

هذا من فضل ربِّي



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CORPORATE INFORMATION



Chief Financial Officer	Ashar Husain
Statutory Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisor	LMA Ebrahim Hosain Barristers, Advocates & Corporate Legal Consultants
Registered Office	126-C, Old Bahawalpur Road, Multan
Principal Office	2nd Floor, Mackinnons Building, I.I. Chundrigar Road, Karachi
Share Registrar	CDC Share Registrar Services Limited CDC House 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400.
Website	www.bankalhabib.com



DIRECTORS' REVIEW

It is our pleasure to present the un-audited financial statements of Bank AL Habib Limited along with the un-audited consolidated financial statements of Bank AL Habib Limited and the Bank's Subsidiaries AL Habib Capital Markets (Private) Limited, AL Habib Asset Management Limited, and AL Habib Exchange Company (Private) Limited for the period ended September 30, 2024.

Alhamdolillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 2.22 trillion as compared to Rs. 1.93 trillion on December 31, 2023. In the same period, advances decreased to Rs. 767.79 billion from Rs. 869.46 billion, while investments increased to Rs. 1.81 trillion from Rs. 1.50 trillion. The pre-tax profit of the Bank for the nine months period ended September 30, 2024, was Rs. 63.06 billion as compared to Rs. 52.95 billion during the corresponding period last year. The profit after tax for the period ended September 30, 2024, was Rs. 33.06 billion compared with Rs. 29.28 billion during 2023.

The Board of Directors, in its meeting held on October 24, 2024, has declared 3rd interim cash dividend of Rs. 3.50 per share i.e. 35%, in addition to 70% already paid, bringing the total cash dividend to 105% for the nine months period ended September 30, 2024.

By the Grace of Allah, the Bank now has a network of 1,194 offices, comprising 1,176 branches, 14 sub-branches, and 4 Representative Offices. Our branch network includes 256 Islamic Banking Branches and 2 Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2024.

Alhamdolillah, Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long term entity and short term entity ratings at **AAA** (Triple A) and **A1+** (A One plus), respectively. This long term credit rating **AAA** (Triple A) denotes the highest credit quality with the lowest expectation of credit risk, and indicates exceptionally strong capacity for timely payment of financial commitments.

The ratings of our unsecured, subordinated Term Finance Certificates (TFCs) are **AAA** (Triple A) for TFC-2021 and TFC-2022, and **AA+** (Double A plus) for TFC-2017 (perpetual) and TFC-2022 (perpetual). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. Further, the TFC-2022 & the TFC-2022 (perpetual) issued in 2022, were listed on Pakistan Stock Exchange (PSX) pursuant to Chapter 5C of PSX Rule Book.

We wish to thank our customers, for their continued trust and support, local & foreign correspondents for their confidence and cooperation, and the State Bank of Pakistan for their guidance. We also thank all our staff members for their sincerity, dedication, and hard work.

Mansoor Ali Khan
Chief Executive

Abbas D. Habib
Chairman
Board of Directors

Karachi: October 24, 2024



ڈائریکٹر کا جائزہ

ہمارے لئے یہ باعثِ مسرت ہے کہ ہم 30 ستمبر 2024 کو ختم ہونے والی مدت کے لئے بینک الحبیب لمیڈ کے غیر آڈٹ شدہ مالی حسابات میں بینک الحبیب لمیڈ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات بیان کی تاریخی حبیب کمپنی مارکیٹس پرائیوریٹ (پرائیوریٹ) لمیڈ، الحبیب ایسٹ میجنٹ لمیڈ، اور الحبیب ایچیچیک کمپنی (پرائیوریٹ) لمیڈ بیان کریں۔

الحمد للہ، زیرِ جائزہ مدت میں بینک کی کارکردگی ایمینان بیش رہی۔ 30 ستمبر 2024 کو ختم ہونے والی مدت میں ڈپاٹس بڑھ کر 2.22 ٹریلیون روپے ہو گئے، جو کہ 31 دسمبر 2023 کو 1.93 ٹریلیون روپے تھے۔ اسی مدت کے دوران ایڈوانس 46.869.46 ٹریلیون روپے سے کم ہو کر 767.79 ٹریلیون روپے ہو گئے اور سرمایکاری 1.50 ٹریلیون روپے سے بڑھ کر 1.81 ٹریلیون روپے ہو گئی۔ 30 ستمبر 2024 کو ختم ہونے والی نوماہ کے لئے آپ کے بینک کا قبیل ایمکس منافع 63.06 ٹریلیون روپے رہا، جبکہ گزشتہ سال اس مدت میں یہ 52.95 ٹریلیون روپے تھا۔ بینک کا بعد ازاں ایمکس منافع 30 ستمبر 2024 کو ختم ہونے والی مدت کے لئے 33.06 ٹریلیون روپے رہا جبکہ گزشتہ سال یہ 29.28 ٹریلیون روپے تھا۔

بورڈ آف ڈائریکٹر نے 24 اکتوبر 2024 کو منعقد ہونے والے اجلاس میں تیرسے عبوری 35% نقد منافع منقسمہ یعنی 5.50 روپے فی شیئر کا اعلان کیا ہے، جو کہ پہلے سے ادا شدہ 70% کے علاوہ ہے۔ جس کے بعد 30 ستمبر 2024 کو ختم ہونے والی مدت تک کیلئے کل نقد منافع منقسمہ کی شرح 105% پر پہنچ گئی ہے۔

اللہ تعالیٰ کے فضل و کرم سے بینک کا نیئے ورک اب 1,194 دفاتر پر مشتمل ہے، جس میں 1,176 ایمکس، 14 ڈیلی برائچر اور 4 نمائندہ دفاتر شامل ہیں۔ ہمارے برائچر نیئے ورک میں اب 256 اسلامی بینکاری برائچر اور 2 یروں ملک برائچر شامل ہیں۔ برائچر میں اضافی کی اپنی پالیسی پر کار بند رہتے ہوئے ہم سال 2024 میں بھی مزید برائچر کو لئے کارادہ رکھتے ہیں۔

الحمد للہ، پاکستان کریڈٹ رینگ ایجنٹی لمیڈ (PACRA) نے طویل مدت کے لئے بینک کی رینگنگ AAA (ٹریپل اے) اور خنصر مدت کے لئے A1+ (اے وان پلس) برقرار کی ہیں۔ یہ طویل مدت کریڈٹ رینگنگ AAA (ٹریپل اے) بینک کے بہترین کریڈٹ کے معیار، کم ترین کریڈٹ رسک کی توقع اور بروقت مالی ذمہ داریوں سے عہدہ براء ہونے کی غیر معمولی صلاحیت کو ظاہر کرتی ہے۔

ہمارے انکیوڑ، سارہ ڈینیڈ ٹرم فناں سرٹیفیکیٹس کی رینگنگ AAA (ٹریپل اے) برائے 2021-2022 TFC اور AA+ (ڈبل اے) پلس برائے 2017 TFC (پرچھول) اور 2022-2022 TFC (پرچھول) ہیں۔ یہ رینگنگ کریڈٹ رسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ داریوں سے عہدہ براء ہونے کی بہت مضبوط صلاحیت ہے۔ مزید برآں 2022-2022 TFC اور 2022-2022 TFC (پرچھول) جو کہ 2022 میں ایشو ہوئے پی ایس ایکس روں بک کے باب 5C کے مطابق پاکستان اسٹاک ایچیچیک لمیڈ پر لستہ کئے گئے۔

ہم اپنے کسٹمرز کے مسلسل اعتماد اور تائید، مقامی وغیرہ ملکی مالیاتی اداروں کے بھروسے اور تعاون، اور اسٹیٹ بینک آف پاکستان کے اون کی رہنمائی پر، ہے حد مکمل ہیں۔ ہم اپنے تمام اسٹاف ممبر ان کا بھی ان کے خلوص، لگن اور انتحک محنت پر ان کا شکریہ ادا کرتے ہیں۔

منصور علی خان

چیف ایگریکٹو

کراچی: ۱۲۳ اکتوبر ۲۰۲۴ء

عباس ڈی - جبیب

چیئرمین

بورڈ آف ڈائریکٹر



Bank Al Habib

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

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

ASSETS

Cash and balances with treasury banks	6	179,040,158	141,815,998
Balances with other banks	7	4,474,314	6,580,672
Lendings to financial institutions	8	—	1,649,716
Investments	9	1,814,568,559	1,503,895,348
Advances	10	767,789,424	869,458,809
Property and equipment	11	72,841,358	67,602,830
Right-of-use assets	12	13,173,517	11,969,724
Intangible assets	13	128,201	124,462
Deferred tax assets	14	6,062,589	1,792,112
Other assets	15	193,574,511	136,130,442
Total Assets		3,051,652,631	2,741,020,113

LIABILITIES

Bills payable	17	29,175,609	48,083,103
Borrowings	18	466,975,427	477,438,034
Deposits and other accounts	19	2,222,307,649	1,934,036,510
Lease liabilities	20	16,352,875	14,633,878
Subordinated debt	21	25,989,800	29,985,200
Deferred tax liabilities	22	—	—
Other liabilities	22	139,870,133	110,236,595
Total Liabilities		2,900,671,493	2,614,413,320

NET ASSETS

	150,981,138	126,606,793
	<hr/>	<hr/>

REPRESENTED BY

Share capital	11,114,254	11,114,254
Reserves	31,355,856	28,184,872
Surplus on revaluation of assets	21,482,719	14,712,038
Unappropriated profit	87,028,309	72,595,629
	<hr/>	<hr/>
	150,981,138	126,606,793
	<hr/>	<hr/>

