







Report for the half year ended June 30, 2024

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Corporate Information

Board Of Directors	Lt. Gen Anwar Ali Hyder, HI(M) (Retd) - Chairman Mr. Jahangir Piracha Mr. Arif Ur Rehman Lt. Gen Ghayur Mahmood Awan, HI(M) T Bt (Retd) Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed Raja Muhammad Abbas Ms. Zoya Mohsin Nathani Mr. Kamran Yousuf Mirza Ms. Samina Rizwan Mr. Saleem Anwar - Acting President & Chief Executive
Board Audit Committee	Mr. Kamran Yousuf Mirza - Chairman Lt. Gen Ghayur Mahmood Awan, HI(M) T Bt (Retd) Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed Raja Muhammad Abbas
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisors	M/s RIAA, Barker Gillette Advocates & Corporate Counselors
Company Secretary	Syed Ali Safdar Naqvi
Registered Office	AWT Plaza, The Mall, P. O. Box No. 1084 Rawalpindi - 46000, Pakistan Tel: (92 51) 8092624, UAN: (92 51) 111 000 787 Fax: (92 51) 2857448 Email: ir@askaribank.com.pk
Registrar & Share Transfer Office	CDC Share Registrar Services Limited (CDCSRSL) Mezzanine Floor, South Tower, LSE Plaza 19-Khayaban-e-Aiwan-e-Iqbal, Lahore Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275) Tel: (92 42) 36362061-66 Fax: (92 42) 36300072 Email: info@cdcsrsl.com Website: www.cdcsrsl.com
Entity Ratings	Long Term: AA+ Short Term: A1+ By PACRA
Website	www.askaribank.com
Social Media	 askaribankpakistan  Askari_Bank  askaribankpk  askaribanklimited  AskariBankOfficial

DIRECTORS' REVIEW

Dear Shareholders

The Directors present the unaudited condensed interim unconsolidated financial statements for the half year ended June 30, 2024.

Economy:

The new fiscal year is showing tentative signs of activity pick up and external pressure easing with declining inflation, negligible current account deficit, stable exchange rate and upgrade in sovereign rating. The recovery efforts supported by IMF's SBA, will gain traction as the government is engaged for a 37-month Extended Fund Facility Arrangement (EFF) program. Continued strong ownership remains critical to ensure that the momentum sustains and stabilization of Pakistan's economy becomes entrenched.

Inflation is moving towards a single digit range as CPI was recorded at 12.6 percent yoy in Jun and at 11.1 percent in Jul'24. The external account position continued to improve as reflected by build-up of reserves to US\$ 9.4 bn, despite repayments of debt and other obligations. The rise in economic activity in line with growth outlook is likely to cause modest increase in imports, however improving trends of remittances and exports are expected to contain the current account deficit within acceptable range during the current fiscal year. Inflows under the IMF program will further help finance the deficit and strengthen reserve buffers.

After four years, SBP Monetary Policy Committee initiated monetary easing during the period in review with a 150bps cut in Jun, followed by another 100bps in Jul'24. The rate cut decisions were driven by receding inflation and aligns with several central banks that have already announced rate cuts. Further cuts are expected in near term as monetary policy remains focused on supporting disinflation and help protect real incomes. The stock market maintained steady growth during the six months period with the benchmark KSE100 Index recording an increase of 26 percent to close at 78,445 points, reflecting improvement in investor confidence.

Energy sector remains pivotal for the economic outlook and restoring its viability, minimizing fiscal risks through timely adjustment of energy tariffs, decisive cost-reducing reforms, and evading capacity expansion are key imperatives for the growth and stability of the energy sector. Alongside, promoting private sector and export dynamism by improving the business environment, removing state distortions, strong governance in SOEs and a level playing field are vital for improving investment landscape, particularly for projects channelled through the SIFC. The new IMF program is expected to cement macroeconomic stability and create conditions for a stronger, more inclusive, and resilient growth. Continued strong financial support from Pakistan's development and bilateral partners will be critical for the program to achieve its objectives.

Financial Performance:

The financial results of the Bank for the half year ended June 30, 2024 are summarized as under:

	(Rupees in million)	
	Six months ended June 30, 2024	2023
Net mark-up and non fund income	32,269	31,584
Administrative and other expenses	(16,516)	(13,961)
Operating profit	15,753	17,623
Credit loss allowance / provisions and write offs - net	454	(617)
Profit before taxation	16,207	17,006
Taxation	(8,136)	(8,168)
Profit after taxation	8,071	8,838
Basic earnings per share - Rupees	5.57	6.10

Profit after tax for the half year ended June 30, 2024 is reported at Rs.8.1 billion, a decline of 9 percent yoy mainly due to reduction in markup income upon restructuring of loan to a large PSE during the current period. Earnings per share at Rs.5.57 for the current period compares with Rs.6.10 for same period last year.

Aggregate revenues for the half year at Rs.32.3 billion increased by 2 percent, net markup remained almost unchanged at Rs.24.8 billion as contributions by price and volume changes were largely offset by the above referred reduction in markup income. Non markup income increased by 11 percent reflecting increase in business momentum and better performance of stock market. Operating and other expenses at Rs.16.5 billion recorded increase an 18 percent increase over corresponding period last year in line with high inflation levels and cost of additional branches added to the network.

Customer deposits closed at Rs.1.4 trillion at June 30, 2024, a 9 percent growth during the period. Current and saving accounts constitutes 87 percent of the total deposit at the period end, an improvement from 84 percent. Advances registered a growth of 14 percent, from Rs. 681 billion at year end 2023 to Rs 754 billion. The Bank recognized a net credit loss allowance (provision reversal) of Rs.454 million compared to a net provision charge of Rs.617 million for the comparable period. During the period, IFRS-9 has been adopted as per regulatory guidance and requisite financial disclosures have been made in the annexed financial statements.

The Bank is well capitalized with adequate buffers over regulatory requirements. At June 30, 2024, CAR improved to 19.33 from 18.35 percent while common equity tier-1 ratio improved to 15.50 against 15.11 percent.

The Bank's entity rating was reaffirmed at 'AA+' (Double A Plus) for the long-term by Pakistan Credit Rating Agency Limited (PACRA), with outlook assigned as 'Stable'. The Bank's strong brand and affiliation with Fauji Foundation are recognized as the key rating drivers, supported by Bank's experienced management team, prudent risk management policies, and deep-rooted relationship with clients. Lately, retention of profits in the Bank to bolster the capital structure is also a testimonial of support. The short-term rating was maintained at 'A1+' (A One Plus).

Askari Bank continues to expand its market positioning for sustainable growth and commitment to improve value proposition. Branch banking comprising of both conventional and Islamic segments, remains the core of the franchise with an aim to expand customer base, build deposit market share particularly retail and low-cost deposits, improve service levels and increased focus on trade. Risk management will remain the key across all lines of businesses as environment remains challenging. The Bank will continue to pursue strong governance and compliance discipline and will continue to invest in talent and technology enabling its teams to do more to help our customers achieve their ambitions and in-turn drive Askari Bank to grow in the future.

Acknowledgment:

On behalf of the Board, we would like to place on record our gratitude to our valued customers and shareholders for their continued patronage to the Askari brand; our profound thanks to the State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory authorities for their guidance and assistance. We would also like to place on record our appreciation for the efforts of the Shariah Board for strengthening shariah compliance and governance framework for Askari Ikhlas Islamic Banking. Lastly, we express our deepest appreciation and gratitude to our staff for the hard work and dedication.

-sd-

A. President & Chief Executive

-sd-

Chairman, Board of Directors

Rawalpindi: August 29, 2024

بینک ریگولیشنز تقاضوں پر کافی بفرز کے ساتھ عمل پیرا ہے۔ 30 جون 2024 کو CAR بہتر ہو کر 18.35 فیصد سے 19.33 فیصد ہو گئی جبکہ کامن ایکویٹی ٹیئر-1 ریٹو 15.11 فیصد کے مقابلے میں 15.50 فیصد ہو گئی۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے بینک کے لیے طویل مدتی درجہ بندی AA+ (ڈبل اے پلس) کی دوبارہ توثیق کی ہے، اور ”مستحکم“ آؤٹ لک تفویض کیا گیا ہے۔ بینک کو مضبوط برانڈ اور فوجی فاؤنڈیشن کے ساتھ وابستگی کو کلیدی درجہ بندی کے اہم جزو کے طور پر پہچانا جاتا ہے، اس میں بینک کی تجربہ کار مینجمنٹ ٹیم، رسک مینجمنٹ کی موثر پالیسیاں اور کلائنٹس کے ساتھ گہرے تعلقات کی حمایت اہمیت رکھتے ہیں۔ حال ہی میں، کیپٹل اسٹرکچر کو تقویت دینے کے لیے بینک میں منافع کو برقرار رکھنا بھی مددگار ثابت ہوا ہے۔ مختصر مدت کی درجہ بندی ”A1+“ (A One Plus) پر برقرار رکھی گئی۔

عسکری بینک پائیدار ترقی اور ویلویو پروپوزیشن کو بہتر بنانے کے عزم کے پیش نظر اپنی مارکیٹ پوزیشن میں توسیع کر رہا ہے۔ کنونینشل اور اسلامی دونوں شعبہ جات پر مشتمل برانچ بینکنگ فریڈم کے بنیادی مرکز کے طور پر کام کرتا ہے جس کا مقصد کسٹمرس کو بڑھانا، ڈپازٹ مارکیٹ شیئر خاص طور پر ریٹیل اور لوکاسٹ ڈپازٹس بنانا، سروس لیول کو بہتر بنانا اور ٹریڈ پر توجہ بڑھانا ہے۔ رسک مینجمنٹ برنس کے تمام شعبوں میں اہمیت کا حامل رہے گا کیونکہ ماحول اب بھی پرخطر اور مشکل ہے۔ بینک مضبوط گورننس اور تعمیل کے نظم و ضبط کو جاری رکھے گا اور ٹیلنٹ اور ٹیکنالوجی میں سرمایہ کاری کرتا رہے گا تاکہ اس کی ٹیمیں مزید کام کرنے کے قابل ہوں اور ہمارے صارفین کو ان کی مالی ضروریات کے حصول میں سہولت حاصل ہو اور نتیجے میں عسکری بینک ترقی کرے۔

اعتراف:

بورڈ کی جانب سے، ہم عسکری برانڈ کی مسلسل سرپرستی کے لیے اپنے قابل قدر صارفین اور شیئر ہولڈرز کا شکریہ ادا کرنا چاہتے ہیں۔ ہم اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیشنز اداروں کا ان کی رہنمائی اور مدد کے لیے تہہ دل سے شکریہ ادا کرتے ہیں۔ ہم عسکری اخلاص اسلامی بینکاری کے لیے شریعہ کمپلائنس اور گورننس فریم ورک کو مضبوط بنانے کے لیے شریعہ بورڈ کی کوششوں کا اعتراف کرتے ہیں۔ آخر میں، ہم سخت محنت اور لگن کے حامل اپنے اسٹاف کی تعریف اور شکریہ ادا کرتے ہیں۔

دستخط
چیرمین، بورڈ آف ڈائریکٹرز

دستخط
قائم مقام صدر چیف ایگزیکٹو

راولپنڈی: 29 اگست 2024

مالیاتی کارکردگی:

30 جون 2024 کو ختم ہونے والی ششماہی کے لیے بینک کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

(ملین روپے)		
30 جون کو ختم ہونے والی ششماہی		
2023	2024	
31,584	32,269	نیٹ مارک اپ اور نان فنڈ آمدنی
(13,961)	(16,516)	انتظامی اور دیگر اخراجات
17,623	15,753	آپریٹنگ منافع
(617)	454	کریڈٹ لاس الاؤنس/ پروویژن اور رائٹ آف - نیٹ
17,006	16,207	قبل از ٹیکس منافع
(8,168)	(8,136)	ٹیکس
8,838	8,071	بعد از ٹیکس منافع
6.10	5.57	بنیادی آمدنی فی شیئر - روپے

30 جون 2024 کو ختم ہونے والی ششماہی کے لیے بعد از ٹیکس منافع 8.1 ملین روپے رہا جس میں سال بہ سال 9 فیصد کمی ہوئی، جس کی بنیادی وجہ موجودہ مدت کے دوران ایک بڑے PSE کو قرض کی ری اسٹرکچرنگ کے نتیجے میں مارک اپ آمدنی میں کمی ہے۔ موجودہ مدت کے لیے 5.57 روپے فی شیئر منافع حاصل ہوا جو پچھلے سال کی اسی مدت میں 6.10 روپے تھا۔

رواں ششماہی کے دوران مجموعی آمدنی 2 فیصد اضافے کے ساتھ 32.3 ملین روپے حاصل ہوئی، نیٹ مارک اپ تقریباً 24.8 ملین روپے پر برقرار رہا کیونکہ پرائس اور والیوم میں تبدیلی مذکورہ بالا مارک اپ میں کمی سے آف سیٹ ہوئی۔ نان مارک اپ آمدنی میں 11 فیصد اضافہ ہوا جو کاروباری سرگرمیوں میں اضافے اور اسٹاک مارکیٹ کی بہتر کارکردگی کو ظاہر کرتا ہے۔ 16.5 ملین روپے کے آپریٹنگ اور دیگر اخراجات میں گزشتہ سال کی اسی مدت کے مقابلے میں 18 فیصد اضافہ ریکارڈ کیا گیا جس میں مہنگائی کی بلند سطح اور نیٹ ورک میں اضافی برانچوں کی لاگت شامل ہے۔

30 جون 2024 کو کسٹمر ڈپازٹس 1.4 ٹریلین روپے پر بند ہوئے جو کہ اس مدت کے دوران 9 فیصد اضافہ کا ثبوت ہے۔ مدت کے اختتام پر کرنٹ اور سیونگ اکاؤنٹس ٹوٹل ڈپازٹس کا 87 فیصد تھے جو پہلے 84 فیصد تھے۔ ایڈوانسز سال 2023 کے آخر میں 681 ملین روپے تھے جو کہ اب 14 فیصد اضافے کے ساتھ 754 ملین روپے ہو گئے۔ بینک نے اسی مدت میں 617 ملین روپے کے نیٹ پروویژن چارج کے مقابلے میں 454 ملین روپے کے نیٹ کریڈٹ لاس الاؤنس (پروویژن ریورسل) کو تسلیم کیا۔ اس مدت کے دوران، IFRS-9 کوریگیولیٹری رہنمائی کے مطابق اپنایا گیا، منسلک مالیاتی گوشواروں میں مطلوبہ مالیاتی وضاحتیں کی گئی ہیں۔

ڈائریکٹرز کا جائزہ

عزیز حصص داران،

ڈائریکٹرز 30 جون 2024 کو ختم شدہ ششماہی کے غیر آڈٹ شدہ عبوری غیر منعم شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

معیشت

نئے مالی سال کے دوران مہنگائی میں کمی، معمولی کرنٹ اکاؤنٹ خسارے، آپیکس ریٹ کے استحکام اور خود مختار درجہ بندی میں بہتری کے ساتھ اقتصادی سرگرمی میں تیزی اور خارجی دباؤ میں کمی کے عارضی آثار دیکھے جا رہے ہیں۔ IMF کے اسٹینڈ بائی ارتجمنت (SBA) سے بحالی کی کوششوں کے بہتر نتائج آئیں گے کیونکہ حکومت 37 ماہ کے ایکسٹینڈیڈ فنڈ فیسلٹی ارتجمنت (EFF) پروگرام میں مصروف ہے۔ پاکستان کی معاشی رفتار کو برقرار رکھنے اور استحکام کو یقینی بنانے کے لیے مختلف شعبوں میں تعاون بہت ضروری ہے۔

مہنگائی سنگل ڈیجیٹ ریٹج کی طرف آرہی ہے کیونکہ جون میں کنزیومر پرائس انڈیکس (CPI) 12.6 فیصد اور جولائی 24 میں 11.1 فیصد ریکارڈ کیا گیا۔ قرضہ جات اور دیگر واجبات کی ادائیگی کے باوجود زرمبادلہ کے ذخائر کی صورتحال مسلسل بہتر ہوتی رہی اور یہ ذخائر 9.4 بلین امریکی ڈالر تک پہنچ گئے۔ ترقی کے نقطہ نظر سے اقتصادی سرگرمیوں میں اضافے کے نتیجے میں درآمدات میں معمولی اضافے کا امکان ہے، تاہم رواں مالی سال کے دوران ترسیلات زر (ریمیٹنس) اور برآمدات میں بہتری سے کرنٹ اکاؤنٹ خسارہ قابل قبول حد میں رہنے کی توقع ہے۔ آئی ایم ایف پروگرام کے تحت آمدنی سے خسارے کو پورا کرنے اور ریزرو بفرز کو مضبوط کرنے میں مزید مدد ملے گی۔

زیر جائزہ مدت کے دوران، چار سال بعد اسٹیٹ بینک آف پاکستان کی مانیٹری پالیسی کمیٹی نے جون میں 150 bps کی کٹوتی کے ساتھ مالیاتی نرمی کا آغاز کیا، اس کے بعد جولائی 24 میں مزید 100 bps کی کمی آئی۔ شرح میں کٹوتی کے فیصلے مہنگائی میں کمی لانے اور مختلف مرکزی بینکوں کے ساتھ موافقت کے ذریعے کئے گئے جو پہلے ہی شرح میں کمی کا اعلان کر چکے ہیں۔ مستقبل قریب میں مزید کٹوتیوں کی توقع ہے کیونکہ مانیٹری پالیسی میں مہنگائی کو کم کرنے اور حقیقی آمدنی کے تحفظ میں مدد پر توجہ مرکوز رکھی جاتی ہے۔ اسٹاک مارکیٹ میں 6 ماہ کی مدت کے دوران مسلسل ترقی برقرار رہی اور بیچ مارک کے ایس ای 100 انڈیکس 26 فیصد اضافے کے ساتھ 78,445 پوائنٹس پر بند ہوا، جو سرمایہ کاروں کے اعتماد میں بہتری کا ثبوت ہے۔

توانائی کا شعبہ اقتصادی منظر نامے کے لیے بہت اہم ہے، توانائی کی قیمتوں کی بروقت ایڈجسٹمنٹ کے ذریعے مالیاتی خطرات کو کم کرنا، لاگت میں کمی کے لیے فیصلہ کن اصلاحات، اور صلاحیت میں مزید توسیع نہ کرنا توانائی کے شعبے کی ترقی اور استحکام کے لیے ناگزیر ہیں۔ اس کے ساتھ ساتھ، کاروباری ماحول کو بہتر بنا کر پرائیویٹ سیکٹر اور ایکسپورٹس کی ترقی کو فروغ دینا، ریاستی کمزوریوں کو دور کرنا، SOEs میں مضبوط گورننس اور ہر ایک کو یکساں مواقع فراہم کرنا، سرمایہ کاری کی صورتحال کو بہتر بنانے کے لیے، خاص طور پر SIFC کے تحت چلائے جانے والے منصوبوں کے لیے بہت ضروری ہے۔ نئے آئی ایم ایف پروگرام سے معاشی استحکام آنے اور مستحکم و پائیدار ترقی کے حالات پیدا ہونے کی توقع ہے۔ پاکستان کی ترقی اور دو طرفہ شراکت داروں کی جانب سے جاری مضبوط مالی حمایت آئی ایم ایف پروگرام کے مقاصد کو حاصل کرنے کے لیے اہم ہوگی۔



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Askari Bank Limited

Report on review of the Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Askari Bank Limited ("the Bank") as at 30 June 2024 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows and notes to the financial statements for the six- month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures for the unconsolidated condensed interim statement of profit or loss account and unconsolidated condensed interim statement of comprehensive income for the quarter ended 30 June 2024 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is M. Rehan Chughtai.

