effect of translation of net investment in foreign branches	-	9,803,741	-	-	-	9,803,741	-	-	-	-	9,803,741
Movement in surplus / (deficit) on revaluation of investments	-	-	-	-	-	-	(4,455,813)	(4,455,813)	-	-	(4,455,813)
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	908,660	908,660
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	(418,066)	(418,066)	-	(418,066)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(3,034)	(3,034)	-	-	(3,034)
Total other comprehensive income - net of tax	-	9,803,741	-	-	-	9,803,741	(4,455,813)	(421,100)	(4,876,913)	39,059,001	43,985,829
Transfer to statutory reserve	-	-	3,815,034	-	-	3,815,034	-	-	-	(3,815,034)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(136,159)	(136,159)	136,159	-
Balance as at October 01, 2023	21,275,131	31,093,316	45,784,565	363,606	521,338	77,762,825	(8,709,495)	46,613,325	37,903,830	207,891,802	344,833,588
Profit after taxation for three months ended December 31, 2023	-	-	-	-	-	-	-	-	-	13,690,121	13,690,121
Effect of translation of net investment in foreign branches	-	(60,366)	-	-	-	(60,366)	-	-	-	-	(60,366)
Movement in surplus / (deficit) on revaluation of investments	-	-	-	-	-	-	25,594,983	25,594,983	-	-	25,594,983
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	(1,503,899)	(1,503,899)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	201,166	201,166	-	201,166
Total other comprehensive income - net of tax	-	(60,366)	-	-	-	(60,366)	25,594,983	201,166	25,796,149	12,186,222	37,922,005
Transfer to statutory reserve	-	-	1,369,012	-	-	1,369,012	-	-	-	(1,369,012)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(45,386)	(45,386)	45,386	-
Balance as at January 01, 2024	21,275,131	31,032,950	47,153,577	363,606	521,338	79,071,471	16,885,488	46,769,105	63,654,593	218,754,398	382,755,593
Change in accounting policy - Note 3.1	-	-	-	-	-	-	(1,714,431)	-	(1,714,431)	(17,668,129)	(19,382,560)
Balance as at January 01, 2024 - restated	21,275,131	31,032,950	47,153,577	363,606	521,338	79,071,471	15,171,057	46,769,105	61,940,162	201,086,269	363,373,033
Profit after taxation for nine months ended September 30, 2024	-	-	-	-	-	-	-	-	-	9,029,670	9,029,670
Effect of translation of net investment in foreign branches	-	(236,184)	-	-	-	(236,184)	-	-	-	-	(236,184)
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	-	42,480,069	42,480,069	-	-	42,480,069
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	-	(2,216,674)	(2,216,674)	-	-	(2,216,674)
Gain on sale of equity shares - FVOCI	-	-	-	-	-	-	-	-	-	2,943,317	2,943,317
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	(882,786)	(882,786)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income - net of tax	-	(236,184)	-	-	-	(236,184)	40,263,395	-	40,263,395	11,090,201	51,117,412
Transfer to statutory reserve	-	-	902,967	-	-	902,967	-	-	-	(902,967)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(129,691)	(129,691)	129,691	-
Balance as at September 30, 2024	21,275,131	30,796,766	48,056,544	363,606	521,338	79,738,254	55,434,452	46,639,414	102,073,866	211,403,194	414,490,445

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Chairman

President / CEO

Chief Financial Officer

Director

Director

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	September 30, 2024	September 30, 2023
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	20,499,125	70,594,573
Less: dividend income	<u>(4,120,528)</u>	<u>(3,381,113)</u>
	16,378,597	67,213,460
Adjustments:		
Net mark-up / interest income	(105,169,281)	-
Depreciation on fixed assets	1,831,210	1,831,634
Depreciation on right of use assets	1,519,724	1,503,608
Amortisation	441,332	239,079
Credit loss allowance and write offs	(266,595)	9,224,733
Gain on sale of fixed assets	(1,859)	(251,129)
Financial charges on leased assets	164,571	53,552
Financial charges on right-of-use-assets	713,221	589,836
Unrealized gain on revaluation of investments classified as fair value through profit and loss (FVTPL)	(2,038,862)	-
Unrealized gain on revaluation of investments classified as held-for-trading	-	(322,626)
Charge for defined benefit plans - net	61,264,100	9,288,292
	<u>(41,542,439)</u>	<u>22,156,979</u>
	(25,163,842)	89,370,439
Decrease / (increase) in operating assets		
Lendings to financial institutions	(292,172,285)	(530,311,595)
Securities classified as FVTPL	(32,472,802)	-
Securities classified as Held for trading	-	(82,626,123)
Advances	116,463,036	(85,865,908)
Other assets (excluding advance taxation & Markup Receivable)	7,602,706	(58,840,803)
	<u>(200,579,345)</u>	<u>(757,644,429)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(50,148,637)	(44,041,097)
Borrowings from financial institutions	47,812,564	671,879,081
Deposits	427,086,180	678,791,419
Other liabilities (excluding current taxation & Markup Payable)	24,998,885	53,093,212
	<u>449,748,992</u>	<u>1,359,722,615</u>
Payments against off-balance sheet obligations		
Mark-up / Interest received	844,731,813	-
Mark-up / Interest paid	(758,703,249)	(643,388)
Income tax paid / adjusted	(22,073,207)	(25,850,000)
Benefits paid	(19,692,493)	(2,758,819)
Net cash flows generated from operating activities	<u>268,268,669</u>	<u>662,196,418</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investments in securities classified as FVOCI	(254,000,295)	-
Net Investments in available-for-sale securities	-	(783,083,061)
Net Investments in Amortized Cost securities	44,287,501	-
Net Investments in held-to-maturity securities	-	184,238,322
Dividends received	4,120,528	3,381,113
Investments in property and equipment	(3,618,182)	(2,184,294)
Proceeds from sale of property and equipment	24,366	256,607
Effect of translation of net investment in foreign branches	(146,046)	10,657,584
Net cash flows used in investing activities	<u>(209,332,128)</u>	<u>(586,733,729)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease obligations	(2,086,385)	(2,385,765)
Dividend paid	(541)	(7,339)
Net cash flows used in financing activities	<u>(2,086,926)</u>	<u>(2,393,104)</u>
Increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	56,849,615	73,069,585
Effects of exchange rate changes on cash and cash equivalents	287,102,274	218,989,166
Cash and cash equivalents at beginning of the period	11,459,953	3,715,161
Cash and cash equivalents at end of the period	<u>298,562,227</u>	<u>222,704,327</u>
	34 <u>355,411,842</u>	<u>295,773,912</u>

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Chairman	President / CEO	Chief Financial Officer	Director	Director
----------	-----------------	-------------------------	----------	----------

NATIONAL BANK OF PAKISTAN
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

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on the Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,504 (December 31, 2023: 1,508) branches in Pakistan and including 188 (December 31, 2023: 188) Islamic Banking branches and 18 (December 31 2023: 18) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services in respect of Endowment Fund for students loan scheme and IPS accounts.

The Pakistan Sovereign Wealth Fund Act, 2023 was enacted and became effective during 2023. The shareholding of the Federal Government as per the Bank's Register of Shareholders is 7,895,707 shares only. However, under the said Act, the shares of Federal Government has been shown as 1,608,420,866. The Bank has sought clarification from Federal Government in this respect. Moreover, the process for transfer of shares as defined in NBP Bye-laws, 2015 has not yet been initiated. In view of the foregoing, the Bank's Register of Shareholders continues to show the shareholding position before the enactment of the Act ibid pending completion of transfer formalities and clarification of the Federal Government.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

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

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017, or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

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

2.1.3 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 3.2 to the unconsolidated condensed interim financial statements.

- 2.1.4** The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.
- 2.1.5** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 2, dated February 09, 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statements of the Bank for the year ended December 31, 2023.
- 2.1.6** These unconsolidated condensed interim financial statements are the separate financial statements of the Bank in which the investments in subsidiaries, associates and joint ventures are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees.
- 2.1.7 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 to be 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 3.2.

- 2.1.8 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. MATERIAL ACCOUNTING POLICIES

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 3.1 to 3.4.

3.1 Adoption of revised forms for the preparation of the condensed interim financial statement

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. 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.

3.2 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 SBP's IFRS 9 Application Instructions to address most of the matters raised by the banks with a direction to ensure compliance by the extended timeline.

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

The adoption of IFRS 9 has resulted in changes in the Bank's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 has also significantly impacted disclosures related to the unconsolidated financial instruments.

The Bank performed a detailed analysis of its business models for managing financial assets and analysis of their contractual cash flows characteristics.

The following table reconciles the aggregate opening loan loss provision allowances under SBP Prudential Regulations to the ECL allowances under IFRS 9 :

2024			
Provision as per current regulatory framework	Remeasurement (ECL)	Reclassification	ECLs under IFRS 9
-----Rupees in '000-----			

Impairment allowance against:

Cash and Balances with Treasury Banks	-	-	-	-
Balance with Other Banks	117,033	118	-	117,151
Lendings to financial institutions	174,150	67	-	174,217
Advances	233,608,873	36,441,495	-	270,050,368
Investments	23,608,927	8,725,145	(12,665,194)	19,668,878
Markup Receivable	-	1,566,977	-	1,566,977
Off-balance sheet obligations	627,494	2,854,345	-	3,481,839
Total	258,136,477	49,588,148	(12,665,194)	295,059,431

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with previous local regulations to their new measurement categories upon transition to IFRS 9 on January 01, 2024 :

	Movement in Balance Sheet			Revised Breakup of Balance sheet after IFRS 9 Implementation							
	Before IFRS 9 Carrying Values as at Dec 31, 2023	Increase / (Decrease) Due to ECL	Increase / (Decrease) due to Reclassification of Investments	After IFRS 9 Carrying Values Jan 1' 2024	At FVTPL	AT FVOCI - with recycling (Debt)	AT FVOCI - without recycling (Equity)	At Amortized Cost / Cost	Remeasurement under IFRS 9 (ECL Impact)	Other than Financial Assets or Financial Liabilities	IFRS 9 carrying amount as at Jan 1, 2024
------(Rupees in '000)-----											
Assets											
Cash and Balances with treasury banks	294,992,570	-	-	294,992,570	-	-	-	294,992,570	-	-	294,992,570
Balances with other banks	42,325,051	(118)	-	42,324,933	-	-	-	42,325,051	(118)	-	42,324,933
Lendings to financial institutions	192,430,437	(67)	-	192,430,370	-	-	-	192,430,437	(67)	-	192,430,370
From AFS to Amortized Cost	94,406,396	-	11,583,128	105,989,524	-	-	-	105,989,524	-	-	105,989,524
From AFS to FVTPL (Mandatory Reclassification) - Mutual funds, Pref. Shares and Bank TFC's	15,568,680	-	-	15,568,680	15,568,680	-	-	-	-	-	15,568,680
From AFS to FVTPL - Ordinary Shares	14,081,599	-	-	14,081,599	14,081,599	-	-	-	-	-	14,081,599
From AFS to FVOCI - Ordinary Shares	92,548,624	-	-	92,548,624	-	-	92,548,624	-	-	-	92,548,624
From AFS to FVOCI - Debt Securities	3,864,730,854	(7,553,603)	-	3,857,177,251	-	3,864,730,854	-	-	(7,553,603)	-	3,857,177,251
Total AFS	4,081,336,153	(7,553,603)	11,583,128	4,085,365,678	29,650,279	3,864,730,854	92,548,624	105,989,524	(7,553,603)	-	4,085,365,678
From HTM to Amortized Cost	272,790,034	(1,171,542)	-	271,618,492	-	-	-	272,790,034	(1,171,542)	-	271,618,492
From HFT to FVTPL	43,089,648	-	-	43,089,648	43,089,648	-	-	-	-	-	43,089,648
Associates	2,170,920	-	-	2,170,920	-	-	-	-	-	2,170,920	2,170,920
Joint Venture	2,362,433	-	-	2,362,433	-	-	-	-	-	2,362,433	2,362,433
Subsidiaries	1,614,855	-	-	1,614,855	-	-	-	-	-	1,614,855	1,614,855
Investments	4,403,364,043	(8,725,145)	11,583,128	4,406,222,026	72,739,927	3,864,730,854	92,548,624	378,779,558	(8,725,145)	6,148,208	4,406,222,026
Advances	1,398,076,820	(36,441,495)	-	1,361,635,325	-	-	-	1,398,076,820	(36,441,495)	-	1,361,635,325
Fixed assets	56,974,417	-	-	56,974,417	-	-	-	-	-	56,974,417	56,974,417
Intangible assets	1,510,061	-	-	1,510,061	-	-	-	-	-	1,510,061	1,510,061
Right of use assets	6,934,471	-	-	6,934,471	-	-	-	-	-	6,934,471	6,934,471
Other assets	256,099,568	(1,566,977)	-	254,532,591	-	-	-	190,065,330	(1,566,977)	66,034,238	254,532,591
	6,652,707,438	(46,733,802)	11,583,128	6,617,556,764	72,739,927	3,864,730,854	92,548,624	2,496,669,766	(46,733,802)	137,601,395	6,617,556,764
Liabilities											
Bills payable	68,000,448	-	-	68,000,448	-	-	-	68,000,448	-	-	68,000,448
Borrowings	2,177,743,194	-	-	2,177,743,194	-	-	-	2,177,743,194	-	-	2,177,743,194
Deposits and other accounts	3,674,359,379	-	-	3,674,359,379	-	-	-	3,674,359,379	-	-	3,674,359,379
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities against right of use assets	8,264,782	-	-	8,264,782	-	-	-	-	-	8,264,782	8,264,782
Deferred tax liabilities/ (Deferred tax Assets)	720,183	(24,298,193)	5,675,733	(17,902,277)	-	-	-	-	-	(17,902,277)	(17,902,277)
Other liabilities	340,863,859	2,854,345	-	343,718,204	6,676,880	-	-	197,159,524	2,854,345	137,027,455	343,718,204
	6,269,951,845	(21,443,848)	5,675,733	6,254,183,730	6,676,880	-	-	6,117,262,545	2,854,345	127,389,960	6,254,183,730
Net Assets	382,755,593	(25,289,955)	5,907,395	363,373,034	66,063,047	3,864,730,854	92,548,624	(3,620,592,779)	(49,588,147)	10,211,435	363,373,034
Represented By											
Share capital	21,275,131	-	-	21,275,131	-	-	-	-	-	21,275,131	21,275,131
Reserves	79,071,471	-	-	79,071,471	-	-	-	-	-	79,071,471	79,071,471
Surplus on revaluation of assets	63,654,593	-	(1,714,431)	61,940,162	-	10,464,360	4,706,698	-	-	46,769,104	61,940,162
Unappropriated profit	218,754,398	(25,289,955)	7,621,826	201,086,269	-	-	-	-	-	201,086,269	201,086,269
	382,755,593	(25,289,955)	5,907,395	363,373,034	-	10,464,360	4,706,698	-	-	348,201,975	363,373,034

3.2.1 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.

3.2.2 Business model:

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

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

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
- 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

3.2.3 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.

3.2.4 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 sukuks, cash and balances with treasury banks, balances with other banks, and other financial assets.

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

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

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

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

Equity instruments

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

The Bank measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the profit and loss account, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the profit and loss account as income when the Bank's right to receive payments is established.

IFRS 9 has removed the requirement for impairment assessments on equity investments. However, under BPRD Circular Letter No. 16 of 2024, dated July 29, 2024, Banks may continue to measure unquoted equity securities at the lower of cost or break-up value until December 31, 2024. Starting January 1, 2025, Banks will be required to measure unquoted equity securities at fair value, as mandated by the IFRS 9 application guidelines. For unquoted securities where the break-up value is lower than the cost, the difference has been classified as a loss and charged to the profit and loss account.

Gains and losses on equity instruments at FVTPL are included in the 'Gain on sales of securities' line in the profit and loss account.

3.2.5 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.

3.2.6 Derecognition

Financial assets

The Bank derecognises a financial asset when:

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

3.3 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. 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 loans 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 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 transitioning among credit states. Credit states are defined by rating classes and are based on the Bank's internal risk ratings (i.e. from 1 to 12). Through the yearly review of the non-consumer portfolio, the Bank has drawn a yearly transition matrix of ratings to compute a count based PD over the one year horizon for the last 7 years. PDs for Non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations 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, and accrued interest / profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities 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 expectations of the customer behaviour, its likelihood of default and the Bank future risk mitigation procedures, which could include reducing or cancelling the facilities.
- LGD** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective 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, a best case, a worst case). Each of these is associated with different PDs.

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

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

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

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
- Unemployment rate

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.

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 / exiting reporting framework.

3.4 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2023 except for IFRS 9 as mentioned above.

5. FINANCIAL RISK MANAGEMENT

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

		(Un-audited)	(Audited)
		September 30, 2024	December 31, 2023
		----- (Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS	Note		
In hand			
Local currency		71,603,100	62,369,227
Foreign currencies		9,346,694	9,651,086
		<u>80,949,794</u>	<u>72,020,313</u>
With State Bank of Pakistan in			
Local currency current accounts	6.1	169,460,644	125,791,892
Foreign currency current accounts	6.2	21,628,738	21,661,443
Foreign currency deposit accounts	6.2	43,184,387	43,265,618
Foreign currency collection accounts		967,654	1,498,122
		<u>235,241,423</u>	<u>192,217,075</u>
With other central banks in			
Foreign currency current accounts	6.3	26,658,739	25,964,016
Foreign currency deposit accounts	6.3	6,336,944	4,163,614
		<u>32,995,683</u>	<u>30,127,630</u>
Prize bonds		822,179	627,552
		<u>350,009,079</u>	<u>294,992,570</u>
Less: Credit loss allowance held against cash and bank balances with Treasury banks		-	-
Cash and Balances with Treasury banks - net of credit loss allowance		<u><u>350,009,079</u></u>	<u><u>294,992,570</u></u>

6.1 This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.

6.2 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

6.3 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 5.5% per annum (December 31, 2023: 0% to 5.5% per annum).

		(Un-audited)	(Audited)
		September 30, 2024	December 31, 2023
		----- (Rupees in '000) -----	
7. BALANCES WITH OTHER BANKS	Note		
In Pakistan			
In deposit accounts	7.1	21,519	15,285
Outside Pakistan			
In current accounts		17,929,557	33,625,612
In deposit accounts	7.2	7,323,057	8,801,187
		<u>25,252,614</u>	<u>42,426,799</u>
		<u>25,274,133</u>	<u>42,442,084</u>
Less: Credit loss allowance held against balances with other banks		(117,041)	(117,033)
Balances with other banks - net of credit loss allowance		<u><u>25,157,092</u></u>	<u><u>42,325,051</u></u>

7.1 These include various deposits with banks and carry interest at the rates ranging from 9.00 % to 19.60 % per annum (December 31, 2023: 6.00% to 12.70% per annum).

7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 2.58% to 5.96% per annum (December 31, 2023 :1.50% to 7.10% per annum).

8.	LENDINGS TO FINANCIAL INSTITUTIONS	Note	(Un-audited)	(Audited)
			September 30, 2024	December 31, 2023
			----- (Rupees in '000) -----	
	Call / clean money lendings	8.2	5,100,000	9,723
	Repurchase agreement lendings (reverse repo)	8.3	454,592,999	192,420,714
	Musharaka Lending	8.4	30,000,000	-
	Letters of placement	8.5	172,150	174,150
			<u>489,865,149</u>	<u>192,604,587</u>
Less: Credit loss allowance held against lending to financial institutions			<u>(172,150)</u>	<u>(174,150)</u>
Lendings to financial institutions - net of credit loss allowance			<u>489,692,999</u>	<u>192,430,437</u>

8.1	Lending to FIs- Particulars of credit loss allowance	(Un-audited) September 30, 2024		(Audited) December 31, 2023	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
----- (Rupees in '000) -----					
Domestic					
	Performing	Stage 1	489,692,999	-	-
	Under performing	Stage 2	-	-	-
	Non-performing	Stage 3	-	-	-
	Substandard		-	-	-
	Doubtful		-	-	-
	Loss		172,150	172,150	174,150
	Total		<u>489,865,149</u>	<u>172,150</u>	<u>174,150</u>

8.2 These also include zero rate lending to a financial institution amounting to Rs Nil million (December 31, 2023: Rs. 9.7 million) which is guaranteed by the SBP.

8.3 These carry mark-up at rates ranging from 16.5% to 18.4% per annum (December 31, 2023: 21.00% to 22.95% per annum) with maturities ranging from October 1, 2024 to November 1, 2024.

8.4 This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rates ranging from 18.4% to 18.45 per annum (December 31, 2023: Nil) with maturity ranging from October 1, 2024 to October 1, 2024 (December 31, 2023: Nil).

8.5 These are overdue placements and full provision has been made against these placements as at September 30, 2024.

9. INVESTMENTS

9.1 Investments by type:

	September 30, 2024 (Un-audited)			
	Cost / amortized cost	Credit loss allowance / Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----				
FVTPL				
Federal Government Securities				
- Market Treasury Bills	44,473,411	-	384,513	44,857,924
- Pakistan Investment Bonds	34,170,604	-	341,127	34,511,731
Mutual Fund units	4,524,189		1,352,326	5,876,515
Non-Government debt securities				
- Term Finance Certificates and Sukuk Bonds	9,912,330	-	54,130	9,966,460
Preference shares				
Preference shares - Listed	3,530,195	(2,486,399)	(116,645)	927,151
Preference shares - Unlisted	558,284	(558,284)	-	-
Ordinary Shares				
- Listed Companies	10,660,567	-	23,411	10,683,978
	<u>107,829,580</u>	<u>(3,044,683)</u>	<u>2,038,862</u>	<u>106,823,759</u>

September 30, 2024 (Un-audited)			
Cost / amortized cost	Credit loss allowance / Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----			

FVOCI**Federal Government Securities**

- Pakistan Investment Bonds
- Market Treasury Bills
- GOP Ijarah Sukuks
- GOP Ijarah Sukuks - Traded
- GOP Ijarah Sukuks - Discounted
- Foreign Currency Debt securities

2,696,114,560	-	31,709,174	2,727,823,734
1,284,605,709	-	20,405,645	1,305,011,354
30,358,130	-	909,618	31,267,748
29,758,003	-	691,997	30,450,000
31,388,176	-	599,535	31,987,710
28,888,121	(7,694,941)	(2,839,778)	18,353,402

Ordinary Shares

- Listed Companies
- Unlisted Companies

44,339,815	-	9,043,961	53,383,776
2,107,198	(573,855)	-	1,533,343

Preference shares

- Listed
- Unlisted

-	-	-	-
-	-	-	-

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

42,178,783	(6,926,299)	326,636	35,579,120
------------	-------------	---------	------------

Mutual Fund units

-	-	-	-
---	---	---	---

Foreign Securities

- Equity Securities - Listed
- Government debt securities

463,294	-	47,703,804	48,167,098
2,989,647	-	144,412	3,134,059

4,193,191,435	(15,195,095)	108,695,004	4,286,691,344
---------------	--------------	-------------	---------------

Amortised Cost**Federal Government Securities**

- Pakistan Investment Bonds
- GOP Ijarah Sukuks
- Foreign Currency Debt securities

277,276,171	-	-	277,276,171
14,065,127	-	-	14,065,127
7,020,281	(966,362)	-	6,053,919

Non-Government debt securities

- Term Finance Certificates, 'Participation Term Certificates, 'Bonds, Debentures and Sukuk Bonds

383,467	(383,467)	-	-
---------	-----------	---	---

Foreign Securities

- Government debt securities
- Non-Government debt securities

38,300,654	-	-	38,300,654
1,073	-	-	1,073

337,046,773	(1,349,829)	-	335,696,944
-------------	-------------	---	-------------

Associates

4,926,048	(604,998)	-	4,321,050
-----------	-----------	---	-----------

Subsidiaries

2,952,967	(1,338,112)	-	1,614,855
-----------	-------------	---	-----------

Total investments

<u>4,645,946,803</u>	<u>(21,532,721)</u>	<u>110,733,866</u>	<u>4,735,147,948</u>
----------------------	---------------------	--------------------	----------------------

December 31, 2023 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----			

Held-for-trading securities**Federal Government Securities**

- Market Treasury Bills
- Pakistan Investment Bonds
- GOP Ijarah Sukuk bonds

23,341,720	-	7,673	23,349,393
14,665,019	-	(37,878)	14,627,141
5,038,531	-	(3,521)	5,035,010

Ordinary Shares

- Listed Companies

79,317	-	(1,213)	78,104
43,124,587	-	(34,939)	43,089,648

December 31, 2023 (Audited)				
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	
----- (Rupees in '000) -----				
Available-for-sale securities				
Federal Government Securities				
- Pakistan Investment Bonds	2,926,410,213	-	(25,322,781)	2,901,087,432
- Market Treasury Bills	954,585,428	-	2,228,157	956,813,585
- Ijarah Sukuks	30,424,484	-	(330,520)	30,093,964
- Foreign Currency Debt securities	40,907,401	-	(10,174,093)	30,733,308
Ordinary Shares				
- Listed Companies	51,691,556	(11,638,688)	22,284,263	62,337,131
- Unlisted Companies	2,107,198	(448,951)	-	1,658,247
Preference shares				
- Listed	1,448,472	(566,446)	161,771	1,043,797
- Unlisted	558,284	(558,284)	-	-
Non-Government debt securities				
- Term Finance Certificates and Sukuk Bonds	53,137,456	(5,857,566)	355,100	47,634,990
Mutual Fund units				
	2,219,646	(41,167)	1,726,825	3,905,304
Foreign Securities				
- Equity Securities - Listed	463,294	-	42,171,551	42,634,845
- Government debt securities	3,385,022	-	8,528	3,393,550
	4,067,338,454	(19,111,102)	33,108,801	4,081,336,153
Held-to-maturity securities				
Federal Government Securities				
- Pakistan Investment Bonds	213,116,482	-	-	213,116,482
- Ijarah Sukuks	14,087,500	-	-	14,087,500
- Foreign Currency Debt securities	4,288,988	-	-	4,288,988
Non-Government debt securities				
- Term Finance Certificates, 'Participation Term Certificates, 'Bonds, Debentures and Sukuk Bonds	404,585	(404,585)	-	-
Foreign Securities				
- Government debt securities	41,295,981	-	-	41,295,981
- Non-Government debt securities	1,083	-	-	1,083
	273,194,619	(404,585)	-	272,790,034
Associates	4,926,048	(2,755,128)	-	2,170,920
Joint Venture	2,362,433	-	-	2,362,433
Subsidiaries	2,952,967	(1,338,112)	-	1,614,855
Total investments	<u>4,393,899,108</u>	<u>(23,608,927)</u>	<u>33,073,862</u>	<u>4,403,364,043</u>
			(Un-audited)	(Audited)
			September 30,	December 31,
			2024	2023
		Note	----- (Rupees in '000) -----	