CONTINGENCIES AND COMMITMENTS

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



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

Note	Nine months period ended		Three months period ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	(Rupees in '000)			
Mark-up / return / interest earned	26 365,016,543	261,345,439	122,700,975	100,994,171
Mark-up / return / interest expensed	27 (248,440,145)	(176,490,299)	(80,230,572)	(66,679,281)
Net mark-up / interest income		116,576,398	84,855,140	42,470,403
NON MARK-UP / INTEREST INCOME				
Fee and commission income	28 13,716,918	10,371,076	4,587,145	3,689,195
Dividend income	867,949	1,114,219	1,535	271,786
Foreign exchange income	3,862,206	5,294,189	398,444	1,480,659
Income / (loss) from derivatives	—	—	—	—
(Loss) / gain on securities - net	29 (234,312)	7,968	(66,125)	(15,802)
Net gain / (loss) on derecognition of financial assets measured at amortised cost		—	—	—
Other income	30 1,329,301	651,571	452,010	260,913
Total non mark-up / interest income		19,542,062	17,439,023	5,373,009
Total income		136,118,460	102,294,163	47,843,412
NON MARK-UP / INTEREST EXPENSES				
Operating expenses	31 (59,460,975)	(49,275,266)	(20,119,975)	(17,432,741)
Workers welfare fund	(1,412,504)	(1,081,519)	(501,646)	(449,979)
Other charges	(306,918)	(37,776)	(179,072)	(37,607)
Total non mark-up / interest expenses		(61,180,397)	(50,394,561)	(20,800,693)
Profit before credit loss allowance		74,938,063	51,899,602	27,042,719
Credit loss allowance / provisions / reversals and write offs - net	33 (11,874,577)	1,051,282	(4,482,861)	(75,883)
Extra ordinary / unusual items		—	—	—
PROFIT BEFORE TAXATION		63,063,486	52,950,884	22,559,858
Taxation	34 (30,006,156)	(23,667,131)	(10,589,567)	(10,808,990)
PROFIT AFTER TAXATION		33,057,330	29,283,753	11,970,291
		(Rupees)		
Basic and diluted earnings per share	35	29.74	26.35	10.77
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The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



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

	Nine months period ended		Three months period ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	(Rupees in '000)			
Profit after taxation for the period	33,057,330	29,283,753	11,970,291	11,196,441
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods</i>				
Effect of translation of net investment in foreign branches	(134,749)	289,251	(61,518)	8,246
Movement in surplus on revaluation of debt investments through FVOCI-net of tax	8,081,367	–	5,275,960	–
Movement in (deficit) / surplus on revaluation of available for sale investments - net of tax	–	(764,862)	–	2,607,029
	7,946,618	(475,611)	5,214,442	2,615,275
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>				
Movement in (deficit) / surplus on revaluation of equity investments through FVOCI - net of tax	(475,897)	–	177,288	–
Movement in surplus on revaluation of available for sale equity investments - net of tax	–	78,556	–	183,977
Movement in surplus / (deficit) on revaluation of property and equipment - net of tax	309,511	6,403,707	106,031	(103,273)
Movement in deficit on revaluation of non-banking assets - net of tax	(31,013)	–	–	–
	(197,399)	6,482,263	283,319	80,704
Total comprehensive income for the period	40,806,549	35,290,405	17,468,052	13,892,420

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024**

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves	Surplus / (deficit) on revaluation of					
				Special Reserve	General Reserve	Investments	Property and Equipment	Non Banking Assets	Unappropriated Profit	Total
(Rupees in '000)										
Balance as at 01 January 2023 - audited	11,114,254	19,168,074	4,556,840	126,500	540,000	(5,627,570)	6,448,792	76,463	58,838,598	95,241,951
Comprehensive income for the nine months period ended 30 September 2023										
Profit after taxation for the nine months period ended 30 September 2023	-	-	289,251	-	-	(686,306)	6,403,707	-	29,283,753	29,283,753
Other comprehensive income	-	-	289,251	-	-	(686,306)	6,403,707	-	29,283,753	6,006,652
Transfer to statutory reserve	-	2,928,376	-	-	-	-	-	-	29,283,753	35,290,405
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(114,916)	(1,485)	(116,401)	(2,928,376)	-
Transaction with owners, recorded directly in equity										
Final cash dividend (Rs. 7.0 per share) - December 2022	-	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)
Interim cash dividend (Rs. 4.5 per share) - June 2023	-	-	-	-	-	-	-	-	(5,001,416)	(5,001,416)
Balance as at 30 September 2023 - unaudited	11,114,254	22,096,450	4,846,091	126,500	540,000	(6,313,876)	12,737,583	74,978	72,528,982	117,750,962
Comprehensive income for the quarter ended 31 December 2023										
Profit after taxation for the quarter ended 31 December 2023	-	-	(27,731)	-	-	7,443,903	763,355	61,970	6,035,622	6,035,622
Other comprehensive income	-	-	(27,731)	-	-	7,443,903	763,355	61,970	(419,872)	7,821,625
Transfer to statutory reserve	-	603,562	-	-	-	-	-	-	5,615,750	13,857,247
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(55,331)	(544)	(55,875)	(603,562)	-
Transaction with owners, recorded directly in equity										
Interim cash dividend (Rs. 4.5 per share) - September 2023	-	-	-	-	-	-	-	-	(5,001,416)	(5,001,416)
Balance as at 31 December 2023 - audited	11,114,254	22,700,012	4,818,360	126,500	540,000	1,130,027	13,445,607	136,404	72,595,629	126,606,793
Effect of adoption of IFRS 9 (net of tax)	-	-	-	-	-	(1,773,407)	-	-	(1,321,692)	(3,095,099)
Profit after taxation for the nine months period ended 30 September 2024	-	-	-	-	-	-	-	-	33,057,330	33,057,330
Other comprehensive income for the nine months period ended 30 September 2024 - net of tax	-	-	(134,749)	-	-	8,081,367	-	-	(134,749)	-
Effect of translation of net investment in foreign branches	-	-	(134,749)	-	-	(475,897)	-	-	8,081,367	-
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	-	-	-	(475,897)	-
Movement in deficit on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	-	-	-	309,511	-
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	(31,013)	-
Movement in deficit on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(31,013)	-
Total other comprehensive income - net of tax	-	-	(134,749)	-	-	7,605,470	309,511	(31,013)	-	7,749,219
Transfer to statutory reserve	-	3,305,733	-	-	-	-	-	-	(3,305,733)	-
Loss on sale of equity investments - FVOCI	-	-	-	-	-	826,620	-	-	(826,620)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(165,991)	(509)	(166,500)	(165,991)	-
Transaction with owners, recorded directly in equity										
Final cash dividend (Rs. 5.0 per share) - December 2023	-	-	-	-	-	-	-	-	(5,557,127)	(5,557,127)
Interim cash dividend (Rs. 3.5 per share) - March 2024	-	-	-	-	-	-	-	-	(3,889,989)	(3,889,989)
Interim cash dividend (Rs. 3.5 per share) - June 2024	-	-	-	-	-	-	-	-	(3,889,989)	(3,889,989)
Balance as at 30 September 2024 - unaudited	11,114,254	26,005,745	4,683,611	126,500	540,000	7,788,710	13,589,127	104,882	87,028,309	150,981,138

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

MANSOOR ALI KHAN
Chief Executive

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ASHAR HUSAIN
Chief Financial Officer

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



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

	30 September 2024	30 September 2023
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	63,063,486	52,950,884
Less: Dividend income	(867,949)	(1,114,219)
	<u>62,195,537</u>	<u>51,836,665</u>
Adjustments:		
Depreciation	4,037,208	3,225,316
Depreciation on right-of-use assets	1,821,307	1,716,716
Amortisation	141,444	204,390
Workers' welfare fund	1,412,504	1,081,519
Credit loss allowance / provisions / (reversals) and write-offs - net	11,874,577	(1,051,343)
Gain on sale of property and equipment - net	(834,455)	(261,839)
Gain on termination of leases	(58,345)	(31,167)
Unrealised loss measured at FVTPL	253,672	–
Charge for defined benefit plan	900,000	621,000
Charge for compensated absences	317,717	182,463
Finance charges on leased assets	1,524,129	1,138,148
	<u>21,389,758</u>	<u>6,825,203</u>
Decrease / (increase) in operating assets	83,585,295	58,661,868
Lendings to financial institutions	1,649,716	13,108,939
Securities classified as FVTPL	2,708,139	95,638
Advances	82,071,183	(61,041,217)
Other assets	(57,900,988)	(60,924,755)
	<u>28,528,050</u>	<u>(108,761,395)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(18,907,494)	(18,765,289)
Borrowings from financial institutions	(11,665,541)	(126,545,747)
Deposits	288,271,139	343,983,829
Other liabilities (excluding current taxation)	16,751,960	7,135,085
	<u>274,450,064</u>	<u>205,807,878</u>
	<u>386,563,409</u>	<u>155,708,351</u>
	<u>(27,694,858)</u>	<u>(23,503,925)</u>
	<u>358,868,551</u>	<u>132,204,426</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in amortized cost securities	20,775,171	2,382,688
Net investments in securities classified as FVOCI	(314,979,091)	(79,939,967)
Net investments in subsidiaries	(3,000,000)	–
Dividends received	878,996	1,092,984
Investments in property and equipment	(9,379,702)	(6,204,264)
Proceeds from sale of property and equipment	806,886	290,284
Effect of translation of net investment in foreign branches	(134,749)	289,251
Net cash flow used in investing activities	(305,032,489)	(82,089,024)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of subordinated debt	(3,995,400)	(4,200)
Dividend paid	(13,150,218)	(12,548,765)
Payments of lease obligations against right-of-use assets	(2,771,844)	(2,504,381)
Net cash flow used in financing activities	<u>(19,917,462)</u>	<u>(15,057,346)</u>
Increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	33,918,600	35,058,056
Cash and cash equivalents at end of the period	<u>147,202,286</u>	<u>108,736,601</u>
	<u>181,120,886</u>	<u>143,794,657</u>

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

1. STATUS AND NATURE OF BUSINESS

Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017) having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 1,176 branches (31 December 2023: 1,084 branches), 14 sub - branches (31 December 2023: 29 sub - branches), 04 representative offices (31 December 2023: 04 representative offices) and 10 booths (31 December 2023: 09 booths). The branch network of the Bank includes 02 overseas branches (31 December 2023: 02 overseas branches) and 256 Islamic Banking branches (31 December 2023: 201 Islamic Banking branches).