Lahore

Date: 29 August 2024

UDIN: RR2024101834v3AWfnmM

KPMG Taseer Hadi & Co.
Chartered Accountants

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2024

		(Un-audited)	(Audited)
		June 30,	December 31,
		2024	2023
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	119,301,623	160,087,394
Balances with other banks	7	12,160,356	13,789,031
Lendings to financial institutions	8	86,184,640	-
Investments	9	1,370,949,485	1,182,537,688
Advances	10	717,280,136	633,132,827
Property and equipment	11	19,929,712	18,698,072
Right-of-use assets	12	9,576,179	8,312,812
Intangible assets	13	1,945,725	1,855,607
Assets held for sale	14	1,750,000	1,750,000
Deferred tax assets	15	10,206,746	8,072,702
Other assets	16	119,766,451	95,769,826
Total Assets		2,469,051,053	2,124,005,959
LIABILITIES			
Bills payable	17	13,561,049	12,394,336
Borrowings	18	862,532,195	643,362,665
Deposits and other accounts	19	1,413,602,627	1,293,145,575
Lease liabilities	20	11,351,842	9,699,474
Subordinated debts	21	12,000,000	12,000,000
Deferred tax liabilities		-	-
Other liabilities	22	55,868,171	56,281,088
Total Liabilities		2,368,915,884	2,026,883,138
NET ASSETS		100,135,169	97,122,821
REPRESENTED BY			
Share capital		14,492,992	14,492,992
Reserves		75,293,592	57,739,655
Surplus on revaluation of assets - net of tax	23	7,771,927	4,458,362
Unappropriated profit		2,576,658	20,431,812
		100,135,169	97,122,821

CONTINGENCIES AND COMMITMENTS

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

-sd-
Chief Financial Officer / A. President & CE

-sd-
Director

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Director

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Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2024

	Note	For the quarter ended		For the half year ended	
		June 30,	June 30,	June 30,	June 30,
		2024	2023	2024	2023
		(Rupees in '000)		(Rupees in '000)	
Mark-up / return / interest earned	26	104,899,856	70,864,396	205,341,247	128,011,880
Mark-up / return / interest expensed	27	92,999,916	57,979,011	180,577,331	103,190,618
Net mark-up / interest income		11,899,940	12,885,385	24,763,916	24,821,262
Non mark-up / interest income					
Fee and commission income	28	1,725,618	1,718,135	3,457,382	3,393,147
Dividend income		326,350	175,267	533,956	360,789
Foreign exchange income		962,818	1,503,436	2,414,466	2,783,441
Income / (loss) from derivatives		-	-	-	-
Gain on securities	29	621,136	117,086	896,328	25,765
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income	30	106,312	108,452	202,823	199,804
Total non-markup / interest income		3,742,234	3,622,376	7,504,955	6,762,946
Total income		15,642,174	16,507,761	32,268,871	31,584,208
Non mark-up / interest expenses					
Operating expenses	31	8,257,840	7,042,106	16,236,239	13,599,088
Workers' Welfare Fund		135,000	119,679	270,000	237,899
Other charges	32	8,894	16,813	9,272	124,165
Total non-markup / interest expenses		8,401,734	7,178,598	16,515,511	13,961,152
Profit before credit loss allowance / provisions		7,240,440	9,329,163	15,753,360	17,623,056
Credit loss allowance and write offs - net	33	(1,627,465)	675,085	(453,792)	617,276
Extraordinary / unusual items		-	-	-	-
Profit before taxation		8,867,905	8,654,078	16,207,152	17,005,780
Taxation	34	4,511,512	4,519,956	8,135,701	8,168,237
Profit after taxation		4,356,393	4,134,122	8,071,451	8,837,543
		Rupees		Rupees	
Basic earnings per share	35	3.01	2.85	5.57	6.10

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

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Chief Financial Officer / A. President & CE

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Director

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Director

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Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2024

	Note	For the quarter ended		For the half year ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		(Rupees in '000)		(Rupees in '000)	
Profit after taxation		4,356,393	4,134,122	8,071,451	8,837,543
Other comprehensive income					
Items that may be reclassified to profit and loss account in subsequent periods:					
Effect of translation of net investment in Wholesale Bank Branch		6,984	36,380	(61,772)	907,083
Movement in surplus / (deficit) on revaluation of debt investments - net of tax	23	1,878,620	481,043	1,108,859	(6,545,919)
Movement in surplus on revaluation of investments - net of tax		-	84,938	-	12,045
		1,885,604	602,361	1,047,087	(5,626,791)
Items that will not be reclassified to profit and loss account in subsequent periods:					
Movement in surplus on revaluation of equity investments through FVOCI - net of tax	23	956,364	-	627,182	-
Remeasurement gain on defined benefit plan		367,245	287,833	367,245	287,833
		1,323,609	287,833	994,427	287,833
Total comprehensive income		7,565,606	5,024,316	10,112,965	3,498,585

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

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Chief Financial Officer / A. President & CE

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Director

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Director

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Chairman

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the half year ended June 30, 2024

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Un-appropriated profit / (loss)	Total
						Investments	Fixed / Non banking assets		
(Rupees in '000)									
Balance as at January 1, 2023 (Audited)	12,602,602	1,192,942	234,669	15,605,063	26,353,180	(7,549,155)	11,501,511	13,381,441	73,322,253
Total comprehensive income for the half year ended June 30, 2023									
Net profit for the half year ended June 30, 2023	-	-	-	-	-	-	-	8,837,543	8,837,543
Other comprehensive income related to equity	-	907,083	-	-	-	(6,533,874)	-	287,833	(5,338,958)
	-	907,083	-	-	-	(6,533,874)	-	9,125,376	3,498,585
Transfer to Statutory reserve	-	-	-	883,754	-	-	-	(883,754)	-
Transfer to General reserve	-	-	-	-	13,381,441	-	-	(13,381,441)	-
Transactions with owners, recorded directly in equity									
Bonus shares issued	1,890,390	-	(234,669)	-	(1,655,721)	-	-	-	-
Balance as at June 30, 2023 (Un-audited)	14,492,992	2,100,025	-	16,488,817	38,078,900	(14,083,029)	11,501,511	8,241,622	76,820,838
Total comprehensive income for the six months ended December 31, 2023									
Net profit for the six months ended December 31, 2023	-	-	-	-	-	-	-	12,597,116	12,597,116
Other comprehensive income related to equity	-	(187,799)	-	-	-	7,715,706	126,715	50,245	7,704,867
	-	(187,799)	-	-	-	7,715,706	126,715	12,647,361	20,301,983
Transfer to Statutory reserve	-	-	-	1,259,712	-	-	-	(1,259,712)	-
Transfer to General reserve	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(802,541)	802,541	-
Balance as at December 31, 2023 (Audited)	14,492,992	1,912,226	-	17,748,529	38,078,900	(6,367,323)	10,825,685	20,431,812	97,122,821
Effect of reclassification on adoption of IFRS 9 (net of tax)	-	-	-	-	-	1,766,774	-	416,924	2,183,698
Effect of adoption of IFRS 9 - ECL (net of tax)	-	-	-	-	-	-	-	(5,661,067)	(5,661,067)
Balance as at December 31, 2023 - restated	14,492,992	1,912,226	-	17,748,529	38,078,900	(4,600,549)	10,825,685	15,187,669	93,645,452
Total comprehensive income for the half year ended June 30, 2024									
Net profit for the half year ended June 30, 2024	-	-	-	-	-	-	-	8,071,451	8,071,451
Other comprehensive income related to equity	-	(61,772)	-	-	-	1,736,041	-	367,245	2,041,514
	-	(61,772)	-	-	-	1,736,041	-	8,438,696	10,112,965
Transfer to Statutory reserve	-	-	-	807,145	-	-	-	(807,145)	-
Transfer to General reserve	-	-	-	-	16,808,564	-	-	(16,808,564)	-
Gain on disposal of equity securities measured at FVOCI - net of tax	-	-	-	-	-	(189,250)	-	189,250	-
Transactions with owners, recorded directly in equity									
Final dividend 2023: Rs. 2.5 per share	-	-	-	-	-	-	-	(3,623,248)	(3,623,248)
Balance as at June 30, 2024 (Un-audited)	14,492,992	1,850,454	-	18,555,674	54,887,464	(3,053,758)	10,825,685	2,576,658	100,135,169

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

 -sd-
Chief Financial Officer / A. President & CE

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Director

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Director

 -sd-
Chairman

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended June 30, 2024

	Note	For the half year ended	
		June 30, 2024	June 30, 2023
(Rupees in '000)			
Cash flow from operating activities			
Profit before taxation		16,207,152	17,005,780
Less: dividend income		(533,956)	(360,789)
		<u>15,673,196</u>	<u>16,644,991</u>
Adjustments:			
Depreciation		634,407	472,859
Amortization		110,749	82,922
Depreciation on ROU assets		1,079,163	811,224
Markup expense on lease liability		697,985	495,230
Termination of lease contracts under IFRS - 16 Leases		(5,524)	(9,900)
Fair value loss on recognition of financial asset at fair value		259,574	-
Charge for defined benefit plan		333,264	256,877
Credit loss allowance and write offs - net	33	(400,480)	663,472
Unrealised gain on securities measured at FVTPL		(577,883)	(9,476)
Gain on sale of property and equipment		(6,687)	(4,019)
		<u>2,124,568</u>	<u>2,759,189</u>
		<u>17,797,764</u>	<u>19,404,180</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(86,184,576)	321,795
Securities classified as FVPL / HFT		332,123	274,747
Advances		(98,244,094)	(39,474,073)
Other assets (excluding advance taxation)		(15,714,400)	(17,149,438)
		<u>(199,810,947)</u>	<u>(56,026,969)</u>
Increase / (decrease) in operating liabilities			
Bills payable		1,166,713	16,083,723
Borrowings from financial institutions		219,169,530	306,923,780
Deposits		120,457,052	127,052,463
Other liabilities		(1,816,479)	9,884,853
		<u>338,976,816</u>	<u>459,944,819</u>
Net cash generated from operations		<u>156,963,633</u>	<u>423,322,030</u>
Payment made to defined benefit plan		(131,408)	(221,353)
Income tax paid		(12,307,088)	(6,205,499)
Net cash flow from operating activities		<u>144,525,137</u>	<u>416,895,178</u>
Cash flow from investing activities			
Net investments in securities measured at FVOCI / AFS		(188,134,410)	(349,509,447)
Net investments in securities measured at amortised cost		8,393,015	(1,635,665)
Dividend received		531,000	333,498
Investments in property and equipment		(1,875,641)	(580,787)
Investment made in subsidiary		(700,000)	-
Investments in intangible assets		(199,305)	(225,782)
Proceeds from sale of property and equipment		16,284	6,869
Effect of translation of net investment in Wholesale Bank Branch		(61,772)	907,083
Net cash used in investing activities		<u>(182,030,829)</u>	<u>(350,704,231)</u>
Cash flow from financing activities			
Payments under IFRS 16		(1,325,171)	(975,538)
Dividend paid		(3,583,583)	(1,170)
Net cash used in financing activities		<u>(4,908,754)</u>	<u>(976,708)</u>
(Decrease) / increase in cash and cash equivalents		<u>(42,414,446)</u>	<u>65,214,239</u>
Cash and cash equivalents at beginning of the period		<u>173,876,425</u>	<u>80,627,190</u>
Cash and cash equivalents at end of the period		<u>131,461,979</u>	<u>145,841,429</u>

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

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Chief Financial Officer / A. President & CE

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Director

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Director

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Chairman

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2024

1 STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 (2023: 71.91) percent shares of the Bank as on June 30, 2024. The ultimate parent of the Bank is Fauji Foundation. The Bank has 660 branches (2023: 660 branches); 659 in Pakistan and Azad Jammu and Kashmir including 142 (2023: 137) Islamic Banking branches and 63 (2023: 63) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PREPARATION

2.1.1 These unconsolidated condensed interim financial statements represent separate financial statements of Askari Bank Limited. The consolidated condensed interim financial statements of the Group are being issued separately.

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

2.1.3 These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

2.2 STATEMENT OF COMPLIANCE

2.2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards 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).

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

2.2.2 The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', vide BPRD Circular No.04 dated February 25, 2015 and International Accounting Standard 40, Investment Property, vide BSD Circular Letter no. 10 dated August 26, 2002, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

2.2.3 These unconsolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular No. 2 dated February 09, 2023 and International Accounting Standard 34 'Interim Financial Reporting' and do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements of the Bank for the financial year ended December 31, 2023.

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

During the year, the Bank has adopted IFRS 9 as applicable in Pakistan with effect from 01 January 2024 (refer note 4.1 for details). There are certain other amendments to accounting and reporting standards that are mandatory for the Bank's accounting periods beginning on or after January 1, 2024. Except for IFRS 9, these are either considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

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

There are various amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current period. These are not likely to have material effect on the Bank's financial statements.

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 IFRS 9 - Financial Instruments

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

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

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

The Bank has adopted IFRS 9 in accordance with the Application Instructions from January 1, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9. The accounting policies applicable to the 2023 presented information is consistent with the policies mentioned in 31 December 2023 annual financial statements.

SBP vide its BPRD Circular Letter No. 16 of 2024 have made certain amendments and extended timelines of application instructions for certain areas where the banking industry has sought more time. These amendments and relaxations include use modification accounting for financial assets and liabilities as per IFRS 9 standard and recording and treatment of staff loan and advances at reduced rates to given effect from 1 October 2024. Further, the banks have been asked to use existing practices of recordings of interest/markup income using effective interest rate and ensure full recognition from 1 October 2024, this in turn also effects the reduced rate loans and modified assets accounting. Moreover, SBP have allowed an extension to Banks up to December 31, 2024 for developing the requisite models for calculating EAD for revolving products beyond the contractual date. In addition the banks have also been allowed to continue the existing practice of valuing unquoted equity investment at their cost or breakup value, whichever is lower, till 31 December 2024 and perform fair valuation of these securities afterwards.

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

The effect of this change in accounting policy on the financial assets and financial liabilities is as follows:

Financial Asset / Liabilities

	Balances as of December 31, 2023 (Audited)	Remeasurements / reclassifications	Recognition of expected credit loss (ECL)	Balances as of January 01, 2024
(Rupees in '000)				
ASSETS				
Cash and balances with treasury banks	160,087,394	-	-	160,087,394
Balances with other banks	13,789,031	-	(172)	13,788,859
Investments				
- Classified as available for sale	1,124,989,158	(1,124,989,158)	-	-
- Classified as fair value through other comprehensive income	-	1,105,542,060	(166,857)	1,105,375,203
- Classified as held to maturity	56,798,998	(56,798,998)	-	-
- Classified as amortised cost	-	74,879,606	-	74,879,606
- Classified as held for trading	552,832	(552,832)	-	-
- Classified as fair value through profit or loss	-	6,201,322	-	6,201,322
	1,182,340,988	4,282,000	(166,857)	1,186,456,131
Advances				
Gross amount	661,308,049	-	-	661,308,049
- Provision	(28,175,222)	-	(10,322,295)	(38,497,517)
	633,132,827	-	(10,322,295)	622,810,532
Other assets - financial assets	90,069,257	-	(383,971)	89,685,286
LIABILITIES				
Bills payable	12,394,336	-	-	12,394,336
Borrowings	643,362,665	-	-	643,362,665
Deposits and other accounts	1,293,145,575	-	-	1,293,145,575
Subordinated debt	12,000,000	-	-	12,000,000
Other liabilities - financial liabilities	45,249,204	-	226,837	45,476,041
	2,006,151,780	-	226,837	2,006,378,617

The following table and the accompanying notes below explain the original measurement categories under the regulation established by the regulator / SBP and the new measurement categories under IFRS 9 for each class of the Bank's financial assets / liability as at 1 January 2024:

Financial Asset / Liabilities		Measurement Category – before adoption of IFRS 9	Measurement Category - after adoption of IFRS 9	Carrying amount at December 31, 2023 – before adoption of IFRS 9	Carrying amount at January 01, 2024 - after adoption of IFRS 9
				Rupees in '000	
Cash and balances with treasury banks		Loans and receivables	Amortised cost	160,087,394	160,087,394
Balances with other banks		Loans and receivables	Amortised cost	13,789,031	13,788,859
Investments		Held for trading	Fair value through profit or loss	552,832	552,832
		Available for sale	Fair value through profit or loss	5,648,490	5,648,490
		Available for sale	Fair value through other comprehensive income	1,105,542,060	1,105,375,203
		Available for sale	Amortised cost	13,798,608	18,080,608
		Held to maturity	Amortised cost	56,798,998	56,798,998
Advances		Loans and receivables	Amortised cost	633,132,827	622,810,532
Other assets		Loans and receivables	Amortised cost	90,069,257	89,685,286
Bills payable		Amortised Cost	Amortised Cost	12,394,336	12,394,336
Borrowings		Amortised Cost	Amortised Cost	643,362,665	643,362,665
Deposits and other accounts		Amortised Cost	Amortised Cost	1,293,145,575	1,293,145,575
Subordinated debt		Amortised Cost	Amortised Cost	12,000,000	12,000,000
Other liabilities		Amortised Cost	Amortised Cost	45,249,204	45,476,041

4.1.2 Impact on reserve of deficit on revaluation of investments:

	Impact of adopting IFRS 9 at January 1, 2024 Rupees in '000
Closing balances as at December 31, 2023	(6,367,323)
Reclassification of investment securities (debt) from available-for-sale to amortised cost	4,282,000
Reclassification of net surplus on investment securities (debt and equity) from available-for-sale to FVTPL	(220,594)
Reclassification of provision for diminution in value of investment securities (equity) from available-for-sale to FVOCI	(597,143)
Recognition of expected credit losses under IFRS 9 for debt financial assets at FVOCI	-
Related tax	(1,697,489)
	1,766,774
Opening balance under IFRS 9 as at January 1, 2024	<u>(4,600,549)</u>

4.1.3 Impact on Retained Earnings

Closing balances as at December 31, 2023	20,431,812
Reclassification under IFRS 9 (net of tax)	416,924
Recognition of expected credit losses under IFRS 9	(11,100,132)
Related tax	5,439,065
	(5,661,067)
Opening balance under IFRS 9 as at January 1, 2024	<u>15,187,669</u>

4.1.4 Impact on regulatory capital

In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP has detailed the transitional arrangement.

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

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

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

	As per previous Reporting (31 December 2023)	At 1 January 2024 after adoption of IFRS 9
Common Equity Tier 1 Capital Adequacy ratio	15.11%	14.15%
Tier 1 Capital Adequacy Ratio	16.08%	15.12%
Total Capital Adequacy Ratio	18.35%	17.52%

4.1.5 Classification and measurement

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

Recognition / derecognition and initial measurement

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

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

The policy for derecognition of financial asset and liabilities are consistent with the annual unconsolidated financials statements of the bank for the year ended December 31, 2023.

Classification

Financial Assets

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

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

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

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

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

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

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

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

Financial Liabilities

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

4.1.6 Business model assessment

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

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

The assessment considers the policies and objectives for the portfolio of financial assets, risk affecting, performance evaluation, historical sales information etc.

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

The Bank assesses whether the contractual cash flows of a financial asset meet the Solely Payments of Principal and Interest (SPPI) criterion by examining the contractual terms. This includes checking for terms that could alter the amount and timings of cash flows, such as contingent events, leverage, or prepayment features, etc.

A prepayment feature aligns with SPPI if it mainly represents unpaid principal and profit, including reasonable compensation for early termination.

For fixed-rate financings with periodic profit rate resets, the Bank considers these SPPI-compliant as the revised rates reflect time value, credit risk, and other associated risks.

4.1.8 Subsequent measurement

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

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in profit or loss.

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Markup, foreign exchange gains and losses and impairment are recognised in profit or loss.

Debt investments at FVOCI These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Markup income is calculated using the effective interest method and includes amortization of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The banks are allowed to continue measuring unquoted equity securities at the lower of cost or break-up value up to December 31, 2024. However, Bank shall be required to measure unquoted equity securities at fair value, as required in the IFRS 9 application instructions, with effect from January 1, 2025.

4.1.9 Modification

Financial assets

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value plus any eligible transaction costs.

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

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

Financial liabilities

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

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

4.1.10 Impairment

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

Financial assets where 12-month ECL is recognized are in 'Stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'Stage 3'. Under the SBP's instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency.

Based on the requirements of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment considering the following key elements:

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2).

- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

4.1.11 Significant increase in credit risk (SICR)

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

A financial asset is transitioned to a backward stage in line with SBP instructions.

4.1.12 Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring multiple functions to effectively work together to ensure input from all business lines. The Risk Department defines the staging criteria for the new impairment model and take ownership of all models, methodologies and the ECL calculation approach. Additionally, the Risk department also take the ownership of the impact of ECL on bank's capital.

The Bank's Finance Division performs ECL calculation. As a result, the department then assess the financial impact, meet the financial reporting requirements and further monitor the impact on the financial ratios.

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

4.2 Revised format of condensed interim financial statements

The SBP through its BPRD Circular No. 02 dated February 9, 2023, and BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, has amended the format of quarterly and half yearly financial statements of banks. All banks are directed to prepare their quarterly and half yearly financial statements on the revised format effective from accounting year starting from January 1, 2024. Accordingly, the Bank has prepared these condensed interim unconsolidated financial statements on the new format prescribed by the SBP.

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

- Right-of-use-assets (note 12) amounting to Rs 9,576,179 thousand (December 31, 2023: Rs 8,312,812 thousand) which were previously shown as part of fixed assets are now shown separately on the unconsolidated statement of financial position.
- Lease liabilities (note 20) amounting to Rs 11,351,842 thousand (December 31, 2023: Rs 9,699,474 thousand) which were previously shown as part of other liabilities (note 22) are now shown separately on the unconsolidated statement of financial position.