9.1.1 Investments given as collateral

The book value of investment given as collateral against borrowings is as follows:

Pakistan Investment Bonds		1,857,943,054	2,047,337,847
Market Treasury Bills		266,223,060	17,134,259
	17	<u>2,124,166,114</u>	<u>2,064,472,106</u>

September 30, 2024 (Un-audited)

Number of shares	Percentage of holding	Country of incorporation	Based on the financial statements as at	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
------------------	-----------------------	--------------------------	---	--------	-------------	---------	--------------------------------	-------------------------------------

(Rupees in '000)

9.1.2 Associates

Listed

First Credit and Investment Bank Limited	20,000,000	30.77	Pakistan	Jun 30, 2024 (Audited)	3,955,938	3,169,070	448,890	31,696	70,641
National Fibres Limited *	17,030,231	20.19	Pakistan	N/A	-	-	-	-	-
Land Mark Spinning Mills Limited	3,970,859	32.79	Pakistan	Jun 30, 2024 (Audited)	119,719	253,515	-	(11,178)	(11,178)
SG Allied Businesses Limited	3,754,900	25.03	Pakistan	Jun 30, 2024 (Audited)	1,518,540	320,657	57,199	(16,138)	(15,402)
Nina Industries Limited	4,906,000	20.27	Pakistan	N/A	-	-	-	-	-
Agritech Limited	106,014,565	27.01	Pakistan	June 30, 2024 (Un-Audited)	86,381,112	74,221,581	2,346,963	(1,235,190)	(1,235,190)
NBP Stock Fund	31,347,444	4.236	Pakistan	March 31, 2024 (Un-audited)	16,793,454	229,666	6,567,119	6,083,990	6,083,990

Unlisted

Pakistan Emerging Venture Limited	12,500,000	33.33	Pakistan	June 30, 2022 (Audited)	478	404	56	(385)	(385)
National Fructose Company Limited	1,300,000	39.5	Pakistan	N/A	-	-	-	-	-
Venture Capital Fund Management *	33,333	33.33	Pakistan	N/A	-	-	-	-	-
Kamal Enterprises Limited *	11,000	20.37	Pakistan	N/A	-	-	-	-	-
Mehran Industries Limited *	37,500	32.05	Pakistan	N/A	-	-	-	-	-
Tharparkar Sugar Mills Limited *	2,500,000	21.52	Pakistan	N/A	-	-	-	-	-
Youth Investment Promotion Society *	644,508	25	Pakistan	N/A	-	-	-	-	-
Dadabhoy Energy Supply Company Limited	9,900,000	23.11	Pakistan	N/A	-	-	-	-	-
K-Agricole Limited *	5,000	20	Pakistan	N/A	-	-	-	-	-
New Pak Limited *	200,000	20	Pakistan	N/A	-	-	-	-	-
Pakistan Mercantile Exchange Limited	10,653,860	33.98	Pakistan	June 30, 2023 (Audited)	4,769,315	4,463,439	676,898	199,485	199,485
Prudential Fund Management Limited *	150,000	20	Pakistan	N/A	-	-	-	-	-

* Nil figure represent shares which have been acquired under different arrangements without any cost

9.1.3 Subsidiaries

CJSC Subsidiary Bank of NBP in Kazakhstan	8,650	100	Kazakhstan	September 30, 2024	2,926,173	2,871	256,545	124,604	124,604
NBP Exchange Company Limited	99,999,999	100	Pakistan	September 30, 2024	2,441,011	184,077	423,591	63,571	63,571
NBP Modaraba Management Company Limited	10,500,000	100	Pakistan	September 30, 2024	141,603	110,395	18,065	9,298	9,298
Taurus Securities Limited	7,875,002	58.32	Pakistan	September 30, 2024	1,109,700	768,532	153,727	31,044	36,894
Cast-N-Link Products Limited	1,245,000	76.51	Pakistan	N/A	-	-	-	-	-
NBP Fund Management Limited	13,499,996	54	Pakistan	September 30, 2024	4,498,386	2,049,402	2,390,533	792,862	792,862

N/A: Not available

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
9.2 Credit loss allowance for diminution in value of investments		
9.2.1 Opening balance	23,608,927	23,150,140
Impact of reclassification on adoption of IFRS 9	(12,665,194)	-
Impact of ECL recognized on adoption of IFRS 9	8,725,145	-
	19,668,878	23,150,140
Charge for the period	1,071,579	2,157,756
Reversals for the period	(2,175,228)	(1,319,964)
Reversal on disposals	-	(379,005)
	(1,103,649)	458,787
Derecognition of ECL on disposal	-	-
Transfers - net	(268,382)	-
Others movement	3,235,874	-
Amounts written off	-	-
Closing balance	21,532,721	23,608,927

9.2.2 Particulars of credit loss allowance against debt securities

Category of classification	September 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
	Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held
	----- (Rupees in '000) -----			
Domestic				
Performing	Stage 1	5,654,464	226	-
Underperforming	Stage 2	2,030,417	338,939	-
Non-Performing	Stage 3			
Substandard		-	-	-
Doubtful		947,068	826,790	-
Loss		6,143,811	6,143,811	6,262,151
		14,775,759	7,309,766	6,262,151
Overseas				
Performing	Stage 1	-	-	-
Underperforming	Stage 2	35,908,401	8,661,303	-
Non-Performing	Stage 3			
Substandard		-	-	-
Doubtful		-	-	-
Loss		-	-	-
		35,908,401	8,661,303	-
Total		50,684,160	15,971,069	6,262,151

9.3 The market value of securities classified at amortised cost as at September 30, 2024 amounted to Rs. 324,995 million (December 31, 2023: Rs. 251,842 million).

9.4 The transaction for the sale of the Bank's investment in Agritech quoted shares and preference shares was concluded subsequent to the reporting period date and hence meet the criteria of IFRS-5 assets held for sale subsequent to period end.

10. ADVANCES

	Note	Performing		Non performing		Total	
		(Un-audited) September 30, 2024	(Audited) December 31, 2023	(Un-audited) September 30, 2024	(Audited) December 31, 2023	(Un-audited) September 30, 2024	(Audited) December 31, 2023
(Rupees in '000)							
Loans, cash credits, running finances, etc.		1,184,823,361	1,325,183,535	202,805,535	205,630,719	1,387,628,896	1,530,814,254
Islamic financing and related assets		85,067,279	73,125,444	1,990,868	1,550,351	87,058,147	74,675,795
Net Investment in finance lease	10.1	1,288	16,207	-	-	1,288	16,207
Bills discounted and purchased		19,128,526	12,534,791	13,426,760	13,644,646	32,555,286	26,179,437
Advances - gross	10.2	1,289,020,454	1,410,859,977	218,223,164	220,825,716	1,507,243,617	1,631,685,693
Credit loss allowance against advances							
-Stage 1		15,490,675	-	-	-	15,490,675	-
-Stage 2		27,050,446	-	-	-	27,050,446	-
-Stage 3		11,611,343	-	208,456,721	-	220,068,064	-
-Specific		-	-	-	203,570,752	-	203,570,752
-General		154,109	30,038,121	-	-	154,109	30,038,121
	10.4	54,306,573	30,038,121	208,456,721	203,570,752	262,763,294	233,608,873
Advances - net of credit loss allowance / provision		1,234,713,881	1,380,821,856	9,766,443	17,254,964	1,244,480,323	1,398,076,820

*This represents loan that have not been classified as Non-Performing Loans (NPLs) according to Prudential Regulations.

10.1 Net investment in finance lease

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Not later than one year	Later than one and up to five years	Over five years	Total	Not later than one year	Later than one and up to five years	Over five years	Total
(Rupees in '000)								
Lease rentals receivable	-	-	-	-	2,304	-	-	2,304
Residual value	1,288	-	-	1,288	14,064	-	-	14,064
Minimum lease payments	1,288	-	-	1,288	16,368	-	-	16,368
Less: financial charges for future periods	-	-	-	-	161	-	-	161
Present value of minimum lease payments	1,288	-	-	1,288	16,207	-	-	16,207

10.1.1 The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time disbursement. The Bank requires the lessees to insure the leased assets in favour of the Bank. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 10.15% to 11.42% (December 31, 2023: 10.19% to 14.85%) per annum.

10.2 Particulars of advances (Gross)

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
(Rupees in '000)		
In local currency	1,226,989,140	1,334,480,999
In foreign currencies	280,254,477	297,204,694
	<u>1,507,243,617</u>	<u>1,631,685,693</u>

10.3 Advances includes Rs. 218,223 million (December 31, 2023: Rs. 220,826 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of Classification	September 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
	Non performing loans	Credit Loss Allowance	Non performing loans	Provision
----- (Rupees in '000) -----				
Domestic				
Other assets especially mentioned	3,943,409	2,440,315	2,156,275	60,035
Substandard	6,332,524	4,645,590	6,421,005	1,560,252
Doubtful	9,510,875	7,861,851	11,443,314	5,980,028
Loss	137,157,548	134,643,819	136,013,278	133,633,669
	<u>156,944,356</u>	<u>149,591,574</u>	<u>156,033,872</u>	<u>141,233,984</u>
Overseas				
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	383,911	191,956	400,925	200,463
> 365 days	60,894,896	58,673,191	64,390,919	62,136,305
	<u>61,278,807</u>	<u>58,865,147</u>	<u>64,791,844</u>	<u>62,336,768</u>
Total	<u>218,223,164</u>	<u>208,456,721</u>	<u>220,825,716</u>	<u>203,570,752</u>
Stage 3 as per IFRS 9	-	11,611,343	-	-
Total	<u>218,223,164</u>	<u>220,068,064</u>	<u>220,825,716</u>	<u>203,570,752</u>

10.4 Particulars of credit loss allowance against advances

	September 30, 2024 (Un-audited)						December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total	Specific Provision	General Provision	Total
Note	(Rupees in '000)						(Rupees in '000)		
Opening balance	-	-	-	203,570,752	30,038,121	233,608,873	190,710,861	17,348,539	208,059,400
Impact of adoption of IFRS-9	19,741,923	21,820,837	228,217,413	(203,570,752)	(29,767,923)	36,441,498	-	-	-
Opening balance - restated	19,741,923	21,820,837	228,217,413	-	270,198	270,050,371	190,710,861	17,348,539	208,059,400
Exchange adjustments	-	-	(3,450,091)	-	(23,395)	(3,473,486)	12,156,348	153,606	12,309,954
Charge for the period / year	2,124,276	5,801,957	4,788,238	-	62,743	12,777,214	8,127,265	14,854,298	22,981,563
Reversals	(5,191,390)	(3,338,104)	(3,555,754)	-	-	(12,085,248)	(8,063,994)	(1,530,934)	(9,594,928)
	(3,067,114)	2,463,853	1,232,484	-	62,743	691,966	63,271	13,323,364	13,386,635
Amounts written off	-	-	(52,741)	-	-	(52,741)	(102,509)	-	(102,509)
Amounts charged off - agriculture financing 10.5.5	-	-	(70,832)	-	-	(70,832)	(44,607)	-	(44,607)
Transfer to stage 1	-	-	-	-	-	-	-	-	-
Transfer to stage 2	(1,092,217)	3,207,095	(2,114,878)	-	-	-	-	-	-
Transfer to stage 3	(91,918)	(441,338)	533,256	-	-	-	-	-	-
Transfer from general to specific provision	-	-	-	-	-	-	787,388	(787,388)	-
Other movement	-	-	(4,226,547)	-	(155,437)	(4,381,984)	-	-	-
Closing balance	15,490,675	27,050,446	220,068,064	-	154,109	262,763,294	203,570,752	30,038,121	233,608,873

10.5 Advances - Particulars of credit loss allowance

	September 30, 2024 (Un-audited)						December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total	Specific Provision	General Provision	Total
	(Rupees in '000)						(Rupees in '000)		
10.5.1 Opening balance	-	-	-	203,570,752	30,038,121	233,608,873	190,710,861	17,348,539	208,059,400
IFRS 9 implementation	19,741,923	21,820,837	228,217,413	(203,570,752)	(29,767,923)	36,441,498	-	-	-
	19,741,923	21,820,837	228,217,413	-	270,198	270,050,371	190,710,861	17,348,539	208,059,400
New Advances	2,124,276	5,801,957	4,788,238	-	62,743	12,777,214	8,127,265	14,854,298	22,981,563
Exchange Adjustment	-	-	(3,450,091)	-	(23,395)	(3,473,486)	12,156,348	153,606	12,309,954
Charge for the period	-	-	-	-	-	-	-	-	-
Advances derecognised or repaid	(5,191,390)	(3,338,104)	(3,555,754)	-	-	(12,085,248)	(8,063,994)	(1,530,934)	(9,594,928)
Transfer to stage 1	-	-	-	-	-	-	-	-	-
Transfer to stage 2	(1,092,217)	3,207,095	(2,114,878)	-	-	-	-	-	-
Transfer to stage 3	(91,918)	(441,338)	533,256	-	-	-	-	-	-
Other Movement	-	-	(4,226,547)	-	(155,437)	(4,381,984)	-	-	-
Transfer from general to specific	-	-	-	-	-	-	787,388	(787,388)	-
	(4,251,248)	5,229,609	(8,025,776)	-	(116,089)	(7,163,504)	13,007,007	12,689,582	25,696,589
	-	-	(52,741)	-	-	(52,741)	(102,509)	-	(102,509)
Amounts charged off - agriculture financing	-	-	(70,832)	-	-	(70,832)	(44,607)	-	(44,607)
Changes in risk parameters	-	-	-	-	-	-	-	-	-
Closing balance	15,490,675	27,050,446	220,068,064	-	154,109	262,763,294	203,570,752	30,038,121	233,608,873

10.5.2 Advances - Category of classification

		September 30, 2024 (Un-audited)		
		Outstanding amount	Credit loss allowance Held	Net of Advances
		----- (Rupees in '000) -----		
Domestic				
Performing	Stage 1	1,127,213,636	15,490,675	1,111,722,961
Underperforming	Stage 2	82,300,361	25,248,480	57,051,882
Non-Performing	Stage 3			
Other assets especially mentioned		3,943,409	2,440,315	1,503,095
Substandard		6,332,524	4,645,590	1,686,934
Doubtful		9,510,875	7,861,851	1,649,025
Loss		137,157,548	134,643,819	2,513,729
Stage 3 as per IFRS 9		13,300,507	11,611,343	1,689,164
		<u>170,244,864</u>	<u>161,202,917</u>	<u>9,041,946</u>
Sub Total		<u>1,379,758,861</u>	<u>201,942,072</u>	<u>1,177,816,789</u>
Overseas				
Performing	Stage 1	22,132,526	-	22,132,526
Underperforming	Stage 2	39,894,936	1,801,966	38,092,970
IFRS 9 not applicable		4,178,487	154,109	4,024,378
Non-Performing	Stage 3			-
Substandard		-	-	-
Doubtful		383,911	191,956	191,956
Loss		60,894,896	58,673,191	2,221,705
		<u>61,278,807</u>	<u>58,865,147</u>	<u>2,413,661</u>
Sub Total		<u>127,484,757</u>	<u>60,821,222</u>	<u>66,663,535</u>
Total		<u><u>1,507,243,618</u></u>	<u><u>262,763,294</u></u>	<u><u>1,244,480,323</u></u>

10.5.3 General provision includes provision amounting to Rs.154 million (December 31, 2023: Rs. 270 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Bank operates where IFRS 9 has not been implemented.

10.5.4 The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2024. No provision is required against these loans; however, mark-up is being suspended as required by the Prudential Regulations. Further SBP has allowed specific relaxation on the requirement for ECL against overdue foreign currency loans of certain Public Sector Entities, either uptill December 31, 2024 or permanently.

10.5.5 These represent non-performing advances for agriculture finance which have been classified as loss and fully provided for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with Prudential Regulations for Agriculture Financing issued by the SBP. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

	Note	(Un-audited)	(Audited)
		September 30, 2024	December 31, 2023
		----- (Rupees in '000) -----	
11. PROPERTY AND EQUIPMENT			
Capital work-in-progress	11.1	1,521,561	1,623,424
Property and equipment		56,429,278	55,350,993
		<u>57,950,839</u>	<u>56,974,417</u>
11.1 Capital work-in-progress			
Civil works		1,451,998	1,553,964
Equipment		10,830	10,727
Advances to suppliers and contractors		58,733	58,733
		<u>1,521,561</u>	<u>1,623,424</u>

	(Un-audited)	(Audited)
	September 30, 2024	December 31, 2023
Note	----- (Rupees in '000) -----	
14. DEFERRED TAX ASSETS / (DEFERRED TAX LIABILITIES)		
Deductible temporary differences on		
- Tax losses carried forward	10,705	10,705
- Post retirement employee benefits	7,710,177	6,862,010
- Credit loss allowance for diminution in the value of investments	5,037,146	236,751
- Credit loss allowance against loans and advances	26,374,090	10,143,512
- Credit loss allowance against off-balance sheet obligations	1,648,075	115,222
- Property and equipment	1,845,434	1,661,181
- Other Credit loss allowance	823,464	105,416
- Provision against contingencies	75,183	-
- Balance with other banks	3	-
- Right of use assets	710,414	651,852
	44,234,691	19,786,649
Taxable temporary differences on		
- Surplus on revaluation of fixed assets	(3,198,224)	(3,322,828)
- Exchange translation reserve	(853,840)	(853,843)
- Surplus on revaluation of investments	(53,260,551)	(16,223,313)
- Gain on sale of Equity Shares - FVOCI	(2,827,893)	-
- Surplus on revaluation of non-banking assets	(106,848)	(106,848)
- Reclassification / Re-measurement of Investments on adoption of IFRS 9	(7,322,930)	-
	(67,570,286)	(20,506,832)
	(23,335,595)	(720,183)
15. OTHER ASSETS		
Income / return / mark-up accrued in local currency	173,283,456	185,622,776
Income / return / mark-up accrued in foreign currency	5,708,273	4,442,554
Advances, deposits, advance rent and other prepayments	5,687,671	2,848,659
Income tax refunds receivable & Advance taxation (payments less provisions)	-	920,050
Compensation for delayed tax refunds	22,129,925	22,129,925
Non-banking assets acquired in satisfaction of claims	1,157,576	1,169,898
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	208,423	208,423
Commission receivable on Government treasury transactions	11,969,342	5,182,665
Stationery and stamps on hand	569,888	472,575
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Receivable against sale of shares	15,011	31,276
Acceptances	9,708,452	8,100,364
Receivable from SBP	-	24,698,013
Others	9,367,675	9,027,170
	240,743,097	265,791,753
Less: Provision held against other assets	15.1 12,492,827	12,495,413
Less: Credit loss allowance held against markup receivable	15.2 1,465,403	-
Other assets (net of provision)	226,784,866	253,296,340
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,803,228	2,803,228
Other assets - total	229,588,094	256,099,568

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
15.1 Provision held against other assets	----- (Rupees in '000) -----	
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	800,000	800,000
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	4,539,008	4,377,337
Ex-MBL / NDFC - other assets	760,941	760,941
Assets acquired from Corporate and Industrial Restructuring Corporation asset (CIRC)	208,423	208,423
Others	4,997,901	5,162,158
	<u>12,492,827</u>	<u>12,495,413</u>
15.1.1 Movement in Provision held against other assets		
Opening balance	12,495,413	12,244,043
(Reversal) / Charge for the period / year	(180,521)	239,045
Adjustment against provision		57,519
Other Movement	177,936	(45,194)
Amount written off	-	-
Closing balance	<u>12,492,828</u>	<u>12,495,413</u>
15.2 Credit loss allowance held against mark-up receivable		
Opening balance	-	-
Impact of ECL recognition on adoption of IFRS-9	1,566,977	-
Charge for the period	(101,573)	-
Closing balance	<u>1,465,403</u>	-
16. BILLS PAYABLE	----- (Rupees in '000) -----	
In Pakistan	17,700,511	67,822,126
Outside Pakistan	151,300	178,322
	<u>17,851,811</u>	<u>68,000,448</u>
17. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	23,594,264	29,815,400
Financing Scheme for Renewable Energy	1,262,273	1,289,488
Refinance Facility for Modernization of SMEs	111,660	95,111
Financing Facility for storage of Agriculture Produce (FFSAP)	522,047	599,548
Under Long-Term Financing Facility (LTFF)	15,802,409	17,197,820
Temporary Economic Refinance Facility	18,777,721	22,827,889
Refinance and Credit Guarantee Scheme for Women Entrepreneurs (RCWE)	61,294	29,220
Export Refinance scheme for Bill Discounting	2,466,526	2,606,143
Refinance Facility for Combating Covid-19	26,333	45,352
	<u>62,624,527</u>	74,505,971
Repurchase agreement borrowings	9.1.1 2,124,166,114	2,064,472,106
	<u>2,186,790,641</u>	<u>2,138,978,077</u>

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
Unsecured	----- (Rupees in '000) -----	
Call borrowings	24,831,720	19,434,142
Overdrawn nostro accounts	22,609	19,330,975
	24,854,329	38,765,117
	<u>2,211,644,970</u>	<u>2,177,743,194</u>

17.1 Particulars of borrowings with respect to currencies

In local currency	2,186,913,250	2,140,248,077
In foreign currencies	24,731,720	37,495,117
	<u>2,211,644,970</u>	<u>2,177,743,194</u>

17.2 Mark-up / interest rates and other terms are as follows:

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up of 1.00 % to 18.00% per annum (December 31, 2023: from 13% to 19.00% per annum).
- Repurchase agreement borrowings carry mark-up ranging from 16.85% to 17.58 per annum (December 31, 2023: 21.75% to 23.00% per annum) having maturities ranging from October 11, 2024 to November 1, 2024.
- Call borrowings carry interest ranging from 4.96% to 16.5% per annum (December 31, 2023: 5.50% to 21.80% per annum).

17.3 Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.

17.4 Pakistan Investment Bonds and Market Treasury Bills having maturity of 2 - 5 Years and 1 Year respectively, are pledged as security under borrowing having carrying amount of Rs. 2,124,166 million (December 31, 2023: Rs.2,064,472 million).

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) -----					
Customers						
Current deposits -	1,033,524,346	-	1,033,524,346	692,443,686	-	692,443,686
Current deposits - non-remunerative	697,704,798	155,124,690	852,829,488	656,289,463	161,079,615	817,369,078
Savings deposits	860,422,927	116,488,769	976,911,696	766,301,047	134,394,831	900,695,878
Term deposits	560,640,082	248,559,049	809,199,131	509,997,709	232,985,846	742,983,555
Others	22,121,051	7,141	22,128,192	13,082,003	7,182	13,089,185
	3,174,413,204	520,179,649	3,694,592,853	2,638,113,908	528,467,474	3,166,581,382
Financial Institutions						
Current deposits	341,588,438	882,988	342,471,426	459,284,217	1,386,759	460,670,976
Savings deposits	32,497,428	-	32,497,428	18,946,277	4,644,674	23,590,951
Term deposits	9,636,617	8,754,263	18,390,880	13,569,258	3,636,495	17,205,753
Others	13,492,660	312	13,492,972	6,310,317	-	6,310,317
	397,215,143	9,637,563	406,852,706	498,110,069	9,667,928	507,777,997
	<u>3,571,628,347</u>	<u>529,817,212</u>	<u>4,101,445,559</u>	<u>3,136,223,977</u>	<u>538,135,402</u>	<u>3,674,359,379</u>

18.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 102,630 million (December 31, 2023: Rs. 99,316 million).