2. BASIS OF PREPARATION

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.
- 2.2** Key financial information of the Islamic Banking branches is disclosed in note 40 to these unconsolidated condensed interim financial statements.
- 2.3** These are separate financial statements of the Bank in which investments in subsidiaries and associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

2.4 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- IFAS issued by ICAP, as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by 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 SBP and SECP differ with the requirements of the IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

SBP, vide its BPRD Circular No. 02 dated 09 February 2023 issued the revised format for the preparation of the annual / interim financial statements of the banks. New formats are applicable for interim / annual financial statements for period beginning on or after 01 January 2024. The implementation of the revised format has resulted in certain changes to the presentation and disclosures of various elements of the interim financial statements. The adoption of revised format has resulted in following significant changes:

- Right-of-use-assets (note 12) amounting to Rs 13,173.517 million (December 31, 2023: Rs 11,969.724 million) which were previously shown as part of property and equipment are now shown separately on the statement of financial position.
- Lease liabilities (note 20) amounting to Rs 16,352.875 million (December 31, 2023: Rs 14,633.878 million) which were previously shown as part of other liabilities are now shown separately on the statement of financial position.

The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by SBP vide BPRD Circular No. 02, dated 09 February 2023 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. They do not include all the information required in the annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2023 except for adoption of IFRS 9 'Financial Instruments' as described in Note 3.1.1.

SBP has deferred the applicability of IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

SBP vide its BPRD Circular No. 04 dated 25 February 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in the preparation of these unconsolidated condensed interim financial statements.

IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable incase of investment by companies in mutual funds established under trust structure.



3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information related to preparation of these unconsolidated condensed interim financial statements is consistent with that applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2023 except for adoption of IFRS 9 'Financial Instruments' as described in Note 3.1.1.

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

There are certain new and amended standards that became effective during the period. However, these are considered either not to be relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements except for IFRS 9 'Financial Instruments', as disclosed below:

3.1.1 IFRS 9 - 'Financial Instruments'

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

BPRD Circular No. 03 of 2022 dated July 05, 2022 issued by SBP provides detailed instructions on implementation of IFRS 9 (the Application Instructions) for ensuring smooth and consistent implementation of the standard across banks.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. 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 its entirety from January 01, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period, as permitted under the specific transitional provisions in the standard.

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

SBP has allowed certain amendments and extended the timelines of the Application Instructions to address several banking industry concerns vide its BPRD Circular Letter No. 16 dated July 29, 2024.

3.1.2 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 regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are to be measured at amortized cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').



Financial liabilities are either classified as fair value through profit or loss (FVTPL), when they are held for trading purposes, or at amortized cost. Financial liabilities classified as FVTPL are measured at fair value. Financial liabilities classified at amortized cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

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 bases. 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.

3.1.3 Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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



3.1.5 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 profit / 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. Profit, 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. Profit income calculated using the effective interest method, 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. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

3.1.6 Application to the Bank's financial assets

Equity Securities:

Quoted equity shares are classified as FVOCI and FVTPL. Gains and losses on disposal of securities classified as FVTPL will be recycled through the profit and loss account.

The Bank has elected to designate equity shares at FVOCI as permitted under IFRS 9. These securities were previously classified as available-for-sale (AFS). The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed off.

Debt securities and Islamic financing and related assets:

Debt securities currently classified as AFS and passing the SPPI test are measured at FVOCI under IFRS 9 as the Bank's business model is to hold these assets to collect contractual cash flows and sell the investments.

Debt securities currently classified as held-to-maturity (HTM) and passing the SPPI test are measured at amortized cost under IFRS 9 as the Bank's business model is to hold these assets to collect contractual cashflows.

Debt securities that do not pass the SPPI test measured at FVTPL.



3.1.7 Derecognition

The Bank derecognises a financial asset when:

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

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

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

- a) the carrying amount (measured at the date of derecognition); and
- b) the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

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

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

3.1.8 Modification

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing 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. Any fees received as part of the modification are accounted for as follows:

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

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



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 recognises 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 are amortised over the remaining term of the modified financial asset.

This requirement will be implemented on and after 1 October 2024 as mentioned in BPRD Circular Letter No. 16 of 2024 of SBP.

3.1.9 Impairment

The impairment requirements apply to financial assets measured at amortized cost and FVOCI (other than equity instruments), lease receivables, and certain financing 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 SBP's instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. Further the bank is required to calculate ECL on its Stage 3 financial assets as higher of facility wise provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Banks are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

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.



3.1.10 Significant increase in credit risk (SICR)

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

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

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

3.1.11 Undrawn financing commitments

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



3.1.12 Following illustration shows the reconciliation of measurement category before and after the implementation of IFRS 9 and reconciliation of carrying amount of financial assets transition on 01 January 2024:

	Carrying amount as on 31 December 2023	Remeasurements under IFRS 9	Adjustments/ Reversals of provision held	Expected credit loss (ECL) - Charge	Gross impact	Tax impact	Net impact	Balances as on 01 January 2024	Measurement Category Before IFRS 9	Measurement Category After IFRS 9
(Rupees in '000)										
ASSETS										
Cash and balances with treasury banks	141,815,998	-	-	-	-	-	-	141,815,998	Loans and receivables	Amortised cost
Balance with other banks	6,580,672	-	-	(3,544)	(3,544)	-	(3,544)	6,577,128	Loans and receivables	Amortised cost
Lending to financial institutions	1,649,716	-	-	(223)	(223)	-	(223)	1,649,493	Loans and receivables	Amortised cost
Investments										
Available for sale										
Federal government securities	1,108,519,495	(5,769,121)	-	-	(5,769,121)	-	(5,769,121)	1,102,750,374	Available for sale	FVOCI
Naya Pakistan certificates	-	5,769,121	-	-	5,769,121	-	5,769,121	5,769,121	Available for sale	FVTPL
Non government debt securities	9,176,783	-	-	(1,146)	(1,146)	-	(1,146)	9,175,637	Available for sale	FVOCI
Foreign securities	5,886,195	-	-	-	-	-	-	5,886,195	Available for sale	FVOCI
Shares	4,186,436	(1,937,847)	1,937,847	-	-	-	-	4,186,436	Available for sale	FVOCI - without recycling
Units of mutual funds	4,264,072	(1,539,422)	1,539,422	-	-	-	-	4,264,072	Available for sale	FVTPL
Held to maturity										
Federal government securities	365,219,019	-	-	-	-	-	-	365,219,019	Held to maturity	Amortised cost
Foreign securities	1,145,445	-	-	-	-	-	-	1,145,445	Held to maturity	Amortised cost
Associates	4,614,653	-	-	-	-	-	-	4,614,653	Outside the scope of IFRS 9	
Subsidiaries	883,250	-	-	-	-	-	-	883,250	Outside the scope of IFRS 9	
Advances	869,458,809	8,664,544	-	(16,517,255)	(7,852,711)	-	(7,852,711)	861,606,098	Loans and receivables	Amortised cost
Property and equipment	67,602,830	-	-	-	-	-	-	67,602,830	Outside the scope of IFRS 9	
Right-of-use assets	11,969,724	-	-	-	-	-	-	11,969,724	Outside the scope of IFRS 9	
Intangible assets	124,462	-	-	-	-	-	-	124,462	Outside the scope of IFRS 9	
Deferred tax asset	1,792,112	-	-	-	-	8,130,890	8,130,890	9,923,002	Outside the scope of IFRS 9	
Other assets										
Financial assets										
Mark to market gain on forward foreign exchange contracts	2,322,982	-	-	-	-	-	-	2,322,982	Fair value	FVTPL
Others	125,157,085	-	-	(464,364)	(464,364)	-	(464,364)	124,692,721	Loans and receivables	Amortised cost
Non financial assets	8,650,375	-	-	-	-	-	-	8,650,375	Outside the scope of IFRS 9	
	2,741,020,113	5,187,275	3,477,269	(16,986,532)	(8,321,988)	8,130,890	(191,098)	2,740,829,015		



	Carrying amount as on 31 December 2023	Remeasurement under IFRS 9	Adjustments/ reversals of provision held	Expected credit loss (ECL) - Charge	Gross impact	Tax impact	Net impact	Balances as on 01 January 2024	Measurement Category
	(Rupees in '000)								
LIABILITIES									
Bills payable	48,083,103	-	-	-	-	-	-	48,083,103	Historical cost
Borrowings	477,438,034	-	-	-	-	-	-	477,438,034	Amortised cost
Deposits and other accounts	1,934,036,510	-	-	-	-	-	-	1,934,036,510	Historical cost
Lease liabilities	14,633,878	-	-	-	-	-	-	14,633,878	Outside the scope of IFRS 9
Subordinated debt	29,985,200	-	-	-	-	-	-	29,985,200	Historical cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other liabilities									
Financial liabilities									
Mark to market loss on forward foreign exchange contracts	2,504,312	-	-	-	-	-	-	2,504,312	Fair value
Others	85,127,344	-	-	2,904,001	2,904,001	-	2,904,001	88,031,345	Historical cost
Non financial liabilities	22,604,939	-	-	-	-	-	-	22,604,939	Amortised cost
	2,614,413,320	-	-	2,904,001	2,904,001	-	2,904,001	2,617,317,321	Outside the scope of IFRS 9
NET ASSETS	126,606,793	5,187,275	3,477,269	(19,890,533)	(11,225,989)	8,130,890	(3,095,099)	123,511,694	
REPRESENTED BY									
Share capital	11,114,254	-	-	-	-	-	-	11,114,254	Outside the scope of IFRS 9
Reserves	28,184,872	-	-	-	-	-	-	28,184,872	Outside the scope of IFRS 9
Surplus on revaluation of assets	14,712,038	(3,477,269)	-	(3,477,269)	1,703,862	(1,773,407)	12,938,631	Outside the scope of IFRS 9	
Unappropriated profit	72,595,629	8,664,544	3,477,269	(19,890,533)	(7,748,720)	6,427,028	(1,321,692)	71,273,937	Outside the scope of IFRS 9
	126,606,793	5,187,275	3,477,269	(19,890,533)	(11,225,989)	8,130,890	(3,095,099)	123,511,694	

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

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that are not effective in the current period. These are considered not to have any significant impact on these unconsolidated condensed interim financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2023, except for matters related to IFRS 9 adoption.