5 FINANCIAL RISK MANAGEMENT

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

	<u>(Un-audited)</u> June 30, 2024	<u>(Audited)</u> December 31, 2023
6 CASH AND BALANCES WITH TREASURY BANKS	Rupees in '000	
<i>In hand:</i>		
Local currency	31,198,399	27,760,784
Foreign currencies	5,718,808	4,318,238
	<u>36,917,207</u>	<u>32,079,022</u>
<i>With the State Bank of Pakistan in:</i>		
Local currency current accounts	56,474,614	104,626,342
Foreign currency current account	6,929,175	6,885,755
Foreign currency deposit account	13,106,172	12,873,026
	<u>76,509,961</u>	<u>124,385,123</u>
<i>With National Bank of Pakistan in:</i>		
Local currency current accounts	5,841,254	3,573,496
Prize Bonds	33,201	49,753
Less: Credit loss allowance held against cash and balances with other banks	-	-
Cash and balances with treasury banks - net of credit loss allowance	<u>119,301,623</u>	<u>160,087,394</u>
7 BALANCES WITH OTHER BANKS		
<i>In Pakistan</i>		
In current accounts	67,540	2,802
<i>Outside Pakistan</i>		
In current accounts	1,190,480	1,557,101
In deposit accounts	10,902,505	12,229,132
	<u>12,092,985</u>	<u>13,786,233</u>
Less: Credit loss allowance held against balances with other banks	(169)	(4)
Balances with other banks - net of credit loss allowance	<u>12,160,356</u>	<u>13,789,031</u>
	<u>(Un-audited)</u> June 30, 2024	<u>(Audited)</u> December 31, 2023
8 LENDINGS TO FINANCIAL INSTITUTIONS	Rupees in '000	
Repurchase agreement lendings (reverse repo)	66,199,437	-
Call money lendings	20,000,000	-
Purchase under resale arrangement of equity securities	74,303	89,164
	<u>86,273,740</u>	<u>89,164</u>
Less: Credit loss allowance / provision held against lending to financial institutions	(89,100)	(89,164)
Lendings to financial institutions - net of credit loss allowance / provision	<u>86,184,640</u>	<u>-</u>

	<u>June 30, 2024</u>		<u>December 31, 2023</u>	
	Lending	Credit Loss Allowance Held	Lending	Provision held
Rupees in '000				
8.1 Particulars of credit loss allowance / provision				
Domestic				
Performing	Stage 1	86,199,437	14,798	-
Non-performing	Stage 3	74,303	74,302	89,164
Loss			89,164	89,164
		<u>86,273,740</u>	<u>89,100</u>	<u>89,164</u>

9 INVESTMENTS

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / amortised cost	Credit Loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution in value of investment	Surplus / (deficit)	Carrying value

(Rupees in '000)

9.1 Investments by type:

FVTPL / (2023: Held for trading)

Fully paid ordinary shares	343,338	-	(1,621)	341,717	534,439	-	18,393	552,832
Units of mutual funds	1,781,063	-	652,287	2,433,350	-	-	-	-
Non Government Debt Securities	3,622,900	-	(3,734)	3,619,166	-	-	-	-
	5,747,301	-	646,932	6,394,233	534,439	-	18,393	552,832

FVOCI / (2023: Available for sale)

Federal Government Securities	1,288,033,016	(564,518)	(8,132,042)	1,279,336,456	1,117,640,852	(524,796)	(14,605,232)	1,102,510,824
Shares	4,811,884	(5,680)	2,147,114	6,953,318	4,752,010	(597,143)	1,885,567	6,040,434
Units of mutual funds	-	-	-	-	1,874,328	(168,124)	254,392	1,960,596
Fully paid preference shares	27,314	(2,235)	(1,500)	23,579	27,314	(11,914)	12,750	28,150
Non Government Debt Securities	11,767,754	(1,303,453)	(1,332)	10,462,969	15,836,647	(1,355,068)	(32,425)	14,449,154
	1,304,639,968	(1,875,886)	(5,987,760)	1,296,776,322	1,140,131,151	(2,657,045)	(12,484,948)	1,124,989,158

Amortised cost / (2023: Held to maturity)

Federal Government Securities	67,072,233	(190,003)	-	66,882,230	57,384,640	(585,642)	-	56,798,998
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
	67,182,233	(300,003)	-	66,882,230	57,494,640	(695,642)	-	56,798,998

Subsidiaries	896,700	-	-	896,700	196,700	-	-	196,700
Total investments	1,378,466,202	(2,175,889)	(5,340,828)	1,370,949,485	1,198,356,930	(3,352,687)	(12,466,555)	1,182,537,688

(Un-audited)	(Audited)
June 30, 2024	December 31, 2023

(Rupees in '000)

9.1.1 Investments given as collateral

The market value of investment given as collateral is as follows

Market Treasury Bills	20,455,390	13,586,080
Pakistan Investment Bonds	775,203,500	570,673,900
Shares	158,914	141,491
	795,817,804	584,401,471

9.2 Summary of financial information of subsidiaries (Un-audited)

	Country of incorporation	Holding %	Assets	Liabilities	Revenue / Income Rupees in '000	Profit after tax	Total comprehensive income for the period
Foundation Securities (Private) Limited	Pakistan	51	2,537,582	1,635,838	339,791	89,402	-
Askari Currency Exchange (Private) Limited	Pakistan	100	723,918	22,231	14,899	1,687	-

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

	<u>(Un-audited)</u> June 30, 2024 (Rupees in '000)	<u>(Audited)</u> December 31, 2023
9.3.1 Opening balance	3,352,687	3,512,177
Impact of reclassification on adoption of IFRS 9	(847,767)	-
Impact of ECL recognized on adoption of IFRS 9	166,857	-
	2,671,777	3,512,177
Exchange adjustments	(1,093)	274,611
Charge / (reversals)		
Charge for the period / year	-	180,392
Reversal for the period / year	(494,795)	(328,207)
Reversal on disposals	-	(286,286)
	(494,795)	(434,101)
Closing balance	2,175,889	3,352,687

9.3.2 Particulars of credit loss allowance / provision against debt securities

	<u>June 30, 2024 (Un-audited)</u>		<u>December 31, 2023 (Un-audited)</u>	
	Amount Outstanding (cost)	Credit loss allowance Held (Rupees in '000)	Amount Outstanding (cost)	Provision held
Category of classification				
Domestic				
Performing - Stage 1	1,355,606,015	129,472	-	-
Non-performing - Stage 3 Loss	1,383,823	1,383,823	1,577,096	1,476,982
	1,356,989,838	1,513,295	1,577,096	1,476,982
Overseas				
Performing - Stage 1	10,020,479	656,914	20,287,925	1,110,438
	1,367,010,317	2,170,209	21,865,021	2,587,420

9.4 The market value of securities classified as amortised cost / held to maturity as at June 30, 2024 is Rs. 58,898,064 thousand (2023: Rs. 50,430,873 thousand).

	Performing		Non Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	562,672,076	498,706,097	27,744,488	25,198,876	590,416,564	523,904,973
Islamic financing and related assets	136,636,633	114,772,652	4,355,830	2,781,125	140,992,463	117,553,777
Bills discounted and purchased	20,608,553	18,765,713	2,343,084	1,083,586	22,951,637	19,849,299
Advances - gross	719,917,262	632,244,462	34,443,402	29,063,587	754,360,664	661,308,049
Credit loss allowance / provision against advances						
- Stage 1	(2,489,300)	-	-	-	(2,489,300)	-
- Stage 2	(2,167,883)	-	-	-	(2,167,883)	-
- Stage 3	-	-	(32,423,345)	-	(32,423,345)	-
- General	-	(2,538,527)	-	-	-	(2,538,527)
- Specific	-	-	-	(25,636,695)	-	(25,636,695)
	(4,657,183)	(2,538,527)	(32,423,345)	(25,636,695)	(37,080,528)	(28,175,222)
Advances - net of credit loss allowance / (provision)	715,260,079	629,705,935	2,020,057	3,426,892	717,280,136	633,132,827

	(Un-audited)		(Audited)	
	June 30, 2024		December 31, 2023	
	(Rupees in '000)			
10.1 Particulars of advances (Gross)	715,258,195	622,805,589	39,102,469	38,502,460
In local currency				
In foreign currencies				
	715,258,195	622,805,589	39,102,469	38,502,460
	754,360,664	661,308,049		

10.2 Advances include Rs.34,443,402 thousand (2023: Rs. 29,063,587 thousand) which have been placed under non-performing status as detailed below:

Category of classification (Stage 3)	June 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	276,723	252,870	133,619	1,423
Substandard	4,080,006	3,289,442	2,112,910	523,884
Doubtful	1,711,422	1,331,104	1,301,511	599,345
Loss	28,375,251	27,549,929	25,515,547	24,512,043
	34,443,402	32,423,345	29,063,587	25,636,695

10.3 Particulars of credit loss allowance / provision against advances

	June 30, 2024 (Un-audited)			
	Stage 3	Stage 2	Stage 1	Total
	(Rupees in '000)			
Opening balance	25,636,695	-	2,538,527	28,175,222
Impact of ECL recognized on adoption of IFRS 9	5,782,432	3,987,283	552,578	10,322,293
	31,419,127	3,987,283	3,091,105	38,497,515
Charge for the period	4,211,359	274,486	190,698	4,676,543
Reversal for the period	(3,207,141)	(2,093,886)	(792,503)	(6,093,530)
	1,004,218	(1,819,400)	(601,805)	(1,416,987)
Closing balance	32,423,345	2,167,883	2,489,300	37,080,528

	December 31, 2023 (Audited)			
	Specific	General	Consumer financing - General	Total
	(Rupees in '000)			
Opening balance	29,297,528	1,010,000	815,586	31,123,114
Exchange adjustments	-	22,369	-	22,369
Charge for the year	2,657,741	1,152,111	52,676	3,862,528
Reversal under IFRS 9 related to WBB	-	(86,544)	-	(86,544)
Reversal for the year	(2,105,630)	(108,551)	(319,120)	(2,533,301)
	552,111	957,016	(266,444)	1,242,683
Amounts written off	(2,505,910)	-	-	(2,505,910)
Amounts charged off	(1,707,034)	-	-	(1,707,034)
Closing balance	25,636,695	1,989,385	549,142	28,175,222

	June 30, 2024 (Un-audited)		
	Stage 1	Stage 2	Stage 3
	(Rupees in '000)		
10.4 Advances - particulars of credit loss allowance	3,091,105	3,987,283	31,419,127
Opening balance (including impact of ECL on adoption of IFRS 9)			
New Advances	159,367	34,502	11,322
Advances repaid	(94,267)	(96,369)	(653,799)
Transfer to stage 1	31,330	(86,660)	-
Transfer to stage 2	(116,774)	239,984	-
Transfer to stage 3	(3,521)	(356,016)	4,200,038
Changes in risk parameters	(577,940)	(1,554,841)	(2,553,343)
Closing balance	2,489,300	2,167,883	32,423,345

		June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Loans	Credit Loss	Loans	Provision
		Outstanding	Allowance Held	Outstanding	Provision
		(Rupees in '000)			
10.5 Advances - category of classification					
Domestic					
Performing	Stage 1	636,218,808	2,489,300	629,342,140	2,512,841
Underperforming	Stage 2	82,770,650	2,157,073	-	-
Non-Performing	Stage 3				
Other assets specially mentioned		276,723	252,870	133,619	1,423
Substandard		4,080,006	3,289,442	2,112,910	523,884
Doubtful		1,711,422	1,331,104	1,301,511	599,345
Loss		28,375,251	27,549,929	25,515,547	24,512,043
		34,443,402	32,423,345	29,063,587	25,636,695
Sub Total		753,432,860	37,069,718	658,405,727	28,149,536
Overseas					
Underperforming	Stage 2	927,804	10,810	2,902,322	25,686
Total		754,360,664	37,080,528	661,308,049	28,175,222
				(Un-audited)	(Audited)
				June 30,	December 31,
				2024	2023
11 PROPERTY AND EQUIPMENT				(Rupees in '000)	
Capital work-in-progress - note 11.1				516,207	491,050
Property and equipment				19,413,505	18,207,022
				19,929,712	18,698,072
11.1	This represents advances to suppliers and contractors.			(Un-audited)	
				Period ended	Period ended
				June 30,	June 30,
				2024	2023
11.2 Additions to property and equipment				(Rupees in '000)	
The following additions have been made to property and equipment during the period:					
Capital work-in-progress				260,884	98,355
Property and equipment					
Renovation of premises				396,366	165,657
Furniture, fixtures and office equipment				280,587	118,694
Machine and equipment				722,465	191,419
Computer equipment				410,097	107,728
Vehicles				40,969	7,716
				1,850,484	591,214
Total				2,111,368	689,569
11.3 Disposal of property and equipment					
The net book value of property and equipment disposed off during the period is as follows:					
Renovation of premises				117	-
Furniture, fixtures and office equipment				4,982	2,193
Machine and equipment				1,828	657
Computer equipment				360	-
Vehicles				2,310	-
Total				9,597	2,850
				(Un-audited)	(Audited)
				June 30,	December 31,
				2024	2023
12 RIGHT-OF-USE ASSETS				(Rupees in '000)	
Net carrying amount at January 1,				8,312,812	6,891,568
Additions during the period / year				2,318,296	3,227,516
Depreciation for the period / year				(1,079,163)	(1,722,707)
Deletions and other adjustments				24,234	(83,565)
Net carrying amount at period / year end				9,576,179	8,312,812
13 INTANGIBLE ASSETS					
Computer software				1,557,677	1,496,132
Capital work in progress				388,048	359,475
				1,945,725	1,855,607

		<u>(Un-audited)</u>	
		Period ended June 30, 2024	Period ended June 30, 2023
		(Rupees in '000)	
13.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress	97,518	179,625
	Directly purchased	<u>101,787</u>	<u>46,157</u>
		<u>199,305</u>	<u>225,782</u>
14	This represents carrying amount of land located at Haider Road, Rawalpindi, which was classified to non current asset held for sale in 2022 consequent to a sale agreement. The carrying amount includes revaluation surplus of Rs. 980,987 thousand at which amount the asset was transferred from property and equipment.		
		<u>(Un-audited)</u>	<u>(Audited)</u>
		June 30, 2024	December 31, 2023
		(Rupees in '000)	
15	DEFERRED TAX ASSETS		
	(Taxable) / deductible temporary differences on		
	- Accelerated tax depreciation	(238,645)	(205,456)
	- Deficit on revaluation of investments	2,934,002	6,117,625
	- Credit loss allowance / provision against advances	<u>7,511,389</u>	<u>2,160,533</u>
		<u>10,206,746</u>	<u>8,072,702</u>
16	OTHER ASSETS		
	Income / mark-up accrued in local currency	85,991,132	73,588,636
	Income / mark-up accrued in foreign currencies	1,170,984	2,134,035
	Advances, deposits, advance rent and other prepayments	900,831	655,949
	Advance taxation (payments less provisions)	7,566,795	3,897,561
	Deferred cost on recognition of loan at fair value - note 16.1	4,931,905	-
	Non-banking assets acquired in satisfaction of claims	396,746	406,862
	Receivable against trading of securities	40	46,245
	Stationary and stamps in hand	235,261	285,087
	Receivable from defined benefit plan	174,279	-
	Dividend receivable	7,409	4,453
	Margin against stand by letter of credit (SBLC)	822,391	-
	Acceptances	17,215,992	14,053,824
	Others	<u>573,991</u>	<u>422,330</u>
		<u>119,987,756</u>	<u>95,494,982</u>
	Credit loss allowance / provision held against other assets - note 16.2	<u>(681,253)</u>	<u>(185,104)</u>
	Other assets - net of credit loss allowance / provision	<u>119,306,503</u>	<u>95,309,878</u>
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	<u>459,948</u>	<u>459,948</u>
	Other assets - total	<u>119,766,451</u>	<u>95,769,826</u>
16.1	This represents deferred portion of fair value loss arisen on initial recognition of loan to PIA Holding Company Limited (PIAHCL). SBP through its letter BPRD/BRD/PIAHCL/733688-2024 dated August 01, 2024 has allowed staggering of such fair value impact over a period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 35% from year 1 to year 6, accordingly, the Bank has amortized 5% in the current period.		
		<u>(Un-audited)</u>	<u>(Audited)</u>
		June 30, 2024	December 31, 2023
		(Rupees in '000)	
16.2	Credit loss allowance / provision held against other assets		
	Advances, deposits, advance rent and other prepayments	4,838	4,838
	Acceptances	499,342	-
	Others	<u>177,073</u>	<u>180,266</u>
		<u>681,253</u>	<u>185,104</u>

	(Un-audited) June 30, 2024	(Audited) December 31, 2023				
16.2.1 Movement in credit loss allowance / provision against other assets	(Rupees in '000)					
Opening balance	185,104	182,608				
Impact of ECL recognized on adoption of IFRS 9	383,971	-				
	<u>569,075</u>	<u>182,608</u>				
Charge for the period / year	112,178	2,756				
Reversal for the period / year	-	(260)				
	<u>112,178</u>	<u>2,496</u>				
Closing balance	<u>681,253</u>	<u>185,104</u>				
17 BILLS PAYABLE						
In Pakistan	<u>13,561,049</u>	<u>12,394,336</u>				
18 BORROWINGS						
Secured						
Borrowings from the State Bank of Pakistan under:						
Export refinance scheme	16,610,063	19,840,120				
Long term financing facility	7,666,644	8,610,177				
Financing facility for storage of agricultural produce	-	14,770				
Renewable energy financing facility	3,900,330	3,905,513				
Refinance from SBP						
Credit guarantee scheme for women entrepreneurs	33,267	12,700				
Temporary Economic Relief	10,975,245	11,947,741				
Modernization of SME	77,686	8,687				
Combating COVID-19	318,834	400,459				
Rupee based discounting of bills / receivable	3,836,642	3,707,901				
Working Capital Financing	58,900	-				
	<u>43,477,611</u>	<u>48,448,068</u>				
Repurchase agreement borrowings						
State Bank of Pakistan	790,000,000	505,000,000				
Financial institutions	22,279,436	86,921,724				
	<u>812,279,436</u>	<u>591,921,724</u>				
Refinance from Pakistan Mortgage Refinance Company	4,747,990	2,992,873				
Unsecured						
Call borrowings	2,000,000	-				
Overdrawn nostro accounts	27,158	-				
	<u>862,532,195</u>	<u>643,362,665</u>				
19 DEPOSITS AND OTHER ACCOUNTS	(Rupees in '000)					
	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Customers						
Current accounts	368,482,818	31,510,568	399,993,386	320,379,384	31,589,438	351,968,822
Savings deposits	753,683,085	69,894,547	823,577,632	667,960,330	61,519,218	729,479,548
Fixed deposits	130,246,312	31,003,688	161,250,000	160,821,348	30,642,438	191,463,786
	<u>1,252,412,215</u>	<u>132,408,803</u>	<u>1,384,821,018</u>	1,149,161,062	123,751,094	1,272,912,156
Financial institutions						
Current accounts	1,260,834	138,065	1,398,899	1,149,626	241,191	1,390,817
Savings deposits	4,247,166	-	4,247,166	2,144,906	-	2,144,906
Fixed deposits	23,135,544	-	23,135,544	16,697,696	-	16,697,696
	<u>28,643,544</u>	<u>138,065</u>	<u>28,781,609</u>	19,992,228	241,191	20,233,419
	<u>1,281,055,759</u>	<u>132,546,868</u>	<u>1,413,602,627</u>	1,169,153,290	123,992,285	1,293,145,575
20 LEASE LIABILITIES	(Un-audited)		(Audited)			
	June 30, 2024		December 31, 2023		Rupees in '000	
Outstanding amount at the beginning of the period / year	9,699,474		8,084,073			
Additions during the period / year	2,318,296		3,227,516			
Lease payments including interest	(1,247,372)		(2,523,755)			
Interest expense for the period / year	697,985		1,061,886			
Termination and other adjustments	(116,541)		(150,246)			
Outstanding amount at the end of the period / year	<u>11,351,842</u>		<u>9,699,474</u>			
20.1 Liabilities Outstanding						
Not later than one year	1,082,448		1,143,794			
Later than one year and upto five years	4,160,693		3,925,528			
Over five years	6,108,701		4,630,152			
Total at the end of the period / year	<u>11,351,842</u>		<u>9,699,474</u>			

	(Un-audited)	(Audited)
	June 30, 2024	December 31, 2023
21 SUBORDINATED DEBTS	(Rupees in '000)	
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	6,000,000
	12,000,000	12,000,000

21.1 The Bank has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Bank's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Bank including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount - Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity Date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Listed
Profit payment frequency	Payable six monthly	Payable quarterly
Redemption	Perpetual	109-120th month: 100%
Profit Rate	Base Rate plus 1.50%	Base Rate plus 1.20%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.
Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares.