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
19. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS	Note	----- (Rupees in '000) -----	
Outstanding amount at the start of the year		8,264,782	8,267,949
Additions during the year		730,502	1,826,267
Lease payments including interest		(2,086,385)	(2,626,949)
Interest expense		713,221	810,696
Exchange difference		(65,509)	7,721
Closure of branch		-	(20,902)
Outstanding amount at the end of the year		<u>7,556,611</u>	<u>8,264,782</u>
Liabilities Outstanding			
Less than one year		1,445,715	1,686,569
One to five years		4,345,994	4,664,319
More than five years		1,764,902	1,913,894
Total undiscounted lease liabilities		<u>7,556,611</u>	<u>8,264,782</u>
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		165,255,015	194,548,283
Mark-up / return / interest payable in foreign currencies		1,690,231	2,611,281
Unearned commission and income on bills discounted		289,180	101,350
Accrued expenses		16,181,750	13,684,726
Advance payments		335,073	346,109
Current taxation (provisions less payments)		14,514,096	-
Unclaimed dividends		173,743	174,284
Mark to market loss on forward foreign exchange contracts		2,738,591	6,676,880
Branch adjustment account		1,558,054	1,659,214
Payable to defined benefit plan:			
Pension fund		57,020,976	22,944,893
Post retirement medical benefits		40,581,043	34,833,112
Benevolent fund		1,850,614	1,613,699
Gratuity scheme		5,507,791	4,575,660
Compensated absences		10,911,236	9,632,176
Staff welfare fund		371,257	371,257
Liabilities relating to Barter trade agreements		4,269,754	4,321,484
Credit loss allowance against off-balance sheet obligations	20.2	6,255,765	627,494
Provision against contingencies	20.1	4,973,616	4,698,118
Payable to brokers		185,366	735,663
PIBs short selling		-	10,241,337
Acceptances		9,708,452	8,100,364
Others		19,294,515	18,366,475
		<u>363,666,118</u>	<u>340,863,859</u>
20.1 Provision against contingencies			
Opening balance		4,698,118	4,170,799
Charge during the year		153,434	384,838
Other movement		122,064	142,481
Closing balance		<u>4,973,616</u>	<u>4,698,118</u>
20.2 Credit loss allowance against off-balance sheet obligations			
Opening balance		627,494	627,494
Impact of adoption of IFRS-9		2,854,345	-
Charge during the year		273,926	-
Transfer in		2,500,000	-
Closing balance		<u>6,255,765</u>	<u>627,494</u>

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
21. SURPLUS ON REVALUATION OF ASSETS	Note	----- Rupees in '000 -----	
Surplus on revaluation of			
- Securities measured at FVOCI / AFS-Debt	9.1	51,947,239	(31,347,013)
- Securities measured at FVOCI / AFS-Equity		56,747,765	64,455,814
- Fixed assets		47,141,257	47,395,553
- Non-banking assets		<u>2,803,228</u>	<u>2,803,228</u>
		<u>158,639,489</u>	<u>83,307,582</u>
Deferred tax on surplus on revaluation of:			
- Securities measured at FVOCI / AFS-Debt		<u>(25,454,147)</u>	15,360,036
- Securities measured at FVOCI / AFS-Equity		<u>(27,806,405)</u>	(31,583,349)
- Fixed assets		<u>(3,198,224)</u>	(3,322,828)
- Non-banking assets		<u>(106,848)</u>	(106,848)
		<u>(56,565,624)</u>	<u>(19,652,989)</u>
		<u>102,073,865</u>	<u>63,654,593</u>
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	522,647,772	346,487,980
Commitments	22.2	2,287,020,842	2,362,684,359
Other contingent liabilities	22.3	<u>26,455,374</u>	<u>26,628,229</u>
		<u>2,836,123,987</u>	<u>2,735,800,568</u>
22.1 Guarantees			
Financial guarantees		429,677,841	227,063,459
Performance guarantees		<u>92,969,931</u>	<u>119,424,521</u>
		<u>522,647,772</u>	<u>346,487,980</u>
22.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,555,040,132	1,633,847,479
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	632,224,124	655,935,358
- forward government securities transactions	22.2.2	48,982,367	27,318,929
- forward lending	22.2.3	49,692,324	44,432,555
Commitments for acquisition of:			
- operating fixed assets		1,061,299	1,129,442
Other commitments	22.2.4	<u>20,596</u>	<u>20,596</u>
		<u>2,287,020,842</u>	<u>2,362,684,359</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		409,674,061	412,870,783
Sale		<u>222,550,063</u>	<u>243,064,575</u>
		<u>632,224,124</u>	<u>655,935,358</u>

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated condensed interim financial statements at contracted rates. Commitments denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
22.2.2 Commitments in respect of forward government securities transactions		
Purchase	48,982,367	11,493,136
Sale	-	15,825,793
	<u>48,982,367</u>	<u>27,318,929</u>

Commitments for outstanding forward government securities transactions are disclosed in these unconsolidated condensed interim financial statements at contracted rates.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
22.2.3 Commitments in respect of forward lending		
Undrawn formal standby facilities, credit lines and other commitment to lend	<u>49,692,324</u>	<u>44,432,555</u>

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) -----	
22.2.4 Other commitments		
Professional services to be received	<u>20,596</u>	<u>20,596</u>

22.3 Other contingent liabilities

22.3.1 Claims against the Bank not acknowledged as debt	<u>26,455,374</u>	<u>26,628,229</u>
--	-------------------	-------------------

Claims against the Bank not acknowledged as debts includes claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (December 31, 2023: Rs. 1,597 million).

Moreover, these claims also represent counter claims by the borrowers for damages, claims filed by former employees of the Bank and other claims relating to banking transactions. Based on legal advice and / or internal assessments, the management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated condensed interim financial statements.

22.3.2 Taxation

As at Sep 30, 2024, the status of tax contingencies disclosed in the annual unconsolidated financial statements for the year ended December 31, 2023 is same, other than the following:

- Honourable ATIR has passed appellate order for tax year 2005 against monitoring order and held that the proceedings are time barred. However, the order of the DCIR remanded back to the assessing officer with the instruction to proceed further if any information is already available with the tax department.
- Honourable ATIR has passed appellate order for tax year 2009 against monitoring order and the order passed by the DCIR has been annulled.
- An assessment order was issued by the ACIR for the tax year 2023. In this assessment, the tax authorities have disallowed certain issues and added to the taxable income thereby reducing the refund. The Bank has contested these additions before the Appellate Tribunal.
- The aggregate effect of contingencies as on Sep 30, 2024 including amount of Rs. 716 million (December 31, 2023: Rs. 1,912 million) in respect of indirect tax issues, amounts to Rs. 34,443 million (December 31, 2023: Rs. 33,433 million). No provision has been made against these contingencies, based on the opinion of tax consultant of the Bank, who expect favorable outcome upon decisions of pending appeals.

22.3.3 Contingencies in respect of employees benefits and related matters

As at September 30, 2024, the status of contingencies disclosed in the annual audited unconsolidated financial statements for the year ended December 31, 2023 is same, other than the following:

22.3.3.1 Pensionary benefits to retired employees

The Honorable Supreme Court of Pakistan (in Review Jurisdiction) has, by its order dated March 27 2024, dismissed all the civil review petitions filed by NBP (CRPs No 368 to 409 etc.), as a result of which the Supreme Court decision dated 25th September 2017, in respect of the pension litigation, has now attained finality and in compliance of the judgement bank has made payments to majority of petitioners as well as non-petitioners. The next hearing is to be held in early December 2024, date to be fixed.

Accordingly, the Bank has incorporated financial impact in these financial statements for the nine months period ended September 30, 2024. However, there is a pending litigation related to pension matter on which based on legal opinion, a favorable decision is expected.

22.3.4 Compliance and risk matters relating to anti-money laundering at the New York Branch

With close oversight from the Board of Directors and Head Office Senior Management, the New York Branch continues to comply and execute on actions pursuant to the public enforcement actions issued by the New York State Department of Financial Services and the Federal Reserve.

	(Un-audited)	
	For the nine months ended	
	September 30, 2024	September 30, 2023
	----- (Rupees in '000) -----	
23. MARK-UP / RETURN / INTEREST EARNED		
On:		
Loans and advances	170,611,359	164,546,037
Investments	652,820,638	541,591,774
Lendings to financial institutions	7,649,340	21,019,930
Balances with banks	2,576,875	1,527,322
	<u>833,658,212</u>	<u>728,685,063</u>
24. MARK-UP / RETURN / INTEREST EXPENSED		
On:		
Deposits	352,273,682	261,544,717
Borrowings	5,350,195	5,024,341
Cost of foreign currency swaps against foreign currency deposits	12,767,250	9,729,086
Finance Charges lease liability against right of use assets	713,221	589,836
Securities sold under repurchase agreements	357,384,583	331,246,742
	<u>728,488,931</u>	<u>608,134,722</u>
25. FEE AND COMMISSION INCOME		
Branch banking customer fees	1,399,575	1,321,580
Consumer finance related fees	578,915	384,908
Card related fees	3,304,610	1,922,833
Credit related fees	254,933	299,740
Investment banking fees	230,176	288,142
Commission on trade	1,969,195	1,320,765
Commission on guarantees	1,013,096	1,069,179
Commission on cash management	40,611	37,254
Commission on remittances including home remittances	1,430,491	1,204,597
Commission on bancassurance	178,811	144,190
Commission on government transactions	6,810,969	6,889,113
Others	32,363	67,355
	<u>17,243,745</u>	<u>14,949,656</u>

		(Un-audited)	
		For the nine months ended	
		September	September 30,
		30, 2024	2023
		----- (Rupees in '000) -----	
Other operating expenses			
Directors' fees and reimbursement of other expenses		68,167	64,000
Fees and allowances to Shariah Board		13,508	12,529
Legal and professional charges		744,871	1,220,089
Outsourced services costs		994,655	585,104
Travelling and conveyance		926,913	994,135
NIFT clearing charges		194,770	185,050
Depreciation		957,070	1,068,926
Training and development		103,989	60,071
Postage and courier charges		114,255	220,349
Communication		1,016,980	847,312
Stationery and printing		1,356,893	1,395,558
Marketing, advertisement and publicity		942,629	665,758
Donations		65,286	16,911
Auditors' remuneration		219,077	205,768
Entertainment		294,523	206,035
Clearing, verification, license fee charges		274,119	267,627
Brokerage		116,359	59,035
Financial charges on leased assets		164,571	53,552
Insurance		814,079	362,095
Vehicle expenses		175,836	157,606
Repairs and maintenance		793,348	804,345
Deposit premium expense		1,216,533	1,044,646
Others		920,879	335,759
		12,489,310	10,832,260
		77,872,249	65,232,072
29. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		30,821	193,113
Penalties imposed by other regulatory bodies of overseas branches		5,571	12,851
		36,392	205,964
30. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET			
Credit loss allowance for diminution in value of investments	9.2	(1,103,649)	1,205,618
Credit loss allowance against loans and advances	10.4	691,966	7,532,287
Provision held against other assets	15.1.1	(180,521)	122,482
Provision against contingencies	20.1	153,434	364,347
Credit loss allowance against lending to financial institution		(67)	-
Credit loss allowance against balances with other banks		(110)	-
Credit loss allowance against markup receivable		(101,573)	-
Credit loss allowance against off balance Sheet		273,926	-
		(266,595)	9,224,733
31. Pension Expense			

The Honorable Supreme Court of Pakistan (in Review Jurisdiction) has, by its order dated March 27 2024, dismissed all the civil review petitions filed by NBP (CRPs No 368 to 409 etc.), as a result of which the Supreme Court decision dated 25th September 2017, in respect of the pension litigation, has now attained finality and in compliance of the judgement bank has made payments to majority of petitioners as well as non-petitioners. The next hearing is to be held in early December 2024, date to be fixed.

Accordingly, the Bank has incorporated financial impact in these financial statements for the nine months period ended September 30, 2024.

		(Un-audited)	
		For the nine months ended	
		September 30, 2024	September 30, 2023
		----- (Rupees in '000) -----	
32.	TAXATION		
	Current		
	For the period	10,895,743	35,755,389
	Prior years	-	(8,073,227)
		10,895,743	27,682,162
	Deferred		
	For the period	573,712	(3,311,157)
	Prior years	-	8,073,227
		573,712	4,762,070
		<u>11,469,455</u>	<u>32,444,232</u>
33.	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit for the period (Rupees in 000's)	9,029,670	38,150,341
	Weighted average number of ordinary shares (in 000's)	2,127,513	2,127,513
	(Loss) / Earnings per share - basic and diluted (Rupees)	4.24	17.93

33.1 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 ended	
		September 30, 2024	September 30, 2023
		----- (Rupees in '000) -----	
34.	CASH AND CASH EQUIVALENTS	Note	
	Cash and balances with treasury banks	6	350,009,079
	Balances with other banks	7	25,157,092
	Call money lendings	8	5,100,000
	Call money borrowings	17	(24,831,720)
	Overdrawn nostro	17	(22,609)
			350,009,079
			25,157,092
			5,100,000
			(24,831,720)
			(22,609)
			<u>355,411,842</u>
			<u>295,773,912</u>

35. FAIR VALUE MEASUREMENTS

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

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.

35.1 Fair value of financial assets

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

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

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

Level 3: Fair value measurements using 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 categorized:

September 30, 2024 (Un-audited)					
Carrying value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities					
- Market Treasury Bills	1,349,869,278	-	1,349,869,278	-	1,349,869,278
- Pakistan Investment Bonds	2,762,335,465	-	2,762,335,465	-	2,762,335,465
- GOP Ijarah Sukuks	93,705,458	62,437,710	31,267,748	-	93,705,458
- Foreign Currency Debt securities	18,353,402	-	18,353,402	-	18,353,402
Ordinary Shares					
- Listed Companies	64,067,754	64,067,754	-	-	64,067,754
Preference shares					
- Listed	927,151	927,151	-	-	927,151
Non-Government debt securities					
- Term Finance Certificates and Sukuk Bonds	45,545,580	14,963,755	30,581,825	-	45,545,580
Mutual Fund units					
	5,876,515	-	5,876,515	-	5,876,515
Foreign Securities					
- Government debt securities	3,134,059	-	3,134,059	-	3,134,059
- Equity Securities - Listed	48,167,098	48,167,098	-	-	48,167,098
	<u>4,391,981,760</u>	<u>190,563,468</u>	<u>4,201,418,292</u>	<u>-</u>	<u>4,391,981,760</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities					
- Pakistan Investment Bonds	277,276,171	-	266,917,186	-	266,917,186
- Ijarah Sukuks	14,065,127	-	13,820,100	-	13,820,100
- Foreign Currency Debt securities	6,053,919	-	7,013,350	-	7,013,350
Foreign Securities					
- Government debt securities	38,300,654	-	37,243,083	-	37,243,083
- Non-Government debt securities	1,073	-	1,073	-	1,073
	<u>335,696,944</u>	<u>-</u>	<u>324,994,792</u>	<u>-</u>	<u>324,994,792</u>
	<u>4,727,678,704</u>	<u>190,563,468</u>	<u>4,526,413,084</u>	<u>-</u>	<u>4,716,976,552</u>
Off-balance sheet financial					
Commitments					
Foreign exchange contracts purchase	632,224,124	-	(2,738,591)	-	(2,738,591)
Forward government securities transactions	48,982,367	-	(345,070)	-	(345,070)
December 31, 2023 (Audited)					
Carrying value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities					
- Market Treasury Bills	980,162,978	-	980,162,978	-	980,162,978
- Pakistan Investment Bonds	2,915,714,573	-	2,915,714,573	-	2,915,714,573
- Ijarah Sukuks	35,128,974	-	35,128,974	-	35,128,974
- Foreign Currency Debt securities	30,733,308	-	30,733,308	-	30,733,308
Ordinary Shares					
- Listed Companies	62,415,235	62,415,235	-	-	62,415,235
Preference shares					
- Listed	1,043,797	1,043,797	-	-	1,043,797
Mutual Fund units					
	3,905,304	-	3,905,304	-	3,905,304
Non-Government debt securities					
- Term Finance Certificates and Sukuk Bonds	47,634,990	14,437,490	33,197,500	-	47,634,990
Foreign Securities					
- Government debt securities	3,393,550	-	3,393,550	-	3,393,550
- Equity Securities - Listed	42,634,845	42,634,845	-	-	42,634,845
	<u>4,122,767,554</u>	<u>120,531,367</u>	<u>4,002,236,187</u>	<u>-</u>	<u>4,122,767,554</u>

	December 31, 2023 (Audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
	(Rupees in '000)				
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities					
- Market Treasury Bills	-	-	-	-	-
- Pakistan Investment Bonds	213,116,482	-	193,881,462	-	193,881,462
- Ijarah Sukuks	14,087,500	-	12,419,631	-	12,419,631
- Foreign Currency Debt securities	4,288,988	-	4,243,611	-	4,243,611
Foreign Securities					
- Government debt securities	41,295,981	-	41,295,994	-	41,295,994
- Non-Government debt securities	1,083	-	1,083	-	1,083
	<u>272,790,034</u>	<u>-</u>	<u>251,841,781</u>	<u>-</u>	<u>251,841,781</u>
	<u>4,395,557,588</u>	<u>120,531,367</u>	<u>4,254,077,968</u>	<u>-</u>	<u>4,374,609,335</u>
Off-balance sheet financial					
Foreign exchange contracts purchase	655,935,358	-	(6,676,880)	-	(6,676,880)
Forward government securities	27,318,929	-	3,357	-	3,357

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

	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Reuter page / Pakistan Stock Exchange
Non-Government debt securities	The fair value of non-government debt securities is determined using the prices / rates from MUFAP / Pakistan Stock Exchange.
Mutual Fund units	The fair values of investments in mutual fund units are determined based on their net asset values as published on MUFAP.
Foreign Securities	The fair value of foreign securities is determined using the prices from Reuter page.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. 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.

35.2 Fair value of non-financial assets

Information about the fair value hierarchy of Bank's non-financial assets as at the end of the reporting period are as follows:

	September 30, 2024 (Un-audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
	(Rupees in '000)				
Land and building(fixed assets)	51,987,507	-	-	51,987,507	51,987,507
Non-banking assets acquired in satisfaction of claims	3,960,804	-	-	3,960,804	3,960,804
	<u>55,948,311</u>	<u>-</u>	<u>-</u>	<u>55,948,311</u>	<u>55,948,311</u>
	December 31, 2023 (Audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
	(Rupees in '000)				
Land and building(fixed assets)	51,981,445	-	-	51,981,445	51,981,445
Non-banking assets acquired in satisfaction of claims	3,973,126	-	-	3,973,126	3,973,126
	<u>55,954,571</u>	<u>-</u>	<u>-</u>	<u>55,954,571</u>	<u>55,954,571</u>

36. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Nine months period ended September 30, 2024 (Un-audited)										
Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Atimaad & Islamic Banking	Head Office / Others	Sub total	Eliminations	Total	
----- (Rupees in '000) -----										
Profit and loss account										
Net mark-up / return / interest income / (expense)	(281,869,847)	22,709,685	10,549,227	335,108,301	7,613,813	11,630,450	(572,348)	105,169,281	-	105,169,281
Inter segment revenue - net	372,012,347	(31,255,686)	7,064,407	(359,942,421)	-	(5,437,502)	17,558,856	(0)	-	(0)
Non mark-up / return / interest income	13,156,487	434,481	5,029,960	16,402,679	752,587	310,520	5,899,542	41,986,255	-	41,986,255
Total income	103,298,986	(8,111,520)	22,643,593	(8,431,441)	8,366,399	6,503,468	22,886,050	147,155,536	-	147,155,536
Segment direct expenses	33,430,102	433,209	1,079,441	449,023	10,129,114	2,826,218	327,069	48,674,176	-	48,674,176
Inter segment expense allocation	-	-	-	-	-	-	78,248,830	78,248,830	-	78,248,830
Total expenses	33,430,102	433,209	1,079,441	449,023	10,129,114	2,826,218	78,575,898	126,923,005	-	126,923,005
Credit loss allowance	378,999	(370,126)	59,440	(178)	769,417	568,136	(1,672,284)	(266,595)	-	(266,595)
Profit / (loss) before taxation	69,489,885	(8,174,603)	21,504,712	(8,880,286)	(2,532,132)	3,109,114	(54,017,564)	20,499,126	-	20,499,125
As at September 30, 2024 (Un-audited)										
Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Atimaad & Islamic Banking	Head Office / Others	Sub total	Eliminations	Total	
----- (Rupees in '000) -----										
Statement of financial position										
Cash and balances with treasury and other banks	145,482,718	9,214,454	278,313	158,642,014	50,536,825	11,011,847	-	375,166,171	-	375,166,171
Investments	-	-	17,979,707	4,553,185,590	65,843,138	92,202,531	5,936,981	4,735,147,948	-	4,735,147,948
Net inter segment lending	2,989,665,892	-	-	-	-	-	357,980,402	3,347,646,294	(3,347,646,294)	-
Lendings to financial institutions	-	-	-	489,692,999	-	-	-	489,692,999	-	489,692,999
Advances - performing	242,229,398	194,624,489	649,487,249	-	66,205,950	85,067,279	51,406,090	1,289,020,454	-	1,289,020,454
Advances - non-performing	4,951,276	29,064,752	24,768,290	-	61,278,807	1,990,868	96,169,170	218,223,164	-	218,223,164
Credit allowance against Advances	(7,313,635)	(30,144,129)	(65,167,785)	-	(60,821,222)	(3,048,542)	(96,267,981)	(262,763,294)	-	(262,763,294)
Advances - Net	239,867,040	193,545,111	609,087,753	-	66,663,535	84,009,605	51,307,278	1,244,480,324	-	1,244,480,324
Others	46,769,526	2,976,719	36,873,432	116,355,012	11,322,938	12,291,410	68,914,629	295,503,667	-	295,503,667
Total assets	3,421,785,176	205,736,283	664,219,204	5,317,875,616	194,366,436	199,515,393	484,139,290	10,487,637,402	(3,347,646,294)	7,139,991,109
Borrowings	4,353,314	-	58,271,213	2,124,288,723	24,731,720	-	-	2,211,644,970	-	2,211,644,970
Deposits and other accounts	3,284,539,550	-	547,613,466	-	102,630,214	163,403,735	3,258,594	4,101,445,559	-	4,101,445,559
Net inter segment borrowing	-	197,322,991	28,401,612	3,026,893,508	63,433,444	31,594,739	-	3,347,646,294	(3,347,646,294)	-
Others	132,892,311	8,413,294	29,931,111	36,189,581	6,266,423	3,464,440	195,252,974	412,410,135	-	412,410,135
Total liabilities	3,421,785,176	205,736,285	664,217,402	5,187,371,812	197,061,801	198,462,915	198,511,567	10,073,146,958	(3,347,646,294)	6,725,500,664
Equity	-	-	1,804	130,503,803	(2,695,366)	1,052,479	285,627,723	414,490,444	-	414,490,444
Total equity and liabilities	3,421,785,176	205,736,285	664,219,206	5,317,875,616	194,366,435	199,515,394	484,139,291	10,487,637,402	(3,347,646,294)	7,139,991,108
Contingencies and commitments	-	80,791,126	1,973,069,296	730,898,815	23,827,481	-	27,537,268	2,836,123,987	-	2,836,123,987

Nine months period ended September 30, 2023 (Un-audited)									
Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Atimaad & Islamic Banking	Head Office / Others	Sub total	Eliminations	Total

(Rupees in '000)

Profit and loss account

Net mark-up / return / interest income / (expense)	(205,484,551)	29,741,898	30,807,899	260,295,332	522,194	8,645,577	(3,978,009)	120,550,340	-	120,550,340
Inter segment revenue - net	302,767,248	(31,453,982)	(14,317,240)	(275,335,756)	-	(2,870,406)	21,210,136	0	-	0
Non mark-up / return / interest income	11,355,060	351,978	4,074,755	6,336,629	982,106	271,051	1,335,422	24,707,001	-	24,707,001
Total income	108,637,757	(1,360,107)	20,565,415	(8,703,795)	1,504,300	6,046,222	18,567,549	145,257,342	-	145,257,341
Segment direct expenses	27,649,360	2,611,148	979,124	267,507	7,066,465	2,469,237	282,759	41,325,600	-	41,325,600
Inter segment expense allocation	-	-	-	-	-	-	24,112,437	24,112,437	-	24,112,437
Total expenses	27,649,360	2,611,148	979,124	267,507	7,066,465	2,469,237	24,395,196	65,438,037	-	65,438,037
Provision and write off - net	(474,898)	732,019	6,428,424	1,834,571	(462,548)	489,389	677,776	9,224,734	-	9,224,734
Profit / (loss) before taxation	81,463,295	(4,703,274)	13,157,867	(10,805,873)	(5,099,617)	3,087,596	(6,505,424)	70,594,570	-	70,594,573

As at December 31, 2023 (Audited)									
Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Atimaad & Islamic Banking	Head Office / Others	Sub total	Eliminations	Total

(Rupees in '000)

Statement of financial position

Cash and balances with treasury and other banks	25,780,334	2,327,011	309,620	253,026,662	45,582,613	10,291,381	-	337,317,621	-	337,317,621
Investments	-	-	29,881,757	4,238,437,789	79,712,923	51,544,718	3,786,856	4,403,364,043	-	4,403,364,043
Net inter segment lending	2,848,709,058	-	-	-	-	-	305,771,087	3,154,480,145	(3,154,480,145)	-
Lendings to financial institutions	-	-	-	192,430,437	-	-	-	192,430,437	-	192,430,437
Advances - performing	236,148,640	263,088,116	719,724,952	-	69,139,462	73,125,444	49,633,363	1,410,859,977	-	1,410,859,977
Advances - non-performing	4,151,922	24,855,686	25,215,003	-	64,791,844	1,550,350	100,260,911	220,825,716	-	220,825,716
Provisions Against Advances	(8,543,697)	(21,077,228)	(34,670,159)	-	(62,606,767)	(1,550,875)	(105,160,147)	(233,608,873)	-	(233,608,873)
Advances - net	231,756,865	266,866,574	710,269,796	-	71,324,539	73,124,919	44,734,127	1,398,076,820	-	1,398,076,820
Others	45,196,987	4,100,249	37,794,142	117,135,121	8,304,683	5,155,676	103,831,659	321,518,517	-	321,518,517
Total assets	3,151,443,244	273,293,834	778,255,315	4,801,030,009	204,924,758	140,116,694	458,123,729	9,807,187,583	(3,154,480,145)	6,652,707,438
Borrowings	-	5,171,334	69,334,637	2,085,073,081	18,164,142	-	-	2,177,743,194	-	2,177,743,194
Deposits and other accounts	2,949,740,794	-	510,139,226	-	99,315,779	113,801,806	1,361,774	3,674,359,379	-	3,674,359,379
Net inter segment borrowing	-	249,921,195	169,394,086	2,620,973,252	90,971,376	23,220,236	-	3,154,480,145	(3,154,480,145)	-
Others	201,702,450	18,201,305	29,358,657	51,337,805	6,639,026	3,494,868	107,115,161	417,849,272	-	417,849,272
Total liabilities	3,151,443,244	273,293,834	778,226,606	4,757,384,138	215,090,323	140,516,910	108,476,935	9,424,431,990	(3,154,480,145)	6,269,951,845
Equity	-	-	28,709	43,645,871	(10,165,565)	(400,216)	349,646,794	382,755,593	-	382,755,593
Total equity and liabilities	3,151,443,244	273,293,834	778,255,315	4,801,030,009	204,924,758	140,116,694	458,123,729	9,807,187,583	(3,154,480,145)	6,652,707,438
Contingencies and commitments	-	90,350,773	1,864,882,509	727,686,842	25,102,178	-	27,778,266	2,735,800,568	-	2,735,800,568

37. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and key management personnel. The details of investment in subsidiary companies, joint venture and associated undertaking and their provisions are stated in note 9 of the unconsolidated condensed interim financial statements of the Bank.