5. FINANCIAL RISK MANAGEMENT

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



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

6. CASH AND BALANCES WITH TREASURY BANKS

In hand:		
Local currency	42,018,385	30,595,391
Foreign currencies	2,998,168	4,053,352
	45,016,553	34,648,743
In transit:		
Local currency	2,326,863	42,390
Foreign currencies	8,521	27,017
	2,335,384	69,407
With State Bank of Pakistan in:		
Local currency current accounts	95,603,414	72,206,674
Local currency current accounts-Islamic Banking	12,333,549	10,539,360
Foreign currency deposit accounts		
Cash reserve account	5,359,863	5,341,260
Cash reserve / special cash reserve account		
- Islamic Banking	1,041,702	995,250
Special cash reserve account	10,719,726	10,682,521
Local collection account	454,337	441,796
	125,512,591	100,206,861
With National Bank of Pakistan in:		
Local currency current accounts	6,006,321	6,585,694
Prize bonds	169,309	305,293
	179,040,158	141,815,998
BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	173,272	202,979
In deposit accounts	8,642	8,965
	181,914	211,944
Outside Pakistan:		
In current accounts	3,775,090	6,246,313
In deposit accounts	521,110	122,483
	4,296,200	6,368,796
	4,478,114	6,580,740

7. BALANCES WITH OTHER BANKS

In Pakistan:		
In current accounts	173,272	202,979
In deposit accounts	8,642	8,965
	181,914	211,944
Outside Pakistan:		
In current accounts	3,775,090	6,246,313
In deposit accounts	521,110	122,483
	4,296,200	6,368,796
Less: credit loss allowance	4,478,114 (3,800)	6,580,740 (68)
	4,474,314	6,580,672
Credit Loss Allowance		
Opening balance	68	19
Impact of adoption of IFRS 9	3,544	-
Exchange adjustments	(3)	2
Charge / (reversal):		
Charge for the period / year	1,867	47
Reversal for the period / year	(1,676)	-
	191	47
Closing balance	3,800	68

8. LENDINGS TO FINANCIAL INSTITUTIONS

In local currency:
Repurchase agreements lendings (reverse repo)
Pakistan Investment Bonds — 1,649,716



9. INVESTMENTS

Note		30 September 2024 (Un-audited)				31 December 2023 (Audited)			
		Cost / amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying value
		(Rupees in '000)							
9.1 Investments by type:									
	FVTPL								
	Federal Government Securities	3,086,959	-	-	3,086,959	-	-	-	-
	Units of Mutual Funds	4,238,095	-	(253,672)	3,984,423	-	-	-	-
		7,325,054	-	(253,672)	7,071,382	-	-	-	-
	FVOCI								
	Federal Government Securities	1,427,360,780	(3,776,902)	14,630,834	1,438,214,712	-	-	-	-
	Shares	374,892	(50,810)	436,743	760,825	-	-	-	-
	Non Government Debt Securities	8,885,378	(541,893)	8,263,299	-	-	-	-	-
	Foreign Securities	8,321,474	(2,803,527)	284,589	5,802,536	-	-	-	-
		1,444,942,524	(7,173,132)	15,271,980	1,453,041,372	-	-	-	-
	Amortised Cost								
	Federal Government Securities	346,200,055	(971,150)	-	345,228,905	-	-	-	-
	Foreign Securities	1,388,566	(659,569)	-	728,997	-	-	-	-
	Others	4,481	(4,481)	-	-	-	-	-	-
		347,593,102	(1,635,200)	-	345,957,902	-	-	-	-
	Available-for-Sale Securities								
	Federal Government Securities	-	-	-	1,113,970,241	(4,536,292)	(914,454)	1,108,519,495	
	Shares	-	-	-	4,458,197	(1,958,659)	1,686,898	4,186,436	
	Non Government Debt Securities	-	-	-	9,385,650	(99,920)	(108,947)	9,176,783	
	Foreign Securities	-	-	-	8,869,880	(2,996,506)	12,821	5,886,195	
	Units of Mutual Funds	-	-	-	3,076,021	(351,370)	1,539,421	4,264,072	
		-	-	-	1,139,759,989	(9,942,747)	2,215,739	1,132,032,981	
	Held-to-Maturity Securities								
	Federal Government Securities	-	-	-	366,531,501	(1,312,482)	-	365,219,019	
	Foreign Securities	-	-	-	1,832,291	(686,846)	-	1,145,445	
	Others	-	-	-	4,481	(4,481)	-	-	
		-	-	-	368,368,273	(2,003,809)	-	366,364,464	
	Associates	4,614,653	-	-	4,614,653	4,614,653	-	-	4,614,653
	Subsidiaries	3,883,250	-	-	3,883,250	883,250	-	-	883,250
9.4	Total Investments	<u>1,808,358,583</u>	<u>(8,808,332)</u>	<u>15,018,308</u>	<u>1,814,568,559</u>	<u>1,513,626,165</u>	<u>(11,946,556)</u>	<u>2,215,739</u>	<u>1,503,895,348</u>



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

9.1.1 Investments given as collateral

Pakistan Investment Bonds	<u>294,613,000</u>	<u>294,417,591</u>
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9.2 Credit loss allowance / provision for diminution in value of investments

Opening balance	11,946,556	12,965,998
Impact of adoption of IFRS 9	(2,288,070)	–
Exchange adjustments	(124,796)	2,633,674
Charge / (reversal)		
ECL reversal for the period / year	(1,196,404)	(3,807,847)
Charge on diminution of investments for the period / year	471,046	237,310
Reversal on disposal during the period / year	–	(82,579)
	(725,358)	(3,653,116)
Closing Balance	8,808,332	11,946,556

9.3 Particulars of credit loss allowance / provision of diminution against debt securities

		30 September 2024 (Un-audited)	31 December 2023 (Audited)	
		Outstanding amount	Credit loss allowance / provision for diminution	Outstanding amount
(Rupees in '000)				
Domestic				
Performing	Stage 1	4,746,175	711	–
Under performing	Stage 2	3,177,126	1,261	–
Non-performing	Stage 3			
Doubtful		680,000	340,000	–
Loss		199,920	199,920	99,920
Total		34,950,168	8,753,041	41,880,344
Overseas				
Performing	Stage 1	2,062,019	15,509	2,924,573
Under performing	Stage 2	20,306,224	4,826,646	31,787,370
Non-performing	Stage 3			
Loss		3,778,704	3,368,994	7,068,481
Total		34,950,168	8,753,041	41,880,344
				9,632,046

9.4 Includes Rs. 3,000 million invested in wholly owned subsidiary, AL Habib Exchange Company (Private) Limited.

9.5 The market value of securities classified as amortised cost at 30 September 2024 amounted to Rs. 349,741 million (Held to maturity 31 December 2023: Rs. 360,285 million).



9.6 Summary of financial information of subsidiaries and associates

			Un-audited 30 September 2024				
	Country of incorporation	Percentage of holding	Assets	Liabilities	Revenue	Profit after taxation	Total comprehensive income
Subsidiaries			(Rupees in '000)				
AL Habib Capital Markets (Private) Limited	Pakistan	66.67%	1,001,432	584,696	210,583	23,895	40,358
AL Habib Asset Management Limited	Pakistan	100%	2,610,125	122,421	1,837,322	1,007,499	1,007,499
AL Habib Exchange Company (Private) Limited	Pakistan	100%	3,089,574	53,441	172,174	36,133	36,133
Associates							
AL Habib Money Market Fund	Pakistan	3.27%	19,375,559	88,776	3,341,268	3,051,568	3,051,568
AL Habib Islamic Cash Fund	Pakistan	0.64%	16,937,822	691,339	3,247,565	3,030,006	3,030,006
AL Habib Islamic Savings Fund	Pakistan	0.50%	21,058,678	42,350	2,490,544	2,290,515	2,290,515
AL Habib Income Fund	Pakistan	4.21%	10,050,526	237,445	1,212,583	1,101,579	1,101,579
AL Habib Islamic Stock Fund	Pakistan	0.82%	1,344,761	26,162	313,051	291,542	291,542
AL Habib Cash Fund	Pakistan	7.47%	48,060,599	368,188	6,376,660	5,804,956	5,804,956
AL Habib Stock Fund	Pakistan	0.55%	2,068,452	43,311	316,736	293,575	293,575
AL Habib Islamic Income Fund	Pakistan	0.20%	13,367,589	88,068	1,136,582	1,021,914	1,021,914
AL Habib Asset Allocation Fund	Pakistan	19.20%	121,707	6,039	51,199	47,362	47,362



10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) 30 September 2024	(Audited) 31 December 2023	(Un-audited) 30 September 2024	(Audited) 31 December 2023	(Un-audited) 30 September 2024	(Audited) 31 December 2023
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	615,231,454	695,176,617	33,682,180	23,670,518	648,913,634	718,847,135
Islamic financing and related assets	105,721,969	114,129,113	864,242	809,154	106,586,211	114,938,267
Bills discounted and purchased	57,886,004	61,542,273	446,883	707,670	58,332,887	62,249,943
Advances - gross	778,839,427	870,848,003	34,993,305	25,187,342	813,832,732	896,035,345
Credit loss allowance / provision against advances						
- Stage 1	7,837,516	–	–	–	7,837,516	–
- Stage 2	7,146,490	–	–	–	7,146,490	–
- Stage 3	–	–	31,059,302	–	31,059,302	–
- Specific	–	–	–	17,830,419	–	17,830,419
- General as per regulations	–	264,544	–	–	–	264,544
- General	–	8,400,000	–	–	–	8,400,000
- As per IFRS 9 in overseas branches	–	81,573	–	–	–	81,573
	14,984,006	8,746,117	31,059,302	17,830,419	46,043,308	26,576,536
Advances - net of credit loss allowance / provision	<u>763,855,421</u>	<u>862,101,886</u>	<u>3,934,003</u>	<u>7,356,923</u>	<u>767,789,424</u>	<u>869,458,809</u>



(Un-audited)	(Audited)
30 September	31 December
2024	2023

(Rupees in '000)

10.1 Particulars of advances (Gross)

In local currency	696,369,645	773,994,517
In foreign currencies	117,463,087	122,040,828
	<u>813,832,732</u>	<u>896,035,345</u>