	<u>(Un-audited)</u>	<u>(Audited)</u>
	June 30, 2024	December 31, 2023
22 OTHER LIABILITIES	(Rupees in '000)	
Mark-up / return / interest payable in local currency	16,360,007	22,119,508
Mark-up / return / interest payable in foreign currencies	1,363,654	1,267,444
Unearned commission and income on bills discounted	1,822,384	2,003,160
Accrued expenses	1,794,834	2,593,641
Advance payments	373,598	314,319
Acceptances	17,215,992	14,053,824
Dividend payable	233,158	193,493
Advance against sale of non-banking assets	461,535	461,535
Mark to market loss on forward foreign exchange contracts	151,805	1,322,589
Branch adjustment account	284,974	525,732
Payable to defined benefit plan	-	67,468
Provision for employees' compensated absences	801,248	724,890
Security deposit against lease / Ijarah financing	3,559,885	3,485,208
Levies and taxes payable	2,061,997	2,087,179
Workers' Welfare Fund	1,571,596	1,301,596
Switch settlement accounts	2,680,574	1,375,528
Credit loss allowance / provision against off-balance sheet obligations - note 22.1	1,787,683	160,558
Payable to a borrower	898,666	-
Others	2,444,581	2,223,416
	<u>55,868,171</u>	<u>56,281,088</u>

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

Opening balance	160,558	134,767
Impact of ECL recognized on adoption of IFRS 9	226,837	-
	<u>387,395</u>	<u>134,767</u>
Exchange adjustment	-	133
Charge for the period / year	1,400,288	26,319
Reversal for the period / year	-	(661)
Net charge	1,400,288	25,658
Closing balance	<u>1,787,683</u>	<u>160,558</u>

23 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

(Deficit) / surplus on revaluation of:

- Securities measured at FVOCI - Debt	(8,134,874)	-
- Securities measured at FVOCI - Equity	2,147,114	-
- Available for sale securities - Debt	-	(14,624,907)
- Available for sale securities - Equity	-	2,139,959
- Property and equipment	10,365,737	10,365,737
- Non-banking assets acquired in satisfaction of claims	459,948	459,948
	<u>4,837,925</u>	<u>(1,659,263)</u>

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

- Securities measured at FVOCI - Debt	3,986,088	-
- Securities measured at FVOCI - Equity	(1,052,086)	-
- Available for sale securities - Debt	-	7,166,205
- Available for sale securities - Equity	-	(1,048,580)
	<u>2,934,002</u>	<u>6,117,625</u>
	<u>7,771,927</u>	<u>4,458,362</u>

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
24 CONTINGENCIES AND COMMITMENTS	(Rupees in '000)	
- Guarantees - note 24.1	315,076,813	350,296,809
- Commitments - note 24.2	558,937,204	506,769,966
- Other contingent liabilities - note 24.3	1,414,970	1,429,701
	875,428,987	858,496,476
24.1 Guarantees		
Financial guarantees	4,940,529	7,400,327
Performance guarantees	182,662,360	188,322,832
Other guarantees	127,473,924	154,573,650
	315,076,813	350,296,809
24.2 Commitments		
Documentary credits and short-term trade-related transactions		
- letters of credit	230,972,362	226,655,650
Commitments in respect of:		
- forward foreign exchange contracts - note 24.2.1	327,454,901	276,444,892
- forward government securities transactions - note 24.2.2	-	2,000,000
- non-government securities transactions - note 24.2.3	-	1,174,056
Commitments for acquisition of:		
- property and equipment	262,750	255,774
- intangible assets	247,191	239,594
	558,937,204	506,769,966
24.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	188,094,426	153,115,769
Sale	139,360,475	123,329,123
	327,454,901	276,444,892
The above commitments have maturities falling within one year.		
24.2.2 Commitments in respect of government securities transactions		
Sale	-	2,000,000
	-	2,000,000
24.2.3 Commitments in respect of non government securities transactions		
Purchase	-	1,168,290
Sale	-	5,766
	-	1,174,056
24.3 Other contingent liabilities		
These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Bank's favor and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these condensed interim unconsolidated financial statements.	592,579	596,911
This represents stand by letters of credit issued by a correspondent bank on behalf of the Bank.	822,391	832,790
	1,414,970	1,429,701

25 DERIVATIVE INSTRUMENTS

The Bank does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Bank's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

	(Un-audited)	
	Period ended June 30, 2024	Period ended June 30, 2023
26 MARK-UP / RETURN / INTEREST EARNED	(Rupees in '000)	
On:		
Loans and advances	69,894,403	51,765,694
Investments	133,004,997	75,416,614
Lendings to financial institutions	678,911	72,958
Balances with banks	527,887	239,575
Securities purchased under resale agreements	1,235,049	517,039
	<u>205,341,247</u>	<u>128,011,880</u>
27 MARK-UP / RETURN / INTEREST EXPENSED		
On:		
Deposits	90,922,555	67,807,224
Borrowings	84,987,472	32,270,412
Subordinated debts	1,360,377	1,165,762
Cost of FX swaps against foreign currency deposits / borrowings	2,349,368	1,451,990
Lease liability	697,985	495,230
Fair value loss on recognition of financial asset at fair value - note 16.1	259,574	-
	<u>180,577,331</u>	<u>103,190,618</u>
28 FEE AND COMMISSION INCOME		
Branch banking customer fees	443,257	382,800
Consumer finance related fees	42,049	47,729
Card related fees (debit and credit cards)	883,917	712,684
Credit related fees	232,674	433,658
Investment banking fees	202,327	155,433
Commission on trade	699,417	871,295
Commission on guarantees	746,490	634,152
Commission on remittances including home remittances	170,148	94,390
Commission on bancassurance	13,188	16,503
Others	23,915	44,503
	<u>3,457,382</u>	<u>3,393,147</u>
29 GAIN ON SECURITIES		
Realised - note 29.1	318,445	16,289
Unrealised gain on securities measured at FVTPL	577,883	9,476
	<u>896,328</u>	<u>25,765</u>
29.1 Realised gain / (loss) on:		
Federal Government Securities	269,236	(153,747)
Shares	49,209	127,469
Non Government Debt Securities	-	37,833
Mutual Funds	-	4,734
	<u>318,445</u>	<u>16,289</u>

		(Un-audited)	
		Period ended June 30, 2024	Period ended June 30, 2023
		(Rupees in '000)	
30	OTHER INCOME		
	Gain on sale of property and equipment	6,687	4,019
	Rent of lockers	27,311	25,403
	Recovery of expenses from customers	163,301	160,482
	Termination of lease contracts under IFRS - 16 Leases	5,524	9,900
		202,823	199,804
31	OPERATING EXPENSES		
	Total compensation expenses - note 31.1	7,965,117	6,952,448
	Property expense		
	Rent and taxes	85,651	72,469
	Insurance	52,631	45,924
	Utilities cost	810,119	622,111
	Security (including guards)	474,830	381,112
	Repair & maintenance (including janitorial expenses)	263,792	211,294
	Depreciation on right-of-use assets	1,079,163	811,224
	Depreciation	146,501	120,980
		2,912,687	2,265,114
	Information technology expenses		
	Software maintenance	520,130	334,067
	Hardware maintenance	105,534	80,107
	Depreciation	175,476	113,404
	Amortisation	110,749	82,922
	Network charges	318,086	261,287
		1,229,975	871,787
	Other operating expenses		
	Directors' fees, allowances	21,680	15,200
	Fees and allowances to shariah board	4,818	4,746
	Rates, taxes, insurance etc.	70,354	89,800
	Legal and professional charges	44,474	48,917
	Brokerage and commission	136,977	100,672
	NIFT clearing charges	48,923	52,342
	Repair and maintenance	440,281	401,987
	Communications	882,803	475,841
	Stationery and printing	355,899	301,362
	Marketing, advertisement and publicity	148,978	54,077
	Donations	-	524,397
	Auditors' remuneration	35,242	26,389
	Travelling, conveyance and entertainment	263,273	194,534
	Depreciation	312,430	238,475
	Security service charges	354,641	356,972
	Training and development	13,058	11,603
	Deposit premium expense	428,803	351,160
	Outsourced service cost	283,203	102,216
	Other expenditure	282,623	159,049
		4,128,460	3,509,739
		16,236,239	13,599,088
31.1	Total compensation expense		
	Managerial remuneration	6,194,508	5,194,287
	Charge for defined benefit / contribution plan	521,060	423,655
	Other staff cost - note 31.1.1	1,249,549	1,334,506
		7,965,117	6,952,448

31.1.1 Other staff cost includes incentive to consumer sales staff, dearness allowance, cash handling allowance, staff group insurance, provision for severance etc.

32 This represents penalties imposed by the State Bank of Pakistan.

	(Un-audited)	
	Period ended June 30, 2024	Period ended June 30, 2023
33 CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET	(Rupees in '000)	
Credit loss allowance / provision charge against investments - note 9.3.1	(495,888)	231,427
Credit loss allowance / provision charge against loans and advances - note 10.3	(1,416,987)	447,517
Credit loss allowance against other assets - 16.2.1	112,178	-
Credit loss allowance / (reversal of provision) against repurchase agreement lendings	(64)	(14,860)
Credit loss allowance / (reversal of provision) against off-balance sheet obligations - note 22.1	1,400,288	(649)
Credit loss allowance / provision charge against balances with other banks	(7)	37
Recovery of written off / charged off bad debts	(53,312)	(46,196)
	<u>(453,792)</u>	<u>617,276</u>
34 TAXATION		
Current	8,014,303	8,439,244
Deferred	121,398	(271,007)
	<u>8,135,701</u>	<u>8,168,237</u>
34.1 Tax status and contingencies		

i) During the year ended December 31 2023, the Federal Government issued S.R.O 1588 (I)/2023 on 21 November 2023 under section 99D of the Income Tax Ordinance 2001, whereby the banking sector was specified the sector for the payment of additional tax on windfall income. Through said S.R.O, the Federal Government also specified the method to determine windfall income, tax rate to be applied on such windfall income and tax years under scope. The Bank has challenged the S.R.O through petition before the Honorable Islamabad High Court with regards to retrospective application of Section 99D of the Income Tax Ordinance, 2001 for tax years 2022 and 2023. The Honorable Islamabad High Court through its order dated 30 November 2023 has suspended the operation of S.R.O.1588 (I)/2023 and the said injunctive order continues to operate till date of next hearing for which no date has been fixed yet. Management based on the legal advisor opinion believes that the bank has reasonably good chance to succeed in this case and therefore has not recognized any provision in the financial statements. Additional tax on windfall income for tax years 2022 and 2023 is estimated to be Rs. 2,189 million.

ii) The Bank has filed tax returns for and up to tax year 2023. The assessments for and up to tax year 2023 were amended by the tax authorities creating accumulated additional tax demand, mainly in the matters of admissibility of recoveries against doubtful debts for Rs 1,119 million, provision for diminution in the value of investments for Rs 3,144.44 million, bad debts written off for Rs 242.892 million, provision for substandard advances for Rs 74.95 million, Provision against other assets/ fixed assets for Rs 145.81 million, disallowance of employee benefit expenses Rs 228.680 Million, disallowance of depreciation on lease assets Rs 773.88 and Other disallowances of expenses/credits for Rs 551.78 million. Bank's Appeals against these orders are currently pending before Commissioner Appeals, Appellate Tribunal and Islamabad High Court. The management and tax advisor of the Bank are confident that these matters will be decided in favor of the Bank and consequently no provision has been made thereon. Tax payments by the Bank against certain matters are being carried forward as receivable, as management and tax advisor of the Bank are confident of their realization.

iii) Consequent upon the amalgamation with and into the Bank, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However, the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

	(Un-audited)	
	Period ended June 30, 2024	Period ended June 30, 2023
35 BASIC EARNINGS PER SHARE		
Profit for the period - Rupees in '000	8,071,451	8,837,543
Weighted average number of Ordinary Shares - numbers	1,449,299,207	1,449,299,207
Basic earnings per share - Rupees	5.57	6.10

There is no dilutive effect on the basic earnings per share of the Bank, therefore dilutive earnings per share have not been presented separately.

36 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as Amortised Cost, is based on quoted market price. Quoted securities classified as Amortised Cost 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 advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

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

All assets and liabilities for which fair value is measured or disclosed in these unconsolidated financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

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 (Pakistan Stock Exchange) 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) available at MUFAP and Reuters page.
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of each business day.
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 and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments 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 condensed interim unconsolidated financial statements.

The following table provides the fair values of those of the Bank's financial assets and liabilities that are recognized or disclosed at fair value in these unconsolidated condensed interim financial statements:

June 30, 2024 (Un-audited)					
Carrying / Notional 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	1,279,336,456	6,748,604	1,272,587,852	-	1,279,336,456
Shares	6,945,035	6,945,035	-	-	6,945,035
Units of open end mutual funds	2,433,350	1,543,880	889,470	-	2,433,350
Fully paid preference shares	23,579	23,579	-	-	23,579
Non Government Debt Securities	14,082,135	-	14,082,135	-	14,082,135
	<u>1,302,820,555</u>	<u>15,261,098</u>	<u>1,287,559,457</u>	<u>-</u>	<u>1,302,820,555</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	66,882,230	2,614,961	64,267,269	-	66,882,230
Unlisted shares	350,000	-	-	-	-
Cash and balances with treasury banks	119,301,623	-	-	-	-
Balances with other banks	12,160,356	-	-	-	-
Advances	717,280,136	-	-	-	-
Other assets	105,105,524	-	-	-	-
	<u>1,021,079,869</u>	<u>2,614,961</u>	<u>64,267,269</u>	<u>-</u>	<u>66,882,230</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	188,094,426	-	(1,942,305)	-	(1,942,305)
Forward sale of foreign exchange	139,360,475	-	1,790,500	-	1,790,500

December 31, 2023 (Audited)					
Carrying / Notional 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	1,102,510,824	8,421,152	1,094,089,672	-	1,102,510,824
Shares	6,243,266	6,243,266	-	-	6,243,266
Units of open end mutual funds	960,596	149,958	810,638	-	960,596
Fully paid preference shares	28,150	28,150	-	-	28,150
Non Government Debt Securities	14,449,154	-	14,449,154	-	14,449,154
	<u>1,124,191,990</u>	<u>14,842,526</u>	<u>1,109,349,464</u>	<u>-</u>	<u>1,124,191,990</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	56,798,998	10,756,335	46,042,663	-	56,798,998
Shares	350,000	-	-	-	-
Units of open end mutual funds	1,000,000	-	-	-	-
Cash and balances with treasury banks	160,087,394	-	-	-	-
Balances with other banks	13,789,031	-	-	-	-
Advances	633,132,827	-	-	-	-
Other assets	90,069,257	-	-	-	-
	<u>955,227,507</u>	<u>10,756,335</u>	<u>46,042,663</u>	<u>-</u>	<u>56,798,998</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	153,115,769	-	(2,798,564)	-	(2,798,564)
Forward sale of foreign exchange	123,329,123	-	1,475,975	-	1,475,975

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

	(Un-audited)	(Audited)
	June 30, 2024	December 31, 2023
	(Rupees in '000)	
36.2 Fair value of non-financial assets	Level 3	Level 3
Fixed assets		
Property and equipment (freehold and leasehold land)	13,238,392	13,238,392
Assets held for sale	1,750,000	1,750,000
Other assets		
Non-banking assets acquired in satisfaction of claims	856,694	866,810

37 Segment Information

37.1 Segment details with respect to Business Activities

The segment analysis with respect to business activity is as follows:

	June 30, 2024 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(59,765,179)	29,917,317	43,815,380	2,479,309	9,195,978	784,747	(1,663,636)	24,763,916
Inter segment revenue - net	74,243,838	(27,607,590)	(46,984,388)	(1,864,887)	(5,289,020)	(398,712)	7,900,759	-
Non mark-up / return / interest income	1,233,382	2,419,469	2,904,514	287,538	435,253	1,916	222,883	7,504,955
Total income	15,712,041	4,729,196	(264,494)	901,960	4,342,211	387,951	6,460,006	32,268,871
Segment direct expenses	8,748,295	612,723	221,356	879,100	1,918,203	127,023	4,008,811	16,515,511
Inter segment expense allocation	342,854	671,819	4,111	19,810	-	-	(1,038,594)	-
Total expenses	9,091,149	1,284,542	225,467	898,910	1,918,203	127,023	2,970,217	16,515,511
Credit loss allowance and write offs - net	25,452	(87,439)	50,993	(244,035)	1,077,331	(454,617)	(821,477)	(453,792)
Profit before tax	6,595,440	3,532,093	(540,954)	247,085	1,346,677	715,545	4,311,266	16,207,152
Statement of financial position								
Cash and bank balances	39,192,884	-	80,200,454	-	11,950,327	118,314	-	131,461,979
Investments	-	8,936,474	1,299,782,439	-	51,578,112	9,363,564	1,288,896	1,370,949,485
Lendings to financial institutions	-	-	86,184,640	-	-	-	-	86,184,640
Advances - performing - net of credit loss allowance	12,740,141	534,067,603	-	22,069,824	136,267,039	916,994	9,198,478	715,260,079
Advances - non-performing - net of credit loss allowance	40,596	1,528,978	-	69,086	381,397	-	-	2,020,057
Others	1,329,565	39,362,516	50,360,164	1,873,740	14,164,378	211,021	55,873,429	163,174,813
Total Assets	53,303,186	583,895,571	1,516,527,697	24,012,650	214,341,253	10,609,893	66,360,803	2,469,051,053
Borrowings	1,409,009	37,669,501	814,306,592	4,747,991	4,399,102	-	-	862,532,195
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	980,129,636	299,213,932	-	3,201	132,994,021	1,261,837	-	1,413,602,627
Net inter segment balances - net	(946,891,527)	223,090,999	693,692,144	18,638,517	51,420,443	3,437,514	(43,388,090)	-
Others	18,656,068	23,921,139	8,528,961	622,941	8,667,604	5,910,542	14,473,807	80,781,062
Total liabilities	53,303,186	583,895,571	1,516,527,697	24,012,650	197,481,170	10,609,893	(16,914,283)	2,368,915,884
Equity	-	-	-	-	16,860,083	-	83,275,086	100,135,169
Total Equity and liabilities	53,303,186	583,895,571	1,516,527,697	24,012,650	214,341,253	10,609,893	66,360,803	2,469,051,053
Contingencies and commitments	6,010,355	518,631,558	325,598,561	1,037,167	23,117,215	-	1,034,131	875,428,987

	June 30, 2023 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(40,637,694)	17,975,386	39,738,449	2,213,650	5,823,754	1,121,604	(1,413,887)	24,821,262
Inter segment revenue - net	58,025,034	(15,577,459)	(44,492,217)	(1,676,681)	(1,776,600)	(835,287)	6,333,210	-
Non mark-up / return / interest income	1,090,027	2,279,515	2,494,311	376,161	357,570	16,154	149,208	6,762,946
Total income	18,477,367	4,677,442	(2,259,457)	913,130	4,404,724	302,471	5,068,531	31,584,208
Segment direct expenses	7,360,735	491,248	210,020	753,599	1,613,145	116,030	3,416,375	13,961,152
Inter segment expense allocation	675,266	495,989	10,506	25,972	-	-	(1,207,733)	-
Total expenses	8,036,001	987,237	220,526	779,571	1,613,145	116,030	2,208,642	13,961,152
Provisions / (reversal of provisions) and write offs - net	(188,600)	609,273	183,504	(12,751)	(40,593)	-	66,443	617,276
Profit before tax	10,629,966	3,080,932	(2,663,487)	146,310	2,832,172	186,441	2,793,446	17,005,780

	December 31, 2023 (Audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	33,208,938	-	129,715,500	832,790	10,058,919	60,278	-	173,876,425
Investments	-	9,252,065	1,102,004,077	-	51,493,187	19,177,486	610,873	1,182,537,688
Advances - performing - net of provision	13,991,028	469,123,014	-	20,306,104	114,745,256	2,876,637	8,663,896	629,705,935
Advances - non-performing - net of provision	259,102	2,237,228	-	74,662	855,900	-	-	3,426,892
Others	1,084,252	30,473,445	48,204,707	915,181	10,533,982	405,421	42,842,031	134,459,019
Total Assets	48,543,320	511,085,752	1,279,924,284	22,128,737	187,687,244	22,519,822	52,116,800	2,124,005,959
Borrowings	1,574,075	41,338,149	591,921,725	2,992,873	5,535,843	-	-	643,362,665
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	879,682,209	293,376,734	-	250	118,670,004	1,416,378	-	1,293,145,575
Net inter segment balances - net	(852,178,144)	149,992,534	677,830,555	18,475,360	38,253,559	16,939,831	(49,313,695)	-
Others	19,465,180	26,378,335	10,172,004	660,254	8,249,821	4,163,613	9,285,691	78,374,898
Total liabilities	48,543,320	511,085,752	1,279,924,284	22,128,737	170,709,227	22,519,822	(28,028,004)	2,026,883,138
Equity	-	-	-	-	16,978,017	-	80,144,804	97,122,821
Total Equity and liabilities	48,543,320	511,085,752	1,279,924,284	22,128,737	187,687,244	22,519,822	52,116,800	2,124,005,959
Contingencies and commitments	6,016,566	548,078,423	276,081,621	832,790	26,459,326	-	1,027,750	858,496,476

38 RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at the period end. The Bank has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

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

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

	As at June 30, 2024 (Un-audited)					As at December 31, 2023 (Audited)				
	Parent	Directors	Key management personnel	Subsidiaries	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Other related parties
Rupees in '000										
Investments										
Opening balance	-	-	-	196,700	1,420,051	-	-	-	165,619	1,159,768
Investment made during the period / year	-	-	-	700,000	-	-	-	-	31,081	-
Revaluation adjustment	-	-	-	-	(500,000)	-	-	-	-	262,947
Investment redeemed / disposed off during the period / year	-	-	-	-	363,372	-	-	-	-	(2,664)
Transfer in / (out) - net	-	-	-	-	750,000	-	-	-	-	-
Closing balance	-	-	-	896,700	2,033,423	-	-	-	196,700	1,420,051
Credit loss allowance / provisions for diminution in value of investments	-	-	-	-	5,680	-	-	-	-	82,113
Advances										
Opening balance	8,108,881	-	496,686	86,678	25,003,594	29,986,315	60	507,549	200,000	16,783,652
Addition during the period / year	296,730,749	13,690	493,467	-	124,889,722	1,377,976,167	15,000	533,437	1,469,178	209,693,144
Repaid during the period / year	(300,809,697)	(13,466)	(578,278)	(86,678)	(126,413,936)	(1,399,853,601)	(15,060)	(544,300)	(1,582,500)	(213,910,777)
Transfer in / (out) - net	-	-	-	-	(12,212,093)	-	-	-	-	12,437,575
Closing balance	4,029,933	224	411,875	-	11,267,287	8,108,881	-	496,686	86,678	25,003,594
Other Assets										
Interest / mark-up receivable	68,846	-	69,882	-	116,178	171,099	-	68,627	-	886,474
Advance rent	249	-	-	-	-	1,380	-	-	-	-
Acceptances	-	-	-	-	103,495	-	-	-	-	-
Receivable from staff retirement fund	-	-	-	-	174,279	-	-	-	-	-
Others	-	-	-	21,782	-	106	-	-	-	-
	69,095	-	69,882	21,782	393,952	172,585	-	68,627	-	886,474
Borrowings										
Opening balance	-	-	-	-	2,992,873	-	-	-	-	3,366,079
Borrowings during the period / year	-	-	-	-	2,000,000	-	-	-	-	1,000,000
Settled during the period / year	-	-	-	-	(244,882)	-	-	-	-	(1,373,206)
Closing balance	-	-	-	-	4,747,991	-	-	-	-	2,992,873
Deposits and other accounts										
Opening balance	39,101,224	63,502	299,420	350,869	49,059,956	38,816,364	34,614	193,107	612,265	38,455,796
Received during the period / year	664,448,690	236,767	1,234,413	4,460,303	582,560,700	1,786,530,029	556,261	1,843,093	4,596,769	988,872,329
Withdrawn during the period / year	(658,279,464)	(222,727)	(1,202,007)	(3,637,073)	(596,915,714)	(1,786,245,169)	(521,157)	(1,707,626)	(4,858,165)	(978,274,385)
Transfer in / (out) - net	-	(39,395)	-	-	(93,187)	-	(6,216)	(29,154)	-	6,216
Closing balance	45,270,450	38,147	331,826	1,174,099	34,611,755	39,101,224	63,502	299,420	350,869	49,059,956
Other Liabilities										
Interest / mark-up payable	3,903,704	-	441	-	500,801	2,574,737	7	2,964	-	715,559
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	67,468
Acceptances	-	-	-	-	103,495	-	-	-	-	-
Security deposits payable	-	-	-	-	577,309	-	-	-	-	462,570
Others	-	-	77,928	-	56,058	25	1,667	58,608	-	71,818
	3,903,704	-	78,369	-	1,237,663	2,574,762	1,674	61,572	-	1,317,415
Guarantees and Commitments										
Contingencies and Commitments	440,747	-	-	-	8,298,641	225,219	-	-	-	4,476,687
Others										
Dividend paid	2,605,478	-	-	-	-	-	-	-	-	-
Securities held as custodian	8,962,500	-	45,995	-	11,493,470	13,699,456	-	48,821	-	10,493,034
	11,567,978	-	45,995	-	11,493,470	13,699,456	-	48,821	-	10,493,034