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 unconsolidated condensed interim financial statements, are as follows:

	As at September 30, 2024 (Un-audited)								As at December 31, 2023 (Audited)									
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties
	(Rupees in '000)																	
Balances with other banks																		
In current accounts	-	-	-	-	343,170	-	-	-	-	-	-	-	-	425,938	-	-	-	-
	-	-	-	-	343,170	-	-	-	-	-	-	-	-	425,938	-	-	-	-
Investments																		
Opening balance	-	-	-	-	-	-	-	-	4,921,177	-	-	-	-	-	-	-	-	6,512,634
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(441,021)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	(4,921,077)	-	-	-	-	-	-	-	-	(1,150,536)
Closing balance	-	-	-	-	-	-	-	-	100	-	-	-	-	-	-	-	-	4,921,177
Credit loss allowance for diminution in value of investments	-	-	-	-	-	-	-	-	100	-	-	-	-	-	-	-	-	164,975
Advances																		
Opening balance	-	265,788	317,063	2,540,453	-	-	-	-	-	-	339,734	227,063	2,665,220	-	-	-	-	2,085,795
Addition during the period / year	-	75,194	-	-	-	-	-	-	-	-	24,777	764,000	-	-	-	-	-	-
Repaid during the period / year	-	(85,120)	-	(2,357,121)	-	-	-	-	-	-	(58,217)	(674,000)	(124,767)	-	-	-	-	(520,649)
Transfer in / (out) - net	-	23,515	-	-	-	-	-	-	-	-	(40,506)	-	-	-	-	-	-	(1,565,146)
Closing balance	-	279,378	317,063	183,332	-	-	-	-	-	-	265,788	317,063	2,540,453	-	-	-	-	-
Credit loss allowance held against advances	-	-	217,063	183,332	-	-	-	-	-	-	-	217,063	2,540,453	-	-	-	-	-

	As at June 30, 2024 (Un-audited)								As at December 31, 2023 (Audited)									
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties
(Rupees in '000)																		
Other Assets																		
Interest / mark-up accrued	-	-	1,245	-	-	-	-	-	-	-	-	1,661	-	-	-	-	-	-
Commission paid in Advance	-	-	-	-	12,619	-	-	-	-	-	-	-	-	35,846	-	-	-	-
Rent Receivable	-	-	73,280	7,589	-	-	-	-	-	-	-	73,280	2,880	-	-	-	-	-
Dividend Receivable	-	-	-	3,237,161	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	74,525	3,244,750	12,619	-	-	-	-	-	-	74,941	2,880	35,846	-	-	-	-
Credit loss allowance against other assets	-	-	73,280	3,237,161	-	-	-	-	-	-	-	73,280	-	-	-	-	-	-
Borrowings																		
Opening balance	-	-	-	-	546,209	-	-	-	-	-	-	-	-	52,245	-	-	-	-
Borrowings during the period / year	-	-	-	-	28,167	-	-	-	-	-	-	-	-	493,964	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	574,376	-	-	-	-	-	-	-	-	546,209	-	-	-	-
Deposits and other accounts																		
Opening balance	3,630	72,801	1,249,465	145,790	371	100	378,978	13,563,087	9,245,132	-	98,488	911,103	3,000	-	27,222	257,252	13,263,170	515,559
Received during the period / year	27,128	908,480	9,794	-	-	29,051,096	4,974,249	2,386,152	87,972,021	11,733	991,165	455,593	145,790	-	62,751,350	3,883,069	5,369,545	123,529,442
Withdrawn during the period / year	(13,911)	(882,551)	(564,431)	(82,796)	-	(28,597,297)	(4,295,225)	(2,304,566)	(81,246,828)	(8,103)	(996,174)	(117,231)	(3,000)	(1,450)	(62,778,472)	(3,761,343)	(5,069,628)	(118,318,327)
Transfer in / (out) - net*	-	(1,718)	-	-	-	-	-	-	(413,916)	-	(20,678)	-	-	1,821	-	-	-	3,518,458
Closing balance	16,848	97,012	694,828	62,994	371	453,899	1,058,002	13,644,673	15,556,409	3,630	72,801	1,249,465	145,790	371	100	378,978	13,563,087	9,245,132
Other Liabilities																		
Interest / mark-up payable	321	2,350	51,029	4,735	-	-	43,542	-	-	151	2,217	86,088	5,892	-	-	45,271	-	-
Brokerage to subsidiaries	-	-	3,506	-	-	-	-	-	-	-	-	5,067	-	-	-	-	-	-
	321	2,350	54,535	4,735	-	-	43,542	-	-	151	2,217	91,155	5,892	-	-	45,271	-	-
Contingencies and commitments																		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* Transfer in / (out) - net due to retirement / appointment of directors and changes in key management executives.

For the Nine months ended September 30, 2024 (Un-audited)								For the Nine month ended September 30, 2023 (Un-audited)							
Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others

(Rupees in '000)

Income

Mark-up / return / interest earned	-	5,631	4,271	-	-	-	-	99,426	-	6,277	268	-	-	-	-	329,801
Dividend income	-	-	-	111,506	-	-	-	29,700	-	-	186,300	-	-	-	-	144,720
Rent income / lighting and power and bank charges	-	-	630	4,624	-	-	-	15,770	-	-	16,000	4,557	-	-	-	15,770

Expense

Mark-up / return / interest paid	2,316	8,613	140,178	10,191	35,326	139,488	1,518,077	931,162	292	8,435	99,033	276	23,691	156,117	2,129,989	68,147
Expenses paid to company in which Directors of the bank is interested as director	-	-	-	-	-	-	-	804,152	-	-	-	-	-	-	-	43,419
Remuneration to key management executives including charge for defined benefit plan	-	605,771	-	-	-	-	-	-	-	561,854	-	-	-	-	-	-
Commission paid to subsidiaries	-	-	14,636	-	-	-	-	-	-	-	5,531	-	-	-	-	-
Directors fee & other allowances	68,167	-	-	-	-	-	-	-	64,000	-	-	-	-	-	-	-

37.1 Transactions with Government-related entities

The entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank.

The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities.

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 6,811 million (September 30, 2023: Rs. 6,889 million) for the nine months ended September 30, 2024. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs 616,187 million (December 31, 2023: Rs. 602,707 million), Rs.1,855,737 million (December 31, 2023: Rs. 1,622,331 million) and Rs. 1,777,660 million (December 31, 2023: Rs.1,780,517 million) respectively and income earned on advances and profit paid on deposits amounted to Rs 49,782 million (September 30, 2023: Rs. 64,311 million) and Rs. 105,798 million (September 30, 2023 Rs. 123,263 million) respectively.

38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR)		
Paid-up capital (net of losses)	<u>21,275,131</u>	<u>21,275,131</u>
Capital Adequacy Ratio (CAR)		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>288,967,248</u>	283,307,166
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	-
Total Eligible Tier 1 Capital	<u>288,967,248</u>	283,307,166
Eligible Tier 2 Capital	<u>100,525,777</u>	93,397,166
Total Eligible Capital (Tier 1 + Tier 2)	<u>389,493,025</u>	376,704,332
Risk Weighted Assets (RWAs):		
Credit Risk	<u>1,128,043,178</u>	1,053,109,530
Market Risk	<u>157,685,494</u>	121,288,939
Operational Risk	<u>304,450,738</u>	304,450,738
Total	<u>1,590,179,410</u>	1,478,849,207
Common Equity Tier 1 Capital Adequacy ratio	<u>18.17%</u>	19.16%
Tier 1 Capital Adequacy Ratio	<u>18.17%</u>	19.16%
Total Capital Adequacy Ratio	<u>24.49%</u>	25.47%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>288,967,248</u>	283,307,166
Total Exposures	<u>9,205,253,645</u>	9,074,435,344
Leverage Ratio	<u>3.14%</u>	3.12%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>2,528,154,527</u>	1,618,093,446
Total Net Cash Outflow	<u>1,255,708,183</u>	918,191,522
Liquidity Coverage Ratio	<u>201%</u>	176%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>3,746,463,767</u>	3,360,328,373
Total Required Stable Funding	<u>2,060,868,383</u>	2,113,268,425
Net Stable Funding Ratio	<u>182%</u>	159%

39. ISLAMIC BANKING BUSINESS

The bank is operating 188 (December 31, 2023: 188) Islamic banking branches and 216 (December 31, 2023: 150) Islamic banking windows at September 30, 2024.

The statement of financial position of the Bank's Islamic banking branches as at September 30, 2024 is as follows:

	Note	(Un-audited)	(Audited)
		September 30, 2024	December 31, 2023
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		10,962,946	10,248,305
Balances with other banks		48,902	43,076
Investments	39.1	92,202,750	51,544,718
Islamic financing and related assets - net	39.2	84,014,007	73,125,189
Fixed assets		113,934	70,902
Right of use assets		657,878	640,166
Other assets		11,519,598	4,488,184
Total Assets		199,520,015	140,160,540
LIABILITIES			
Bills payable		320,606	477,959
Deposits and other accounts	39.4	163,403,735	113,801,806
Due to head office		21,340,458	12,960,028
Lease liability against right of use assets		851,048	811,291
Other liabilities		2,292,787	2,249,195
		188,208,634	130,300,279
NET ASSETS		11,311,381	9,860,261
REPRESENTED BY			
Islamic Banking Fund		8,531,000	6,731,000
(Deficit) on revaluation of assets		1,052,479	(400,216)
Unappropriated / unremitted profit	39.5	1,727,902	3,529,477
		11,311,381	9,860,261
CONTINGENCIES AND COMMITMENTS	39.6		
The profit and loss account of the Bank's Islamic banking operations for the nine months ended September 30, 2024 is as follows:			
	Note	(Un-audited)	
		September 30, 2024	September 30, 2023
		----- (Rupees in '000) -----	
Profit / return earned	39.7	21,637,645	15,381,711
Profit / return expensed	39.8	15,444,696	9,607,464
Net profit / return		6,192,949	5,774,247
Other income			
Fee and commission income		211,030	205,571
Foreign exchange income		82,424	65,432
Gain / (loss) on securities		10,154	-
Other income		6,912	48
Total other income		310,520	271,051
Total income		6,503,469	6,045,298
Other expenses			
Operating expenses		2,826,208	2,468,093
Other charges		10	220
		2,826,218	2,468,313
Profit before credit loss allowance		3,677,251	3,576,985
Credit loss allowance and write offs - net		568,150	489,389
Profit before taxation		3,109,101	3,087,596
Taxation		-	-
Profit after taxation		3,109,101	3,087,596

39.1 Investments by segments:

September 30, 2024 (Un-audited)				December 31, 2023 (Audited)				
Cost / amortized cost	Credit loss allowance for diminutio	Surplus / (deficit)	Carrying value	Cost / amortized cost	Credit loss allowance for diminution	Surplus / (deficit)	Carrying value	
----- (Rupees in '000) -----								
Debt Instruments								
Classified / Measured at amortised cost								
Federal Government securities								
- GOP Ijarah Sukuks	14,065,127	-	-	14,065,127	14,087,500	-	-	14,087,500
Non Government debt securities								
- Sukuks	130,807	(130,807)	-	-	130,807	(130,807)	-	-
	14,195,934	(130,807)	-	14,065,127	14,218,307	(130,807)	-	14,087,500
Classified / Measured at FVOCI								
Federal Government securities								
-GOP Ijarah Sukuks	50,268,065	-	727,647	50,995,712	20,513,568	-	(726,606)	19,786,962
Non Government debt securities								
- Sukuks	25,271,513	(296,954)	324,832	25,299,391	17,343,866	-	326,390	17,670,256
	75,539,578	(296,954)	1,052,479	76,295,103	37,857,434	-	(400,216)	37,457,218
Classified / Measured at FVPL								
Non Government debt securities								
- Sukuks	1,832,366	-	10,154	1,842,520	-	-	-	-
	1,832,366	-	10,154	1,842,520	-	-	-	-
Total Investments	91,567,878	(427,761)	1,062,633	92,202,750	52,075,741	(130,807)	(400,216)	51,544,718

39.1.1 Particulars of credit loss allowance

September 30, 2024 (Un-audited)				December 31, 2023 (Audited)	
Stage 1	Stage 2	Stage 3	Total	Provision for diminution	Total
----- (Rupees in '000) -----					
Non Government debt securities				130,807	130,807

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

39.2 Islamic financing and related assets - net

Ijarah	13,049	13,749
Murabaha	1,157,124	3,291,932
Running Musharaka	48,590,557	30,500,000
Diminishing Musharaka	16,976,564	19,357,928
Istisna	-	705,500
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advance for Murabaha	23,000	-
Advance for Diminishing Musharaka	725,180	113,086
Advance for Istisna	5,608,952	8,850,972
Inventories against Istisna	5,463,721	3,342,628
Gross Islamic financing and related assets	87,058,147	74,675,795
Less: Credit loss allowance against Islamic financings		
Stage 1	(989,269)	-
Stage 2	(122,701)	-
Stage 3	(1,932,170)	-
- Specific	-	(913,875)
- General	-	(636,731)
Islamic financing and related assets - net of provision	84,014,007	73,125,189

39.3 Ijarah

September 30, 2024 (Un-audited)							
Cost			Depreciation			Book Value as at Sep 30, 2024	
As at Jan 01, 2024	Additions / (deletions/ adjustment)	As at Sep 30, 2024	As at Jan 01, 2024	Charge/ Adjustment for the period	As at Sep 30, 2024		
-----Rupees in 000 -----'							
Plant & Machinery	59,828	(1,102)	58,726	47,449	-	47,047	11,679
Vehicles	6,000	-	6,000	4,630	-	4,630	1,370
Equipment	-	-	-	-	-	-	-
Total	65,828	(1,102)	64,726	52,079	(402)	51,677	13,049

December 31, 2023 (Audited)							
Cost			Accumulated Depreciation			Book Value as at Dec 31, 2023	
As at Jan 01, 2023	Additions / (deletions/ adjustment)	As at Dec 31, 2023	As at Jan 01, 2023	Charge/ Adjustment for the year	As at Dec 31, 2023		
-----Rupees in 000 -----'							
Plant & Machinery	63,474	(3,646)	59,828	50,820	(3,371)	47,449	12,379
Vehicles	168,680	(162,680)	6,000	143,126	1,065	4,630	1,370
	-	-	-	-	(139,561)	-	-
Total	232,154	(166,326)	65,828	193,946	1,065	52,079	13,749

Future Ijarah payments receivable

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
-----Rupees in 000 -----'								
Ijarah rental receivables	1,460	-	-	1,460	1,460	-	-	1,460

39.4 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 -----'						
Customers						
Current deposits	22,989,429	225,287	23,214,716	22,342,688	185,921	22,528,609
Savings deposits	64,271,377	-	64,271,377	56,721,533	-	56,721,533
Term deposits	15,211,530	-	15,211,530	16,261,024	-	16,261,024
Others	2,414,367	-	2,414,367	810,992	-	810,992
Financial Institutions	104,886,703	225,287	105,111,990	96,136,237	185,921	96,322,158
Current deposits						
Savings deposits	30,681,528	-	30,681,528	1,879,123	-	1,879,123
Term deposits	27,014,613	-	27,014,613	15,071,912	-	15,071,912
	595,604	-	595,604	528,613	-	528,613
Total	163,178,448	225,287	163,403,735	113,615,885	185,921	113,801,806

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
39.5 Unappropriated / unremitted profit		
Opening balance	3,529,477	2,297,141
Less: Impact of adoption of IFRS 9	(1,381,199)	-
Add: Islamic banking profit for the period	3,109,101	3,529,477
Less: Transferred / remitted to head office	(3,529,477)	(2,297,141)
Closing balance	<u>1,727,902</u>	<u>3,529,477</u>
39.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	-	-
-Commitments	-	-
-Other contingent liabilities	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	(Un-audited)	
	Nine months ended	
	September 30, 2024	September 30, 2023
	----- (Rupees in '000) -----	
39.7 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	12,748,386	8,764,898
Investments	8,881,025	6,615,778
Placements	8,234	1,035
	<u>21,637,645</u>	<u>15,381,711</u>
39.8 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	9,906,603	6,684,942
Amortisation of lease liability against - ROUA	100,591	52,116
Others (General Account)	5,437,502	2,870,406
	<u>15,444,696</u>	<u>9,607,464</u>
39.9 Pool Management		
NBP-AIBG has managed following pools for profit and loss distribution.		
a) General depositor pool		
The General pool consists of all other remunerative deposits. NBP Aitemaad (the Mudarib) accept deposits on the basis of Mudaraba from depositors (Rabbulmaal). The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. The entire net return after paying equity share to Mudarib is considered as distributable profit of the pool.		
b) Special depositor pools (Total 161 during the period and 64 as at September 30, 2024)		
Special pool(s) are created where the customers desire to invest in high yield assets. These pool(s) rates are higher than the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the special pool members. The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. From the net return, and after allocation of share of profit to commingled equity, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. The balance represents the distributable profit.		
c) Equity pool		
Equity pools include AIBG's fund and current account deposits. The equity pool may have constructive liquidation every month and risk associated with assets of pool includes operational, market, equity, return and Shariah.		

Key features and risk & reward characteristics

Deposits are accepted from customers on the basis of Qard (current accounts) and Mudarabah (Saving and term deposits). No profit or loss is passed on to current account depositors.

For deposits accepted on Mudarabah basis from depositors (Rab ul Maal) the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financings. Rab ul Maal share is distributed among depositors according to weightages declared for a month before start of the period.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investment.

For all pools, the Mudarib's share is deducted from the distributable profit to calculate the profit to be allocated to depositors. The allocation of the profit to various deposit categories is determined by the amount invested in that category relative to the total pool, as well as by the weightage assigned to the various deposit categories.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.

Avenues/sectors of economy/business where Mudaraba based deposits have been deployed

Sector	September 30,	December 31,
	2024	2023
	Percentage	
Fertilizer	0.00%	0.00%
Textile	1.90%	3.34%
Fuel & energy	22.03%	24.72%
Leasing/Modarbas	0.06%	0.02%
Sugar	3.72%	6.12%
Cement	1.96%	3.81%
Gas	0.06%	0.15%
Financial	1.06%	1.57%
Federal Government	36.01%	27.29%
Real Estate	2.19%	2.45%
Agriculture	0.16%	0.24%
Commodity Operations	25.88%	23.66%
Others	4.97%	6.62%
Total	100%	100%

Parameters for profit allocation and charging expenses

Profit of the pools has been distributed between Mudarib and Rab-ul-Mall by using preagreed profit sharing ratios. The share of Rab-ul-Mall's profit has been distributed among different customers using the various weightages assigned to the different categories of the pool.

No provision against any non performing asset of the pool is passed on to the pool except on the actual loss / write off of such non performing asset. Administrative expense are borne by mudarib and not charged to Mudaraba pool.

	September 30, 2024
Mudarib Share	Rupees in '000
Gross Distributable Income	16,972,159
Mudarib (Bank) share of profit before Hiba	2,571,614
Mudarib Share in %age	15%
Hiba from Mudarib Share	
Mudarib (Bank) share of profit before Hiba	2,571,614
Hiba from bank's share to depositors	840,413
Hiba from bank's share to depositors in %age	33%

Profit rates

During the nine month ended September 30, 2024 the average profit rate earned by NBP Aitemaad Islamic Banking Group is 19.74 % and the profit distributed to the depositors is 16.13%.

40 GENERAL

40.1 Figures have been rounded off to the nearest thousand rupees.

41. DATE OF AUTHORIZATION FOR ISSUE

The unconsolidated condensed interim financial statements were authorized for issue on October 29, 2024 by the Board of Directors of the Bank.

Chairman

President / CEO

Chief Financial Officer

Director

Director

**Consolidated Condensed Interim Financial Statements
For the nine months period ended September 30, 2024**

Directors' Report to the Shareholders Consolidated Financial Statements

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Review together with consolidated financial statement of National Bank of Pakistan "the Bank" and its group companies for the nine months period ended September 30, 2024.

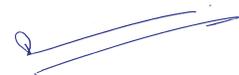
Consolidated after-tax profit for the nine months period ended September 30, 2024, amounted to PKR 3.92 Bn, being 90.07% lower than PKR 39.52 Bn for the same period last year. During nine months, the subsidiary companies contributed PKR 1.105 Bn (September 30, 2023: PKR 0.989 Bn) in Group profitability, whereas the associates contributed share of profit of PKR 0.144 Bn (September 30, 2023: PKR 0.078 Bn). A share of profit of PKR 0.605 Bn (September 30, 2023: PKR 0.930 Bn) was however recorded on account of UNBL, a UK based Joint Venture in which NBP had 45% shareholding. During the period, the bank has divested NBP's share of 45% in UNBL to Bestway group. Accordingly, consolidated EPS per share recorded at PKR 1.67 for the nine months period ended September 30, 2024, as compared to EPS of PKR 18.49 for the same period last year.

As of September 30, 2024, consolidated assets of the Group amounted to PKR 7,145.8 Bn being PKR 476.9 Bn or 7.1% higher than PKR 6,668.9 Bn of December 31, 2023.

Profit for the nine months period ended September 30, 2024, after carrying forward of accumulated profit of 2023 is proposed to be appropriated as follows:

	(PKR 'Mn)
After-tax consolidated profit for the nine months period ended September 30, 2024	3,924.5
Unappropriated profit brought forward	225,693.4
Impact due to adoption of IFRS – 9, net of tax	(17,668.1)
Other comprehensive income - net of tax	2,060.5
Non-controlling interest	(377.8)
Transfer from surplus on revaluation of fixed assets – net of tax	129.7
	<u>209,837.7</u>
Profit available for appropriations	213,762.2
Appropriation:	
Transfer to statutory reserve	(902.9)
Unappropriated profit carried forward	<u><u>212,859.3</u></u>

For and on behalf of the Board of Directors



Rehmat Ali Hasnie
President & CEO



Ali Syed
Director

Karachi

Date: October 29, 2024

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	350,476,399	295,455,482
Balances with other banks	7	26,390,618	43,004,568
Lendings to financial institutions	8	489,692,999	192,430,437
Investments	9	4,734,346,040	4,414,174,305
Advances	10	1,244,389,333	1,398,072,669
Property and equipment	11	58,460,309	57,477,067
Intangible assets	12	2,504,297	2,186,294
Right of use assets	13	6,412,028	7,335,901
Deferred tax asset	14	-	-
Other assets	15	233,170,349	258,737,303
		7,145,842,372	6,668,874,025
LIABILITIES			
Bills payable	16	17,851,811	68,000,448
Borrowings	17	2,211,644,970	2,177,743,194
Deposits and other accounts	18	4,100,750,731	3,673,109,914
Liabilities against assets subject to finance lease	19	209,242	208,268
Lease liability against right of use assets	20	7,871,497	8,682,732
Subordinated debt		-	-
Deferred tax liabilities	14	23,315,546	842,568
Other liabilities	21	366,033,702	342,872,862
		6,727,677,499	6,271,459,986
NET ASSETS		418,164,873	397,414,039
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves		79,471,693	85,078,819
Surplus on revaluation of assets	22	103,046,756	64,232,415
Unappropriated profit		212,859,271	225,693,440
Total Equity attributable to the equity holders of the Bank		416,652,851	396,279,805
Non-controlling interest		1,512,023	1,134,234
		418,164,873	397,414,039
CONTINGENCIES AND COMMITMENTS			
	23		

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

Chairman

President / CEO

Chief Financial Officer

Director

Director

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	Note	Quarter ended		Nine months period ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
(Rupees in '000)					
Mark-up / return / interest earned	24	271,194,298	296,473,613	834,012,983	729,019,613
Mark-up / return / interest expensed	25	237,638,740	248,919,353	728,394,375	608,092,820
Net mark-up / return / interest income		<u>33,555,558</u>	<u>47,554,260</u>	<u>105,618,608</u>	<u>120,926,793</u>
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	5,991,917	4,990,748	19,577,748	16,409,443
Dividend income		1,088,800	1,041,994	4,216,858	3,281,330
Foreign exchange income		1,219,014	(1,695,417)	5,403,452	2,792,394
Income / (loss) from derivatives		-	-	-	-
Gain on securities - net	27	4,670,055	1,506,798	10,513,718	2,439,978
Net gains/(loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Share of profit from joint venture - net of tax		-	306,638	604,843	930,033
Share of profit from associates - net of tax		25,649	60,507	144,009	78,293
Other income	28	183,506	555,776	341,047	1,763,313
Total non-mark-up / interest income		<u>13,178,941</u>	<u>6,767,044</u>	<u>40,801,675</u>	<u>27,694,784</u>
Total income		<u>46,734,499</u>	<u>54,321,304</u>	<u>146,420,283</u>	<u>148,621,577</u>
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	29,335,404	21,744,613	79,500,171	66,405,753
Other charges	30	19,749	9,051	41,389	205,964
Total non-markup / interest expenses		<u>29,355,153</u>	<u>21,753,664</u>	<u>79,541,560</u>	<u>66,611,717</u>
Profit before credit loss allowance		<u>17,379,346</u>	<u>32,567,640</u>	<u>66,878,723</u>	<u>82,009,860</u>
Credit loss allowance and write offs - net	31	2,912,099	9,237,614	1,882,250	9,642,945
Extra ordinary / unusual items - Pension expense	32	-	-	49,014,365	-
PROFIT BEFORE TAXATION		<u>14,467,247</u>	<u>23,330,026</u>	<u>15,982,108</u>	<u>72,366,915</u>
Taxation	33	11,375,897	10,950,997	12,057,616	32,847,956
PROFIT AFTER TAXATION		<u>3,091,350</u>	<u>12,379,029</u>	<u>3,924,492</u>	<u>39,518,959</u>
Attributable to:					
Equity holders of the Bank		2,954,514	12,293,702	3,546,703	39,328,625
Non-controlling interest		136,836	85,327	377,789	190,334
		<u>3,091,350</u>	<u>12,379,029</u>	<u>3,924,492</u>	<u>39,518,959</u>
(Rupees)					
Earnings per share - basic and diluted	34	<u>1.39</u>	<u>5.78</u>	<u>1.67</u>	<u>18.49</u>

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

Chairman

President / CEO

Chief Financial Officer

Director

Director

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

	Quarter ended		Nine months period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	----- (Rupees in '000) -----			
Profit after taxation for the period	3,091,350	12,379,029	3,924,492	39,518,959
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Exchange (loss) / gain on translation of net assets of foreign branches, subsidiaries and Joint venture	(5,192,711)	(672,166)	(6,510,093)	12,199,215
Movement in surplus / (deficit) on revaluation of debt investments -AFS		8,300,349		(3,910,156)
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	33,599,956		42,333,859	
	28,407,245	7,628,183	35,823,766	8,289,059
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	93,873	1,028,834	(882,786)	908,660
Movement in (deficit) / surplus on revaluation of equity investments - net of tax	(1,589,514)		(1,675,395)	
Movement in surplus on revaluation of fixed assets - net of tax	-	5,731	-	(409,300)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	(3,034)
Gain on sale of equity shares - FVOCI	1,677,164	-	2,943,317	-
	181,522	1,034,565	385,136	496,325
Total comprehensive Income	31,680,117	21,041,777	40,133,394	48,304,343
Total comprehensive income attributable to:				
Equity holders of the Bank	31,543,281	20,956,450	39,755,605	48,114,009
Non-controlling interest	136,836	85,327	377,789	190,334
	31,680,117	21,041,777	40,133,394	48,304,343