10.2 Advances include Rs. 34,993.305 million (31 December 2023: Rs. 25,187.342 million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of classification	30 September 2024 (Un-audited)		31 December 2023 (Audited)	
	Non performing loans	Credit loss allowance / provision	Non performing loans	Credit loss allowance / provision
(Rupees in '000)				
Domestic				
Other assets especially mentioned (OAEM)	474,426	406,571	286,295	5,135
Substandard	2,264,264	1,881,735	2,235,618	524,859
Doubtful	15,128,016	12,494,996	9,008,280	4,446,994
Loss	10,609,364	10,460,128	7,039,066	6,947,186
	28,476,070	25,243,430	18,569,259	11,924,174
Overseas				
Loss	6,517,235	5,815,872	6,618,083	5,906,245
Total	<u>34,993,305</u>	<u>31,059,302</u>	<u>25,187,342</u>	<u>17,830,419</u>



10.3 Particulars of credit loss allowance against advances

	30 September 2024 (Un-audited)						31 December 2023 (Audited)		
	Stage 3	Stage 2	Stage 1	Specific	General	Total	Specific	General	Total
(Rupees in '000)									
Opening balance	5,906,246	–	81,573	11,924,173	8,664,544	26,576,536	11,606,594	6,203,173	17,809,767
Impact on adoption of IFRS 9	15,448,809	8,663,207	4,329,412	(11,924,173)	(8,664,544)	7,852,711	–	–	–
Exchange adjustments	(125,344)	–	(2,549)	–	–	(127,893)	1,751,369	9,995	1,761,364
Charge / (reversal) for the period / year									
- ECL charge for the period	11,226,961	4,164,599	5,906,509	–	–	21,298,069	–	–	–
- ECL reversal for the period	(1,393,833)	(5,681,316)	(2,477,429)	–	–	(9,552,578)	6,774,544	–	6,774,544
- Specific provision	–	–	–	–	–	–	–	(146,346)	(146,346)
- General provision as per regulations	–	–	–	–	–	–	–	2,650,000	2,650,000
- General provision	–	–	–	–	–	–	–	29,295	29,295
- As per IFRS 9 in overseas branches	–	–	–	–	–	–	(1,645,356)	–	(1,645,356)
- Reversals of provision	–	–	–	–	–	–	–	–	–
	9,833,128	(1,516,717)	3,429,080	–	–	11,745,491	5,129,188	2,532,949	7,662,137
Amounts written off	(3,537)	–	–	–	–	(3,537)	(656,732)	–	(656,732)
Closing balance	<u>31,059,302</u>	<u>7,146,490</u>	<u>7,837,516</u>	<u>–</u>	<u>–</u>	<u>46,043,308</u>	<u>17,830,419</u>	<u>8,746,117</u>	<u>26,576,536</u>

10.3.1 For the purposes of determining provision against domestic non-performing advances, the Bank has not taken into account the Forced Sales Value of pledged stock and mortgaged properties held as collateral against domestic non-performing advances.

10.4 Advances - Particulars of credit loss allowance

	30 September 2024 (Un-audited)		
	Stage 1	Stage 2	Stage 3
(Rupees in '000)			
Opening balance	81,573	–	5,906,246
Impact of adoption of IFRS 9	4,329,412	8,663,207	15,448,809
New advances	3,835,237	3,097,180	3,184,648
Advances derecognised or repaid	(2,106,804)	(2,974,920)	(1,312,114)
Transfer to Stage 1	1,080,510	(541,920)	441,727
Transfer to Stage 2	623,734	(41,861)	6,973,474
Transfer to Stage 3	(3,597)	(1,055,196)	545,393
	3,429,080	(1,516,717)	9,833,128
Amounts written off / charged off	–	–	(3,537)
Exchange adjustment	(2,549)	–	(125,344)
Closing balance	<u>7,837,516</u>	<u>7,146,490</u>	<u>31,059,302</u>



10.5 Advances - Category of classification

		30 September 2024 (Un-audited)	31 December 2023 (Audited)
		Outstanding amount	Credit loss allowance held / provision held
(Rupees in '000)			
Domestic			
Performing	Stage 1	623,995,234	7,769,738
Under performing	Stage 2	136,073,132	7,146,490
Non-performing	Stage 3		
Other assets especially mentioned (OAEM)		474,426	406,571
Substandard		2,264,264	1,881,735
Doubtful		15,128,017	12,494,996
Loss		10,609,363	10,460,128
General Provision		—	—
		788,544,436	40,159,658
			864,888,223
			20,588,718
Overseas			
Performing	Stage 1	18,771,061	67,778
Non-performing - Loss	Stage 3	6,517,235	5,815,872
Total		25,288,296	5,883,650
		813,832,732	46,043,308

11. PROPERTY AND EQUIPMENT

Capital work-in-progress	11.1	5,016,134	4,293,549
Property and equipment		67,825,224	63,309,281
		<hr/> 72,841,358	<hr/> 67,602,830

11.1 Capital work-in-progress

Civil works	1,913,862	1,756,006
Advance payment for purchase of equipments	408,296	613,294
Advance payment towards suppliers, contractors and property	2,649,338	1,879,756
Consultants' fee and other charges	44,638	44,493
	5,016,134	4,293,549



(Un-audited)
Nine months period ended
30 September **30 September**
2024 **2023**
(Rupees in '000)

11.2 Additions to property and equipment

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

Capital work-in-progress - net	722,585	1,914,378
Property and equipment		
Leasehold land	143,282	2,866
Building on leasehold land	1,787,851	275,563
Furniture and fixture	579,578	301,847
Electrical, office and computer equipment	2,718,161	1,836,346
Vehicles	2,751,403	1,266,764
Improvements to leasehold building	599,860	586,250
Total	8,580,135	4,269,636
	9,302,720	6,184,014

11.3 Disposal of property and equipment

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

Furniture and fixture	1,542	1,210
Electrical, office and computer equipment	15,977	4,136
Vehicles	3,212	15,493
Improvements to leasehold building	7,846	7,605
Total	28,577	28,444

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

12. BRIGHT-OF-USE ASSETS

BUILDINGS

At 01 January.

Cost	18,288,334	17,549,450
Accumulated depreciation	(6,318,610)	(5,477,832)
Net carrying amount	11,969,724	12,071,618
Additions during the period / year	3,165,323	2,362,122
Deletions during the period / year	(160,319)	(185,932)
Depreciation charge for the period / year	(1,821,307)	(2,298,189)
Other adjustments / transfers	20,096	20,105
Net carrying amount at the end of the period / year	13,173,517	11,969,724

13. INTANGIBLE ASSETS

Computer software 128,201 124,462



(Un-audited)
Nine months period ended
30 September 2024 30 September 2023
(Rupees in '000)

13.1 Additions to intangible assets

Computer software-directly purchased	<u>145,184</u>	<u>20,250</u>
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(Un-audited)
30 September 2024 31 December 2023
Note
(Rupees in '000)

14. DEFERRED TAX ASSETS

Deductible Temporary Differences on

Credit loss allowance against diminution in the value of investments
 Credit loss allowance against loans and advances, off-balance sheet, etc.
 Deficit on revaluation of securities classified as FVTPL
 Workers' welfare fund

4,313,861	5,851,622
16,764,472	5,743,307
124,299	–
3,340,535	2,648,408
24,543,167	14,243,337

Taxable Temporary Differences on

Accelerated tax depreciation
 Surplus on revaluation of securities classified as FVOCI
 Surplus on revaluation of property and equipment / non-banking assets

(2,255,279)	(2,130,580)
(7,483,270)	(1,085,712)
(8,742,029)	(9,234,933)
(18,480,578)	(12,451,225)
6,062,589	1,792,112

15. OTHER ASSETS

Income / mark-up accrued in local currency - net	141,229,488	82,921,325
Income / mark-up accrued in foreign currencies - net	1,250,172	1,213,568
Advances, deposits, advance rent and other prepayments	2,238,017	3,390,303
Non-banking assets acquired in satisfaction of claims	3,849,470	3,862,121
Mark to market gain on forward foreign exchange contracts	2,023,517	2,322,982
Acceptances	36,393,879	39,174,104
Stationery and stamps on hand	1,982,404	1,144,768
Others	4,794,824	1,855,903
	193,761,771	135,885,074
Less: Credit loss allowance / provision held against other assets	(385,004)	(7,815)
Other Assets (net of credit loss allowance / provision)	193,376,767	135,877,259
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	197,744	253,183
Other Assets-total	193,574,511	136,130,442

15.1 Credit loss allowance / provision held against other assets

Mark-up accrued	376,923	–
Others - receivable against consumer loans	8,081	7,815
15.1.1	385,004	7,815



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

15.1.1 Movement in credit loss allowance / provision held against other assets

Opening balance	7,815	8,101
Impact of adoption of IFRS 9	464,364	—
Exchange adjustments	(165)	—
ECL charge for the period / year	19,870	—
ECL reversal for the period / year	(107,146)	—
Charge for the period / year	2,164	3,664
Reversals for the period / year	(1,692)	(3,664)
	(86,804)	—
Amount written off	(206)	(286)
Closing balance	<u>385,004</u>	<u>7,815</u>

16. CONTINGENT ASSETS

There were no contingent assets of the Bank as at 30 September 2024 (31 December 2023: Nil).