For the period ended June 30, 2024 (Un-Audited)					For the period ended June 30, 2023 (Un-Audited)				
Parent	Directors	Key management personnel	Subsidiaries	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Other related parties

----- Rupees in '000 -----

Income

Mark-up / return / interest earned	145,035	12	9,182	-	652,501	207,620	-	5,283	1,240	2,523,478
Fee and commission received	881	-	-	-	26,618	505	-	-	-	33,577
Dividend income	-	-	-	29,376	250,007	-	-	-	-	124,793

Expense

Mark-up / return / interest expensed	4,118,564	2,982	32,890	41,579	3,205,571	4,006,138	597	21,819	8,622	2,356,502
Charge to defined benefit plan	-	-	-	-	324,040	-	-	-	-	164,141
Contribution to defined contribution plan	-	-	-	-	197,020	-	-	-	-	166,693
Remuneration and allowances	-	-	646,815	-	4,818	-	-	545,403	-	4,746
Rent	1,495	-	-	-	-	1,029	-	-	-	-
Communications	-	-	-	-	100,732	-	-	-	-	62,471
Brokerage and Commission	-	-	-	-	54,810	-	-	-	15	43,834
Directors' Fee, Allowances	-	21,680	-	-	-	-	15,200	-	-	-
Donations	-	-	-	-	-	524,397	-	-	-	-
Others	1,175	-	-	-	-	-	-	-	-	-

In addition to above, rent free sub-branches are operating at FFC Sona Tower, FBBL Tower and Foundation University (along with Booths and ATMs).

The term 'key management personnel' has the same meaning as defined in IAS 24 - Related party disclosures.

39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	<u>(Un-audited)</u> <u>June 30,</u> <u>2024</u>	<u>(Audited)</u> <u>December 31,</u> <u>2023</u>
(Rupees in '000)		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>14,492,992</u>	<u>14,492,992</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>90,070,390</u>	88,193,637
Eligible Additional Tier 1 (ADT 1) Capital	<u>5,835,000</u>	5,649,000
Total Eligible Tier 1 Capital	<u>95,905,390</u>	93,842,637
Eligible Tier 2 Capital	<u>16,381,892</u>	13,220,036
Total Eligible Capital (Tier 1 + Tier 2)	<u>112,287,282</u>	107,062,673
Risk Weighted Assets (RWAs):		
Credit Risk	<u>421,186,699</u>	451,392,577
Market Risk	<u>56,935,869</u>	29,300,677
Operational Risk	<u>102,809,844</u>	102,809,844
Total	<u>580,932,412</u>	583,503,098
Common Equity Tier 1 Capital Adequacy ratio	<u>15.50%</u>	15.11%
Tier 1 Capital Adequacy Ratio	<u>16.51%</u>	16.08%
Total Capital Adequacy Ratio	<u>19.33%</u>	18.35%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>95,905,388</u>	93,842,637
Total Exposures	<u>2,962,943,716</u>	2,611,849,837
Leverage Ratio	<u>3.24%</u>	3.59%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>605,135,501</u>	649,069,790
Total Net Cash Outflow	<u>267,600,907</u>	322,740,993
Liquidity Coverage Ratio	<u>226.13%</u>	201.11%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>1,424,404,782</u>	1,314,070,873
Total Required Stable Funding	<u>671,070,143</u>	610,829,100
Net Stable Funding Ratio	<u>212.26%</u>	215.13%

40 Islamic Banking Business

The Bank is operating 145 Islamic banking branches including 3 sub-branches at June 30, 2024 as compared to 140 Islamic banking branches including 3 sub-branches at year ended December 31, 2023.

		(Un-audited)	(Audited)
		June 30, 2024	December 31, 2023
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		11,810,076	9,944,209
Balances with other banks		140,251	114,710
Investments	40.1	51,578,112	51,493,187
Islamic financing and related assets - net	40.2	136,648,436	115,601,156
Property and equipment		880,959	543,503
Right-of-use assets		1,909,847	1,531,349
Other assets		17,847,441	11,787,572
Total assets		220,815,122	191,015,686
LIABILITIES			
Bills payable		1,946,684	1,206,806
Due to financial institutions		4,399,102	5,535,843
Deposits and other accounts	40.3	132,994,021	118,670,004
Due to head office		56,000,000	41,500,000
Lease liabilities		2,366,015	1,866,177
Other liabilities		6,249,217	5,258,839
		203,955,039	174,037,669
NET ASSETS			
		16,860,083	16,978,017
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Deficit on revaluation of assets		(1,528,387)	(1,500,789)
Unappropriated profit	40.4	13,788,470	13,878,806
		16,860,083	16,978,017
CONTINGENCIES AND COMMITMENTS			
	40.5	23,117,215	26,459,326

The profit and loss account of the Bank's Islamic banking branches for the period ended June 30, 2024 is as follows:

		(Un-audited)	
		For the period ended	
		June 30, 2024	June 30, 2023
	Note	(Rupees in '000)	
Profit / return earned	40.7	16,434,515	11,151,164
Profit / return expensed	40.8	12,527,557	7,104,010
Net Profit / return		3,906,958	4,047,154
Other income			
Fee and Commission Income		200,660	153,071
Dividend Income		9,559	9,123
Foreign Exchange Income		159,442	135,720
Gain on securities		16,032	7,100
Other Income		49,560	52,556
Total other income		435,253	357,570
Total Income		4,342,211	4,404,724
Other expenses			
Operating expenses		1,918,103	1,610,704
Other charges		100	2,441
Total other expenses		1,918,203	1,613,145
Profit before credit loss allowance		2,424,008	2,791,579
Credit loss allowance and write offs - net		1,077,331	(40,593)
Profit before taxation		1,346,677	2,832,172

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
40.1 Investments by segments:	(Rupees in '000)							
Debt Instruments								
Measured at amortised cost (2023: Held to maturity)								
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Measured at FVOCI (2023: Available for sale)								
Federal Government Securities:								
- Ijarah Sukuks	44,658,073	-	(1,528,387)	43,129,686	43,883,854	-	(1,483,551)	42,400,303
- Islamic Naya Pakistan Certificates	3,271,408	(97,607)	-	3,173,801	3,744,996	-	-	3,744,996
Non Government Debt Securities	3,539,227	(423,452)	-	3,115,775	3,618,805	(419,679)	-	3,199,126
	51,468,708	(521,059)	(1,528,387)	49,419,262	51,247,655	(419,679)	(1,483,551)	49,344,425
Measured at FVTPL (2023: Held for trading)								
Non Government Debt Securities	2,066,000	-	(8,048)	2,057,952	2,066,000	-	(18,040)	2,047,960
Units of Open end Mutual Fund	100,000	-	898	100,898	100,000	-	802	100,802
Total investments	53,744,708	(631,059)	(1,535,537)	51,578,112	53,523,655	(529,679)	(1,500,789)	51,493,187
40.1.1 Particulars of credit loss allowance / provision								
	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
(Rupees in '000)								
Federal Government Securities	97,607	-	-	97,607	-	-	-	-
Non Government Debt Securities	3,773	-	529,679	533,452	-	-	529,679	529,679
	101,380	-	529,679	631,059	-	-	529,679	529,679

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
40.2 ISLAMIC FINANCING AND RELATED ASSETS	(Rupees in '000)	
Ijarah	4,285,865	4,681,429
Murabaha - note 40.2.1	5,906,451	6,138,282
Musharakah	74,517,264	55,026,157
Diminishing Musharakah	22,502,821	22,818,065
Salam	9,780,339	10,275,161
Istisna	4,101,262	9,883,300
Receivable against sale of Istisna / Salam Inventory	1,341,637	809,800
Service Ijarah	2,270,110	2,364,132
Wakalah	1,386,558	780,967
Other Islamic Modes (Qard)	1,582,729	1,927,577
Advances against Islamic assets - note 40.2.2	3,162,963	1,509,338
Inventory related to Islamic financing - note 40.2.3	10,154,464	1,339,568
Gross Islamic financing and related assets	140,992,463	117,553,776
Less: Credit loss allowance / provision against Islamic financings		
- Stage 1	144,242	-
- Stage 2	190,529	-
- Stage 3	4,009,256	-
- General	-	27,395
- Specific	-	1,925,225
	4,344,027	1,952,620
Islamic financing and related assets - net of Credit loss allowance / provision	136,648,436	115,601,156

40.2.1 Includes advance against Murabaha of Rs.174,106 thousand (December 31, 2023: Rs.449,708 thousand).

40.2.2 Advance against Islamic assets

	Ijarah	Musharakah	Diminishing Musharakah	Salam	Istisna	Total
	(Rupees in '000)					
June 30, 2024 (Un-audited)	239,324	-	2,923,639	-	-	3,162,963
December 31, 2023 (Audited)	40,657	-	1,468,681	-	-	1,509,338

40.2.3 Inventory related to Islamic financing

June 30, 2024 (Un-audited)	-	-	-	4,892,948	5,261,516	10,154,464
December 31, 2023 (Audited)	-	-	-	593,003	746,565	1,339,568

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
40.3 DEPOSITS AND OTHER ACCOUNTS	(Rupees in '000)	

Customers

Current deposits - non remunerative	46,750,172	41,466,373
Current deposits - remunerative	1,677,132	1,210,897
Savings deposits	27,224,891	23,935,223
Term deposits	28,540,322	34,422,882
Others	3,482,176	1,511,973
	107,674,693	102,547,348

Financial Institutions

Current deposits - non remunerative	451,966	114,330
Current deposits - remunerative	112,806	32,474
Savings deposits	1,652,012	333,656
Term deposits	23,102,544	15,642,196
	25,319,328	16,122,656
	132,994,021	118,670,004

40.4 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT

	(Un-audited)	(Audited)
	June 30, 2024	December 31, 2023
	(Rupees in '000)	
Opening balance	13,878,806	6,523,276
Less: Impact of IFRS-9 - adoption	(1,437,013)	-
Add: Islamic banking profit for the period	1,346,677	7,355,530
Closing Balance	<u>13,788,470</u>	<u>13,878,806</u>

40.5 CONTINGENCIES AND COMMITMENTS

-Guarantees	9,819,818	9,704,484
-Commitments	13,297,397	16,754,842
	<u>23,117,215</u>	<u>26,459,326</u>

40.6 CHARITY FUND

Opening balance	46,063	40,130
Additions during the period		
- Received from customers on delayed payments	21,347	39,463
- Non Shariah Compliant Income	-	-
- Profit on charity account	21	32
- Others	623	690
	21,991	40,185
Payments / utilization during the period		
- Education	-	(5,468)
- Health	-	(24,661)
- Orphanage	-	(4,123)
	-	(34,252)
Closing balance	<u>68,054</u>	<u>46,063</u>

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

40.7 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS

Profit earned on:		
Financing	11,663,896	8,164,225
Investments	4,697,260	2,964,521
Placements	73,359	22,418
	<u>16,434,515</u>	<u>11,151,164</u>

40.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED

On:		
Deposits and other accounts	6,756,696	4,939,067
Due to financial institutions	344,604	277,811
Due to head office	5,289,021	1,776,600
Lease liability	137,236	110,532
	<u>12,527,557</u>	<u>7,104,010</u>

41 DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 29, 2024.

-sd-
Chief Financial Officer / A. President & CE

-sd-
Director

-sd-
Director

-sd-
Chairman



CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED
JUNE 30, 2024

(UN-AUDITED)

ASKARI BANK LIMITED

Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2024

		(Un-audited)	(Audited)
		June 30, 2024	December 31, 2023
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	119,301,787	160,087,467
Balances with other banks	7	13,141,612	14,761,177
Lendings to financial institutions	8	86,184,640	-
Investments	9	1,370,213,157	1,182,497,658
Advances	10	717,285,590	633,046,149
Property and equipment	11	19,943,181	18,707,443
Right-of-use assets	12	9,576,179	8,312,812
Intangible assets	13	1,954,088	1,860,747
Assets held for sale	14	1,750,000	1,750,000
Deferred tax assets	15	10,201,743	8,065,412
Other assets	16	120,562,394	96,684,170
Total Assets		2,470,114,371	2,125,773,035
LIABILITIES			
Bills payable	17	13,561,049	12,394,336
Borrowings	18	862,532,195	643,362,665
Deposits and other accounts	19	1,412,428,529	1,292,794,706
Lease liabilities	20	11,351,842	9,699,474
Subordinated debts	21	12,000,000	12,000,000
Deferred tax liabilities		-	-
Other liabilities	22	57,495,826	57,826,193
Total Liabilities		2,369,369,441	2,028,077,374
NET ASSETS		100,744,930	97,695,661
REPRESENTED BY			
Share capital		14,492,992	14,492,992
Reserves		75,409,689	57,855,752
Surplus on revaluation of assets - net of tax	23	7,771,927	4,458,455
Unappropriated profit		2,678,041	20,511,764
Non-controlling interest		392,281	376,698
		100,744,930	97,695,661

CONTINGENCIES AND COMMITMENTS

24

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

-sd-
Chief Financial Officer / A. President & CE

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2024

	Note	For the quarter ended		For the half year ended	
		June 30,	June 30,	June 30,	June 30,
		2024	2023	2024	2023
		(Rupees in '000)		(Rupees in '000)	
Mark-up / return / interest earned	26	104,972,098	70,864,396	205,413,489	128,011,880
Mark-up / return / interest expensed	27	92,959,196	57,979,011	180,536,611	103,190,618
Net mark-up / interest income		12,012,902	12,885,385	24,876,878	24,821,262
Non mark-up / interest income					
Fee and commission income	28	1,941,796	1,718,135	3,673,560	3,393,147
Dividend income		296,974	175,267	504,580	360,789
Foreign exchange income		962,818	1,503,436	2,414,466	2,783,441
Income / (loss) from derivatives		-	-	-	-
Gain on securities	29	624,827	117,086	900,019	25,765
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income	30	131,003	108,452	227,514	199,804
Total non-markup / interest income		3,957,418	3,622,376	7,720,139	6,762,946
Total income		15,970,320	16,507,761	32,597,017	31,584,208
Non mark-up / interest expenses					
Operating expenses	31	8,482,731	7,042,106	16,461,130	13,599,088
Workers' Welfare Fund		135,000	119,679	270,000	237,899
Other charges	32	8,894	16,813	9,272	124,165
Total non-markup / interest expenses		8,626,625	7,178,598	16,740,402	13,961,152
Profit before credit loss allowance / provisions		7,343,695	9,329,163	15,856,615	17,623,056
Credit loss allowance and write offs - net Extraordinary / unusual items	33	(1,625,964)	675,085	(452,291)	617,276
		-	-	-	-
Profit before taxation		8,969,659	8,654,078	16,308,906	17,005,780
Taxation	34	4,548,028	4,519,956	8,172,217	8,168,237
Profit after taxation		4,421,631	4,134,122	8,136,689	8,837,543
Profit attributable to					
Non-controlling interest		19,148	-	43,807	-
Equity holders of the Bank		4,402,483	4,134,122	8,092,882	8,837,543
		4,421,631	4,134,122	8,136,689	8,837,543
		Rupees		Rupees	
Basic earnings per share	35	3.05	2.85	5.61	6.10

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

 -sd-
Chief Financial Officer / A. President & CE

 -sd-
Director

 -sd-
Director

 -sd-
Chairman

ASKARI BANK LIMITED

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year ended June 30, 2024

Note	For the quarter ended		For the half year ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Rupees in '000)		(Rupees in '000)	
	4,421,631	4,134,122	8,136,689	8,837,543
Profit after taxation				
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
	6,984	36,380	(61,772)	907,083
	1,878,620	481,043	1,108,859	(6,545,919)
	-	84,938	-	12,045
	1,885,604	602,361	1,047,087	(5,626,791)
Items that will not be reclassified to profit and loss account in subsequent periods:				
	956,364	-	627,089	-
	367,245	287,833	367,245	287,833
	1,323,609	287,833	994,334	287,833
	7,630,844	5,024,316	10,178,110	3,498,585
Total comprehensive income				
Total comprehensive income attributable to				
	19,148	-	43,807	-
	7,611,696	5,024,316	10,134,303	3,498,585
	7,630,844	5,024,316	10,178,110	3,498,585

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

-sd-
Chief Financial Officer / A. President & CE

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the half year ended June 30, 2024

	Share capital	Exchange translation reserve	Share premium account	Merger reserve	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Un-appropriated profit / (loss)	Non-controlling interest	Total
							Investments	Fixed / Non banking assets			
(Rupees in '000)											
Balance as at January 1, 2023 (Audited)	12,602,602	1,192,942	234,669	-	15,605,063	26,340,921	(7,549,155)	11,501,511	13,403,870	-	73,332,423
Total comprehensive income for the half year ended June 30, 2023											
Net profit for the half year ended June 30, 2023	-	-	-	-	-	-	-	-	8,837,543	-	8,837,543
Other comprehensive income related to equity	-	907,083	-	-	-	-	(6,533,874)	-	287,833	-	(5,338,958)
	-	907,083	-	-	-	-	(6,533,874)	-	9,125,376	-	3,498,585
Transfer to Statutory reserve	-	-	-	-	883,754	-	-	-	(883,754)	-	-
Transfer to General reserve	-	-	-	-	-	13,381,442	-	-	(13,381,442)	-	-
Transactions with owners, recorded directly in equity											
Bonus shares issued	1,890,390	-	(234,669)	-	-	(1,655,721)	-	-	-	-	-
Balance as at June 30, 2023 (Un-audited)	14,492,992	2,100,025	-	-	16,488,817	38,066,642	(14,083,029)	11,501,511	8,264,050	-	76,831,008
Total comprehensive income for the six months ended December 31, 2023											
Net profit for the six months ended December 31, 2023	-	-	-	-	-	-	-	-	12,651,049	51,817	12,702,866
Other comprehensive income related to equity	-	(187,799)	-	-	-	-	7,715,799	126,715	53,836	3,539	7,712,090
	-	(187,799)	-	-	-	-	7,715,799	126,715	12,704,885	55,356	20,414,956
Transfer to Statutory reserve	-	-	-	-	1,259,712	-	-	-	(1,259,712)	-	-
Transfer to General reserve	-	-	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(802,541)	802,541	-	-
Acquisition of subsidiary	-	-	-	128,355	-	-	-	-	-	321,342	449,697
Balance as at December 31, 2023 (Audited)	14,492,992	1,912,226	-	128,355	17,748,529	38,066,642	(6,367,230)	10,825,685	20,511,764	376,698	97,695,661
Effect of reclassification on adoption of IFRS 9 (net of tax)	-	-	-	-	-	-	1,766,774	-	416,924	-	2,183,698
Effect of adoption of IFRS 9 - ECL (net of tax)	-	-	-	-	-	-	-	-	(5,661,067)	-	(5,661,067)
Balance as at December 31, 2023 - restated	14,492,992	1,912,226	-	128,355	17,748,529	38,066,642	(4,600,456)	10,825,685	15,267,621	376,698	94,218,292
Total comprehensive income for the half year ended June 30, 2024											
Net profit for the half year ended June 30, 2024	-	-	-	-	-	-	-	-	8,092,882	43,807	8,136,689
Other comprehensive income related to equity	-	(61,772)	-	-	-	-	1,735,948	-	367,245	-	2,041,421
	-	(61,772)	-	-	-	-	1,735,948	-	8,460,127	43,807	10,178,110
Transfer to Statutory reserve	-	-	-	-	807,145	-	-	-	(807,145)	-	-
Transfer to General reserve	-	-	-	-	-	16,808,564	-	-	(16,808,564)	-	-
Gain on disposal of equity securities measured at FVOCI - net of tax	-	-	-	-	-	-	(189,250)	-	189,250	-	-
Transactions with owners, recorded directly in equity											
Final dividend of 2023	-	-	-	-	-	-	-	-	(3,623,248)	(28,224)	(3,651,472)
Balance as at June 30, 2024 (Un-audited)	14,492,992	1,850,454	-	128,355	18,555,674	54,875,206	(3,053,758)	10,825,685	2,678,041	392,281	100,744,930