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

Chairman

President / CEO

Chief Financial Officer

Director

Director

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

	Share capital	Reserves				Surplus / (Deficit) on revaluation of assets			Unappropriated profit	Sub Total	Non-Controlling Interest	Total
		Exchange translation	Statutory reserve	Revenue general reserve	Total	Investments	Fixed / Non-banking assets	Total				
(Rupees in '000)												
Balance as at January 01, 2023	21,275,131	24,900,933	42,066,576	521,338	67,488,847	(5,753,835)	48,027,372	42,273,537	178,189,579	309,227,094	1,073,138	310,300,232
Profit after taxation for nine months period ended September 30, 2023	-	-	-	-	-	-	-	-	39,328,625	39,328,625	190,334	39,518,959
Effect of translation of net investment in foreign branches	-	12,199,215	-	-	12,199,215	-	-	-	-	12,199,215	-	12,199,215
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	(3,910,156)	-	(3,910,156)	-	(3,910,156)	-	(3,910,156)
Debt investments at FVOCI – reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments	-	-	-	-	-	-	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	908,660	908,660	-	908,660
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	(409,301)	(409,301)	-	(409,301)	-	(409,301)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	(3,034)	(3,034)	(3,034)	-	(3,034)	-	(3,034)
Other comprehensive income / (loss) - net of tax	-	12,199,215	-	-	12,199,215	(3,910,156)	(412,335)	(4,322,491)	40,237,286	48,114,009	190,334	48,304,343
Transfer to statutory reserve	-	-	3,815,034	-	3,815,034	-	-	-	(3,815,034)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(90,770)	(90,770)	90,770	-	-	-
Transactions with owners, recorded directly in equity												
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	(158,700)	(158,700)
Balance as at September 30, 2023	21,275,131	37,100,148	45,881,610	521,338	83,503,096	(9,663,992)	47,524,267	37,860,274	214,702,601	357,341,103	1,104,772	358,445,874
Profit after taxation for the Three months ended December 31, 2023	-	-	-	-	-	-	-	-	13,772,975	13,772,975	29,462	13,802,437
Effect of translation of net investment in foreign branches	-	206,711	-	-	206,711	-	-	-	-	206,711	-	206,711
Movement in surplus / (deficit) on revaluation of investments	-	-	-	-	-	26,222,726	-	26,222,726	-	26,222,726	-	26,222,726
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(1,503,899)	(1,503,899)	-	(1,503,899)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	39,023	39,023	-	39,023	-	39,023
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	201,166	201,166	-	201,166	-	201,166
Other comprehensive income / (loss) - net of tax	-	206,711	-	-	206,711	26,222,726	240,189	26,462,915	12,269,076	38,938,702	29,462	38,968,164
Transfer to statutory reserve	-	-	1,369,012	-	1,369,012	-	-	-	(1,369,012)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(90,775)	(90,775)	90,775	-	-	-
Transactions with owners, recorded directly in equity												
Balance as at January 01, 2024	21,275,131	37,306,859	47,250,622	521,338	85,078,819	16,558,734	47,673,681	64,232,415	225,693,440	396,279,805	1,134,234	397,414,039
Change in accounting policy - note 3.1												
						(1,714,431)	-	(1,714,431)	(17,668,129)	(19,382,560)	-	(19,382,560)
Balance as at January 01, 2024 -restated	21,275,131	37,306,859	47,250,622	521,338	85,078,819	14,844,303	47,673,681	62,517,984	208,025,311	376,897,245	1,134,234	378,031,479
Profit after taxation for the nine months ended September 30, 2024	-	-	-	-	-	-	-	-	3,546,703	3,546,703	377,789	3,924,492
Effect of translation of net investment in foreign branches	-	(586,600)	-	-	(586,600)	-	-	-	-	(586,600)	-	(586,600)
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	42,333,859	-	42,333,859	-	42,333,859	-	42,333,859
Exchange translation reserve transferred to P&L	-	(5,923,493)	-	-	(5,923,493)	-	-	-	-	(5,923,493)	-	(5,923,493)
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	(1,675,395)	-	(1,675,395)	-	(1,675,395)	-	(1,675,395)
Gain on sale of equity shares - FVOCI	-	-	-	-	-	-	-	-	2,943,317	2,943,317	-	2,943,317
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(882,786)	(882,786)	-	(882,786)
Other comprehensive income / (loss) - net of tax	-	(6,510,093)	-	-	(6,510,093)	40,658,464	-	40,658,465	5,607,234	39,755,605	377,789	40,133,394
Transfer to statutory reserve	-	-	902,967	-	902,967	-	-	-	(902,967)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(129,693,000)	(129,693)	129,693	-	-	-
Transfer to unappropriated profit	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2024	21,275,131	30,796,766	48,153,589	521,338	79,471,693	55,502,767	47,543,988	103,046,756	212,859,271	416,652,850	1,512,023	418,164,873

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

Chairman

President / CEO

Chief Financial Officer

Director

Director

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	September 30, 2024	September 30, 2023
Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	15,982,108	72,366,915
Less: dividend income	(4,216,858)	(3,281,330)
	<u>11,765,250</u>	<u>69,085,585</u>
Adjustments:		
Net mark-up / interest income	(105,618,608)	
Depreciation	1,932,448	1,935,705
Depreciation on right of use assets	1,634,549	1,626,214
Amortisation	473,155	277,656
Credit loss allowance and write offs	1,882,250	9,642,945
Gain on sale of fixed assets - net	(11,000)	(256,701)
Financial charges on leased assets	194,039	81,538
Finance charges on lease liability against right of use assets	758,843	646,967
Unrealized gain on revaluation of investments classified as fair value through profit & Loss (FVTPL)	(2,085,267)	-
Unrealized gain on revaluation of investments classified as held-for-trading	-	(330,735)
Charge for defined benefit plans - net	61,264,100	9,288,292
Share of profit from joint venture - net of tax	(604,843)	(930,033)
Share of profit from associates - net of tax	(144,009)	(78,293)
	<u>(40,324,343)</u>	<u>21,903,556</u>
	<u>(28,559,093)</u>	<u>90,989,141</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(292,170,285)	(530,311,595)
Securities classified as FVTPL	(32,933,980)	-
Securities classified as Held-for-trading		(83,739,914)
Advances	116,551,160	(85,802,110)
Other assets (excluding advance taxation and markup receivable)	11,304,088	(59,957,728)
	<u>(197,249,017)</u>	<u>(759,811,347)</u>
Increase/ (decrease) in operating liabilities		
Bills payable	(50,148,637)	(44,041,097)
Borrowings from financial institutions	47,812,564	671,879,081
Deposits	427,640,817	679,159,966
Other liabilities (excluding current taxation and markup payable)	25,271,671	52,713,366
	<u>450,576,415</u>	<u>1,359,711,316</u>
Payments against off-balance sheet obligations		
Mark-up / Interest received	845,044,969	-
Mark-up / Interest paid	(758,582,951)	
Financial charges paid	-	(728,505)
Income tax paid/adjusted	(22,830,501)	(26,256,588)
Benefits paid	(19,692,493)	(2,758,819)
Net cash flows generated from operating activities	<u>268,707,329</u>	<u>661,145,196</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net Investments in securities classified as FVOCI	(253,987,233)	-
Net investments in available-for-sale securities	-	(782,972,568)
Net investments in amortized cost securities	42,298,484	-
Net investments in held-to-maturity securities	-	183,728,364
Dividends received	4,216,858	3,281,330
Investments in property and equipment	(2,009,008)	(2,399,474)
Proceeds from sale of property and equipment	53,497	281,141
Effect of translation of net investment in foreign branches	427,992	12,199,215
Net cash flows used in investing activities	<u>(208,999,410)</u>	<u>(585,881,992)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations	(2,273,323)	(2,643,819)
Dividend paid	(541)	(7,339)
Net cash flows used in financing activities	<u>(2,273,864)</u>	<u>(2,651,158)</u>
Increase / (Decrease) in cash and cash equivalents	<u>57,434,055</u>	<u>72,612,046</u>
Cash and cash equivalents at beginning of the period	288,218,680	220,333,852
Effects of exchange rate changes on cash and cash equivalents	11,459,953	3,715,161
	<u>299,678,633</u>	<u>224,049,013</u>
Cash and cash equivalents at end of the period	<u>357,112,688</u>	<u>296,661,059</u>

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

Chairman

President / CEO

Chief Financial Officer

Director

Director

NATIONAL BANK OF PAKISTAN
NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- National Bank of Pakistan (the Bank)

Subsidiary Companies

- CJSC Subsidiary Bank of NBP in Kazakhstan
- NBP Exchange Company Limited, Pakistan
- National Bank Modaraba Management Company Limited, Pakistan
- First National Bank Modaraba, Pakistan
- Taurus Securities Limited, Pakistan
- NBP Fund Management Limited, Pakistan
- Cast-N-Link Products Limited, Pakistan

The subsidiary company of the Group, National Bank Modaraba Management Company Limited, Pakistan exercises control over First National Bank Modaraba, Pakistan as its management company and also has a direct economic interest in it. The Group has consolidated the financial statements of the modaraba as the Ultimate Holding Company.

The Group is principally engaged in commercial banking, modaraba management, brokerage, leasing, foreign currency remittances, asset management, exchange transactions and investment advisory asset.

The holding company was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1504 (December 31, 2023: 1,508) branches in Pakistan and including 188 (December 31 2023: 188) Islamic Banking branches and 18 (December 31 2023: 18) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services in respect of Endowment Fund for students loan scheme and IPS accounts.

The Pakistan Sovereign Wealth Fund Act, 2023 was enacted and became effective during 2023. The shareholding of the Federal Government as per the Bank's Register of Shareholders is 7,895,707 shares only. However, under the said Act, the shares of Federal Government has been shown as 1,608,420,866. The Bank has sought clarification from Federal Government in this respect. Moreover, the process for transfer of shares as defined in NBP Bye-laws, 2015 has not yet been initiated. In view of the foregoing, the Bank's Register of Shareholders continues to show the shareholding position before the enactment of the Act ibid pending completion of transfer formalities and clarification of the Federal Government.

CJSC Subsidiary Bank of NBP in Kazakhstan, NBP Exchange Company Limited, National Bank Modaraba Management Company Limited are wholly owned subsidiaries of the holding company while the controlling interest in Taurus Securities Limited is 58.32%, NBP Fund Management Limited is 54%, First National Bank Modaraba 30% and Cast-N-Link Products Limited 76.51%.

1.2 BASIS OF CONSOLIDATION

- The consolidated financial statements include the financial statements of the Bank (Holding Company) and its subsidiary companies together - "the Group".
- Subsidiary companies are fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and excluded from consolidation from the date of disposal or when the control is lost.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Income and expenses of subsidiaries acquired during the year are included in the consolidated statement of the comprehensive income from the effective date of acquisition.
- Non-Controlling interest / (minority interest) in equity of the subsidiary companies are measured at fair value for all the subsidiaries acquired from period beginning on or after January 1, 2010 whereas minority interest of previously acquired subsidiaries are measured at the proportionate net assets of subsidiary companies attributable to interest which is not owned by holding company.
- Material intra-group balances and transactions have been eliminated.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

2.1.1 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 (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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).

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017, or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

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

2.1.3 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 3.2 to the consolidated condensed interim financial statements.

2.1.4 The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.

2.1.5 The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 2, dated February 09, 2023 and IAS 34. These consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statements of the Bank for the year ended December 31, 2023.

2.1.6 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 to be relevant or do not have any material effect on the Bank'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 3.2.

2.1.7 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. MATERIAL ACCOUNTING POLICIES

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

3.1 Adoption of revised forms for the preparation of the condensed interim financial statement

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. 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 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.

3.2 IFRS 9 - 'Financial Instruments

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

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

The adoption of IFRS 9 has resulted in changes in the Bank's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 has also significantly impacted disclosures related to the consolidated financial instruments.

The Bank performed a detailed analysis of its business models for managing financial assets and analysis of their contractual cash flows characteristics.

The following table reconciles the aggregate opening loan loss provision allowances under SBP Prudential Regulations to the ECL allowances under IFRS 9.

2024			
Provision as per current regulatory framework	Remeasurement (ECL)	Reclassification	ECLs under IFRS 9
-----Rupees in '000-----			
-	-	-	-
117,033	118	-	117,151
174,150	67	-	174,217
233,832,651	36,441,496	-	270,274,147
20,050,374	8,725,145	(12,665,194)	16,110,325
-	1,566,977	-	1,566,977
627,494	2,854,345	-	3,481,839
254,801,702	49,588,148	(12,665,194)	291,724,656

Impairment allowance against:

Cash and Balances with Treasury Banks
Balance with Other Banks
Lendings to financial institutions
Advances
Investments
Markup Receivable
Off-balance sheet obligations
Total

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with previous local regulations to their new measurement categories upon transition to IFRS 9 on January 01, 2024

	Movement in Balance Sheet				Revised Breakup of Balance sheet after IFRS 9 Implementation						
	Before IFRS 9 Carrying Values as at Dec 31, 2023	Increase / (Decrease) Due to ECL	Increase / (Decrease) due to Reclassification of Investments	After IFRS 9 Carrying Values Jan 1' 2024	At FVPL	AT FVOCI - with recycling (Debt)	AT FVOCI - without recycling (Equity)	At Amortized Cost / Cost	Remeasurement under IFRS 9 (ECL Impact)	Other than Financial Assets or Financial Liabilities	IFRS 9 carrying amount as at Jan 1, 2024
Assets											
Cash and balances with treasury banks	295,455,482	-	-	295,455,482				295,455,482			295,455,482
Balances with other banks	43,004,568	(118)	-	43,004,450				43,004,568	(118)		43,004,450
Lendings to financial institutions	192,430,437	(67)	-	192,430,370				192,430,437	(67)		192,430,370
<i>From AFS to Amortized Cost</i>	94,406,396	-	11,583,128	105,989,524				105,989,524	-		105,989,524
<i>From AFS to FVPL (Mandatory Reclassification) - Mutual funds, Pref. Shares and Bank TFC's</i>	15,568,680	-	-	15,568,680	15,568,680	-	-	-	-		15,568,680
<i>From AFS to FVPL - Ordinary Shares</i>	14,081,599	-	-	14,081,599	14,081,599	-	-	-	-		14,081,599
<i>From AFS to FVOCI - Ordinary Shares</i>	92,564,247	-	-	92,564,247	-	-	92,564,247	-	-		92,564,247
<i>From AFS to FVOCI - Debt Securities</i>	3,864,745,715	(7,553,603)	-	3,857,192,112	-	3,864,745,715	-	-	(7,553,603)		3,857,192,112
Total AFS	4,081,366,637	(7,553,603)	11,583,128	4,085,396,162	29,650,279	3,864,745,715	92,564,247	105,989,524	(7,553,603)	-	4,085,396,161
<i>From HTM to Amortized Cost</i>	272,951,142	(1,171,542)	-	271,779,600				272,951,142	(1,171,542)		271,779,600
<i>From HFT to FVPL</i>	46,766,365	-	-	46,766,365	46,766,365	-	-	-	-		46,766,365
Associates	830,620	-	-	830,620	-	-	-	830,620	-		830,620
Joint Venture	12,259,541	-	-	12,259,541	-	-	-	12,259,541	-		12,259,541
Investments	4,414,174,305	(8,725,145)	11,583,128	4,417,032,288	76,416,645	3,864,745,715	92,564,247	392,030,827	(8,725,145)	-	4,417,032,287
Advances	1,398,072,669	(36,441,498)	-	1,361,631,171				1,398,072,669	(36,441,495)		1,361,631,174
Fixed assets	57,477,067	-	-	57,477,067						57,477,067	57,477,067
Intangible assets	2,186,294	-	-	2,186,294						2,186,294	2,186,294
Right of use assets	7,335,901	-	-	7,335,901						7,335,901	7,335,901
Other assets	258,737,303	(1,566,977)	-	257,170,326	-	-	-	190,156,178	(1,566,977)	68,581,125	257,170,326
	6,668,874,026	(46,733,802)	11,583,128	6,633,723,349	76,416,645	3,864,745,715	92,564,247	2,511,150,161	(46,733,802)	135,580,387	6,633,723,351
Liabilities											
Bills payable	68,000,448	-	-	68,000,448				68,000,448			68,000,448
Borrowings	2,177,743,194	-	-	2,177,743,194				2,177,743,194			2,177,743,194
Deposits and other accounts	3,673,109,914	-	-	3,673,109,914				3,673,109,914			3,673,109,914
Liabilities against assets subject to finance lease	208,268	-	-	208,268						208,268	208,268
Subordinated debt	-	-	-	-							-
Lease liabilities against right of use assets	8,682,732	-	-	8,682,732						8,682,732	8,682,732
Deferred tax liabilities / (Deferred tax assets)	842,568	(24,298,192)	5,675,733	(17,779,891)						(17,779,891)	(17,779,891)
Other liabilities	342,872,862	2,854,345	-	345,727,207	6,676,880	-	-	197,291,885	2,854,345	138,904,097	345,727,207
	6,271,459,986	(21,443,847)	5,675,733	6,255,691,872	6,676,880	-	-	6,116,145,441	2,854,345	130,015,206	6,255,691,872
NET ASSETS	397,414,040	(25,289,955)	5,907,395	378,031,477	69,739,765	3,864,745,715	92,564,247	(3,604,995,280)	(49,588,147)	5,565,181	378,031,480
REPRESENTED BY											
Share capital	21,275,131	-	-	21,275,131						21,275,131	21,275,131
Reserves	85,078,819	-	-	85,078,819						85,078,819	85,078,819
Surplus on revaluation of assets	64,232,415	-	(1,714,431)	62,517,984		10,468,483	4,756,742			47,292,759	62,517,984
Unappropriated profit	225,693,441	(25,289,955)	7,621,826	208,025,312						208,025,312	208,025,312
	396,279,806	(25,289,955)	5,907,395	376,897,246	-	10,468,483	4,756,742	-	-	361,672,021	376,897,246
Non-controlling interest	1,134,234	-	-	1,134,234						1,134,234	1,134,234
	397,414,040	(25,289,955)	5,907,395	378,031,480	-	10,468,483	4,756,742	-	-	362,806,255	378,031,480

3.2.1 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.

3.2.2 Business model:

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

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

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
- 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

3.2.3 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.

3.2.4 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 sukuku, 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.

Equity instruments

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

The Bank measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the profit and loss account, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the profit and loss account as income when the Bank's right to receive payments is established.

IFRS 9 has removed the requirement for impairment assessments on equity investments. However, under BPRD Circular Letter No. 16 of 2024, dated July 29, 2024, Banks may continue to measure unquoted equity securities at the lower of cost or break-up value until December 31, 2024. Starting January 1, 2025, Banks will be required to measure unquoted equity securities at fair value, as mandated by the IFRS 9 application guidelines. For unquoted securities where the break-up value is lower than the cost, the difference has been classified as a loss and charged to the profit and loss account.

Gains and losses on equity instruments at FVTPL are included in the 'Gain on sales of securities' line in the profit and loss account.

3.2.5 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.

3.2.6 Derecognition

Financial assets

The Bank derecognises a financial asset when:

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

3.3 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. 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 loans 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 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 transitioning among credit states. Credit states are defined by rating classes and are based on the Bank's internal risk ratings (i.e. from 1 to 12). Through the yearly review of the non-consumer portfolio, the Bank has drawn a yearly transition matrix of ratings to compute a count based PD over the one year horizon for the last 7 years. PDs for Non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations 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, and accrued interest / profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities 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 expectations of the customer behaviour, its likelihood of default and the Bank future risk mitigation procedures, which could include reducing or cancelling the facilities.
- LGD** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective 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, a best case, a worst case). Each of these is associated with different PDs.

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

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

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.

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
- Unemployment rate

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.

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 / exiting reporting framework.

3.4 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2023 except for IFRS 9 as mentioned above.

5. FINANCIAL RISK MANAGEMENT

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

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- (Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		71,759,255	62,622,218
Foreign currencies		9,657,489	9,747,256
		81,416,744	72,369,474
With State Bank of Pakistan in			
Local currency current accounts	6.1	169,461,014	125,905,643
Foreign currency current accounts	6.2	21,628,738	21,661,443
Foreign currency deposit accounts	6.2	43,184,387	43,265,618
Foreign currency collection accounts		967,654	1,498,122
		235,241,793	192,330,826
With other central banks in			
Foreign currency current accounts	6.3	26,658,739	25,964,016
Foreign currency deposit accounts	6.3	6,336,944	4,163,614
		32,995,683	30,127,630
Prize bonds		822,179	627,552
		350,476,399	295,455,482
Less: Credit loss allowance held against cash and balances with treasury banks			
Cash and balances with treasury banks - net of credit loss allowance		350,476,399	295,455,482

6.1 This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.

6.2 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

6.3 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 5.5% per annum (December 31, 2023: 0% to 5.5% per annum).

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- (Rupees in '000) -----	
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		373,949	298,108
In deposit accounts	7.1	618,917	388,221
		992,866	686,329
Outside Pakistan			
In current accounts		18,191,736	33,634,084
In deposit accounts	7.2	7,323,057	8,801,187
		25,514,793	42,435,271
		26,507,659	43,121,601
Less: Credit loss allowance held against balances with other banks		(117,041)	(117,033)
Balances with other banks - net of credit loss allowance		26,390,618	43,004,568

7.1 These include various deposits with banks and carry interest at the rates ranging from 9% to 19.6% per annum (December 31, 2023: 6.00% to 12.70% per annum).

7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 2.58% to 5.96% per annum (December 31, 2023 :1.50% to 7.10% per annum).

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- (Rupees in '000) -----	
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	8.2	5,100,000	9,723
Repurchase agreement lendings (Reverse Repo)	8.3	454,592,999	192,420,714
Musharaka Lending	8.4	30,000,000	
Letters of placement	8.5	172,150	174,150
		<u>489,865,149</u>	<u>192,604,587</u>
Less: Credit loss allowance held against lending to financial institutions	8.1	(172,150)	(174,150)
Lendings to financial institutions - net of credit loss allowance		<u>489,692,999</u>	<u>192,430,437</u>

8.1 Lending to FIs- Particulars of credit loss allowance	(Un-audited) September 30, 2024		(Audited) December 31, 2023	
	Lending	Credit loss allowance held	Lending	Credit loss allowance held
	-----Rupees in '000-----			
Domestic				
Performing Stage 1	489,692,999	-	-	-
Under performing Stage 2	-	-	-	-
Non-performing Stage 3	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	172,150	172,150	174,150	174,150
	<u>489,865,149</u>	<u>172,150</u>	<u>174,150</u>	<u>174,150</u>
Total	<u>489,865,149</u>	<u>172,150</u>	<u>174,150</u>	<u>174,150</u>

- 8.2** These also include zero rate lending to a financial institution amounting to Rs Nil million (December 31, 2023: Rs. 9.7 million) which is guaranteed by the SBP.
- 8.3** These carry mark-up at rates ranging from 16.5% to 18.4% per annum (December 31, 2023: 21.00% to 22.95% per annum) with maturities ranging from October 1, 2024 to November 1, 2024.
- 8.4** This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rates ranging from 18.4% to 18.45 per annum (December 31, 2023: Nil) with maturity ranging from October 1, 2024 to October 1, 2024 (December 31, 2023: Nil).
- 8.5** These are overdue placements and full provision has been made against these placements as at September 30, 2024.