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

17. BILLS PAYABLE

In Pakistan	<u>29,175,609</u>	<u>48,083,103</u>
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18. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	75,968,841	91,978,556
Renewable energy	18,690,926	17,584,226
Long term financing for imported and locally manufactured plant and machinery	26,601,206	30,917,513
Modernisation of small and medium enterprises	1,042,148	820,084
Women entrepreneurship	71,215	36,843
Financing facility for storage of agricultural produce	855,512	878,318
Temporary economic refinance facility	32,429,643	36,625,315
Refinance facility for combating COVID-19	109,132	155,920
Repurchase agreement borrowings	<u>270,000,000</u>	<u>185,000,000</u>
	425,768,623	363,996,775
Repurchase agreement borrowings	<u>29,810,000</u>	<u>112,246,807</u>
Borrowing from financial institutions	<u>2,499,418</u>	<u>—</u>
Total secured	<u>458,078,041</u>	<u>476,243,582</u>

Unsecured

Musharaka borrowings

Overdrawn nostro accounts

Total unsecured

6,500,000

2,397,386

8,897,386

466,975,427

—

1,194,452

1,194,452

477,438,034



19. DEPOSITS AND OTHER ACCOUNTS

	30 September 2024 (Un-audited)			31 December 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	711,917,543	55,862,809	767,780,352	595,309,808	56,445,179	651,754,987
Savings deposits	832,684,416	47,669,317	880,353,733	640,708,283	50,248,962	690,957,245
Term deposits	223,123,686	59,231,185	282,354,871	215,403,093	70,650,094	286,053,187
Current deposits-remunerative	209,812,282	4,373,498	214,185,780	187,912,301	5,250,507	193,162,808
Others	17,951,385	20,981,767	38,933,152	29,720,340	18,887,944	48,608,284
	1,995,489,312	188,118,576	2,183,607,888	1,669,053,825	201,482,686	1,870,536,511
Financial institutions						
Current deposits	6,667,223	2,046,700	8,713,923	10,386,373	515,221	10,901,594
Savings deposits	2,430,955	–	2,430,955	14,463,621	29	14,463,650
Term deposits	752,941	512,381	1,265,322	1,483,491	449,568	1,933,059
Current deposits-remunerative	24,756,449	1,498,077	26,254,526	35,228,067	955,619	36,183,686
Others	35,035	–	35,035	18,010	–	18,010
	34,642,603	4,057,158	38,699,761	61,579,562	1,920,437	63,499,999
	2,030,131,915	192,175,734	2,222,307,649	1,730,633,387	203,403,123	1,934,036,510
	(Un-audited) 30 September 2024			(Audited) 31 December 2023		
Note				(Rupees in '000)		

20. LEASE LIABILITIES

Opening balance	14,633,878	14,213,811
Additions during the period / year	3,165,323	2,362,122
Lease payments including interest	(2,771,844)	(3,295,084)
Finance charges on leased assets	1,524,129	1,568,789
Deletions during the period / year	(218,663)	(235,905)
Other adjustment	20,052	20,145
Closing balance	16,352,875	14,633,878

20.1 Liabilities Outstanding

Not later than one year	1,429,902	1,335,632
Later than one year and upto five years	6,515,540	5,587,474
Over five years	8,407,433	7,710,772
Total	16,352,875	14,633,878

21. SUBORDINATED DEBT - Unsecured

Term Finance Certificates (TFCs) - VI - (Unquoted)	21.1	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII - (Unquoted)	21.2	–	3,992,000
Term Finance Certificates (TFCs) - VIII - (Unquoted)	21.3	4,994,000	4,996,000
Term Finance Certificates (TFCs) - IX - (Unquoted)	21.4	7,000,000	7,000,000
Term Finance Certificates (TFCs) - X - (Unquoted)	21.5	6,995,800	6,997,200
		25,989,800	29,985,200



21.1 Term Finance Certificates - VI - (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.50% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

- 21.2** During the period, the Bank exercised the call option of Term Finance Certificates - VII in accordance with the Trust Deed and Terms and Conditions for the TFC issue, after completing the regulatory requirements. Accordingly, the said TFCs were redeemed in full on 06 June 2024.

21.3 Term Finance Certificates - VIII - (Unquoted)

Issue amount	Rupees 5,000 million
Issue date	September 2021
Maturity date	September 2031
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 0.75% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



21.4 Term Finance Certificates - IX - (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	April 2022
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

21.5 Term Finance Certificates - X - (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2022
Maturity date	December 2032
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 1.35% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



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

22. OTHER LIABILITIES

Mark-up / return / interest payable in local currency	10,723,877	7,172,666
Mark-up / return / interest payable in foreign currencies	819,551	1,064,432
Unearned commission and income on bills discounted	2,562,291	1,706,124
Accrued expenses	5,008,386	4,948,584
Acceptances	36,393,879	39,174,104
Unclaimed / dividend payable	1,108,856	921,969
Mark to market loss on forward foreign exchange contracts	2,410,755	2,504,312
Branch adjustment account	3,350,688	3,625,247
Payable to defined benefit plan	3,100,082	2,200,083
Charity payable	102,755	59,665
Credit loss allowance / provision against off-balance sheet items	22.1 4,070,838	226,549
Security deposits against leases / ijarah	11,080,727	9,423,299
Provision for compensated absences	2,034,712	1,717,463
Other security deposits	956,538	1,245,904
Workers' welfare fund	6,817,418	5,404,914
Payable to SBP / NBP	9,781,117	10,851,474
Insurance payable	493,156	543,505
Current taxation	14,785,106	8,565,737
ATM settlement account	16,459,998	2,564,029
Clearing and settlement account	4,393,566	1,585,454
Others	3,415,837	4,731,081
	139,870,133	110,236,595

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

Opening balance	226,549	110,059
Impact of adoption of IFRS 9	2,904,001	–
Exchange adjustment	(769)	1,245
ECL charge for the period / year	953,805	8,984
ECL reversal for the period / year	(12,748)	(1,079)
Charge for the year	–	107,390
Reversal for the year	–	(50)
	941,057	115,245
Closing balance	4,070,838	226,549



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

23. SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of:

- Securities measured at FVOCI-Debt	9.1	14,835,237	—
- Securities measured at FVOCI-Equity	9.1	436,743	—
- Available for sale securities		—	2,215,739
- Property and equipment		22,308,636	22,634,109
- Non-banking assets acquired in satisfaction of claims		197,744	253,183
		37,778,360	25,103,031

Deferred tax on surplus on revaluation of:

- Securities measured at FVOCI-Debt	7,269,266	—	—
- Securities measured at FVOCI-Equity	214,004	—	—
- Available for sale securities	—	1,085,712	1,085,712
- Property and equipment	8,719,509	9,188,502	9,188,502
- Non-banking assets acquired in satisfaction of claims	92,862	116,779	116,779
	16,295,641	10,390,993	10,390,993
	21,482,719	14,712,038	14,712,038

24. CONTINGENCIES AND COMMITMENTS

Guarantees	24.1	211,156,135	185,470,538
Commitments	24.2	651,995,407	497,808,811
Other contingent liabilities	24.3	4,614,660	5,019,188
		867,766,202	688,298,537

24.1 Guarantees:

Financial guarantees	32,325,640	28,634,285	28,634,285
Performance guarantees	178,830,495	156,836,253	156,836,253
	211,156,135	185,470,538	185,470,538

24.2 Commitments:

Documentary credits and short term trade-related transactions - letters of credit	248,296,322	287,964,804	287,964,804
Commitments in respect of: - forward foreign exchange contracts	24.2.1	321,029,407	204,174,136
- forward lendings	24.2.2	78,711,190	3,955,661
Commitments for acquisition of: - Property and equipment	3,958,488	1,714,210	1,714,210
	651,995,407	497,808,811	497,808,811



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

24.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	<u>188,275,177</u>	123,771,146
Sale	<u>132,754,230</u>	80,402,990
	<u><u>321,029,407</u></u>	<u>204,174,136</u>

The maturities of above contracts are spread over the periods upto one year.

24.2.2 Commitments in respect of forward lending

78,711,190 3,955,661

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

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

24.3 Other contingent liabilities

24.3.1 Claims against the Bank not acknowledged as debts

4,614,660 5,019,188

24.3.2 Taxation

There is no material change in Bank's tax contingences as disclosed in note 22.4 to the annual financial statements for the year ended 31 December 2023 except for following:

- Additional Commissioner Inland Revenue (ACIR) has finalized order for Tax Year 2023 (Accounting Year 2022) by disallowing certain expense resulting in an impact of Rs.734.799 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.
- Deputy Commissioner Inland Revenue (DCIR) has passed an order against Federal Excise Duty levy on certain items pertaining to accounting year 2020 and 2021. This has resulted in aggregate net tax impact of Rs. 52.403 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned orders.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.

25. DERIVATIVE INSTRUMENTS

The Bank deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business. As per the Bank's policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Unrealised gains and losses on these contracts are recorded in the statement of financial position under "other assets / other liabilities". These products are offered to the Bank's customers to protect from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter-bank foreign exchange market.



25.1 Product Analysis

30 September 2024 (Un-audited)

Counter Parties	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
(Rupees in '000)						
Banks						
Hedging	78,688,197	323,238	73,211,833	1,123,856	151,900,030	1,447,094
Other Entities						
Hedging	169,129,377	(1,834,332)	–	–	169,129,377	(1,834,332)
Total						
Hedging	<u>247,817,574</u>	<u>(1,511,094)</u>	<u>73,211,833</u>	<u>1,123,856</u>	<u>321,029,407</u>	<u>(387,238)</u>

31 December 2023 (Audited)

	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
(Rupees in '000)						
Banks						
Hedging	33,947,415	587,431	67,117,360	775,893	101,064,775	1,363,324
Other Entities						
Hedging	103,109,361	(1,544,654)	–	–	103,109,361	(1,544,654)
Total						
Hedging	<u>137,056,776</u>	<u>(957,223)</u>	<u>67,117,360</u>	<u>775,893</u>	<u>204,174,136</u>	<u>(181,330)</u>



25.2 Maturity Analysis

Number of Contracts	Notional Principal	30 September 2024 (Un-audited)		
		Mark to Market		Net (Rupees in '000)
		Negative	Positive	
Upto 1 month	428	103,756,200	(418,582)	789,779
1 to 3 months	894	103,138,188	(1,138,184)	826,488
3 to 6 months	890	99,279,044	(810,433)	324,267
6 months to 1 year	125	14,855,975	(43,556)	82,983
	<u>2,337</u>	<u>321,029,407</u>	<u>(2,410,755)</u>	<u>2,023,517</u>
				<u>(387,238)</u>
31 December 2023 (Audited)				
Upto 1 month	379	83,672,301	(648,268)	1,093,484
1 to 3 months	568	72,676,016	(1,330,312)	660,930
3 to 6 months	400	41,419,915	(379,053)	465,153
6 months to 1 year	340	6,405,904	(146,679)	103,415
	<u>1,687</u>	<u>204,174,136</u>	<u>(2,504,312)</u>	<u>2,322,982</u>
				<u>(181,330)</u>
(Un-audited) Nine months period ended				
				30 September 30 September 2024 2023
				(Rupees in '000)

26. MARK-UP / RETURN / INTEREST EARNED

Loans and advances	94,136,852	98,862,667
Investments	270,038,418	159,115,872
Deposits with financial institutions	564,067	831,093
Securities purchased under resale agreements	277,206	2,445,481
Call money lendings	—	90,326
	365,016,543	261,345,439