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

 -sd-
Chief Financial Officer / A. President & CE

 -sd-
Director

 -sd-
Director

 -sd-
Chairman

ASKARI BANK LIMITED

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2024

	Note	For the half year ended	
		June 30, 2024	June 30, 2023
(Rupees in '000)			
Cash flow from operating activities			
Profit before taxation		16,308,906	17,005,780
Less: dividend income		(504,580)	(360,789)
		<u>15,804,326</u>	<u>16,644,991</u>
Adjustments:			
Depreciation		638,341	472,859
Amortization		110,834	82,922
Depreciation on ROU assets		1,079,163	811,224
Markup expense on lease liability		697,985	495,230
Termination of lease contracts under IFRS - 16 Leases		(5,524)	(9,900)
Fair value loss on recognition of financial asset at fair value		259,574	-
Charge for defined benefit plan		333,264	256,877
Credit loss allowance and write offs - net	33	(398,979)	663,472
Unrealised gain on securities measured at FVTPL		(581,574)	(9,476)
Gain on sale of property and equipment		(6,702)	(4,019)
		<u>2,126,382</u>	<u>2,759,189</u>
		<u>17,930,708</u>	<u>19,404,180</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(86,184,576)	321,795
Securities classified as FVPL / HFT		328,456	274,747
Advances		(98,336,226)	(39,474,073)
Other assets (excluding advance taxation)		(15,621,758)	(17,149,438)
		<u>(199,814,104)</u>	<u>(56,026,969)</u>
Increase / (decrease) in operating liabilities			
Bills payable		1,166,713	16,083,723
Borrowings from financial institutions		219,169,530	306,923,780
Deposits		119,633,823	127,052,463
Other liabilities		(1,733,929)	9,884,853
		<u>338,236,137</u>	<u>459,944,819</u>
Net cash generated from operations		<u>156,352,741</u>	<u>423,322,030</u>
Payment made to defined benefit plan		(127,350)	(221,353)
Income tax paid		(12,332,383)	(6,205,499)
Net cash flow from operating activities		<u>143,893,008</u>	<u>416,895,178</u>
Cash flow from investing activities			
Net investments in securities measured at FVOCI / AFS		(188,134,410)	(349,509,447)
Net investments in securities measured at amortised cost		8,393,015	(1,635,665)
Dividend received		501,624	333,498
Investments in property and equipment		(1,876,726)	(580,787)
Investments in intangible assets		(199,305)	(225,782)
Proceeds from sale of property and equipment		16,299	6,869
Effect of translation of net investment in Wholesale Bank Branch		(61,772)	907,083
Net cash used in investing activities		<u>(181,361,275)</u>	<u>(350,704,231)</u>
Cash flow from financing activities			
Payments under IFRS 16		(1,325,171)	(975,538)
Dividend paid		(3,611,807)	(1,170)
Net cash used in financing activities		<u>(4,936,978)</u>	<u>(976,708)</u>
(Decrease) / increase in cash and cash equivalents		<u>(42,405,245)</u>	<u>65,214,239</u>
Cash and cash equivalents at beginning of the period		<u>174,848,644</u>	<u>80,627,190</u>
Cash and cash equivalents at end of the period		<u>132,443,399</u>	<u>145,841,429</u>

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

-sd-
Chief Financial Officer / A. President & CE-sd-
Director-sd-
Director-sd-
Chairman

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2024

1 STATUS AND NATURE OF BUSINESS

The Group consists of Askari Bank Limited, the holding company, Foundation Securities Limited, a 51% owned subsidiary and Askari Currency Exchange (Private) Limited, a 100% owned subsidiary.

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 (2023: 71.91) percent shares of the Bank as on June 30, 2024. The ultimate parent of the Bank is Fauji Foundation. The Bank has 660 branches (2023: 660 branches); 659 in Pakistan and Azad Jammu and Kashmir including 142 (2023: 137) Islamic Banking branches and 63 (2023: 63) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

Foundation Securities (Private) Limited (FSL) was incorporated in Pakistan on January 18, 2005 under the repealed Companies Ordinance, 1984 as a private limited company. The Group holds 51% Ordinary Shares of FSL. The principal activity includes equity and commodity brokerage, equity research and corporate financial advisory services. The registered office of FSL is situated in Karachi.

During the period ended June 30, 2024, the Bank has invested Rs. 700 million in its wholly owned subsidiary Askari Currency Exchange (Private) Limited.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PREPARATION

2.1.1 These consolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan.

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

2.1.3 These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

2.2 STATEMENT OF COMPLIANCE

2.2.1 These consolidated condensed interim financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards 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).

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

2.2.2 The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', vide BPRD Circular No.04 dated February 25, 2015 and International Accounting Standard 40, Investment Property, vide BSD Circular Letter no. 10 dated August 26, 2002, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.

2.2.3 These consolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular No. 2 dated February 09, 2023 and International Accounting Standard 34 'Interim Financial Reporting' and do not include all the information and disclosures required in the audited annual consolidated financial statements, and should be read in conjunction with the audited annual consolidated financial statements of the Group for the financial year ended December 31, 2023.

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

During the year, the Bank has adopted IFRS 9 as applicable in Pakistan with effect from 01 January 2024 (refer note 4.1 for details). There are certain other amendments to accounting and reporting standards that are mandatory for the Group's accounting periods beginning on or after January 1, 2024. Except for IFRS 9, these are either considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.

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

There are various amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current period. These are not likely to have material effect on the Group's financial statements.

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 IFRS 9 - Financial Instruments

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

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

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

The Group has adopted IFRS 9 in accordance with the Application Instructions from January 1, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9. The accounting policies applicable to the 2023 presented information is consistent with the policies mentioned in 31 December 2023 annual financial statements.

SBP vide its BPRD Circular Letter No. 16 of 2024 have made certain amendments and extended timelines of application instructions for certain areas where the banking industry has sought more time. These amendments and relaxations include use modification accounting for financial assets and liabilities as per IFRS 9 standard and recording and treatment of staff loan and advances at reduced rates to given effect from 1 October 2024. Further, the banks have been asked to use existing practices of recordings of interest/markup income using effective interest rate and ensure full recognition from 1 October 2024, this in turn also effects the reduced rate loans and modified assets accounting. Moreover, SBP have allowed an extension to Banks up to December 31, 2024 for developing the requisite models for calculating EAD for revolving products beyond the contractual date. In addition the banks have also been allowed to continue the existing practice of valuing unquoted equity investment at their cost or breakup value, whichever is lower, till 31 December 2024 and perform fair valuation of these securities afterwards.

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

The effect of this change in accounting policy on the financial assets and financial liabilities is as follows:

Financial Asset / Liabilities

	Balances as of December 31, 2023 (Audited)	Remeasurements / reclassifications	Recognition of expected credit loss (ECL)	Balances as of January 01, 2024
(Rupees in '000)				
ASSETS				
Cash and balances with treasury banks	160,087,394	-	-	160,087,394
Balances with other banks	13,789,031	-	(172)	13,788,859
Investments				
- Classified as available for sale	1,124,989,158	(1,124,989,158)	-	-
- Classified as fair value through other comprehensive income	-	1,105,542,060	(166,857)	1,105,375,203
- Classified as held to maturity	56,798,998	(56,798,998)	-	-
- Classified as amortised cost	-	74,879,606	-	74,879,606
- Classified as held for trading	552,832	(552,832)	-	-
- Classified as fair value through profit or loss	-	6,201,322	-	6,201,322
	1,182,340,988	4,282,000	(166,857)	1,186,456,131
Advances				
Gross amount	661,308,049	-	-	661,308,049
- Provision	(28,175,222)	-	(10,322,295)	(38,497,517)
	633,132,827	-	(10,322,295)	622,810,532
Other assets - financial assets	90,069,257	-	(383,971)	89,685,286
LIABILITIES				
Bills payable	12,394,336	-	-	12,394,336
Borrowings	643,362,665	-	-	643,362,665
Deposits and other accounts	1,293,145,575	-	-	1,293,145,575
Subordinated debt	12,000,000	-	-	12,000,000
Other liabilities - financial liabilities	45,249,204	-	226,837	45,476,041
	2,026,883,138	-	226,837	2,027,109,975

The following table and the accompanying notes below explain the original measurement categories under the regulation established by the regulator / SBP and the new measurement categories under IFRS 9 for each class of the Group's financial assets / liability as at 1 January 2024:

Financial Asset / Liabilities		Measurement Category – before adoption of IFRS 9	Measurement Category - after adoption of IFRS 9	Carrying amount at December 31, 2023 – before adoption of IFRS 9	Carrying amount at January 01, 2024 - after adoption of IFRS 9
Rupees in '000					
Cash and balances with treasury banks		Loans and receivables	Amortised cost	160,087,394	160,087,394
Balances with other banks		Loans and receivables	Amortised cost	13,789,031	13,788,859
Investments		Held for trading	Fair value through profit or loss	552,832	552,832
		Available for sale	Fair value through profit or loss	5,648,490	5,648,490
		Available for sale	Fair value through other comprehensive income	1,105,542,060	1,105,375,203
		Available for sale	Amortised cost	13,798,608	18,080,608
		Held to maturity	Amortised cost	56,798,998	56,798,998
Advances		Loans and receivables	Amortised cost	633,132,827	622,810,532
Other assets		Loans and receivables	Amortised cost	90,069,257	89,685,286
Bills payable		Amortised Cost	Amortised Cost	12,394,336	12,394,336
Borrowings		Amortised Cost	Amortised Cost	643,362,665	643,362,665
Deposits and other accounts		Amortised Cost	Amortised Cost	1,293,145,575	1,293,145,575
Subordinated debt		Amortised Cost	Amortised Cost	12,000,000	12,000,000
Other liabilities		Amortised Cost	Amortised Cost	45,249,204	45,476,041

4.1.2 Impact on reserve of deficit on revaluation of investments:

	Impact of adopting IFRS 9 at January 1, 2024 Rupees in '000
Closing balances as at December 31, 2023	(6,367,323)
Reclassification of investment securities (debt) from available-for-sale to amortised cost	4,282,000
Reclassification of net surplus on investment securities (debt and equity) from available-for-sale to FVTPL	(220,594)
Reclassification of provision for diminution in value of investment securities (equity) from available-for-sale to FVOCI	(597,143)
Related tax	(1,697,489)
	<u>1,766,774</u>
Opening balance under IFRS 9 as at January 1, 2024	<u>(4,600,549)</u>

4.1.3 Impact on Retained Earnings

Closing balances as at December 31, 2023	20,431,812
Reclassification under IFRS 9 (net of tax)	416,924
Recognition of expected credit losses under IFRS 9	(11,100,132)
Related tax	5,439,065
	<u>(5,661,067)</u>
Opening balance under IFRS 9 as at January 1, 2024	<u>15,187,669</u>

4.1.4 Impact on regulatory capital

In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP has detailed the transitional arrangement.

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

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

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

	As per previous Reporting (31 December 2023)	At 1 January 2024 after adoption of IFRS 9
Common Equity Tier 1 Capital Adequacy ratio	15.11%	14.15%
Tier 1 Capital Adequacy Ratio	16.08%	15.12%
Total Capital Adequacy Ratio	18.35%	17.52%

4.1.5 Classification and measurement

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

Recognition / derecognition and initial measurement

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

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

The policy for derecognition of financial asset and liabilities are consistent with the annual consolidated financials statements of the Group for the year ended December 31, 2023.

Classification

Financial Assets

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

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

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

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

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

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

Financial Liabilities

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

4.1.6 Business model assessment

A financial asset is classified as either Held to collect, Held to collect and sale and Others based on Business model assessment. The Group makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The assessment requires judgement based on facts and circumstances on the date of assessment.

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

The assessment considers the policies and objectives for the portfolio of financial assets, risk affecting, performance evaluation, historical sales information etc.

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

The Group assesses whether the contractual cash flows of a financial asset meet the Solely Payments of Principal and Interest (SPPI) criterion by examining the contractual terms. This includes checking for terms that could alter the amount and timings of cash flows, such as contingent events, leverage, or prepayment features, etc.

A prepayment feature aligns with SPPI if it mainly represents unpaid principal and profit, including reasonable compensation for early termination.

For fixed-rate financings with periodic profit rate resets, the Group considers these SPPI-compliant as the revised rates reflect time value, credit risk, and other associated risks.

4.1.8 Subsequent measurement

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

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in profit or loss.

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Markup, foreign exchange gains and losses and impairment are recognised in profit or loss.

Debt investments at FVOCI These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Markup income is calculated using the effective interest method and includes amortization of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The banks are allowed to continue measuring unquoted equity securities at the lower of cost or break-up value up to December 31, 2024. However, Group shall be required to measure unquoted equity securities at fair value, as required in the IFRS 9 application instructions, with effect from January 1, 2025.

4.1.9 Modification

Financial assets

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value plus any eligible transaction costs.

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

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

Financial liabilities

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

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

4.1.10 Impairment

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

Financial assets where 12-month ECL is recognized are in 'Stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'Stage 3'. Under the SBP's instructions, the Group is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency.

Based on the requirements of IFRS 9 and SBP's IFRS 9 application instructions, the Group has performed an ECL assessment considering the following key elements:

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2).
- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Group expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

4.1.11 Significant increase in credit risk (SICR)

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

A financial asset is transitioned to a backward stage in line with SBP instructions.

4.1.12 Governance, ownership and responsibilities

The Group has adopted a governance framework requiring multiple functions to effectively work together to ensure input from all business lines. The Risk Department defines the staging criteria for the new impairment model and take ownership of all models, methodologies and the ECL calculation approach. Additionally, the Risk department also take the ownership of the impact of ECL on bank's capital.

The Group's Finance Division performs ECL calculation. As a result, the department then assess the financial impact, meet the financial reporting requirements and further monitor the impact on the financial ratios.

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

4.2 Revised format of condensed interim financial statements

The SBP through its BPRD Circular No. 02 dated February 9, 2023, and BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, has amended the format of quarterly and half yearly financial statements of banks. All banks are directed to prepare their quarterly and half yearly financial statements on the revised format effective from accounting year starting from January 1, 2024. Accordingly, the Group has prepared these condensed interim consolidated financial statements on the new format prescribed by the SBP.

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

- Right-of-use-assets (note 12) amounting to Rs 9,576,179 thousand (December 31, 2023: Rs 8,312,812 thousand) which were previously shown as part of fixed assets are now shown separately on the consolidated statement of financial position.
- Lease liabilities (note 20) amounting to Rs 11,351,842 thousand (December 31, 2023: Rs 9,699,474 thousand) which were previously shown as part of other liabilities (note 22) are now shown separately on the consolidated statement of financial position.

5 FINANCIAL RISK MANAGEMENT

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

	<u>(Un-audited)</u> June 30, 2024	<u>(Audited)</u> December 31, 2023
6 CASH AND BALANCES WITH TREASURY BANKS	Rupees in '000	
<i>In hand:</i>		
Local currency	31,198,563	27,760,857
Foreign currencies	5,718,808	4,318,238
	<u>36,917,371</u>	<u>32,079,095</u>
<i>With the State Bank of Pakistan in:</i>		
Local currency current accounts	56,474,614	104,626,342
Foreign currency current account	6,929,175	6,885,755
Foreign currency deposit account	13,106,172	12,873,026
	<u>76,509,961</u>	<u>124,385,123</u>
<i>With National Bank of Pakistan in:</i>		
Local currency current accounts	5,841,254	3,573,496
Prize Bonds	33,201	49,753
Less: Credit loss allowance held against cash and balances with other banks	-	-
Cash and balances with treasury banks - net of credit loss allowance	<u>119,301,787</u>	<u>160,087,467</u>
7 BALANCES WITH OTHER BANKS		
<i>In Pakistan</i>		
In current accounts	251,750	191,224
In deposit accounts	797,046	783,724
	<u>1,048,796</u>	<u>974,948</u>
<i>Outside Pakistan</i>		
In current accounts	1,190,480	1,557,101
In deposit accounts - note 7.1	10,902,505	12,229,132
	<u>12,092,985</u>	<u>13,786,233</u>
Less: Credit loss allowance held against balances with other banks	(169)	(4)
Balances with other banks - net of credit loss allowance	<u>13,141,612</u>	<u>14,761,177</u>
	<u>(Un-audited)</u> June 30, 2024	<u>(Audited)</u> December 31, 2023
8 LENDINGS TO FINANCIAL INSTITUTIONS	Rupees in '000	
Repurchase agreement lendings (reverse repo)	66,199,437	-
Call money lendings	20,000,000	-
Purchase under resale arrangement of equity securities	74,303	89,164
	<u>86,273,740</u>	<u>89,164</u>
Less: Credit loss allowance / provision held against lending to financial institutions	(89,100)	(89,164)
Lendings to financial institutions - net of credit loss allowance / provision	<u>86,184,640</u>	<u>-</u>

		<u>June 30, 2024</u>		December 31, 2023	
		Lending	Credit Loss Allowance Held	Lending	Provision held
		Rupees in '000			
8.1 Particulars of credit loss allowance / provision					
Domestic					
Performing	Stage 1	86,199,437	14,798	-	-
Non-performing					
Loss	Stage 3	74,303	74,302	89,164	89,164
		<u>86,273,740</u>	<u>89,100</u>	<u>89,164</u>	<u>89,164</u>

9 INVESTMENTS

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / amortised cost	Credit Loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution in value of investment	Surplus / (deficit)	Carrying value

(Rupees in '000)

9.1 Investments by type:

FVTPL / (2023: Held for trading)

Fully paid ordinary shares	357,060	-	2,070	359,130	544,494	-	22,049	566,543
Units of mutual funds	1,820,729	-	656,954	2,477,683	-	-	-	-
Non Government Debt Securities	3,622,900	-	(3,734)	3,619,166	-	-	-	-
	5,800,689	-	655,290	6,455,979	544,494	-	22,049	566,543

FVOCI / (2023: Available for sale)

Federal Government Securities	1,288,033,016	(564,518)	(8,132,042)	1,279,336,456	1,117,640,852	(524,796)	(14,605,232)	1,102,510,824
Shares	4,811,884	(5,680)	2,147,114	6,953,318	4,752,010	(597,143)	1,885,567	6,040,434
Units of mutual funds	-	-	-	-	1,913,994	(168,124)	259,059	2,004,929
Fully paid preference shares	27,314	(2,235)	(1,500)	23,579	27,314	(11,914)	12,750	28,150
Non Government Debt Securities	11,767,754	(1,303,453)	(1,332)	10,462,969	15,836,647	(1,355,068)	(32,425)	14,449,154
	1,304,639,968	(1,875,886)	(5,987,760)	1,296,776,322	1,140,170,817	(2,657,045)	(12,480,281)	1,125,033,491

Amortised cost / (2023: Held to maturity)

Federal Government Securities	67,170,859	(190,003)	-	66,980,856	57,483,266	(585,642)	-	56,897,624
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
	67,280,859	(300,003)	-	66,980,856	57,593,266	(695,642)	-	56,897,624

Total investments	1,377,721,515	(2,175,889)	(5,332,470)	1,370,213,157	1,198,308,577	(3,352,687)	(12,458,232)	1,182,497,658
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(Un-audited)	(Audited)
June 30, 2024	December 31, 2023

(Rupees in '000)

9.1.1 Investments given as collateral

The market value of investment given as collateral is as follows

Market Treasury Bills	20,455,390	13,586,080
Pakistan Investment Bonds	775,203,500	570,673,900
Shares	158,914	141,491
	795,817,804	584,401,471

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

	<u>(Un-audited)</u> June 30, 2024 (Rupees in '000)	<u>(Audited)</u> December 31, 2023
9.3.1 Opening balance	3,352,687	3,512,177
Impact of reclassification on adoption of IFRS 9	(847,767)	-
Impact of ECL recognized on adoption of IFRS 9	166,857	-
	2,671,777	3,512,177
Exchange adjustments	(1,093)	274,611
Charge / (reversals)		
Charge for the period / year	-	180,392
Reversal for the period / year	(494,795)	(328,207)
Reversal on disposals	-	(286,286)
	(494,795)	(434,101)
Closing balance	2,175,889	3,352,687

9.3.2 Particulars of credit loss allowance / provision against debt securities

Category of classification	<u>June 30, 2024 (Un-audited)</u>		<u>December 31, 2023 (Un-audited)</u>	
	Amount Outstanding (cost)	Credit loss allowance Held (Rupees in '000)	Amount Outstanding (cost)	Provision held
Domestic				
Performing - Stage 1	1,355,606,015	129,472	-	-
Non-performing - Stage 3 Loss	1,383,823	1,383,823	1,577,096	1,476,982
	1,356,989,838	1,513,295	1,577,096	1,476,982
Overseas				
Performing - Stage 1	10,020,479	656,914	20,287,925	1,110,438
	1,367,010,317	2,170,209	21,865,021	2,587,420

9.4 The market value of securities classified as amortised cost / held to maturity as at June 30, 2024 is Rs. 58,996,690 thousand (2023: Rs. 50,529,523 thousand).