9. INVESTMENTS

9.1 Investments by type:

September 30, 2024 (Un-audited)			
Cost / amortised cost	Credit loss allowance / provision for diminution	Surplus / (Deficit)	Carrying Value

(Rupees in '000)

FVTPL

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- Ijarah Sukuks

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

Preference shares

- Listed
- Unlisted

Ordinary Shares

- Listed Companies

Mutual Fund units

Foreign Securities

- Government debt securities

44,829,832	-	384,513	45,214,345
34,170,604	-	341,127	34,511,731
-	-	-	-
-	-	-	-
9,912,330	-	54,130	9,966,460
-	-	-	-
3,530,195	(2,486,399)	(116,645)	927,151
558,284	(558,284)	-	-
-	-	-	-
10,660,567	-	23,411	10,683,978
5,543,930	-	1,398,731	6,942,661
-	-	-	-
2,715,328	-	-	2,715,328
111,921,070	(3,044,683)	2,085,267	110,961,654

FVOCI

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- GOP Ijarah Sukuks
- GOP Ijarah Sukuks - Traded
- GOP Ijarah Sukuk - Discounted
- Foreign Currency Debt securities

Ordinary Shares

- Listed Companies
- Unlisted Companies

Preference shares

- Listed
- Unlisted

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

Mutual Fund units

Foreign Securities

- Government debt securities
- Equity Securities - Listed

Foreign Currency Debt Securities

1,284,605,709	-	20,405,645	1,305,011,354
2,696,114,560	-	31,709,174	2,727,823,734
30,359,929	-	907,819	31,267,748
29,758,003	-	691,997	30,450,000
31,388,176	-	599,535	31,987,711
28,888,121	(7,694,941)	(2,839,778)	18,353,402
-	-	-	-
44,344,692	-	9,060,292	53,404,984
2,107,463	(573,855)	-	1,533,608
-	-	-	-
-	-	-	-
-	-	-	-
42,178,783	(6,926,299)	326,636	35,579,120
-	-	-	-
-	-	-	-
2,989,647	-	144,412	3,134,059
463,294	-	47,703,804	48,167,098
4,193,198,377	(15,195,095)	108,709,536	4,286,712,818

Amortised Cost

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- GOP Ijarah Sukuks
- Foreign Currency Debt securities

Non-Government debt securities

- Term Finance Certificates, Participation Term Certificates, Bonds, Debentures and Sukuk Bonds

Bai Muajjal with Government of Pakistan

Foreign Securities

- Government debt securities
- Non-Government debt securities

-	-	-	-
277,276,171	-	-	277,276,171
14,065,123	-	-	14,065,123
7,020,281	(966,362)	-	6,053,919
-	-	-	-
383,467	(383,467)	-	-
-	-	-	-
38,300,654	-	-	38,300,654
1,073	-	-	1,073
337,046,769	(1,349,829)	-	335,696,940
1,508,071	(533,443)	-	974,628
1,245	(1,245)	-	-
4,643,675,532	(20,124,296)	110,794,803	4,734,346,040

December 31, 2023 (Audited)			
Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value

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

Held-for-trading securities

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- GOP Ijarah Sukuk bonds

Mutual Fund units

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

Preference shares

- Listed
- Unlisted

Ordinary Shares

- Listed Companies

Foreign Securities

- Government debt securities

23,341,720	-	7,673	23,349,393
14,665,019	-	(37,878)	14,627,141
	-	-	-
972,916	-	6,914	979,830
5,038,531	-	(3,521)	5,035,010
-	-	-	-
-	-	-	-
79,317	-	(1,213)	78,104
2,696,887	-	-	2,696,887
46,794,390	-	(28,025)	46,766,365

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- Ijarah Sukuks
- Foreign Currency Debt securities

Ordinary Shares

- Listed Companies
- Unlisted Companies

Preference shares

- Listed
- Unlisted

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

Mutual Fund units

Foreign Securities

- Government debt securities
- Equity Securities - Listed

954,585,428	-	2,228,157	956,813,585
2,926,410,213	-	(25,322,781)	2,901,087,432
30,424,484	-	(330,520)	30,093,964
40,907,401	-	(10,174,093)	30,733,308
51,696,434	(11,638,688)	22,294,743	62,352,489
2,107,463	(448,951)	-	1,658,512
1,448,472	(566,446)	161,771	1,043,797
558,284	(558,284)	-	-
53,152,317	(5,857,566)	355,100	47,649,851
2,219,646	(41,167)	1,726,825	3,905,304
3,385,022	-	8,528	3,393,550
463,294	-	42,171,551	42,634,845
4,067,358,458	(19,111,102)	33,119,281	4,081,366,637

Held-to-maturity securities

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- Ijarah Sukuks
- Foreign Currency Debt securities

Non-Government debt securities

- Term Finance Certificates, Participation Term Bonds, Debentures and Sukuk Bonds

Foreign Securities

- Government debt securities
- Non-Government debt securities

161,108	-	-	161,108
213,116,482	-	-	213,116,482
14,087,500	-	-	14,087,500
4,288,988	-	-	4,288,988
404,585	(404,585)	-	-
41,295,981	-	-	41,295,981
1,083	-	-	1,083
273,355,727	(404,585)	-	272,951,142

Associates

Joint Venture

Subsidiaries

Total investments

1,364,062	(533,442)	-	830,620
12,259,541	-	-	12,259,541
1,245	(1,245)	-	-
4,401,133,423	(20,050,374)	33,091,256	4,414,174,305

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

9.1.1 Investments given as collateral

The book value of investments given as collateral against borrowings is as follows:

Pakistan Investment Bonds
Market Treasury Bills

1,857,943,054	2,047,337,847
266,223,060	17,134,259
2,124,166,114	2,064,472,106

17

Number of shares	Percentage of holding	Country of incorporation	Based on the financial statements as at	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
------------------	-----------------------	--------------------------	---	--------	-------------	---------	--------------------------------	-------------------------------------

9.1.2 Associates

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

Listed									
First Credit and Investment Bank Limited	20,000,000	30.77	Pakistan	Jun 30, 2024 (Audited)	3,955,938	3,169,070	448,890	31,696	70,641
National Fibres Limited *	17,030,231	20.19	Pakistan	N/A	-	-	-	-	-
Land Mark Spinning Mills Limited	3,970,859	32.79	Pakistan	Jun 30, 2024 (Audited)	119,719	253,515	-	(11,178)	(11,178)
SG Allied Businesses Limited	3,754,900	25.03	Pakistan	Jun 30, 2024 (Audited)	1,518,540	320,657	57,199	(16,138)	(15,402)
Nina Industries Limited	4,906,000	20.27	Pakistan	N/A	-	-	-	-	-
AgriTech Limited	106,014,565	27.01	Pakistan	June 30, 2024 (Un-Audited)	86,381,112	74,221,581	2,346,963	(1,235,190)	(1,235,190)
NBP Stock Fund	31,347,444	4.24	Pakistan	March 31, 2024 (Un-audited)	16,793,454	229,666	6,567,119	6,083,990	6,083,990
Unlisted									
Pakistan Emerging Venture Limited	12,500,000	33.33	Pakistan	June 30, 2022 (Audited)	478	404	56	(385)	(385)
National Fructose Company Limited	1,300,000	39.50	Pakistan	N/A	-	-	-	-	-
Venture Capital Fund Management *	33,333	33.33	Pakistan	N/A	-	-	-	-	-
Kamal Enterprises Limited *	11,000	20.37	Pakistan	N/A	-	-	-	-	-
Mehran Industries Limited *	37,500	32.05	Pakistan	N/A	-	-	-	-	-
Tharparkar Sugar Mills Limited *	2,500,000	21.52	Pakistan	N/A	-	-	-	-	-
Youth Investment Promotion Society *	644,508	25.00	Pakistan	N/A	-	-	-	-	-
Dadabhoj Energy Supply Company Limited	9,900,000	23.11	Pakistan	N/A	-	-	-	-	-
K-Agricole Limited *	5,000	20.00	Pakistan	N/A	-	-	-	-	-
New Pak Limited *	200,000	20.00	Pakistan	N/A	-	-	-	-	-
Pakistan Mercantile Exchange Limited	10,653,860	33.98	Pakistan	June 30, 2023 (Audited)	4,769,315	4,463,439	676,898	199,485	199,485
Prudential Fund Management Limited *	150,000	20.00	Pakistan	N/A	-	-	-	-	-

* Nil figure represent shares which have been acquired under different arrangements without any cost

9.1.3 Subsidiaries

	Number of shares	Percentage of holding	Country of incorporation	Based on the financial statements as at	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
Cast-N-Link Products Limited	1,245,000	76.51	Pakistan	N/A					

9.2 Credit Allowance for diminution in value of investments

9.2.1 Opening balance

Impact of reclassification on adoption of IFRS 9
Impact of ECL recognised on adoption of IFRS 9

Charge for the period
Reversals for the period
Reversals on disposals

Derecognition of ECL on disposal

Transfers - net
Other transfers
Others
Others movement
Amounts written off
Closing Balance

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	20,050,374	18,613,073
	(12,665,194)	-
	8,725,145	-
	16,110,325	18,613,073
	1,071,579	3,136,270
	(25,097)	(1,319,964)
	-	(379,005)
	1,046,482	1,437,301
	-	-
	(268,385)	-
	-	-
	-	-
	3,235,874	-
	-	-
	20,124,296	20,050,374

9.2.2 Particulars of credit loss allowance against debt securities

Category of classification

Domestic

		September 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held
----- (Rupees in '000) -----					
Substandard		-	-	-	-
Performing	Stage 1	5,654,464	226	-	-
Underperforming	Stage 2	2,030,417	338,939	-	-
Non-Performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		947,068	826,790	-	-
Loss		6,143,811	6,143,811	6,330,251	6,330,251
		14,775,759	7,309,766	6,330,251	6,330,251

Overseas

Performing	Stage 1	-	-	-	-
Underperforming	Stage 2	35,908,401	8,661,303	-	-
Non-Performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		35,908,401	8,661,303	-	-
Total		50,684,160	15,971,069	6,330,251	6,330,251

9.3 The market value of securities classified at amortised cost as at September 30, 2024 amounted to Rs. 324,995 million (December 31, 2023: Rs. 251,842 million).

9.4 The transaction for the sale of the Bank's investment in Agritech quoted shares and preference shares was concluded subsequent to the reporting period date and hence meet the criteria of IFRS-5 assets held for sale subsequent to period end.

10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) September 30, 2024	(Audited) December 31, 2023	(Un-audited) September 30, 2024	(Audited) December 31, 2023	(Un-audited) September 30, 2024	(Audited) December 31, 2023
Note	----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.	1,184,757,589	1,325,108,441	202,828,188	205,901,344	1,387,585,777	1,531,009,785
Islamic financing and related assets	85,067,279	73,125,444	1,990,868	1,550,351	87,058,147	74,675,795
Net Investment in finance lease	1,288	16,207	149,595	24,096	150,883	40,303
Bills discounted and purchased	19,128,526	12,534,791	13,426,760	13,644,646	32,555,286	26,179,437
Advances - gross	1,288,954,682	1,410,784,883	218,395,411	221,120,437	1,507,350,093	1,631,905,320
Credit loss allowance against advances						
-Stage 1	15,490,675	-	-	-	15,490,675	-
-Stage 2	27,050,446	-	-	-	27,050,446	-
-Stage 3	11,611,343	-	208,654,187	-	220,265,530	-
- Specific	-	-	-	203,794,530	-	203,794,530
- General	154,109	30,038,121	-	-	154,109	30,038,121
	54,306,573	30,038,121	208,654,187	203,794,530	262,960,760	233,832,651
Advances - net of provision	1,234,648,109	1,380,746,762	9,741,224	17,325,907	1,244,389,333	1,398,072,669

*This represents loan that have not been classified as Non-Performing Loans (NPLs) according to Prudential Regulations.

10.1 Net Investment in Finance Lease

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	----- (Rupees in '000) -----							
Lease rentals receivable	164,546	-	-	164,546	48,296	-	-	48,296
Residual value	10,501	-	-	10,501	16,332	-	-	16,332
Minimum lease payments	175,047	-	-	175,047	64,628	-	-	64,628
Less: financial charges for future periods	24,164	-	-	24,164	24,325	-	-	24,325
Present value of minimum lease payments	150,883	-	-	150,883	40,303	-	-	40,303

10.1.1 The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time disbursement. The Bank requires the lessees to insure the leased assets in favour of the Bank. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 10.15% to 11.42% (December 31, 2023: 10.19% to 14.85%) per annum.

10.2 Particulars of advances (Gross)

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
In local currency	1,226,960,051	1,334,193,061
In foreign currencies	280,390,042	297,712,259
	1,507,350,093	1,631,905,320

10.3 Advances includes Rs. 218,395 million (December 31, 2023: Rs. 221,120 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of Classification	September 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
	Non Performing Loans	Credit Loss Allowance	Non Performing Loans	Credit Loss Allowance
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned	3,943,409	2,440,315	2,156,275	60,035
Substandard	6,332,524	4,645,590	6,421,005	1,560,252
Doubtful	9,510,875	7,861,851	11,443,314	5,980,028
Loss	137,194,232	134,651,145	136,054,217	133,629,152
	156,981,040	149,598,900	156,074,811	141,229,467
Overseas				
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	383,911	191,956	400,925	200,463
> 365 days	61,030,461	58,863,331	64,644,701	62,364,600
	61,414,372	59,055,287	65,045,626	62,565,063
Higher of SCA & IFRS-9				
Total	218,395,411	208,654,187	221,120,437	203,794,530
Stage 3 as per IFRS 9				
				11,611,343
Total	218,395,411	220,265,530	221,120,437	203,794,530

10.4 Particulars of credit loss allowance against advances

	September 30, 2024 (Un-audited)					December 31, 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total	Specific Provision	General Provision	Total
	----- (Rupees in '000) -----					----- (Rupees in '000) -----			
Opening balance	-	-	-	203,794,530	30,038,121	233,832,651	191,014,747	17,348,539	208,363,286
Impact due to adoption of IFRS-9	19,753,227	21,809,533	228,440,811	(203,794,530)	(29,767,923)	36,441,118	-	-	-
	19,753,227	21,809,533	228,440,811	-	270,198	270,273,769	191,014,747	17,348,539	208,363,286
Exchange adjustments	-	-	(3,450,131)	-	(23,395)	(3,473,526)	12,178,389	153,606	12,331,995
Charge for the period / year	2,112,972	5,813,261	4,788,238	-	62,743	12,777,214	8,127,428	14,854,298	22,981,726
Reversals	(5,191,390)	(3,338,104)	(3,557,040)	-	-	(12,086,534)	(8,129,837)	(1,530,934)	(9,660,771)
	(3,078,418)	2,475,157	1,231,198	-	62,743	690,680	(2,409)	13,323,364	13,320,955
Amounts written off	-	-	(77,347)	-	-	(77,347)	(155,872)	-	(155,872)
Amounts charged off - agriculture financing	-	-	(70,832)	-	-	(70,832)	(44,607)	-	(44,607)
Transfer from general to specific provision	-	-	-	-	-	-	-	-	-
Other movement	-	-	-	-	-	-	16,894	-	16,894
Transfer to stage 1	-	-	-	-	-	-	-	-	-
Transfer to stage 2	(1,092,217)	3,207,095	(2,114,878)	-	-	-	-	-	-
Transfer to stage 3	(91,918)	(441,338)	533,256	-	-	-	-	-	-
Transfer from general to specific provision	-	-	-	-	-	-	787,388	(787,388)	-
Other Movement	-	-	(4,226,547)	-	(155,437)	(4,381,984)	-	-	-
Closing balance	15,490,675	27,050,446	220,265,530	-	154,109	262,960,760	203,794,530	30,038,121	233,832,651

10.5 Advances - Particulars of credit loss allowance

	September 30, 2024 (Un-audited)					December 31, 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total	Specific Provision	General Provision	Total
	----- (Rupees in '000) -----					----- (Rupees in '000) -----			
10.5.1 Opening balance	-	-	-	203,794,530	30,038,121	233,832,651	191,014,747	17,348,539	208,363,286
Impact due to adoption of IFRS-9	19,753,227	21,809,533	228,440,811	(203,794,530)	(29,767,923)	36,441,118	-	-	-
Opening balance - restated	19,753,227	21,809,533	228,440,811	-	270,198	270,273,769	191,014,747	17,348,539	208,363,286
New Advances	2,112,972	5,813,261	4,788,238	-	-	12,714,471	-	-	-
Exchange Adjustment	-	-	(3,450,131)	-	(23,395)	(3,473,526)	12,178,389	153,606	12,331,995
Charge for the period	-	-	-	-	62,743	62,743	8,127,428	14,854,298	22,981,726
Advances derecognised or repaid	(5,191,390)	(3,338,104)	(3,557,040)	-	-	(12,086,534)	(8,129,837)	(1,530,934)	(9,660,771)
Transfer to stage 1	-	-	-	-	-	-	-	-	-
Transfer to stage 2	(1,092,217)	3,207,095	(2,114,878)	-	-	-	-	-	-
Transfer to stage 3	(91,918)	(441,338)	533,256	-	-	-	-	-	-
Other Movement	-	-	(4,226,547)	-	(155,437)	(4,381,984)	-	-	-
	(4,262,552)	5,240,913	(8,027,102)	-	(116,089)	(7,164,830)	12,175,980	13,476,970	25,652,950
Amounts written off	-	-	(77,347)	-	-	(77,347)	(155,872)	-	(155,872)
Amounts charged off - agriculture financing	-	-	(70,832)	-	-	(70,832)	(44,607)	-	(44,607)
Other Movement	-	-	-	-	-	-	16,894	-	16,894
Transfer from general to specific provision	-	-	-	-	-	-	787,388	(787,388)	-
Closing balance	15,490,675	27,050,446	220,265,530	-	154,109	262,960,760	203,794,530	30,038,121	233,832,651

10.5.2 Advances - Category of classification
Domestic

		September 30, 2024 (Un-audited)		
		Outstanding amount	Credit loss allowance Held	Net of Advances
		----- (Rupees in '000) -----		
Performing	Stage 1	1,127,147,865	15,490,675	1,111,657,190
Underperforming	Stage 2	82,300,361	25,248,480	57,051,882
Non-Performing	Stage 3			
Domestic				
Other Assets Especially Mentioned		3,943,409	2,440,315	1,503,095
Substandard		6,332,524	4,645,589	1,686,935
Doubtful		9,510,875	7,861,851	1,649,025
Loss		137,194,231	134,868,208	2,326,023
Stage 3 as per IFRS 9		13,300,507	11,611,343	1,689,164
Total		170,281,547	161,427,305	8,854,241
		1,379,729,773	202,166,460	1,177,563,313

Overseas

		September 30, 2024 (Un-audited)		
		Outstanding amount	Credit loss allowance Held	Net of Advances
		----- (Rupees in '000) -----		
Performing	Stage 1	22,132,526	-	22,132,526
Underperforming	Stage 2	39,894,935	1,801,967	38,092,968
IFRS 9 not applicable		4,178,487	154,109	4,024,378
Non-Performing	Stage 3			
Substandard		-	-	-
Doubtful		383,910	191,956	191,955
Loss		61,030,462	58,646,268	2,384,194
		61,414,372	58,838,224	2,576,148
Sub Total		127,620,321	60,794,300	66,826,020
		1,507,350,093	262,960,760	1,244,389,333

10.5.3 General provision includes provision amounting to Rs.154 million (December 31, 2023: Rs. 270 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Bank operates where IFRS 9 has not been implemented.

10.5.4 The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2024. No provision is required against these loans; however, mark-up is being suspended as required by the Prudential Regulations. Further SBP has allowed specific relaxation on the requirement for ECL against overdue foreign currency loans of certain Public Sector Entities, either uptill December 31, 2024 or permanently.

10.5.5 These represent non-performing advances for agriculture finance which have been classified as loss and fully provided for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with Prudential Regulations for Agriculture Financing issued by the SBP. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
		----- (Rupees in '000) -----	
11. Property and equipment			
Capital work-in-progress	11.1	1,537,056	1,639,234
Property and equipment		56,923,253	55,837,833
		<u>58,460,309</u>	<u>57,477,067</u>
11.1 Capital work-in-progress			
Civil works		1,451,998	1,569,774
Equipment		10,830	10,727
Advances to suppliers and contractors		74,229	58,733
		<u>1,537,056</u>	<u>1,639,234</u>
		(Un-audited)	
		September 30, 2024	September 30, 2023
		----- (Rupees in '000) -----	
11.2 Additions to Property and equipment			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		549,892	571,988
Property and equipment			
Building on freehold land		389,943	63,189
Building on leasehold land		105,174	45,241
Furniture and fixtures		617,204	512,064
Computer and peripheral equipment		1,001,761	421,408
Electrical and office equipment		719,602	378,123
Vehicles		97,199	253,597
Assets held under finance lease - Vehicles			158,769
		<u>2,930,882</u>	<u>1,832,391</u>
Total		<u>3,480,774</u>	<u>2,404,378</u>
11.3 Disposal of Property and equipment			
The net book value of fixed assets disposed off during the period is as follows:			
Building on leasehold land		-	175,107
Furniture and fixture		12,774	1,247
Computer and peripheral equipment		6,837	150
Electrical and office equipment		4,273	617
Vehicles		89,078	10,413
Assets held under finance lease - Vehicle		2,670	18,525
Total		<u>115,632</u>	<u>206,059</u>
		(Un-audited) (Audited)	
		September 30, 2024	December 31, 2023
		----- (Rupees in '000) -----	
12. Intangible Assets			
Capital work-in-progress - Software Implementation		867,581	470,540
Computer Software		1,074,163	1,153,201
Goodwill on NBP Fund Acquisition		562,553	562,553
		<u>2,504,297</u>	<u>2,186,294</u>

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

12.1 Additions to intangible assets

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

Capital work-in-progress - net additions	783,187	186,664
Directly purchased	426,572	380,816
Total	1,209,760	567,479

13. RIGHT-OF-USE ASSETS

	September 30, 2024 (Audited)			December 31, 2023 (Audited)		
	Buidlings	Vehicles	Total	Buidlings	Vehicles	Total
----- (Rupees in '000) -----						
At January 1,						
Cost	17,822,166	29,290	17,851,456	15,503,248	29,290	15,532,538
Accumulated Depreciation	(10,497,424)	(13,288)	(10,510,712)	(8,314,601)	(7,430)	(8,322,031)
Net Carrying amount at January 1	7,324,742	16,002	7,340,744	7,188,647	21,860	7,210,507
Additions during the year	735,446	-	735,446	2,350,439	-	2,350,439
Deletions during the year	28,003	1,609	29,612	59,820	-	59,820
Depreciation Charge for the year	1,630,301	4,248	1,634,549	2,159,369	5,858	2,165,227
Net Carrying amount	6,401,883	10,145	6,412,028	7,319,899	16,002	7,335,901

14. DEFERRED TAX ASSET/ (DEFERRED TAX LIABILITIES)

Deductible temporary differences on

- Tax losses carried forward
- Post retirement employee benefits
- Credit loss allowance for diminution in the value of investments
- Credit loss allowance against loans and advances
- Credit loss allowance against off-balance sheet obligations
- Accelerated tax depreciation
- Right of use assets
- Other Credit loss allowance
- Others
- Provision against contingencies
- Carry forward losses

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

10,705	10,705
7,883,771	7,002,470
5,037,146	236,751
26,374,090	10,143,512
1,648,075	115,222
1,844,696	1,550,617
710,414	651,852
818,699	98,789
3	-
75,183	-
-	-
44,402,782	19,809,918

Taxable temporary differences on

- Surplus on revaluation of fixed assets
- Excess of accounting book value of leased assets over lease liabilities
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets
- Gain on sale of Equity Shares - FVOCI
- Exchange translation reserve
- Reclassification / Re-measurement of Investments on adoption of IFRS 9

(3,198,224)	(3,221,529)
12,710	16,038
(53,260,551)	(16,223,311)
(106,848)	(106,848)
(2,827,893)	-
(1,014,592)	(1,116,836)
(7,322,930)	-
(67,718,328)	(20,652,486)
(23,315,546)	(842,568)

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
15. OTHER ASSETS		
Income / return / mark-up accrued in local currency	173,415,920	185,624,656
Income / return / mark-up accrued in foreign currency	5,708,273	4,531,523
Advances, deposits, advance rent and other prepayments	5,873,798	3,045,383
Advance taxation (payments less provisions)	-	-
Income tax refunds receivable & advance taxation (payments less provisions)	151,103	1,133,524
Compensation for delayed tax refunds	22,129,925	22,129,925
Non-banking assets acquired in satisfaction of claims	1,157,576	1,169,898
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	208,423	208,423
Branch adjustment account	-	-
Acceptances	9,708,452	8,100,364
Commission receivable on Government treasury transactions	11,971,038	5,182,665
Stationery and stamps on hand	569,888	472,575
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Receivable against sale of shares	15,011	234,079
Receivable from SBP	-	24,698,013
Receivable from Pakistan Stock Exchange	230,307	292,822
Receivable from mutual funds	-	1,238,517
Receivable from Customers	601,161	377,044
Others	11,647,071	9,052,672
	<u>244,325,351</u>	<u>268,429,488</u>
Less: Provision allowance held against other assets	15.1 12,492,827	12,495,413
Less: Credit loss allowance held against markup receivable	15.2 1,465,403	-
Other Assets (Net of credit loss allowance)	230,367,121	255,934,075
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,803,228	2,803,228
Other assets - total	<u><u>233,170,349</u></u>	<u><u>258,737,303</u></u>
	(Un-audited)	(Audited)
	September 30,	December 31,
	2024	2023
	----- (Rupees in '000) -----	
15.1 Provision held against other assets		
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	800,000	800,000
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	4,539,008	4,377,337
Ex-MBL / NDFC - other assets	760,941	760,941
Assets acquired from Corporate and Industrial Restructuring Corporation asset (CIRC)	208,423	208,423
Others	4,997,901	5,162,158
	<u>12,492,827</u>	<u>12,495,413</u>
15.1.1 Movement in Provision held against other assets		
Opening balance	12,495,413	12,244,043
(Reversal) / Charge for the period	(180,521)	239,045
Adjustment against provision	-	(45,194)
Other movement	177,935	57,519
Closing balance	<u>12,492,827</u>	<u>12,495,413</u>
15.2 Credit loss allowance held against markup receivable		
Opening balance	-	-
Impact of ECL on recongition of IFRS-9	1,566,977	-
(Reversal) / Charge for the period	(101,573)	-
Closing balance	<u>1,465,403</u>	-

16. BILLS PAYABLE

In Pakistan	17,700,511	67,822,126
Outside Pakistan	151,300	178,322
	<u>17,851,811</u>	<u>68,000,448</u>

17. BORROWINGS**Secured**

Borrowings from State Bank of Pakistan

Under Export Refinance Scheme	23,594,264	29,815,400
Under Financing scheme for Renewable Energy	1,262,273	
Financing Scheme for Renewable Energy	-	1,289,488
Refinance Facility for Modernization of SMEs	111,660	95,111
Financing Facility for storage of Agriculture Produce (FFSAP)	522,047	599,548
Under Long-Term Financing Facility (LTFF)	15,802,409	17,197,820
Temporary Economic Refinance Facility	18,777,721	22,827,889
Refinance and Credit Guarantee Scheme for Women Entrepreneurs (RCWE)	61,294	29,220
Export Refinance scheme for Bill Discounting	2,466,526	2,606,143
Refinance Facility for Combating Covid-19	26,333	45,352
	62,624,527	74,505,971

Repurchase agreement borrowings

9.1.1	2,124,166,114	2,064,472,106
	2,186,790,641	2,138,978,077

Unsecured

Call borrowings	24,831,720	19,434,142
Overdrawn nostro accounts	22,609	19,330,975
Others		
	24,854,329	38,765,117
	<u>2,211,644,970</u>	<u>2,177,743,194</u>

17.1 Particulars of borrowings with respect to currencies

In local currency	2,186,913,250	2,140,248,077
In foreign currencies	24,731,720	37,495,117
	<u>2,211,644,970</u>	<u>2,177,743,194</u>

17.2 Mark-up / interest rates and other terms are as follows:

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up of 1.00 % to 18.00% per annum (December 31, 2023: from 13% to 19.00% per annum).
- Repurchase agreement borrowings carry mark-up ranging from 16.85% to 17.58 per annum (December 31, 2023: 21.75% to 23.00% per annum) having maturities ranging from October 11, 2024 to November 1, 2024.
- Call borrowings carry interest ranging from 4.96% to 16.5% per annum (December 31, 2023: 5.50% to 21.80% per annum).