26.1 Interest income recognised on:

Financial assets measured at amortised cost	149,856,090
Financial assets measured at FVOCI	215,160,453
	365,016,543

27. MARK-UP / RETURN / INTEREST EXPENDED

Deposits	186,799,201	131,317,360
Borrowings	8,557,845	8,369,472
Subordinated debt	4,834,560	4,612,507
Cost of foreign currency swaps	4,592,562	4,815,959
Repurchase agreement borrowings	42,131,848	26,236,853
Finance charges on leased assets	1,524,129	1,138,148
	248,440,145	176,490,299



(Un-audited)

Nine months period ended

30 September 30 September

Note 2024 2023

(Rupees in '000)

28. FEE AND COMMISSION INCOME

Branch banking customer fees	1,680,661	1,467,982
Investment banking fees	65,075	76,798
Consumer finance related fees	37,630	35,060
Card related fees (debit and credit cards)	3,709,818	3,172,397
Credit related fees	328,548	294,329
Commission on trade	5,441,543	4,151,077
Commission on guarantees	786,794	642,184
Commission on cash management	187,962	192,043
Commission on home remittances	1,448,525	311,849
Others	30,362	27,357
	13,716,918	10,371,076

29. (LOSS) / GAIN ON SECURITIES - NET

Realised	29.1	19,360	7,968
Unrealised loss - measured at FVTPL	9.1	(253,672)	–
		(234,312)	7,968

29.1 Realised gain on:

Federal Government Securities	745	188
Shares	–	23,589
Units of Mutual Funds	18,615	(15,809)
	19,360	7,968

29.2 Net (loss) / gain on financial assets

Net loss on investments in securities designated at FVTPL	(235,057)	–
Net gain on financial assets measured at FVOCI	745	–
Net gain on available for sale securities	–	7,968
	(234,312)	7,968

30. OTHER INCOME

Rent on property	11,751	9,322
Gain on sale of property and equipment - net	834,455	261,839
Gain on termination of leases and RoU - net	58,345	31,167
Recovery of expenses from customers	401,234	329,226
Lockers rent	22,828	17,983
Others	688	2,034
	1,329,301	651,571



(Un-audited)
Nine months period ended
30 September 2024 30 September 2023
(Rupees in '000)

31. OPERATING EXPENSES

	2024	2023
Total compensation expenses	28,952,534	23,129,062
Property expenses		
Rent and taxes	188,064	158,586
Insurance	24,585	18,502
Utilities cost	2,904,862	2,424,392
Security (including guards)	1,678,859	1,393,841
Repair and maintenance (including janitorial charges)	565,447	520,784
Depreciation	1,150,686	1,023,575
Depreciation - Right of Use Assets	1,821,307	1,716,716
	8,333,810	7,256,396
Information technology expenses		
Software maintenance	2,702,545	2,019,236
Hardware maintenance	965,587	781,574
Depreciation	836,616	669,731
Amortisation	141,444	204,390
Network charges	808,437	543,704
	5,454,629	4,218,635
Other operating expenses		
Directors' fees and allowances	32,140	33,890
Fees and allowances to Shariah Board	24,613	18,322
Insurance	704,637	685,885
Legal and professional charges	342,497	265,301
Outsourced services costs	2,487,152	2,294,127
Travelling and conveyance	467,910	328,050
NIFT and other clearing charges	195,776	159,938
Depreciation	2,049,906	1,532,010
Repair and maintenance	1,689,318	1,663,877
Training and development	91,115	81,409
Postage and courier charges	323,154	281,224
Communication	2,035,538	1,474,318
Stationery and printing	1,135,006	1,349,518
Marketing, advertisement and publicity	849,768	870,180
Donations	355,675	366,310
Auditors remuneration	14,928	13,030
Commission and brokerage	1,180,594	1,028,883
Entertainment and staff refreshment	548,605	460,431
Vehicle running expenses	165,951	170,871
Subscriptions and publications	239,314	262,874
CNIC verification charges	243,305	172,833
Security charges	755,659	547,218
Others	787,441	610,674
	16,720,002	14,671,173
	59,460,975	49,275,266



(Un-audited)
Nine months period ended

32. OTHER CHARGES

Penalties imposed by the State Bank of Pakistan **306,918** 37,776

**33. CREDIT LOSS ALLOWANCE / PROVISIONS / REVERSALS
AND WRITE OFFS - NET**

Reversal of credit loss allowance / provision of diminution in value of investments - net	9.2	(725,358)	(1,537,539)
Credit loss allowance / provision against loans and advances - net	10.3	11,745,491	413,039
Reversal of credit loss allowance / provision against other assets - net	15.1.1	(86,804)	(109)
Credit loss allowance / provision against off-balance sheet items - net	22.1	941,057	(2,623)
Credit loss allowance / provision against balance with other banks	7.1	191	61
Loss on revaluation of property and equipment		—	75,889
		11,874,577	(1,051,282)

34. TAXATION

Current	33,914,227	25,967,264
Deferred	(3,908,071)	(2,300,133)
	30,006,156	23,667,131

35. BASIC AND DILUTED EARNINGS PER SHARE

Weighted average number of ordinary shares 1,111,425,416 1,111,425,416
(Rupees)

Basic and diluted earnings per share **29.74** 26.35

36. FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Federal Government securities	PKRV rates (Reuters page)
Foreign securities	Market prices / Mashreqbank PSC
Listed securities	Prices quoted at Pakistan Stock Exchange Limited
Mutual funds	Net asset values declared by respective funds
Unlisted equity investments	Break - up value as per latest available audited financial statements



Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non-availability of relevant active market for similar assets and liabilities.

36.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

There were no transfers between levels 1 and 2 during the period / year.

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

30 September 2024 (Un-audited)				
	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	–	1,441,301,671	–	1,441,301,671
Shares - Listed	619,433	–	–	619,433
Non-Government Debt Securities	4,648,261	3,615,038	–	8,263,299
Foreign Securities	–	5,802,536	–	5,802,536
Units of Mutual Funds	–	3,984,423	–	3,984,423
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	–	349,011,809	–	349,011,809
Non-Government Debt Securities	–	728,997	–	728,997
Associates				
Mutual Funds	–	4,614,653	–	4,614,653
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	–	186,567,919	–	186,567,919
Forward sale of foreign exchange contracts	–	134,074,250	–	134,074,250



31 December 2023 (Audited)

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	–	1,108,519,495	–	1,108,519,495
Shares	4,015,046	–	–	4,015,046
Non-Government Debt Securities	4,988,532	4,188,251	–	9,176,783
Foreign Securities	–	5,886,195	–	5,886,195
Units of Mutual Funds	–	4,264,072	–	4,264,072

Financial assets - disclosed but not measured at fair value

Investments

Federal Government Securities	–	358,464,148	–	358,464,148
Non-Government Debt Securities	–	1,823,596	–	1,823,596
Associates				
Mutual Funds	–	4,685,268	–	4,685,268

Off-balance sheet financial instruments

- measured at fair value

Forward purchase of foreign exchange contracts	–	122,491,971	–	122,491,971
Forward sale of foreign exchange contracts	–	81,500,835	–	81,500,835

- 36.2** Certain property and equipment (land and buildings) and non banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuer (level 3 measurement) based on their assessment of the market value.
- 36.3** Foreign exchange contracts are valued using exchange rates declared by the State Bank of Pakistan.



37. SEGMENT INFORMATION

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

	Nine months period ended 30 September 2024 (Un-audited)		
	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Profit and loss account			
Mark-up / return / profit	351,418,098	13,598,445	365,016,543
Inter segment revenue - net	–	119,466,742	119,466,742
Non mark-up / return / interest income	5,584,437	13,957,625	19,542,062
Total income	357,002,535	147,022,812	504,025,347
Segment direct expenses	(183,867,501)	(125,753,041)	(309,620,542)
Inter segment expense allocation	(119,466,742)	–	(119,466,742)
Total expenses	(303,334,243)	(125,753,041)	(429,087,284)
Credit loss allowance	(11,874,105)	(472)	(11,874,577)
Profit before tax	41,794,187	21,269,299	63,063,486
	As at 30 September 2024 (Un-audited)		
	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Statement of financial position			
Cash and bank balances	171,112,763	12,401,709	183,514,472
Investments	1,814,568,559	–	1,814,568,559
Net inter segment lending	–	1,507,399,279	1,507,399,279
Lendings to financial institutions	–	–	–
Advances - performing	712,020,702	51,834,719	763,855,421
- non-performing net of credit loss allowance	3,882,344	51,659	3,934,003
Others	266,261,676	19,518,500	285,780,176
Total assets	2,967,846,044	1,591,205,866	4,559,051,910
Borrowings	466,975,427	–	466,975,427
Subordinated debt	25,989,800	–	25,989,800
Deposits and other accounts	747,749,752	1,474,557,897	2,222,307,649
Net inter segment borrowing	1,507,399,279	–	1,507,399,279
Others	73,232,449	112,166,168	185,398,617
Total liabilities	2,821,346,707	1,586,724,065	4,408,070,772
Equity	146,499,337	4,481,801	150,981,138
Total equity and liabilities	2,967,846,044	1,591,205,866	4,559,051,910
Contingencies and commitments	459,352,434	100,023	459,452,457



Nine months period ended 30 September 2023 (Un-audited)

	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Profit and loss account			
Mark-up / return / profit	226,216,889	35,128,550	261,345,439
Inter segment revenue - net	–	46,149,796	46,149,796
Non mark-up / return / interest income	4,120,764	13,318,259	17,439,023
Total income	230,337,653	94,596,605	324,934,258
Segment direct expenses	(142,860,680)	(84,024,180)	(226,884,860)
Inter segment expense allocation	(46,149,796)	–	(46,149,796)
Total expenses	(189,010,476)	(84,024,180)	(273,034,656)
Reversal / (provision)	1,054,785	(3,503)	1,051,282
Profit before tax	42,381,962	10,568,922	52,950,884

As at 31 December 2023 (Audited)

	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Statement of financial position			
Cash and bank balances	139,759,529	8,637,141	148,396,670
Investments	1,503,895,348	–	1,503,895,348
Net inter segment lending	–	1,277,340,122	1,277,340,122
Lendings to financial institutions	1,649,716	–	1,649,716
Advances - performing	811,562,903	50,538,983	862,101,886
- non-performing net of provision	7,290,737	66,186	7,356,923
Others	205,230,834	12,388,736	217,619,570
Total assets	2,669,389,067	1,348,971,168	4,018,360,235
Borrowings	477,438,034	–	477,438,034
Subordinated debt	29,985,200	–	29,985,200
Deposits and other accounts	699,206,208	1,234,830,302	1,934,036,510
Net inter segment borrowing	1,277,340,122	–	1,277,340,122
Others	62,527,369	110,426,207	172,953,576
Total liabilities	2,546,496,933	1,345,256,509	3,891,753,442
Equity	122,892,134	3,714,659	126,606,793
Total equity and liabilities	2,669,389,067	1,348,971,168	4,018,360,235
Contingencies and commitments	473,348,064	87,278	473,435,342

38. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise subsidiaries, associates, directors, key management personnel and other related parties.