10	ADVANCES	Performing		Non Performing		Total	
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
(Rupees in '000)							
	Loans, cash credits, running finances, etc.	562,666,627	498,619,419	27,744,488	25,198,876	590,422,018	523,818,295
	Islamic financing and related assets	136,647,536	114,772,652	4,355,830	2,781,125	140,992,463	117,553,777
	Bills discounted and purchased	20,608,553	18,765,713	2,343,084	1,083,586	22,951,637	19,849,299
	Advances - gross	719,922,716	632,157,784	34,443,402	29,063,587	754,366,118	661,221,371
	Credit loss allowance / provision against advances						
	- Stage 1	(2,489,300)	-	-	-	(2,489,300)	-
	- Stage 2	(2,167,883)	-	-	-	(2,167,883)	-
	- Stage 3	-	-	(32,423,345)	-	(32,423,345)	-
	- General	-	(2,538,527)	-	-	-	(2,538,527)
	- Specific	-	-	-	(25,636,695)	-	(25,636,695)
		(4,657,183)	(2,538,527)	(32,423,345)	(25,636,695)	(37,080,528)	(28,175,222)
	Advances - net of credit loss allowance / (provision)	715,265,533	629,619,257	2,020,057	3,426,892	717,285,590	633,046,149

10.1	Particulars of advances (Gross)	(Rupees in '000)	
		(Un-audited)	(Audited)
		June 30, 2024	December 31, 2023
	In local currency	715,263,649	622,718,911
	In foreign currencies	39,102,469	38,502,460
		754,366,118	661,221,371

10.2 Advances include Rs.34,443,402 thousand (2023: Rs. 29,063,587 thousand) which have been placed under non-performing status as detailed below:

Category of classification (Stage 3)	June 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	276,723	252,870	133,619	1,423
Substandard	4,080,006	3,289,442	2,112,910	523,884
Doubtful	1,711,422	1,331,104	1,301,511	599,345
Loss	28,375,251	27,549,929	25,515,547	24,512,043
	34,443,402	32,423,345	29,063,587	25,636,695

10.3	Particulars of credit loss allowance / provision against advances	June 30, 2024 (Un-audited)			
		Stage 3	Stage 2	Stage 1	Total
		(Rupees in '000)			
	Opening balance	25,636,695	-	2,538,527	28,175,222
	Impact of ECL recognized on adoption of IFRS 9	5,782,432	3,987,283	552,578	10,322,293
		31,419,127	3,987,283	3,091,105	38,497,515
	Charge for the period	4,211,359	274,486	190,698	4,676,543
	Reversal for the period	(3,207,141)	(2,093,886)	(792,503)	(6,093,530)
		1,004,218	(1,819,400)	(601,805)	(1,416,987)
	Closing balance	32,423,345	2,167,883	2,489,300	37,080,528

	December 31, 2023 (Audited)			
	Specific	General	Consumer financing - General	Total
	Opening balance	29,297,528	1,010,000	815,586
Exchange adjustments	-	22,369	-	22,369
Charge for the year	2,657,741	1,152,111	52,676	3,862,528
Reversal under IFRS 9 related to WBB	-	(86,544)	-	(86,544)
Reversal for the year	(2,105,630)	(108,551)	(319,120)	(2,533,301)
	552,111	957,016	(266,444)	1,242,683
Amounts written off	(2,505,910)	-	-	(2,505,910)
Amounts charged off	(1,707,034)	-	-	(1,707,034)
Closing balance	25,636,695	1,989,385	549,142	28,175,222

10.4	Advances - particulars of credit loss allowance	June 30, 2024 (Un-audited)		
		Stage 1	Stage 2	Stage 3
		Opening balance (including impact of ECL on adoption of IFRS 9)	3,091,105	3,987,283
New Advances	159,367	34,502	11,322	
Advances repaid	(94,267)	(96,369)	(653,799)	
Transfer to stage 1	31,330	(86,660)	-	
Transfer to stage 2	(116,774)	239,984	-	
Transfer to stage 3	(3,521)	(356,016)	4,200,038	
Changes in risk parameters	(577,940)	(1,554,841)	(2,553,343)	
Closing balance	2,489,300	2,167,883	32,423,345	

10.5 Advances - category of classification		June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Loans Outstanding	Credit Loss Allowance Held	Loans Outstanding	Provision
		(Rupees in '000)			
Domestic					
Performing	Stage 1	636,218,808	2,489,300	629,255,462	2,512,841
Underperforming	Stage 2	82,770,650	2,157,073	-	-
Non-Performing	Stage 3				
Other assets specially mentioned		276,723	252,870	133,619	1,423
Substandard		4,080,006	3,289,442	2,112,910	523,884
Doubtful		1,711,422	1,331,104	1,301,511	599,345
Loss		28,375,251	27,549,929	25,515,547	24,512,043
		34,443,402	32,423,345	29,063,587	25,636,695
Sub Total		753,432,860	37,069,718	658,319,049	28,149,536
Overseas					
Underperforming	Stage 2	927,804	10,810	2,902,322	25,686
Total		754,360,664	37,080,528	661,221,371	28,175,222
				(Un-audited)	(Audited)
				June 30, 2024	December 31, 2023
11 PROPERTY AND EQUIPMENT				(Rupees in '000)	
Capital work-in-progress - note 11.1				516,207	491,050
Property and equipment				19,426,974	18,216,393
				19,943,181	18,707,443
11.1	This represents advances to suppliers and contractors.				
				(Un-audited)	
				Period ended	Period ended
				June 30, 2024	June 30, 2023
11.2 Additions to property and equipment				(Rupees in '000)	
The following additions have been made to property and equipment during the period:					
Capital work-in-progress				260,884	98,355
Property and equipment					
Buildings - leasehold				-	1,037
Renovation of premises				396,366	165,657
Furniture, fixtures and office equipment				281,383	125,005
Machine and equipment				722,465	191,419
Computer equipment				410,386	112,476
Vehicles				40,969	7,743
				1,851,569	603,337
Total				2,112,453	701,692
11.3 Disposal of property and equipment					
The net book value of property and equipment disposed off during the period is as follows:					
Renovation of premises				117	-
Furniture, fixtures and office equipment				4,982	2,193
Machine and equipment				1,828	657
Computer equipment				360	-
Vehicles				2,310	-
Total				9,597	2,850
				(Un-audited)	(Audited)
				June 30, 2024	December 31, 2023
12 RIGHT-OF-USE ASSETS				(Rupees in '000)	
Net carrying amount at January 1,				8,312,812	6,891,568
Additions during the period / year				2,318,296	3,227,516
Depreciation for the period / year				(1,079,163)	(1,722,707)
Deletions and other adjustments				24,234	(83,565)
Net carrying amount at period / year end				9,576,179	8,312,812
13 INTANGIBLE ASSETS					
Computer software				1,562,732	1,501,272
Capital work in progress				391,356	359,475
				1,954,088	1,860,747

		(Un-audited)	
		Period ended	Period ended
		June 30,	June 30,
		2024	2023
		(Rupees in '000)	
13.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress	97,518	179,625
	Directly purchased	<u>101,787</u>	<u>92,809</u>
		<u>199,305</u>	<u>272,434</u>
14	This represents carrying amount of land located at Haider Road, Rawalpindi, which was classified to non current asset held for sale in 2022 consequent to a sale agreement. The carrying amount includes revaluation surplus of Rs. 980,987 thousand at which amount the asset was transferred from property and equipment.		
		(Un-audited)	(Audited)
		June 30,	December 31,
		2024	2023
		(Rupees in '000)	
15	DEFERRED TAX ASSETS		
	(Taxable) / deductible temporary differences on		
	- Accelerated tax depreciation	(238,645)	(205,456)
	- Deficit on revaluation of investments	2,934,002	6,115,338
	- Credit loss allowance / provision against advances	7,511,389	2,160,533
	- Others	<u>(5,003)</u>	<u>(5,003)</u>
		<u>10,201,743</u>	<u>8,065,412</u>
16	OTHER ASSETS		
	Income / mark-up accrued in local currency	85,984,679	73,588,636
	Income / mark-up accrued in foreign currencies	1,170,984	2,134,035
	Advances, deposits, advance rent and other prepayments	1,239,234	1,064,788
	Advance taxation (payments less provisions)	7,624,218	3,966,205
	Deferred cost on recognition of loan at fair value - note 16.1	4,931,905	-
	Trade debts - unsecured - considered good	440,013	461,827
	Non-banking assets acquired in satisfaction of claims	396,746	406,862
	Receivable against trading of securities	40	46,245
	Stationary and stamps in hand	235,261	285,087
	Receivable from defined benefit plan	170,221	-
	Dividend receivable	7,409	4,453
	Margin against stand by letter of credit (SBLC)	822,391	-
	Acceptances	17,215,992	14,053,824
	Others	<u>573,991</u>	<u>425,248</u>
		<u>120,813,084</u>	<u>96,437,210</u>
	Credit loss allowance / provision held against other assets - note 16.2	<u>(710,638)</u>	<u>(212,988)</u>
	Other assets - net of credit loss allowance / provision	<u>120,102,446</u>	<u>96,224,222</u>
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	<u>459,948</u>	<u>459,948</u>
	Other assets - total	<u>120,562,394</u>	<u>96,684,170</u>
16.1	This represents deferred portion of fair value loss arisen on initial recognition of loan to PIA Holding Company Limited (PIAHCL). SBP through its letter BPRD/BRD/PIAHCL/733688-2024 dated August 01, 2024 has allowed staggering of such fair value impact over a period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 35% from year 1 to year 6, accordingly, the Group has amortized 5% in the current period.		
		(Un-audited)	(Audited)
		June 30,	December 31,
		2024	2023
		(Rupees in '000)	
16.2	Credit loss allowance / provision held against other assets		
	Advances, deposits, advance rent and other prepayments	4,838	4,838
	Acceptances	499,342	-
	Others	<u>206,458</u>	<u>208,150</u>
		<u>710,638</u>	<u>212,988</u>

	(Un-audited)	(Audited)				
	June 30,	December 31,				
	2024	2023				
	(Rupees in '000)					
16.2.1 Movement in credit loss allowance / provision against other assets						
Opening balance	212,989	182,608				
Impact of ECL recognized on adoption of IFRS 9	383,971	-				
	<u>596,959</u>	<u>182,608</u>				
Charge for the period / year	113,679	2,756				
Reversal for the period / year	-	(260)				
	<u>113,679</u>	<u>2,496</u>				
Transfers / Other adjustments	-	27,885				
Closing balance	<u>710,638</u>	<u>212,989</u>				
17 BILLS PAYABLE						
In Pakistan	<u>13,561,049</u>	<u>12,394,336</u>				
18 BORROWINGS						
Secured						
Borrowings from the State Bank of Pakistan under:						
Export refinance scheme	16,610,063	19,840,120				
Long term financing facility	7,666,644	8,610,177				
Financing facility for storage of agricultural produce	-	14,770				
Renewable energy financing facility	3,900,330	3,905,513				
Refinance from SBP						
Credit guarantee scheme for women entrepreneurs	33,267	12,700				
Temporary Economic Relief	10,975,245	11,947,741				
Modernization of SME	77,686	8,687				
Combating COVID-19	318,834	400,459				
Rupee based discounting of bills / receivable	3,836,642	3,707,901				
Working Capital Financing	58,900	-				
	<u>43,477,611</u>	<u>48,448,068</u>				
Repurchase agreement borrowings						
State Bank of Pakistan	790,000,000	505,000,000				
Financial institutions	22,279,436	86,921,724				
	<u>812,279,436</u>	<u>591,921,724</u>				
Refinance from Pakistan Mortgage Refinance Company	4,747,990	2,992,873				
Unsecured						
Call borrowings	2,000,000	-				
Overdrawn nostro accounts	27,158	-				
	<u>862,532,195</u>	<u>643,362,665</u>				
	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)				
19 DEPOSITS AND OTHER ACCOUNTS	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current accounts	368,438,605	31,510,568	399,949,173	320,346,322	31,589,438	351,935,760
Savings deposits	752,553,200	69,894,547	822,447,747	667,642,523	61,519,218	729,161,741
Fixed deposits	130,246,312	31,003,688	161,250,000	160,821,348	30,642,438	191,463,786
	<u>1,251,238,117</u>	<u>132,408,803</u>	<u>1,383,646,920</u>	<u>1,148,810,193</u>	<u>123,751,094</u>	<u>1,272,561,287</u>
Financial institutions						
Current accounts	1,260,834	138,065	1,398,899	1,149,626	241,191	1,390,817
Savings deposits	4,247,166	-	4,247,166	2,144,906	-	2,144,906
Fixed deposits	23,135,544	-	23,135,544	16,697,696	-	16,697,696
	<u>28,643,544</u>	<u>138,065</u>	<u>28,781,609</u>	<u>19,992,228</u>	<u>241,191</u>	<u>20,233,419</u>
	<u>1,279,881,661</u>	<u>132,546,868</u>	<u>1,412,428,529</u>	<u>1,168,802,421</u>	<u>123,992,285</u>	<u>1,292,794,706</u>
	(Un-audited)	(Audited)				
	June 30,	December 31,				
	2024	2023				
	Rupees in '000					
20 LEASE LIABILITIES						
Outstanding amount at the beginning of the period / year	9,699,474	8,084,073				
Additions during the period / year	2,318,296	3,227,516				
Lease payments including interest	(1,247,372)	(2,523,755)				
Interest expense for the period / year	697,985	1,061,886				
Termination and other adjustments	(116,541)	(150,246)				
Outstanding amount at the end of the period / year	<u>11,351,842</u>	<u>9,699,474</u>				
20.1 Liabilities Outstanding						
Not later than one year	1,082,448	1,143,794				
Later than one year and upto five years	4,160,693	3,925,528				
Over five years	6,108,701	4,630,152				
Total at the end of the period / year	<u>11,351,842</u>	<u>9,699,474</u>				

	(Un-audited)	(Audited)
	June 30, 2024	December 31, 2023
21 SUBORDINATED DEBTS	(Rupees in '000)	
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	6,000,000
	12,000,000	12,000,000

21.1 The Group has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Group's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Group including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount - Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity Date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Listed
Profit payment frequency	Payable six monthly	Payable quarterly
Redemption	Perpetual	109-120th month: 100%
Profit Rate	Base Rate plus 1.50%	Base Rate plus 1.20%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Group's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Group's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Group being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.
Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Group's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Group and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Group's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares.

	<u>(Un-audited)</u>	<u>(Audited)</u>
	June 30, 2024	December 31, 2023
22 OTHER LIABILITIES	(Rupees in '000)	
Mark-up / return / interest payable in local currency	16,360,007	22,119,508
Mark-up / return / interest payable in foreign currencies	1,363,654	1,267,444
Unearned commission and income on bills discounted	1,822,384	2,003,160
Accrued expenses	1,846,907	2,653,259
Trade payables	1,552,240	1,461,674
Advance payments	373,598	314,319
Acceptances	17,215,992	14,053,824
Dividend payable	233,158	193,493
Advance against sale of non-banking assets	461,535	461,535
Mark to market loss on forward foreign exchange contracts	151,805	1,322,589
Branch adjustment account	284,974	525,732
Payable to defined benefit plan	-	67,468
Provision for employees' compensated absences	801,248	724,890
Security deposit against lease / Ijarah financing	3,559,885	3,485,208
Levies and taxes payable	2,069,533	2,087,179
Workers' Welfare Fund	1,571,596	1,301,596
Switch settlement accounts	2,680,574	1,375,528
Credit loss allowance / provision against off-balance sheet obligations - note 22.1	1,787,683	160,558
Payable to a borrower	898,666	-
Others	2,460,387	2,247,229
	<u>57,495,826</u>	<u>57,826,193</u>
22.1 Credit loss allowance / provision against off-balance sheet obligations		
Opening balance	160,558	134,767
Impact of ECL recognized on adoption of IFRS 9	226,837	-
	<u>387,395</u>	<u>134,767</u>
Exchange adjustment	-	133
Charge for the period / year	1,400,288	26,319
Reversal for the period / year	-	(661)
Net charge	1,400,288	25,658
Closing balance	<u>1,787,683</u>	<u>160,558</u>
23 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
(Deficit) / surplus on revaluation of:		
- Securities measured at FVOCI - Debt	(8,134,874)	-
- Securities measured at FVOCI - Equity	2,147,114	-
- Available for sale securities - Debt	-	(14,624,907)
- Available for sale securities - Equity	-	2,144,626
- Property and equipment	10,365,737	10,365,737
- Non-banking assets acquired in satisfaction of claims	459,948	459,948
	<u>4,837,925</u>	<u>(1,654,596)</u>
Deferred tax on deficit / (surplus) on revaluation of:		
- Securities measured at FVOCI - Debt	3,986,088	-
- Securities measured at FVOCI - Equity	(1,052,086)	-
- Available for sale securities - Debt	-	7,166,205
- Available for sale securities - Equity	-	(1,050,867)
	<u>2,934,002</u>	<u>6,115,338</u>
	<u>7,771,927</u>	<u>4,460,742</u>

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
24 CONTINGENCIES AND COMMITMENTS	(Rupees in '000)	
- Guarantees - note 24.1	315,076,813	350,296,809
- Commitments - note 24.2	558,937,204	506,769,966
- Other contingent liabilities - note 24.3	1,414,970	1,429,701
	<u>875,428,987</u>	<u>858,496,476</u>
24.1 Guarantees		
Financial guarantees	4,940,529	7,400,327
Performance guarantees	182,662,360	188,322,832
Other guarantees	127,473,924	154,573,650
	<u>315,076,813</u>	<u>350,296,809</u>
24.2 Commitments		
Documentary credits and short-term trade-related transactions		
- letters of credit	230,972,362	226,655,650
Commitments in respect of:		
- forward foreign exchange contracts - note 24.2.1	327,454,901	276,444,892
- forward government securities transactions - note 24.2.2	-	2,000,000
- non-government securities transactions - note 24.2.3	-	1,174,056
Commitments for acquisition of:		
- property and equipment	262,750	255,774
- intangible assets	247,191	239,594
	<u>558,937,204</u>	<u>506,769,966</u>
24.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	188,094,426	153,115,769
Sale	139,360,475	123,329,123
	<u>327,454,901</u>	<u>276,444,892</u>
The above commitments have maturities falling within one year.		
24.2.2 Commitments in respect of government securities transactions		
Sale	-	2,000,000
	<u>-</u>	<u>2,000,000</u>
24.2.3 Commitments in respect of non government securities transactions		
Purchase	-	1,168,290
Sale	-	5,766
	<u>-</u>	<u>1,174,056</u>
24.3 Other contingent liabilities		
These represent certain claims by third parties against the Group, which are being contested in the Courts of law. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Group's favor and the possibility of any outcome against the Group is remote and accordingly no provision has been made in these condensed interim consolidated financial statements.	592,579	596,911
This represents stand by letters of credit issued by a correspondent Bank on behalf of the Group.	822,391	832,790
	<u>1,414,970</u>	<u>1,429,701</u>

25 DERIVATIVE INSTRUMENTS

The Group does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Group's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

	(Un-audited)	
	Period ended June 30, 2024	Period ended June 30, 2023
26 MARK-UP / RETURN / INTEREST EARNED	(Rupees in '000)	
On:		
Loans and advances	69,894,403	51,765,694
Investments	133,004,997	75,416,614
Lendings to financial institutions	678,911	72,958
Balances with banks	600,129	239,575
Securities purchased under resale agreements	1,235,049	517,039
	<u>205,413,489</u>	<u>128,011,880</u>
27 MARK-UP / RETURN / INTEREST EXPENSED		
On:		
Deposits	90,881,835	67,807,224
Borrowings	84,987,472	32,270,412
Subordinated debts	1,360,377	1,165,762
Cost of FX swaps against foreign currency deposits / borrowings	2,349,368	1,451,990
Lease liability	697,985	495,230
Fair value loss on recognition of financial asset at fair value - note 16.1	259,574	-
	<u>180,536,611</u>	<u>103,190,618</u>
28 FEE AND COMMISSION INCOME		
Branch banking customer fees	443,257	382,800
Consumer finance related fees	42,049	47,729
Card related fees (debit and credit cards)	883,917	712,684
Credit related fees	232,674	433,658
Investment banking fees	202,327	155,433
Commission on trade	699,417	871,295
Commission on guarantees	746,490	634,152
Commission on remittances including home remittances	170,148	94,390
Commission on bancassurance	13,188	16,503
Brokerage revenue	216,178	-
Others	23,915	44,503
	<u>3,673,560</u>	<u>3,393,147</u>
29 GAIN ON SECURITIES		
Realised - note 29.1	318,445	16,289
Unrealised gain on securities measured at FVTPL	581,574	9,476
	<u>900,019</u>	<u>25,765</u>
29.1 Realised gain / (loss) on:		
Federal Government Securities	269,236	(153,747)
Shares	49,209	127,469
Non Government Debt Securities	-	37,833
Mutual Funds	-	4,734
	<u>318,445</u>	<u>16,289</u>

		(Un-audited)	
		Period ended June 30, 2024	Period ended June 30, 2023
30	OTHER INCOME	(Rupees in '000)	
	Gain on sale of property and equipment	6,702	4,019
	Rent of lockers	27,311	25,403
	Recovery of expenses from customers	163,301	160,482
	Termination of lease contracts under IFRS - 16 Leases	5,524	9,900
	Others	24,676	-
		<u>227,514</u>	<u>199,804</u>
31	OPERATING EXPENSES		
	Total compensation expenses - note 31.1	8,092,505	6,952,448
	Property expense		
	Rent and taxes	95,394	72,469
	Insurance	55,504	45,924
	Utilities cost	815,238	622,111
	Security (including guards)	474,830	381,112
	Repair & maintenance (including janitorial expenses)	263,792	211,294
	Depreciation on right-of-use assets	1,079,163	811,224
	Depreciation	150,435	120,980
		<u>2,934,356</u>	<u>2,265,114</u>
	Information technology expenses		
	Software maintenance	520,130	334,067
	Hardware maintenance	105,534	80,107
	Depreciation	175,476	113,404
	Amortisation	110,834	82,922
	Network charges	334,215	261,287
		<u>1,246,189</u>	<u>871,787</u>
	Other operating expenses		
	Directors' fees, allowances	21,680	15,200
	Fees and allowances to shariah board	4,818	4,746
	Rates, taxes, insurance etc.	70,354	89,800
	Legal and professional charges	54,036	48,917
	Brokerage and commission	159,113	100,672
	NIFT clearing charges	48,923	52,342
	Repair and maintenance	441,656	401,987
	Communications	884,550	475,841
	Stationery and printing	355,899	301,362
	Marketing, advertisement and publicity	148,978	54,077
	Donations	-	524,397
	Auditors' remuneration	35,719	26,389
	Travelling, conveyance and entertainment	263,273	194,534
	Depreciation	312,430	238,475
	Security service charges	354,641	356,972
	Training and development	13,058	11,603
	Deposit premium expense	428,803	351,160
	Outsourced service cost	283,203	102,216
	Other expenditure	306,946	159,049
		<u>4,188,080</u>	<u>3,509,739</u>
		<u>16,461,130</u>	<u>13,599,088</u>
31.1	Total compensation expense		
	Managerial remuneration	6,321,896	5,194,287
	Charge for defined benefit / contribution plan	521,060	423,655
	Other staff cost - note 31.1.1	1,249,549	1,334,506
		<u>8,092,505</u>	<u>6,952,448</u>
31.1.1	Other staff cost includes incentive to consumer sales staff, dearness allowance, cash handling allowance, staff group insurance, provision for severance etc.		