17.3 Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.

17.4 Pakistan Investment Bonds and Market Treasury Bills having maturity of 2 - 5 Years and 1 Year respectively, are pledged as security under borrowing having carrying amount of Rs. 2,124,166 million (December 31, 2023: Rs.2,064,472 million).

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) -----						
Customers						
Current deposits - remunerative	1,033,524,346	-	1,033,524,346	692,443,686	-	692,443,686
Current deposits - non-remunerative	697,704,798	155,124,690	852,829,488	656,289,463	161,079,615	817,369,078
Savings deposits	860,422,927	116,488,769	976,911,696	766,301,047	134,394,831	900,695,878
Term deposits	560,640,082	248,559,049	809,199,131	509,997,709	232,985,846	742,983,555
Others	22,121,051	7,141	22,128,192	13,082,003	7,182	13,089,185
	3,174,413,204	520,179,649	3,694,592,853	2,638,113,908	528,467,474	3,166,581,382
Financial Institutions						
Current deposits	341,043,662	882,988	341,926,650	458,765,517	1,400,531	460,166,048
Savings deposits	32,347,376	-	32,347,376	18,946,277	4,644,674	23,590,951
Term deposits	9,636,617	8,754,263	18,390,880	12,824,721	3,636,495	16,461,216
Others	13,492,660	312	13,492,972	6,310,317	-	6,310,317
	396,520,315	9,637,563	406,157,878	496,846,832	9,681,700	506,528,532
	3,570,933,519	529,817,212	4,100,750,731	3,134,960,740	538,149,174	3,673,109,914

18.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 102,630 million (December 31, 2023: Rs. 99,316 million).

19. Liabilities Against Assets Subject To Finance Lease

September 30, 2024 (Un-audited)			December 31, 2023 (Audited)			
Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding	
----- (Rupees in '000) -----						
Not later than one year	72,483	27,880	44,603	92,543	28,302	64,241
Later than one year and upto five years	184,042	19,403	164,639	168,280	24,253	144,027
Over five years	-	-	-	-	-	-
	256,525	47,283	209,242	260,823	52,555	208,268

19.1 The Group has entered into lease agreements with various financial institutions for lease of vehicles. Lease rentals are payable in monthly installments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rate of 6M KIBOR + 1.50% per annum (December 31, 2023: 6M KIBOR + 1.50% per annum). At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.

20. Lease Liabilities Against Right Of Use Assets

	(Un-audited)	(Audited)
	September 30,	December 31,
	2024	2023
	----- (Rupees in '000) -----	
Outstanding amount at the start of the year	8,682,732	8,763,669
Additions during the year	770,925	1,931,996
Lease payments including interest	(2,273,323)	(2,879,412)
Interest expense	756,672	879,660
Exchange difference	(65,509)	7,721
Closure of branch	-	(20,902)
Outstanding amount at the end of the year	7,871,497	8,682,732
Maturity analysis - contractual undiscounted cash flows		
Less than one year	1,637,219	2,649,801
One to five years	4,738,273	7,110,076
More than five years	1,765,535	3,124,101
Total undiscounted lease liabilities	8,141,027	12,883,978

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000)-----			
21. OTHER LIABILITIES			
Mark-up / Return / Interest payable in local currency		165,413,078	194,680,604
Mark-up / Return / Interest payable in foreign currencies		1,690,231	2,611,281
Unearned commission and income on bills discounted		312,705	124,131
Accrued expenses		16,745,142	13,907,160
Advance payments		361,587	387,084
Acceptances		9,708,452	8,100,364
Unclaimed dividends		174,168	174,709
Mark to market loss on forward foreign exchange contracts		2,738,591	6,676,880
Current taxation (provisions less payments)		14,704,479	-
Branch adjustment account		1,558,054	1,659,214
Payable to defined benefit plan:			
Pension fund		57,020,976	22,944,893
Post retirement medical benefits		40,581,043	34,833,112
Benevolent fund		1,850,614	1,613,699
Gratuity scheme		5,967,681	4,975,497
Compensated absences		10,911,236	9,632,176
Credit loss allowance against off-balance sheet obligations	21.2	6,255,765	627,494
Provision against contingencies	21.1	4,973,616	4,698,118
Staff welfare fund		409,053	371,257
Liabilities relating to Barter trade agreements		4,269,754	4,321,484
Payable to brokers		185,366	735,663
Payable to customers		625,223	516,017
PIBs short selling		-	10,241,337
Others		19,576,888	19,040,688
		<u>366,033,702</u>	<u>342,872,862</u>
21.1 Provision against contingencies			
Opening balance		4,698,118	4,170,799
Charge for the period		153,434	384,838
Other movement		122,064	142,481
Closing balance		<u>4,973,616</u>	<u>4,698,118</u>
21.2 Credit loss allowance against off-balance sheet obligations			
Opening balance		627,494	627,494
impact of adoption of IFRS-9		2,854,345	-
Charge for the period		273,926	-
Transfer In		2,500,000	-
Closing balance		<u>6,255,765</u>	<u>627,494</u>

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
22. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (Deficit) on revaluation of			
- Securities measured at FVOCI//AFS-Debt	9.1	51,801,028	(31,347,013)
- Securities measured at FVOCI//AFS-Equity		56,908,508	64,466,294
- Property and equipment		48,045,836	48,300,131
- Non-banking assets		2,803,228	2,803,228
- On securities of associates and joint venture		53,780	(337,236)
		<u>159,612,380</u>	<u>83,885,404</u>
Deferred tax on (surplus) / deficit on revaluation of:			
- Securities measured at FVOCI//AFS-Debt		(25,454,147)	15,360,036
- Securities measured at FVOCI//AFS-Equity		(27,806,405)	(31,583,349)
- Property and equipment		(3,198,224)	(3,322,829)
- Non-banking assets		(106,848)	(106,848)
		<u>(56,565,624)</u>	<u>(19,652,989)</u>
		<u>103,046,756</u>	<u>64,232,415</u>
23. CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	522,647,772	346,487,980
Commitments	23.2	2,287,020,842	2,362,684,359
Other contingent liabilities	23.3	26,455,374	26,628,229
		<u>2,836,123,987</u>	<u>2,735,800,568</u>
23.1 Guarantees:			
Financial guarantees		429,677,841	227,063,459
Performance guarantees		92,969,931	119,424,521
		<u>522,647,772</u>	<u>346,487,980</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,555,040,132	1,633,847,479
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	632,224,124	655,935,358
- forward government securities transactions	23.2.2	48,982,367	27,318,929
- forward lending	23.2.3	49,692,324	44,432,555
Commitments for acquisition of:			
- operating fixed assets		1,061,299	1,129,442
Other commitments	23.2.4	20,596	20,596
		<u>2,287,020,842</u>	<u>2,362,684,359</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		409,674,061	412,870,783
Sale		222,550,063	243,064,575
		<u>632,224,124</u>	<u>655,935,358</u>
Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated condensed interim financial statements at contracted rates. Commitments denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.			
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		48,982,367	11,493,136
Sale		-	15,825,793
		<u>48,982,367</u>	<u>27,318,929</u>
Commitments for outstanding forward government securities transactions are disclosed in these consolidated condensed interim financial statements at contracted rates.			

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

23.2.3 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitment to lend	<u>49,692,324</u>	<u>44,432,555</u>
--	--------------------------	-------------------

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

23.2.4 Other commitments

Professional services to be received	<u>20,596</u>	<u>20,596</u>
--------------------------------------	----------------------	---------------

23.3 Other contingent liabilities

23.3.1 Claims against the Bank not acknowledged as debt	<u>26,455,374</u>	<u>26,628,229</u>
---	--------------------------	-------------------

Claims against the Bank not acknowledged as debts includes claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (December 31, 2023: Rs. 1,597 million).

Moreover, these claims also represent counter claims by the borrowers for damages, claims filed by former employees of the Bank and other claims relating to banking transactions. Based on legal advice and / or internal assessments, the management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome against the Bank is remote and accordingly no provision has been made in these consolidated condensed interim financial statements.

23.3.2 Taxation

As at Sep 30, 2024, the status of tax contingencies disclosed in the annual unconsolidated financial statements for the year ended December 31, 2023 is same, other than the following:

- Honourable ATIR has passed appellate order for tax year 2005 against monitoring order and held that the proceedings are time barred. However, the order of the DCIR remanded back to the assessing officer with the instruction to proceed further if any information is already available with the tax department.
- Honourable ATIR has passed appellate order for tax year 2009 against monitoring order and the order passed by the DCIR has been annulled.
- An assessment order was issued by the ACIR for the tax year 2023. In this assessment, the tax authorities have disallowed certain issues and added to the taxable income thereby reducing the refund. The Bank has contested these additions before the Appellate Tribunal.
- The aggregate effect of contingencies as on Sep 30, 2024 including amount of Rs. 716 million (December 31, 2023: Rs. 1,912 million) in respect of indirect tax issues, amounts to Rs. 34,443 million (December 31, 2023: Rs. 33,433 million). No provision has been made against these contingencies, based on the opinion of tax consultant of the Bank, who expect favorable outcome upon decisions of pending appeals.

23.3.3 Contingencies in respect of employees benefits and related matters

As at September 30, 2024, the status of contingencies disclosed in the annual audited consolidated financial statements for the year ended December 31, 2023 is same, other than the following:

23.3.3.1 Pensionary benefits to retired employees

The Honorable Supreme Court of Pakistan (in Review Jurisdiction) has, by its order dated March 27 2024, dismissed all the civil review petitions filed by NBP (CRPs No 368 to 409 etc.), as a result of which the Supreme Court decision dated 25th September 2017, in respect of the pension litigation, has now attained finality and in compliance of the judgement bank has made payments to majority of petitioners as well as non-petitioners. The next hearing is to be held in early December 2024, date to be fixed.

Accordingly, the Bank has incorporated financial impact in these financial statements for the nine months period ended September 30, 2024. However, there is a pending litigation related to pension matter on which based on legal opinion, a favorable decision is expected.

23.3.4 Compliance and risk matters relating to anti-money laundering at the New York Branch

With close oversight from the Board of Directors and Head Office Senior Management, the New York Branch continues to comply and execute on actions pursuant to the public enforcement actions issued by the New York State Department of Financial Services and the Federal Reserve.

		(Un-audited)	
		for the nine months ended	
		September 30, 2024	September 30, 2023
		----- (Rupees in '000) -----	
24. MARK-UP / RETURN / INTEREST EARNED	Note		
Loans and advances		170,612,968	164,514,348
Investments		652,866,959	541,643,418
Lendings to financial institutions		7,904,170	21,284,018
Balances with banks		2,628,886	1,577,829
		<u>834,012,983</u>	<u>729,019,613</u>
25. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		352,133,504	261,445,684
Borrowings		5,350,195	5,024,341
Cost of foreign currency swaps against foreign currency deposits		12,767,250	9,729,086
Lease liability against right of use assets		758,843	646,967
Securities sold under repurchase agreements		357,384,583	331,246,742
		<u>728,394,375</u>	<u>608,092,820</u>
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		1,399,575	1,321,580
Consumer finance related fees		578,915	384,908
Card related fees		3,304,610	1,922,833
Credit related fees		254,933	299,740
Investment banking fees		230,176	288,142
Commission on trade		1,969,195	1,320,765
Commission on guarantees		1,013,096	1,069,179
Commission on cash management		40,611	37,254
Commission on remittances including home remittances		1,454,276	1,236,891
Commission on bancassurance		178,811	144,190
Commission on government transactions		6,810,969	6,889,113
Management fee and sale load		2,215,115	1,381,181
Brokerage income		87,901	51,802
Others		39,565	61,865
		<u>19,577,748</u>	<u>16,409,443</u>
27. GAIN / (LOSS) ON SECURITIES - NET			
Realised	27.1	8,428,451	2,479,015
Unrealised - Measured at FVTPL/HFT	27.2	2,085,267	330,735
Unrealized - Short selling		-	(369,772)
		<u>10,513,718</u>	<u>2,439,978</u>
27.1 Realized gain on			
Federal Government Securities		5,559,052	1,525,779
Shares and mutual funds		1,779,069	953,236
Ijarah Sukuks		15,175	-
Foreign Securities		28,764	-
Sale of Joint Venture		1,046,391	-
		<u>8,428,451</u>	<u>2,479,015</u>
27.2 Net gain / loss on financial assets / liabilities measured at FVTPL:			
Designated upon initial recognition		749,051	-
Mandatorily measured at FVTPL		1,336,216	-
		<u>2,085,267</u>	<u>-</u>
28. OTHER INCOME			
Rent on property		60,239	53,051
Gain on sale of fixed assets - net		11,000	256,701
Postal, SWIFT and other charges recovered		67,499	98,199
Compensation for delayed tax refunds	28.1	-	1,271,285
Gain from lease modification		-	-
Amortization of deferred income		41,212	7,367
Reversal of Expenses		44,348	-
Sale of mortgage property		-	48,381
Rebate on TT Claim		-	-
Others		116,750	28,329
		<u>341,047</u>	<u>1,763,313</u>

28.1 This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.

(Un-audited)		
For the nine months ended		
	September 30, 2024	September 30, 2023
----- (Rupees in '000) -----		
29. OPERATING EXPENSES		
Total compensation expenses	50,746,773	42,631,837
Property expense		
Rent and taxes	1,917,781	754,323
Insurance	34,697	34,188
Utilities cost	2,403,115	1,966,017
Security (including guards)	3,023,642	2,716,737
Repair and maintenance (including janitorial charges)	1,098,920	961,426
Depreciation	496,819	381,622
Depreciation on non banking assets	13,437	7,534
Depreciation on Ijarah assets	-	924
Depreciation on right of use assets	1,634,549	1,626,214
	10,622,960	8,448,985
Information technology expenses		
Software maintenance	2,761,144	2,239,144
Hardware maintenance	94,483	101,825
Depreciation	465,062	397,973
Amortisation	473,155	277,656
Network charges	651,302	602,003
IT Manage Services	840,383	601,607
	5,285,529	4,220,208
Other operating expenses		
Directors' fees and allowances	68,167	64,000
Directors' fees and allowances - subsidiaries	19,245	20,580
Fees and allowances to Shariah Board	13,583	12,729
Legal and professional charges	776,658	1,246,558
Outsourced services costs	994,655	585,104
Travelling and conveyance	935,040	1,004,342
NIFT clearing charges	194,770	185,050
Depreciation	957,130	1,147,652
Training and development	105,523	62,121
Postage and courier charges	156,659	229,430
Communication	1,035,366	864,267
Stationery and printing	1,376,078	1,414,737
Marketing, advertisement and publicity	945,710	669,475
Donations	65,286	16,911
Auditors' Remuneration	223,206	209,023
Financial charges on leased assets	194,039	81,538
Insurance	814,079	366,092
Entertainment	303,138	213,176
Clearing, verification and license fee charges	274,119	273,477
Vehicle Expenses	185,721	157,606
Repairs and maintenance	797,907	811,146
Brokerage	103,217	57,588
Deposit premium expense	1,216,533	1,044,646
Others	1,089,081	367,476
	12,844,909	11,104,724
	79,500,171	66,405,753
(Un-audited)		
For the nine months ended		
	September 30, 2024	September 30, 2023
----- (Rupees in '000) -----		
30. OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	34,068	193,113
Penalties imposed by other regulatory bodies(Central bank of international branches)	5,571	12,851
Penalties imposed by other regulatory bodies (Regulators of subsidiaries)	1,750	-
	41,389	205,964

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

31. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET

Credit loss allowance for diminution in value of investments	9.2	1,046,482	1,647,700
Credit loss allowance against loans and advances	10.4	690,680	7,508,416
Provision against against other assets	15.1.1	(180,521)	122,482
Credit loss allowance against against markup receivable		(101,573)	-
Credit loss allowance against lending to financial institution		(67)	
Credit loss allowance against balances with other banks		(110)	
Provision against against contingencies	21.1	153,434	364,347
Credit loss allowance against against off balance Sheet		273,926	-
		<u>1,882,250</u>	<u>9,642,945</u>

32. Pension Expense

The Honorable Supreme Court of Pakistan (in Review Jurisdiction) has, by its order dated 27th March 2024, dismissed all the civil review petitions filed by NBP (CRPs No 368 to 409 etc.), as a result of which the Supreme Court decision dated September 25 2017, in respect of the pension litigation, has now attained finality and in compliance of the judgement bank has made payments to majority of petitioners as well as non-petitioners. The next hearing is to be held in early December 2024, date to be fixed. Accordingly, the Bank has incorporated financial impact in these financial statements for the nine months period ended September 30, 2024.

33. TAXATION

Current			
For the period		11,483,904	36,208,981
Prior years		-	(8,073,227)
		<u>11,483,904</u>	<u>28,135,754</u>
Deferred			
For the period		573,712	(3,361,025)
Prior years		-	8,073,227
		<u>573,712</u>	<u>4,712,202</u>
		<u>12,057,616</u>	<u>32,847,956</u>

34. EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period (Rupees in 000's) (attributable to Equity Holders of the Bank)		3,546,703	39,328,625
Weighted average number of ordinary shares (000's)		2,127,513	2,127,513
Earnings per share - basic and diluted (Rupees)		1.67	18.49

34.1 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 ended	
September 30, 2024	September 30, 2023
----- (Rupees in '000) -----	

35. CASH AND CASH EQUIVALENT

Cash and balances with treasury banks	6	350,476,399	301,391,660
Balances with other banks	7	26,390,618	13,091,908
Call money lendings	8	5,100,000	6,009,723
Call money borrowings	17	(24,831,720)	(17,094,803)
Overdrawn nostro accounts	17	(22,609)	(6,737,429)
		<u>357,112,688</u>	<u>296,661,059</u>

36. FAIR VALUE MEASUREMENTS

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

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.

36.1 Fair value of financial assets

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

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

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

Level 3: Fair value measurements using 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:

September 30, 2024 (Un-audited)					
Carrying Value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities					
- Market Treasury Bills	1,350,225,699	-	1,350,225,699	-	1,350,225,699
- Pakistan Investment Bonds	2,762,335,465	-	2,762,335,465	-	2,762,335,465
- GoP Ijarah Sukuks	93,705,459	62,437,711	31,267,748	-	93,705,459
- Foreign Currency Debt securities	18,353,402	-	18,353,402	-	18,353,402
Ordinary Shares					
- Listed Companies	64,088,962	64,088,962	-	-	64,088,962
Preference shares					
- Listed	927,151	927,151	-	-	927,151
Non-Government debt securities					
- Term Finance Certificates and Sukuk Bonds	45,545,580	14,963,755	30,581,825	-	45,545,580
Mutual Fund units					
	6,942,661	-	6,942,661	-	6,942,661
Foreign Securities					
- Government debt securities	5,849,387	-	5,849,387	-	5,849,387
- Equity Securities - Listed	48,167,098	48,167,098	-	-	48,167,098
	4,396,140,864	190,584,677	4,205,556,187	-	4,396,140,864
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities					
- Market Treasury Bills	-	-	-	-	-
- Pakistan Investment Bonds	277,276,171	-	266,917,186	-	266,917,186
- GoP Ijarah Sukuks	14,065,123	-	13,820,100	-	13,820,100
- Foreign Currency Debt securities	6,053,919	-	7,013,350	-	7,013,350
Ordinary shares of unlisted companies	-	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	-	-	-	-	-
Bai Muajjal with Government of Pakistan	-	-	-	-	-
Foreign Securities					
- Government debt securities	38,300,654	-	37,243,083	-	37,243,083
- Non-Government debt securities	1,073	-	1,073	-	1,073
	335,696,940	-	324,994,792	-	324,994,792
	4,731,837,804	190,584,677	4,530,550,979	-	4,721,135,656
Off-balance sheet financial instruments - measured at fair value					
Commitments					
Foreign exchange contracts purchase and sale	632,224,124	-	(2,738,591)	-	(2,738,591)
Forward government securities transactions	48,982,367	-	(345,070)	-	(345,070)
December 31, 2023 (Audited)					
Carrying Value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities					
- Market Treasury Bills	980,162,978	-	980,162,978	-	980,162,978
- Pakistan Investment Bonds	2,915,714,573	-	2,915,714,573	-	2,915,714,573
- Ijarah Sukuks	35,128,974	-	35,128,974	-	35,128,974
- Foreign Currency Debt securities	30,733,308	-	30,733,308	-	30,733,308
Ordinary Shares					
- Listed Companies	62,430,593	62,430,593	-	-	62,430,593
Preference shares					
- Listed	1,043,797	1,043,797	-	-	1,043,797
Non-Government debt securities					
- Term Finance Certificates and Sukuk Bonds	47,649,851	13,790,776	33,859,075	-	47,649,851
Mutual Fund units					
	4,885,134	-	4,885,134	-	4,885,134
Foreign Securities					
- Government debt securities	6,090,437	-	6,090,437	-	6,090,437
- Equity Securities - Listed	42,634,845	42,634,845	-	-	42,634,845
	4,126,474,490	119,900,011	4,006,574,479	-	4,126,474,490

December 31, 2023 (Audited)				
Carrying Value	Level 1	Level 2	Level 3	Total

(Rupees in '000)

Financial assets - disclosed but not measured at fair value

Investments

Federal Government Securities

- Market Treasury Bills	161,108	-	161,108	-	161,108
- Pakistan Investment Bonds	213,116,482	-	193,881,462	-	193,881,462
- Ijarah Sukuks	14,087,500	-	12,419,631	-	12,419,631
- Foreign Currency Debt securities	4,288,988	-	4,243,611	-	4,243,611

Foreign Securities

- Government debt securities	41,295,981	-	41,295,981	-	41,295,981
- Non-Government debt securities	1,083	-	1,083	-	1,083
	272,951,142	-	252,002,875	-	252,002,875
	4,399,425,632	119,900,011	4,258,577,354	-	4,378,477,365

Off-balance sheet financial instruments - measured at fair value

Commitments

Foreign exchange contracts purchase and sale	655,935,358	-	(6,676,880)	-	(6,676,880)
Forward government securities transactions	27,318,929	-	3,357	-	3,357

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

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Reuter page.
Non-Government debt securities	The fair value of non-government debt securities is determined using the prices / rates from MUFAP / Pakistan Stock Exchange.
Mutual Fund units	The fair values of investments in mutual fund units are determined based on their net asset values as published on MUFAP.
Ordinary Shares	The fair value of Ordinary shares is determined using the prices from Pakistan Stock Exchange.
Foreign Securities	The fair value of foreign securities is determined using the prices from Reuter page.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. 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.