32 This represents penalties imposed by the State Bank of Pakistan.

	(Un-audited)	
	Period ended June 30, 2024	Period ended June 30, 2023
33 CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET	(Rupees in '000)	
Credit loss allowance / provision charge against investments - note 9.3.1	(495,888)	231,427
Credit loss allowance / provision charge against loans and advances - note 10.3	(1,416,987)	447,517
Credit loss allowance against other assets - 16.2.1	113,679	-
Credit loss allowance / (reversal of provision) against repurchase agreement lendings	(64)	(14,860)
Credit loss allowance / (reversal of provision) against off-balance sheet obligations - note 22.1	1,400,288	(649)
Credit loss allowance / provision charge against balances with other banks	(7)	37
Recovery of written off / charged off bad debts	(53,312)	(46,196)
	<u>(452,291)</u>	<u>617,276</u>
34 TAXATION		
Current	8,050,819	8,439,244
Deferred	121,398	(271,007)
	<u>8,172,217</u>	<u>8,168,237</u>
34.1 Tax status and contingencies		

i) During the year ended December 31 2023, the Federal Government issued S.R.O 1588 (I)/2023 on 21 November 2023 under section 99D of the Income Tax Ordinance 2001, whereby the banking sector was specified the sector for the payment of additional tax on windfall income. Through said S.R.O, the Federal Government also specified the method to determine windfall income, tax rate to be applied on such windfall income and tax years under scope. The Group has challenged the S.R.O through petition before the Honorable Islamabad High Court with regards to retrospective application of Section 99D of the Income Tax Ordinance, 2001 for tax years 2022 and 2023. The Honorable Islamabad High Court through its order dated 30 November 2023 has suspended the operation of S.R.O.1588 (I)/2023 and the said injunctive order continues to operate till date of next hearing for which no date has been fixed yet. Management based on the legal advisor opinion believes that the Group has reasonably good chance to succeed in this case and therefore has not recognized any provision in the financial statements. Additional tax on windfall income for tax years 2022 and 2023 is estimated to be Rs. 2,189 million.

ii) The Group has filed tax returns for and up to tax year 2023. The assessments for and up to tax year 2023 were amended by the tax authorities creating accumulated additional tax demand, mainly in the matters of admissibility of recoveries against doubtful debts for Rs 1,119 million, provision for diminution in the value of investments for Rs 3,144.44 million, bad debts written off for Rs 242.892 million, provision for substandard advances for Rs 74.95 million, Provision against other assets/ fixed assets for Rs 145.81 million, disallowance of employee benefit expenses Rs 228.680 Million, disallowance of depreciation on lease assets Rs 773.88 and Other disallowances of expenses/credits for Rs 551.78 million. Group's Appeals against these orders are currently pending before Commissioner Appeals, Appellate Tribunal and Islamabad High Court. The management and tax advisor of the Group are confident that these matters will be decided in favor of the Group and consequently no provision has been made thereon. Tax payments by the Group against certain matters are being carried forward as receivable, as management and tax advisor of the Group are confident of their realization.

iii) Consequent upon the amalgamation with and into the Group, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However, the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

	(Un-audited)	
	Period ended June 30, 2024	Period ended June 30, 2023
35 BASIC EARNINGS PER SHARE		
Profit for the period - Rupees in '000	<u>8,136,689</u>	<u>8,837,543</u>
Weighted average number of Ordinary Shares - numbers	<u>1,449,299,207</u>	<u>1,449,299,207</u>
Basic earnings per share - Rupees	<u>5.61</u>	<u>6.10</u>

There is no dilutive effect on the basic earnings per share of the Group, therefore dilutive earnings per share have not been presented separately.

36 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as Amortised Cost, is based on quoted market price. Quoted securities classified as Amortised Cost 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 advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

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

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

36.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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) available at MUFAP and Reuters page.
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of each business day.
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 and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments 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 condensed interim consolidated financial statements.

The following table provides the fair values of those of the Group's financial assets and liabilities that are recognized or disclosed at fair value in these consolidated condensed interim financial statements:

June 30, 2024 (Un-audited)					
Carrying / Notional 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	1,279,336,456	6,748,604	1,272,587,852	-	1,279,336,456
Shares	6,945,035	6,945,035	-	-	6,945,035
Units of open end mutual funds	2,433,350	1,543,880	889,470	-	2,433,350
Fully paid preference shares	23,579	23,579	-	-	23,579
Non Government Debt Securities	14,082,135	-	14,082,135	-	14,082,135
	<u>1,302,820,555</u>	<u>15,261,098</u>	<u>1,287,559,457</u>	<u>-</u>	<u>1,302,820,555</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	66,882,230	2,614,961	64,267,269	-	66,882,230
Unlisted shares	350,000	-	-	-	-
Cash and balances with treasury banks	119,301,787	-	-	-	-
Balances with other banks	13,141,612	-	-	-	-
Advances	717,285,590	-	-	-	-
Other assets	104,247,295	-	-	-	-
	<u>1,021,208,514</u>	<u>2,614,961</u>	<u>64,267,269</u>	<u>-</u>	<u>66,882,230</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	188,094,426	-	(1,942,305)	-	(1,942,305)
Forward sale of foreign exchange	139,360,475	-	1,790,500	-	1,790,500

December 31, 2023 (Audited)					
Carrying / Notional 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	1,102,510,824	8,421,152	1,094,089,672	-	1,102,510,824
Shares	6,256,977	6,256,977	-	-	6,256,977
Units of open end mutual funds	960,596	149,958	810,638	-	960,596
Fully paid preference shares	28,150	28,150	-	-	28,150
Non Government Debt Securities	14,449,154	-	14,449,154	-	14,449,154
	<u>1,124,205,701</u>	<u>14,856,237</u>	<u>1,109,349,464</u>	<u>-</u>	<u>1,124,205,701</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	56,897,624	10,756,335	46,141,289	-	56,897,624
Shares	350,000	-	-	-	-
Units of open end mutual funds	1,044,333	-	-	-	-
Cash and balances with treasury banks	160,087,394	-	-	-	-
Balances with other banks	14,761,177	-	-	-	-
Advances	633,046,149	-	-	-	-
Other assets	90,346,735	-	-	-	-
	<u>956,533,412</u>	<u>10,756,335</u>	<u>46,141,289</u>	<u>-</u>	<u>56,897,624</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	153,115,769	-	(2,798,564)	-	(2,798,564)
Forward sale of foreign exchange	123,329,123	-	1,475,975	-	1,475,975

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

	(Un-audited)	(Audited)
	June 30, 2024	December 31, 2023
	(Rupees in '000)	
36.2 Fair value of non-financial assets	Level 3	Level 3
Fixed assets		
Property and equipment (freehold and leasehold land)	13,238,392	13,238,392
Assets held for sale	1,750,000	1,750,000
Other assets		
Non-banking assets acquired in satisfaction of claims	856,694	866,810

37 Segment Information

37.1 Segment details with respect to Business Activities

The segment analysis with respect to business activity is as follows:

	June 30, 2024 (Un-audited)							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(59,765,179)	29,917,317	43,815,380	2,479,309	9,195,978	784,747	(1,550,674)	24,876,878
Inter segment revenue - net	74,243,838	(27,607,590)	(46,984,388)	(1,864,887)	(5,289,020)	(398,712)	7,900,759	-
Non mark-up / return / interest income	1,233,382	2,419,469	2,904,514	287,538	435,253	1,916	438,067	7,720,139
Total income	15,712,041	4,729,196	(264,494)	901,960	4,342,211	387,951	6,788,152	32,597,017
Segment direct expenses	8,748,295	612,723	221,356	879,100	1,918,203	127,023	4,233,702	16,740,402
Inter segment expense allocation	342,854	671,819	4,111	19,810	-	-	(1,038,594)	-
Total expenses	9,091,149	1,284,542	225,467	898,910	1,918,203	127,023	3,195,108	16,740,402
Credit loss allowance and write offs - net	25,452	(87,439)	50,993	(244,035)	1,077,331	(454,617)	(819,976)	(452,291)
Profit before tax	6,595,440	3,532,093	(540,954)	247,085	1,346,677	715,545	4,413,020	16,308,906
Statement of financial position								
Cash and bank balances	39,192,884	-	80,200,455	822,390	11,950,327	118,314	159,029	132,443,399
Investments	-	8,936,474	1,299,782,439	-	51,578,112	9,363,564	552,568	1,370,213,157
Lendings to financial institutions	-	-	86,184,640	-	-	-	-	86,184,640
Advances - performing - net of credit loss allowance	12,740,141	534,067,603	-	22,069,824	136,267,039	916,994	9,203,933	715,265,534
Advances - non-performing - net of credit loss allowance	40,596	1,528,978	-	69,086	381,397	-	-	2,020,057
Others	1,329,565	39,362,517	50,360,158	1,051,347	14,164,381	211,021	57,508,596	163,987,585
Total Assets	53,303,186	583,895,572	1,516,527,692	24,012,647	214,341,256	10,609,893	67,424,126	2,470,114,372
Borrowings	1,409,009	37,669,501	814,306,592	4,747,991	4,399,102	-	-	862,532,195
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	978,955,538	299,213,932	-	3,201	132,994,021	1,261,837	-	1,412,428,529
Net inter segment balances - net	(945,717,429)	223,091,000	693,692,139	18,638,514	51,420,446	3,437,514	(44,562,184)	-
Others	18,656,068	23,921,139	8,528,961	622,941	8,667,604	5,910,542	16,101,462	82,408,717
Total liabilities	53,303,186	583,895,572	1,516,527,692	24,012,647	197,481,173	10,609,893	(16,460,722)	2,369,369,441
Equity	-	-	-	-	16,860,083	-	83,884,847	100,744,930
Total Equity and liabilities	53,303,186	583,895,572	1,516,527,692	24,012,647	214,341,256	10,609,893	67,424,126	2,470,114,371
Contingencies and commitments	6,010,355	518,631,558	325,598,561	1,037,167	23,117,215	-	1,034,131	875,428,987

	June 30, 2023 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(40,637,694)	17,975,386	39,738,449	2,213,650	5,823,754	1,121,604	(1,413,887)	24,821,262
Inter segment revenue - net	58,025,034	(15,577,459)	(44,495,586)	(1,676,680)	(1,776,600)	(831,918)	6,333,209	-
Non mark-up / return / interest income	1,090,027	2,279,514	2,494,311	376,161	357,571	16,154	149,208	6,762,946
Total income	18,477,367	4,677,441	(2,262,826)	913,131	4,404,725	305,840	5,068,530	31,584,208
Segment direct expenses	7,360,735	491,246	210,020	753,599	1,613,147	116,030	3,416,375	13,961,152
Inter segment expense allocation	675,266	495,989	10,506	25,972	-	-	(1,207,733)	-
Total expenses	8,036,001	987,235	220,526	779,571	1,613,147	116,030	2,208,642	13,961,152
Provisions / (reversal of provisions) and write offs - net	(188,600)	609,275	183,504	(12,751)	(40,595)	-	66,443	617,276
Profit before tax	10,629,966	3,080,931	(2,666,856)	146,311	2,832,173	189,810	2,793,445	17,005,780
Statement of financial position								
Cash and bank balances	33,208,938	-	129,715,500	832,790	10,058,919	60,278	972,219	174,848,644
Investments	-	9,252,065	1,102,004,077	-	51,493,187	19,177,486	570,843	1,182,497,658
Advances - performing - net of provision	13,991,028	469,036,336	-	20,306,104	114,745,256	2,876,637	8,663,896	629,619,257
Advances - non-performing - net of provision	259,102	2,237,228	-	74,662	855,900	-	-	3,426,892
Others	1,084,252	30,473,445	48,204,707	915,181	10,533,982	405,421	43,763,596	135,380,584
Total Assets	48,543,320	510,999,074	1,279,924,284	22,128,737	187,687,244	22,519,822	53,970,554	2,125,773,035
Borrowings	1,574,075	41,338,149	591,921,725	2,992,873	5,535,843	-	-	643,362,665
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	879,331,340	293,376,734	-	250	118,670,004	1,416,378	-	1,292,794,706
Net inter segment balances - net	(851,827,275)	149,905,856	677,830,555	18,475,360	38,253,559	16,939,831	(49,577,886)	-
Others	19,465,180	26,378,335	10,172,004	660,254	8,249,821	4,163,613	10,830,796	79,920,003
Total liabilities	48,543,320	510,999,074	1,279,924,284	22,128,737	170,709,227	22,519,822	(26,747,090)	2,028,077,374
Equity	-	-	-	-	16,978,017	-	80,717,644	97,695,661
Total Equity and liabilities	48,543,320	510,999,074	1,279,924,284	22,128,737	187,687,244	22,519,822	53,970,554	2,125,773,035
Contingencies and commitments	6,016,566	548,078,423	276,081,621	832,790	26,459,326	-	1,027,750	858,496,476

38 RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Group's share capital at the period end. The Group has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

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 and balances are as follows:

	As at June 30, 2024 (Un-audited)				As at December 31, 2023 (Audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	Rupees in '000							
Investments								
Opening balance	-	-	-	1,420,051	-	-	-	1,159,768
Investment made during the period / year	-	-	-	-	-	-	-	-
Revaluation adjustment	-	-	-	(500,000)	-	-	-	262,947
Investment redeemed / disposed off during the period / year	-	-	-	363,372	-	-	-	(2,664)
Transfer in / (out) - net	-	-	-	750,000	-	-	-	-
Closing balance	-	-	-	2,033,423	-	-	-	1,420,051
Credit loss allowance / provisions for diminution in value of investments	-	-	-	5,680	-	-	-	82,113
Advances								
Opening balance	8,108,881	-	496,686	25,003,594	29,986,315	60	507,549	16,783,652
Addition during the period / year	296,730,749	13,690	493,467	124,889,722	1,377,976,167	15,000	533,437	209,693,144
Repaid during the period / year	(300,809,697)	(13,466)	(578,278)	(126,413,936)	(1,399,853,601)	(15,060)	(544,300)	(213,910,777)
Transfer in / (out) - net	-	-	-	(12,212,093)	-	-	-	12,437,575
Closing balance	4,029,933	224	411,875	11,267,287	8,108,881	-	496,686	25,003,594
Other Assets								
Interest / mark-up receivable	68,846	-	69,882	116,178	171,099	-	68,627	886,474
Advance rent	249	-	-	-	1,380	-	-	-
Acceptances	-	-	-	103,495	-	-	-	-
Receivable from staff retirement fund	-	-	-	170,221	-	-	-	-
Others	-	-	-	-	106	-	-	-
Borrowings								
Opening balance	-	-	-	2,992,873	-	-	-	3,366,079
Borrowings during the period / year	-	-	-	2,000,000	-	-	-	1,000,000
Settled during the period / year	-	-	-	(244,882)	-	-	-	(1,373,206)
Closing balance	-	-	-	4,747,991	-	-	-	2,992,873
Deposits and other accounts								
Opening balance	39,101,224	63,502	299,420	49,059,956	38,816,364	34,614	193,107	38,455,796
Received during the period / year	664,448,690	236,767	1,234,413	582,560,700	1,786,530,029	556,261	1,843,093	988,872,329
Withdrawn during the period / year	(658,279,464)	(222,727)	(1,202,007)	(596,915,714)	(1,786,245,169)	(521,157)	(1,707,626)	(978,274,385)
Transfer in / (out) - net	-	(39,395)	-	(93,187)	-	(6,216)	(29,154)	6,216
Closing balance	45,270,450	38,147	331,826	34,611,755	39,101,224	63,502	299,420	49,059,956
Other Liabilities								
Interest / mark-up payable	3,903,704	-	441	500,801	2,574,737	7	2,964	715,559
Payable to staff retirement fund	-	-	-	-	-	-	-	67,468
Acceptances	-	-	-	103,495	-	-	-	-
Security deposits payable	-	-	-	577,309	-	-	-	462,570
Others	-	-	77,928	56,058	25	1,667	58,608	71,818
Guarantees and Commitments								
Contingencies and Commitments	440,747	-	-	8,298,641	225,219	-	-	4,476,687
Others								
Dividend paid	2,605,478	-	-	-	-	-	-	-
Securities held as custodian	8,962,500	-	45,995	11,493,470	-	-	-	-
Securities given as collateral	-	-	-	-	13,699,456	-	48,821	10,493,034

For the period ended June 30, 2024 (Un-Audited)				For the period ended June 30, 2023 (Un-Audited)			
Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties

----- Rupees in '000 -----

Income

Mark-up / return / interest earned	145,035	12	9,182	652,501	207,620	-	5,283	2,523,478
Fee and commission received	881	-	-	26,618	505	-	-	33,577
Dividend income	-	-	-	250,007	-	-	-	124,793

Expense

Mark-up / return / interest expensed	4,118,564	2,982	32,890	3,205,571	4,006,138	597	21,819	2,356,502
Charge to defined benefit plan	-	-	-	324,040	-	-	-	164,141
Contribution to defined contribution plan	-	-	-	197,020	-	-	-	166,693
Remuneration and allowances	-	-	646,815	4,818	-	-	545,403	4,746
Rent	1,495	-	-	-	1,029	-	-	-
Communications	-	-	-	100,732	-	-	-	62,471
Brokerage and Commission	-	-	-	54,810	-	-	-	43,834
Directors' Fee, Allowances	-	21,680	-	-	-	15,200	-	-
Donations	-	-	-	-	524,397	-	-	-
Others	1,175	-	-	-	-	-	-	-

In addition to above, rent free sub-branches are operating at FFC Sona Tower, FFBL Tower and Foundation University (along with Booths and ATMs). The term 'key management personnel' has the same meaning as defined in IAS 24 - Related party disclosures.

39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
(Rupees in '000)		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,492,992	14,492,992
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	90,279,504	88,193,637
Eligible Additional Tier 1 (ADT 1) Capital	5,835,000	5,649,000
Total Eligible Tier 1 Capital	96,114,504	93,842,637
Eligible Tier 2 Capital	16,381,892	13,220,036
Total Eligible Capital (Tier 1 + Tier 2)	112,496,396	107,062,673
Risk Weighted Assets (RWAs):		
Credit Risk	418,928,456	451,392,577
Market Risk	56,935,869	29,300,677
Operational Risk	102,809,844	102,809,844
Total	578,674,170	583,503,098
Common Equity Tier 1 Capital Adequacy ratio	15.60%	15.11%
Tier 1 Capital Adequacy Ratio	16.61%	16.08%
Total Capital Adequacy Ratio	19.44%	18.35%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	96,114,504	93,842,637
Total Exposures	2,962,583,459	2,611,849,837
Leverage Ratio	3.24%	3.59%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	605,135,525	649,069,790
Total Net Cash Outflow	267,600,907	322,740,993
Liquidity Coverage Ratio	226.13%	201.11%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,424,318,071	1,314,070,873
Total Required Stable Funding	671,904,959	610,829,100
Net Stable Funding Ratio	211.98%	215.13%

40 RECLASSIFICATION OF COMPARATIVE FIGURES

Where necessary, corresponding figures have been regrouped to conform to the presentation of current period amounts. Further, the regrouping does not have an impact on previously reported condensed interim consolidated statement of financial position or profit and loss account.

41 DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 29, 2024.

-sd-
Chief Financial Officer / A. President & CE

-sd-
Director

-sd-
Director

-sd-
Chairman



ASKARI BANK LIMITED