36.2 Fair value of non-financial assets

Information about the fair value hierarchy of Bank's non-financial assets as at the end of the reporting period are as follows:

September 30, 2024 (Un-audited)				
Carrying Value	Level 1	Level 2	Level 3	Total

(Rupees in '000)

Land and building	51,995,080	-	-	51,995,080	51,995,080
Non-banking assets acquired in satisfaction of claims	3,960,804	-	-	3,960,804	3,960,804
	55,955,884	-	-	55,955,884	55,955,884

December 31, 2023 (Audited)				
Carrying Value	Level 1	Level 2	Level 3	Total

(Rupees in '000)

Land and building	51,992,069	-	-	51,992,069	51,992,069
Non-banking assets acquired in satisfaction of claims	3,973,126	-	-	3,973,126	3,973,126
	55,965,195	-	-	55,965,195	55,965,195

37. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

For the nine months period ended September 30, 2024 (Un-audited)									
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Atimaad & Islamic Banking	Head Office / Others	Sub total	Eliminations	Total

(Rupees in '000)

Profit and loss account

Net mark-up / return / interest income / (expense)	(281,869,847)	22,709,685	10,549,227	335,108,301	7,613,813	11,630,450	(11,753,471)	105,618,608	-	105,618,608
Inter segment revenue - net	372,012,347	(31,255,686)	7,064,407	(359,942,421)	-	(5,437,502)	22,996,359	-	-	-
Non mark-up / return / interest income	13,156,487	434,481	5,029,960	16,402,679	752,587	310,520	4,404,442	40,801,675	-	40,801,675
Total Income	103,298,986	(8,111,520)	22,643,593	(8,431,441)	8,366,399	6,503,468	15,647,329	146,420,283	-	146,420,283
Segment direct expenses	33,430,102	433,209	1,079,441	449,023	10,129,114	2,826,218	(866,231)	50,307,095	-	50,307,095
Inter segment expense allocation	-	-	-	-	-	-	78,248,830	78,248,830	-	78,248,830
Total expenses	33,430,102	433,209	1,079,441	449,023	10,129,114	2,826,218	74,556,380	128,555,925	-	128,555,925
Credit loss allowance	378,999	(370,126)	59,440	(178)	769,417	568,136	(91,575)	1,882,250	-	1,882,250
Profit / (loss) before taxation	69,489,886	(8,174,603)	21,504,712	(8,880,287)	(2,532,132)	3,109,113	(58,817,476)	15,982,108	-	15,982,108

As at September 30, 2024 (Un-audited)									
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Atimaad & Islamic Banking	Head Office / Others	Sub total	Eliminations	Total

(Rupees in '000)

Statement of financial position

Cash and balances with treasury and other banks	145,482,718	9,214,454	278,313	158,642,014	50,536,825	11,011,847	1,700,846	376,867,017	-	376,867,017
Investments	-	-	17,743,888	4,553,416,603	65,847,944	92,202,531	5,135,073	4,734,346,040	-	4,734,346,040
Net inter segment lending	2,989,665,892	-	-	-	-	-	357,980,402	3,347,646,294	(3,347,646,294)	-
Lendings to financial institutions	-	-	-	489,692,999	-	-	-	489,692,999	-	489,692,999
Advances - performing	242,229,398	194,624,489	649,487,249	-	66,205,950	85,067,279	51,340,318	1,288,954,682	-	1,288,954,682
Advances - non-performing	4,951,276	29,064,752	24,768,290	-	61,278,807	1,990,868	96,341,417	218,395,411	-	218,395,411
Credit allowance against Advances	(7,313,635)	(30,144,129)	(65,167,785)	-	(60,821,222)	(3,048,542)	(96,465,447)	(262,960,760)	-	(262,960,760)
Advances - Net	239,867,040	193,545,112	609,087,753	-	66,663,535	84,009,605	51,216,288	1,244,389,333	-	1,244,389,333
Others	46,769,526	2,976,719	36,873,432	116,355,012	11,322,938	12,291,410	73,957,945	300,546,983	-	300,546,983
Total Assets	3,421,785,176	205,736,285	663,983,387	5,318,106,628	194,371,241	199,515,394	489,990,554	10,493,488,666	(3,347,646,294)	7,145,842,372
Borrowings	4,353,314	-	58,271,213	2,124,288,723	24,731,720	-	-	2,211,644,970	-	2,211,644,970
Deposits and other accounts	3,284,539,550	-	547,613,466	-	102,630,214	163,403,735	2,563,766	4,100,750,731	-	4,100,750,731
Net inter segment borrowing	-	197,322,991	28,401,612	3,026,893,508	63,433,444	31,594,739	-	3,347,646,294	(3,347,646,294)	-
Others	132,892,311	8,413,294	29,931,111	36,189,581	6,266,423	3,464,440	198,124,637	415,281,798	-	415,281,798
Total liabilities	3,421,785,176	205,736,285	664,219,206	5,187,371,812	197,061,801	198,462,915	200,688,402	10,075,323,793	(3,347,646,294)	6,727,677,499
Equity	-	-	1,804	130,503,803	(2,695,366)	1,052,479	289,302,152	418,164,873	-	418,164,873
Total equity and liabilities	3,421,785,176	205,736,285	664,219,206	5,317,875,616	194,366,435	199,515,394	489,990,555	10,493,488,666	(3,347,646,294)	7,145,842,372
Contingencies and commitments	-	80,791,126	1,973,069,296	730,898,815	23,827,481	-	27,537,268	2,836,123,987	-	2,836,123,987

For the nine months period ended September 30, 2023 (Un-audited)									
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Atimaad & Islamic Banking	Head Office / Others	Sub total	Eliminations	Total

(Rupees in '000)

Profit and loss account

Net mark-up / return / interest income / (expense)	(205,484,551)	29,741,898	30,807,899	260,295,332	522,194	8,645,577	(3,601,556)	120,926,793	-	120,926,793
Inter segment revenue - net	302,767,248	(31,453,982)	(14,317,240)	(275,335,756)	-	(2,870,406)	21,210,136	-	-	-
Non mark-up / return / interest income	11,355,060	351,978	4,074,755	6,336,629	982,106	271,051	4,323,205	27,694,784	-	27,694,784
Total Income	108,637,757	(1,360,107)	20,565,415	(8,703,795)	1,504,300	6,046,222	21,931,785	148,621,577	-	148,621,577
Segment direct expenses	27,649,360	2,611,148	979,124	267,507	7,066,465	2,469,237	282,759	41,325,600	-	41,325,600
Inter segment expense allocation	-	-	-	-	-	1,173,679	24,112,437	25,286,116	-	25,286,116
Total expenses	27,649,360	2,611,148	979,124	267,507	7,066,465	3,642,916	24,395,196	66,611,716	-	66,611,716
Provision and write off-net	(474,898)	732,019	6,428,424	1,834,571	(462,548)	489,389	1,095,987	9,642,946	-	9,642,946
Profit / (loss) before taxation	81,463,294	(4,703,273)	13,157,867	(10,805,873)	(5,099,617)	1,913,917	(3,559,399)	72,366,915	-	72,366,915

As at December 31, 2023 (Audited)									
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Atimaad & Islamic Banking	Head Office / Others	Sub total	Eliminations	Total

(Rupees in '000)

Statement of financial position

Cash and balances with treasury and other banks	24,530,869	2,327,011	309,620	253,026,662	45,582,613	10,291,381	2,391,893	338,460,049	-	338,460,050
Investments	-	-	29,881,757	4,238,437,789	79,712,923	51,544,718	14,597,118	4,414,174,305	-	4,414,174,305
Net inter segment lending	2,848,709,058	-	-	-	-	-	305,771,087	3,154,480,145	(3,154,480,145)	-
Lendings to financial institutions	-	-	-	192,430,437	-	-	-	192,430,437	-	192,430,437
Advances - performing	236,148,640	263,088,116	719,624,952	-	69,139,462	73,125,444	49,658,269	1,410,784,883	-	1,410,784,883
Advances - non-performing	4,151,922	24,855,686	24,997,940	-	64,791,844	1,550,350	100,772,695	221,120,437	-	221,120,437
Provision against advances	(8,543,697)	(21,077,228)	(34,670,159)	-	(62,606,767)	(1,550,875)	(105,383,925)	(233,832,651)	-	(233,832,651)
Advances - net	231,756,865	266,866,574	709,952,733	-	71,324,539	73,124,919	45,047,039	1,398,072,669	-	1,398,072,669
Others	45,196,987	4,100,249	37,794,142	117,135,121	8,304,683	5,155,676	108,049,708	325,736,565	-	325,736,565
Total Assets	3,150,193,779	273,293,834	777,938,252	4,801,030,009	204,924,758	140,116,694	475,856,845	9,823,354,171	(3,154,480,145)	6,668,874,026
Borrowings	-	5,171,334	69,017,574	2,085,073,081	18,164,142	-	317,063	2,177,743,194	-	2,177,743,194
Deposits and other accounts	2,948,491,330	-	510,139,226	-	99,315,779	113,801,806	1,361,773	3,673,109,914	-	3,673,109,914
Net inter segment borrowing	-	249,921,195	169,394,087	2,620,973,252	90,971,376	23,220,236	(1)	3,154,480,145	(3,154,480,145)	-
Others	201,702,449	18,201,305	29,358,656	51,337,805	6,639,026	3,494,868	109,872,769	420,606,878	-	420,606,878
Total liabilities	3,150,193,779	273,293,834	777,909,543	4,757,384,138	215,090,323	140,516,910	111,551,604	9,425,940,131	(3,154,480,145)	6,271,459,986
Equity	-	-	28,709	43,645,871	(10,165,565)	(400,216)	364,305,241	397,414,040	-	397,414,039
Total equity and liabilities	3,150,193,779	273,293,834	777,938,252	4,801,030,009	204,924,758	140,116,694	475,856,845	9,823,354,171	(3,154,480,145)	6,668,874,026
Contingencies and commitments	-	90,350,773	1,864,882,509	727,686,842	25,102,178	-	27,778,266	2,735,800,568	-	2,735,800,568

38. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its associates, joint venture, employee benefit plans and its directors and key management personnel. The details of investment in joint venture and associates and their provisions are stated in note 9 of the consolidated condensed interim financial statement of the Group.

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	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties
(Rupees in '000)																		
Balances with other banks																		
In current accounts	-	-	-	343,170	-	-	-	-	-	-	-	-	425,938	-	-	-	-	-
	-	-	-	343,170	-	-	-	-	-	-	-	-	425,938	-	-	-	-	-
Investments																		
Opening balance	-	-	-	-	-	-	-	4,921,177	-	-	-	-	-	-	-	-	-	6,512,634
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(441,021)
Transfer in / (out) - net	-	-	-	-	-	-	-	(4,921,077)	-	-	-	-	-	-	-	-	-	(1,150,536)
Closing balance	-	-	-	-	-	-	-	100	-	-	-	-	-	-	-	-	-	4,921,177
Credit loss allowance for diminution in value of investments	-	-	-	-	-	-	-	164,975	-	-	-	-	-	-	-	-	-	164,975
Advances																		
Opening balance	-	265,788	2,540,453	-	-	-	-	-	-	339,734	2,665,220	-	-	-	-	-	-	2,085,795
Addition during the period / year	-	75,194	-	-	-	-	-	-	-	24,777	-	-	-	-	-	-	-	-
Repaid during the period / year	-	(85,120)	(2,357,121)	-	-	-	-	-	-	(58,217)	(124,767)	-	-	-	-	-	-	(520,649)
Transfer in / (out) - net*	-	23,515	-	-	-	-	-	-	-	(40,506)	-	-	-	-	-	-	-	(1,565,146)
Closing balance	-	279,378	183,332	-	-	-	-	-	-	265,788	2,540,453	-	-	-	-	-	-	-
Credit loss allowance held against advances	-	217,063	183,332	-	-	-	-	-	-	-	2,540,453	-	-	-	-	-	-	-
Other Assets																		
Interest / mark-up accrued	-	-	-	-	-	-	-	-	-	-	1,313,344	-	-	-	-	-	-	-
Commission paid in Advance	-	-	-	12,619	-	-	-	-	-	-	-	35,846	-	-	-	-	-	-
Other receivable	-	-	3,244,750	-	-	-	-	-	-	-	2,880	-	-	-	-	-	-	-
	-	-	3,244,750	12,619	-	-	-	-	-	-	1,316,224	35,846	-	-	-	-	-	-
Credit loss allowance against other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings																		
Opening balance	-	-	-	546,209	-	-	-	-	-	-	-	-	52,245	-	-	-	-	-
Borrowings during the period / year	-	-	-	28,167	-	-	-	-	-	-	-	-	493,964	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	574,375	-	-	-	-	-	-	-	-	546,209	-	-	-	-	-
Deposits and other accounts																		
Opening balance	3,630	72,801	145,790	371	100	-	378,978	13,563,087	9,245,132	-	98,488	3,000	-	27,222	-	257,252	13,263,170	515,559
Received during the period / year	27,128	908,480	-	-	29,051,096	-	4,974,249	2,386,152	87,972,021	11,733	991,165	145,790	-	62,751,350	-	3,883,069	5,369,545	123,529,442
Withdrawn during the period / year	(13,911)	(882,551)	(82,796)	-	(28,597,297)	-	(4,295,225)	(2,304,566)	(81,246,828)	(8,103)	(996,174)	(3,000)	(1,450)	(62,778,472)	-	(3,761,343)	(5,069,628)	(118,318,327)
Transfer in / (out) - net*	-	(1,718)	-	-	-	-	-	-	(413,916)	-	(20,678)	-	1,821	-	-	-	-	3,518,458
Closing balance	16,848	97,012	62,994	371	453,899	-	1,058,002	13,644,673	15,556,409	3,630	72,801	145,790	371	100	-	378,978	13,563,087	9,245,132
Other Liabilities																		
Interest / mark-up payable	321	2,350	4,735	-	-	43,542	-	-	-	151	2,217	5,892	-	-	45,271	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	321	2,350	4,735	-	-	43,542	-	-	-	151	2,217	5,892	-	-	45,271	-	-	-
Contingencies and commitments																		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* Transfer in / (out) - net due to retirement / appointment of directors and changes in key management personnel.

For the nine months period ended September 30, 2024 (Un-audited)							For the nine months period ended September 30, 2023 (Un-audited)						
Directors	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others	Directors	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others

(Rupees in '000)

Income

Mark-up / return / interest earned	-	5,631	-	-	-	-	99,426	-	-	-	-	-	-	329,801
Dividend income	-	-	111,506	-	-	-	29,700	-	-	-	-	-	-	144,720
Rent income / lighting & power and bank charges	-	-	4,624	-	-	-	15,770	-	-	4,557	-	-	-	15,770

Expense

Mark-up / return / interest paid	2,316	8,613	10,191	35,326	139,488	1,518,077	931,162	292	8,435	276	23,691	156,117	-	68,147
Expenses paid to company in which Director of the bank was interested as CEO and director	-	-	-	-	-	-	804,152	-	-	-	-	-	-	43,419
Remuneration to key Management executives including charge for defined benefit plan	-	605,771	-	-	-	-	-	-	561,854	-	-	-	-	-
Donation paid to company in which Director of the bank was interested as director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Directors' fee & other allowances	68,167	-	-	-	-	-	-	64,000	-	-	-	-	-	-
Post Retirement Benefit paid to Director cum ex-employee	-	-	-	-	-	-	-	-	-	-	-	-	-	-

38.1 Transactions with Government-related entities

The entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank.

The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities.

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 6,811 million (September 30, 2023: Rs. 6,889 million) for the nine months ended September 30, 2024. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs 616,187 million (December 31, 2023: Rs. 602,707 million), Rs.1,855,737 million (December 31, 2023: Rs. 1,622,331 million) and Rs. 1,777,660 million (December 31, 2023: Rs.1,780,517 million) respectively and income earned on advances and profit paid on deposits amounted to Rs 49,782 million (September 30, 2023: Rs. 64,311 million) and Rs. 105,798 million (September 30, 2023 Rs. 123,263 million) respectively.

39. 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)	21,275,131	21,275,131
---------------------------------	-------------------	------------

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	290,178,639	290,194,013
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	290,178,639	290,194,013
Eligible Tier 2 Capital	101,044,853	95,972,355
Total Eligible Capital (Tier 1 + Tier 2)	391,223,492	386,166,368

Risk Weighted Assets (RWAs):

Credit Risk	1,120,764,666	1,064,724,576
Market Risk	157,772,846	121,288,938
Operational Risk	310,495,520	310,495,520
Total	1,589,033,032	1,496,509,034

Common Equity Tier 1 Capital Adequacy Ratio	18.26%	19.39%
Tier 1 Capital Adequacy Ratio	18.26%	19.39%
Total Capital Adequacy Ratio	24.62%	25.80%

Leverage Ratio (LR):

Tier-1 Capital	290,178,639	290,194,013
Total Exposure	9,207,025,325	8,988,394,792
Leverage Ratio	3.15%	3.23%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	2,528,154,527	1,618,093,446
Total Net Cash Outflow	1,255,708,183	918,191,522
Liquidity Coverage Ratio	201%	176%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	3,746,463,767	3,360,328,373
Total Required Stable Funding	2,060,868,383	2,113,268,425
Net Stable Funding Ratio	182%	159%

40. ISLAMIC BANKING BUSINESS

The bank is operating 188 (December 31, 2023: 188) Islamic banking branches and 216 (December 31, 2023: 150) Islamic banking windows at September 30, 2024.

The statement of financial position of the Bank's Islamic banking branches as at September 30, 2024 is as follows:

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		10,962,946	10,248,305
Balances with other banks		48,902	43,076
Investments	40.1	92,202,750	51,544,718
Islamic financing and related assets - net	40.2	84,014,007	73,125,189
Fixed assets		113,934	70,902
Right of use assets		657,878	640,166
Other assets		11,519,598	4,488,184
Total Assets		199,520,015	140,160,540
LIABILITIES			
Bills payable		320,606	477,959
Deposits and other accounts	40.4	163,403,735	113,801,806
Due to head office		21,340,458	12,960,028
Lease liability against right of use assets		851,048	811,291
Other liabilities		2,292,787	2,249,195
		188,208,634	130,300,279
NET ASSETS		11,311,381	9,860,261
REPRESENTED BY			
Islamic Banking Fund		8,531,000	6,731,000
(Deficit) on revaluation of assets		1,052,479	(400,216)
Unappropriated / unremitted profit	40.5	1,727,902	3,529,477
		11,311,381	9,860,261
CONTINGENCIES AND COMMITMENTS	40.6		

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

		(Un-audited) Nine months ended	
		September 30, 2024	September 30, 2023
	Note	----- (Rupees in '000) -----	
Profit / return earned	40.7	21,637,645	15,381,711
Profit / return expensed	40.8	15,444,696	9,607,464
Net profit / return		6,192,949	5,774,247
Other income			
Fee and commission income		211,030	205,571
Foreign exchange income		82,424	65,432
Gain / (loss) on securities		10,154	-
Other income		6,912	48
Total other income		310,520	271,051
Total income		6,503,469	6,045,298
Other expenses			
Operating expenses		2,826,208	2,468,093
Other charges		10	220
		2,826,218	2,468,313
Profit before credit loss allowance		3,677,251	3,576,985
Credit loss allowance and write offs - net		568,150	489,389
Profit before taxation		3,109,101	3,087,596
Taxation		-	-
Profit after taxation		3,109,101	3,087,596

40.1 Investments by segments:

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / amortized cost	Credit loss allowance for	Surplus / (deficit)	Carrying value	Cost / amortized cost	Credit loss allowance for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Debt Instruments								
Classified / Measured at amortised cost								
Federal Government securities	14,065,127	-	-	14,065,127	14,087,500	-	-	14,087,500
- GOP Ijarah Sukuks								
Non Government debt securities	130,807	(130,807)	-	-	130,807	(130,807)	-	-
-Sukuks								
	14,195,934	(130,807)	-	14,065,127	14,218,307	(130,807)	-	14,087,500
Classified / Measured at FVOCI								
Federal Government securities	50,268,065	-	727,647	50,995,712	20,513,568	-	(726,606)	19,786,962
-GOP Ijarah Sukuks								
Non Government debt securities	25,271,513	(296,954)	324,832	25,299,391	17,343,866	-	326,390	17,670,256
-Sukuks								
	75,539,578	(296,954)	1,052,479	76,295,103	37,857,434	-	(400,216)	37,457,218
Classified / Measured at FVPL								
Non Government debt securities	1,832,366	-	10,154	1,842,520	-	-	-	-
-Sukuks								
	1,832,366	-	10,154	1,842,520	-	-	-	-
Total Investments	91,567,878	(427,761)	1,062,633	92,202,750	52,075,741	(130,807)	(400,216)	51,544,718

40.1.1 Particulars of credit loss allowance

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)	
	Stage 1	Stage 2	Stage 3	Total	Provision for diminution	Total
	(Rupees in '000)					
Non Government debt securities			427,761	427,761	130,807	130,807

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

40.2 Islamic financing and related assets - net

Ijarah	13,049	13,749
Murabaha	1,157,124	3,291,932
Running Musharaka	48,590,557	30,500,000
Diminishing Musharaka	16,976,564	19,357,928
Istisna	-	705,500
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advance for Murabaha	23,000	-
Advance for Diminishing Musharaka	725,180	113,086
Advance for Istisna	5,608,952	8,850,972
Inventories against Istisna	5,463,721	3,342,628
Gross Islamic financing and related assets	87,058,147	74,675,795
Less: Credit loss allowance against Islamic financings		
Stage 1	(989,269)	-
Stage 2	(122,701)	-
Stage 3	(1,932,170)	-
- Specific	-	(913,875)
- General	-	(636,731)
	(3,044,140)	(1,550,606)
Islamic financing and related assets - net of provision	84,014,007	73,125,189

40.3 Ijarah

September 30, 2024 (Un-audited)							Book Value as at Sep 30, 2024
Cost			Depreciation				
As at Jan 01, 2024	Additions / (deletions/ adjustment)	As at Sep 30, 2024	As at Jan 01, 2024	Charge/ Adjustment for the period	As at Sep 30, 2024		
-----Rupees in 000 -----'							
Plant & Machinery	59,828		58,726	47,449	-	47,047	11,679
		(1,102)			(402)		
Vehicles	6,000	-	6,000	4,630	-	4,630	1,370
Equipment	-	-	-	-	-	-	-
Total	65,828	(1,102)	64,726	52,079	(402)	51,677	13,049

December 31, 2023 (Audited)							Book Value as at Dec 31, 2023
Cost			Accumulated Depreciation				
As at Jan 01, 2023	Additions / (deletions/ adjustment)	As at Dec 31, 2023	As at Jan 01, 2023	Charge/ Adjustment for the year	As at Dec 31, 2023		
-----Rupees in 000 -----'							
Plant & Machinery	63,474		59,828	50,820		47,449	12,379
		(3,646)			(3,371)		
Vehicles	168,680		6,000	143,126	1,065	4,630	1,370
		(162,680)			(139,561)		
Total	232,154		65,828	193,946	1,065	52,079	13,749
		(166,326)			(142,932)		

Future Ijarah payments receivable

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
-----Rupees in 000 -----'								
Ijarah rental receivables	1,460	-		1,460	1,460	-		1,460

40.4 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 -----'						
Customers						
Current deposits	22,989,429	225,287	23,214,716	22,342,688	185,921	22,528,609
Savings deposits	64,271,377	-	64,271,377	56,721,533	-	56,721,533
Term deposits	15,211,530	-	15,211,530	16,261,024	-	16,261,024
Others	2,414,367		2,414,367	810,992		810,992
Financial Institutions	104,886,703	225,287	105,111,990	96,136,237	185,921	96,322,158
Current deposits						
Savings deposits	30,681,528	-	30,681,528	1,879,123	-	1,879,123
Term deposits	27,014,613	-	27,014,613	15,071,912	-	15,071,912
	595,604	-	595,604	528,613	-	528,613
Total	163,178,448	225,287	163,403,735	113,615,885	185,921	113,801,806

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
40.5 Unappropriated / unremitted profit		
Opening balance	3,529,477	2,297,141
Less: Impact of adoption of IFRS 9	(1,381,199)	-
Add: Islamic banking profit for the period	3,109,101	3,529,477
Less: Transferred / remitted to head office	(3,529,477)	(2,297,141)
Closing balance	<u>1,727,902</u>	<u>3,529,477</u>
40.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	-	-
-Commitments	-	-
-Other contingent liabilities	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	(Un-audited) Nine months ended	
	September 30, 2024	September 30, 2023
	----- (Rupees in '000) -----	
40.7 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	12,748,386	8,764,898
Investments	8,881,025	6,615,778
Placements	8,234	1,035
	<u>21,637,645</u>	<u>15,381,711</u>
40.8 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	9,906,603	6,684,942
Amortisation of lease liability against - ROUA	100,591	52,116
Others (General Account)	5,437,502	2,870,406
	<u>15,444,696</u>	<u>9,607,464</u>
40.9 Pool Management		

NBP-AIBG has managed following pools for profit and loss distribution.

a) General depositor pool

The General pool consists of all other remunerative deposits. NBP Aitemaad (the Mudarib) accept deposits on the basis of Mudaraba from depositors (Rabbulmaal). The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. The entire net return after paying equity share to Mudarib is considered as distributable profit of the pool.

b) Special depositor pools (Total 161 during the period and 64 as at September 30, 2024)

Special pool(s) are created where the customers desire to invest in high yield assets. These pool(s) rates are higher than the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the special pool members. The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. From the net return, and after allocation of share of profit to commingled equity, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. The balance represents the distributable profit.

c) Equity pool

Equity pools include AIBG's fund and current account deposits. The equity pool may have constructive liquidation every month and risk associated with assets of pool includes operational, market, equity, return and Shariah.

Key features and risk & reward characteristics

Deposits are accepted from customers on the basis of Qard (current accounts) and Mudarabah (Saving and term deposits). No profit or loss is passed on to current account depositors.

For deposits accepted on Mudarabah basis from depositors (Rab ul Maal) the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financings. Rab ul Maal share is distributed among depositors according to weightages declared for a month before start of the period.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investment.

For all pools, the Mudarib's share is deducted from the distributable profit to calculate the profit to be allocated to depositors. The allocation of the profit to various deposit categories is determined by the amount invested in that category relative to the total pool, as well as by the weightage assigned to the various deposit categories.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.

Avenues/sectors of economy/business where Mudaraba based deposits have been deployed.

	September 30, 2024	December 31, 2023
Sector	Percentage	
Fertilizer	0.00%	0.00%
Textile	1.90%	3.34%
Fuel & energy	22.03%	24.72%
Leasing/Modarbas	0.06%	0.02%
Sugar	3.72%	6.12%
Cement	1.96%	3.81%
Gas	0.06%	0.15%
Financial	1.06%	1.57%
Federal Government	36.01%	27.29%
Real Estate	2.19%	2.45%
Agriculture	0.16%	0.24%
Commodity Operations	25.88%	23.66%
Others	4.97%	6.62%
Total	100%	100%

Parameters for profit allocation and charging expenses

Profit of the pools has been distributed between Mudarib and Rab-ul-Mall by using preagreed profit sharing ratios. The share of Rab-ul-Mall's profit has been distributed among different customers using the various weightages assigned to the different categories of the pool.

No provision against any non performing asset of the pool is passed on to the pool except on the actual loss / write off of such non performing asset. Administrative expense are borne by mudarib and not charged to Mudaraba pool.

	September 30, 2024
	Rupees in '000
Mudarib Share	
Gross Distributable Income	16,972,159
Mudarib (Bank) share of profit before Hiba	2,571,614
Mudarib Share in %age	15%
Hiba from Mudarib Share	
Mudarib (Bank) share of profit before Hiba	2,571,614
Hiba from bank's share to depositors	840,413
Hiba from bank's share to depositors in %age	33%

Profit rates

During the nine month ended September 30, 2024 the average profit rate earned by NBP Aitemaad Islamic Banking Group is 19.74 % and the profit distributed to the depositors is 16.13%.

41. GENERAL

41.1 Figures have been rounded off to the nearest thousand rupees.

42. DATE OF AUTHORIZATION FOR ISSUE

The consolidated condensed interim financial statements were authorized for issue on October 29, 2024 by the Board of Directors of the Bank.

Chairman

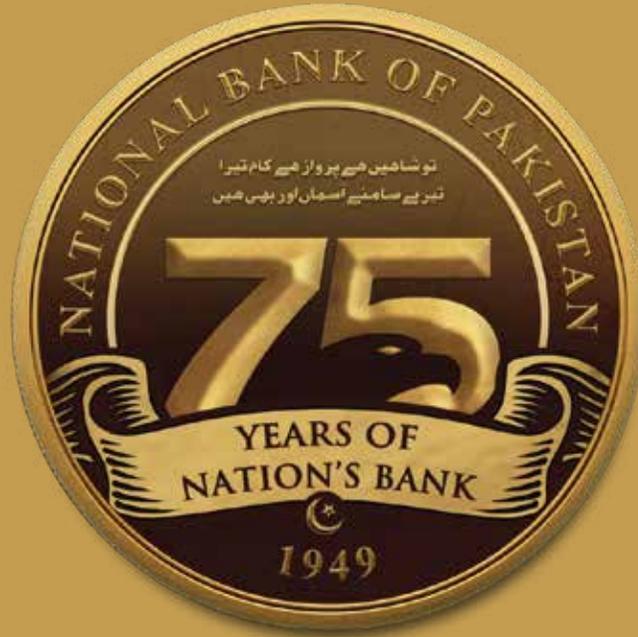
President / CEO

Chief Financial Officer

Director

Director

THE BLUE DOT



Head Office

NBP Building, I.I.Chundrigar
Road, Karachi, Pakistan.



Telephone Number

Phone: +92-21-99220100 (30 lines)
Phone: +92-21-99062000 (60 lines)



NBP Call Centre

UAN: 111 627 627



Website

www.nbp.com.pk