Transactions with related parties of the Bank are carried out on arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Bank are carried out in accordance with the terms of their employment.



Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

	30 September 2024 (Un-audited)					31 December 2023 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Investments										
Opening balance	-	-	883,250	4,614,653	654,086	-	-	883,250	4,614,653	386,597
Investment made during the period / year	-	-	3,000,000	-	30,000	-	-	-	-	-
Surplus on revaluation	-	-	-	-	15,347	-	-	-	-	267,489
Credit loss allowance	-	-	-	-	(30,000)	-	-	-	-	-
Closing balance	-	-	3,883,250	4,614,653	669,433	-	-	883,250	4,614,653	654,086
Advances										
Opening balance	4,048	345,035	588,969	-	1,680,782	1,310	320,774	265,950	-	1,023,207
Addition during the period / year	7,723	215,446	23,677,995	-	30,366,661	26,499	277,173	32,427,242	-	31,872,765
Repaid during the period / year	(10,615)	(164,416)	(24,083,085)	-	(29,886,822)	(23,761)	(252,912)	(32,104,223)	-	(31,215,190)
Credit loss allowance	(4)	(193)	(11,757)	-	(99,772)	-	-	-	-	-
Closing balance	1,152	395,872	172,122	-	2,060,849	4,048	345,035	588,969	-	1,680,782
Right of use assets										
-	-	-	-	-	2,044	-	-	-	-	5,111
Other assets										
Interest / mark-up accrued	-	374	11,991	-	18,296	-	451	22,170	-	47,832
Credit loss allowance on accrued mark-up	-	1	267	-	588	-	-	-	-	-
L/C acceptances	-	-	-	-	-	-	-	-	-	207,281
Dividend receivable	-	-	-	-	-	-	-	-	11,047	-
Advance for subscription	-	-	-	-	-	-	-	1,000,000	-	-
Other receivable	-	-	5,527	-	-	-	-	25,537	-	-
Subordinated debt										
Opening balance	-	-	-	-	194,000	-	-	-	-	44,000
Issued / purchased during the period / year	-	-	-	-	50,000	-	-	-	-	150,000
Closing balance	-	-	-	-	244,000	-	-	-	-	194,000
Deposits and other accounts										
Opening balance	771,493	794,349	1,316,547	19,349,124	9,409,202	569,762	691,575	132,421	1,770,411	5,223,723
Received during the period / year	5,450,439	5,261,240	37,265,427	340,752,014	274,065,858	5,549,523	6,766,311	18,745,447	653,642,242	169,329,325
Withdrawn during the period / year	(4,907,868)	(5,190,928)	(37,230,071)	(358,759,656)	(274,179,802)	(5,347,792)	(6,663,537)	(17,561,321)	(636,063,529)	(165,143,846)
Closing balance	1,314,064	864,661	1,351,903	1,341,482	9,295,258	771,493	794,349	1,316,547	19,349,124	9,409,202
Other liabilities										
Interest / mark-up payable	3,839	9,785	49	-	23,445	921	2,456	-	-	12,008
Credit loss Allowance on off balance sheet transactions	-	-	-	-	31,701	-	-	-	-	-
Payable to staff retirement fund	-	-	-	-	3,100,082	-	-	-	-	2,200,083
Other liabilities	-	22	2,687	-	-	-	540	1,782	-	-
Contingencies and commitments										
Other Transactions - Investor Portfolio Securities										
Opening balance	-	-	45,000	-	18,863,500	-	-	120,000	-	16,314,700
Increased during the period / year	-	-	-	-	4,398,000	-	-	-	-	20,732,500
Decreased during the period / year	-	-	-	-	(814,000)	-	-	(75,000)	-	(18,183,700)
Closing balance	-	-	45,000	-	22,447,500	-	-	45,000	-	18,863,500



38.1 Related Party Transactions

	30 September 2024 (Un-audited)					30 September 2023 (Un-audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties (Rupees in '000)	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Income										
Mark-up / return / interest earned	1	16,232	58,893	–	146,253	–	15,399	36,294	–	117,933
Fee and commission income	221	1,241	121	101	12,591	115	614	14	117	13,563
Dividend income	–	–	–	506,770	156,492	–	–	–	599,749	82,614
Rental income	–	–	10,671	–	–	–	–	9,322	–	–
Other income	–	–	1,472	–	263	–	–	587	–	436
Expense										
Mark-up / return / interest expensed	99,033	97,508	153,418	1,141,041	2,068,471	73,214	76,631	21,956	668,466	978,146
Operating expenses	–	–	–	–	4,469	–	–	–	–	3,771
Brokerage and commission	–	–	10,222	–	–	–	–	4,229	–	–
Salaries and allowances	–	968,507	–	–	–	–	799,039	–	–	–
Bonus	–	280,032	–	–	–	–	116,250	–	–	–
Contribution to defined contribution plan	–	40,029	–	–	–	–	36,237	–	–	–
Contribution to defined benefit plan	–	183,658	–	–	–	–	154,864	–	–	–
Staff provident fund	–	–	–	–	922,485	–	–	–	–	778,055
Staff gratuity fund	–	–	–	–	900,000	–	–	–	–	621,000
Directors' fees	64,280	–	–	–	–	32,390	–	–	–	–
Donation	–	–	–	–	12,000	–	–	–	–	21,000
Insurance premium paid	–	–	–	–	183,979	–	–	–	–	274,358
Insurance claims settled	–	–	–	–	98,206	–	–	–	–	24,414



39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 30 September 2024	(Audited) 31 December 2023
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	<u>11,114,254</u>	<u>11,114,254</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	133,178,055	106,748,559
Eligible Additional Tier 1 (ADT 1) Capital	12,989,000	13,149,415
Total Eligible Tier 1 Capital	146,167,055	119,897,974
Eligible Tier 2 Capital	47,472,457	38,239,758
Total Eligible Capital (Tier 1 + Tier 2)	193,639,512	158,137,732
Risk Weighted Assets (RWAs):		
Credit Risk	760,048,809	778,517,551
Market Risk	29,347,127	22,589,366
Operational Risk	197,102,489	197,102,489
Total	986,498,425	998,209,406
Common Equity Tier 1 Capital Adequacy ratio	13.500%	10.694%
Tier 1 Capital Adequacy Ratio	14.817%	12.011%
Total Capital Adequacy Ratio	19.629%	15.842%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	146,167,055	119,897,974
Total Exposures	3,561,881,268	3,215,463,888
Leverage Ratio	4.104%	3.729%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,371,912,212	955,564,193
Total Net Cash Outflow	459,052,190	354,165,673
Liquidity Coverage Ratio	298.858%	269.807%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,310,333,868	2,003,648,662
Total Required Stable Funding	1,229,975,488	1,226,057,068
Net Stable Funding Ratio	187.836%	163.422%

The Bank has applied transitional approach under IFRS-9 as permitted by SBP. The Bank's CAR and LR would have been 18.30% and 3.86% respectively, if full impact of IFRS-9 had been applied.



40. ISLAMIC BANKING BUSINESS

The Bank is operating with 256 (31 December 2023: 201) Islamic banking branches and 18 (31 December 2023: 138) Islamic banking windows at the end of the period / year.

STATEMENT OF FINANCIAL POSITION	Note	(Un-audited) 30 September 2024	(Audited) 31 December 2023
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		20,075,547	15,978,853
Balances with other banks		8,607	8,166
Due from financial institutions		—	—
Investments	40.1	241,561,632	194,105,585
Islamic financing and related assets - net	40.2	103,942,558	114,115,766
Property and equipment		2,245,677	1,306,410
Right-of-use assets		4,045,278	3,528,398
Intangible assets		—	—
Due from Head Office		—	—
Other assets		30,646,851	17,590,335
Total Assets		402,526,150	346,633,513
LIABILITIES			
Bills payable		747,275	500,279
Due to financial institutions		39,789,989	34,472,018
Deposits and other accounts	40.3	276,644,857	255,291,936
Due to Head Office		2,445,049	2,032,326
Lease liabilities		5,055,504	4,296,489
Subordinated debt		—	—
Other liabilities		16,434,105	8,562,932
		341,116,779	305,155,980
NET ASSETS		61,409,371	41,477,533
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		—	—
Surplus on revaluation of assets		5,095,879	1,825,669
Unappropriated profit	40.4	48,713,492	32,051,864
		61,409,371	41,477,533
CONTINGENCIES AND COMMITMENTS	40.5		



PROFIT AND LOSS ACCOUNT

Note	(Un-audited)	
	Nine months period ended	
	30 September 2024	30 September 2023
(Rupees in '000)		
Profit / return earned	40.6 46,463,573	32,156,317
Profit / return expensed	40.7 (22,158,840)	(16,730,976)
Net Profit / return	24,304,733	15,425,341
Other income		
Fee and commission income	1,180,238	890,538
Dividend income	47,617	52,190
Foreign exchange income	183,068	147,715
Gain on securities - net	11,072	–
Other income	79,077	63,411
Total other income	1,501,072	1,153,854
Total income	25,805,805	16,579,195
Other expenses		
Operating expenses	(6,484,266)	(4,514,348)
Other charges	(122)	(5)
Total other expenses	(6,484,388)	(4,514,353)
Profit before credit loss allowance	19,321,417	12,064,842
Credit loss allowance and write offs - net	(993,867)	(418,982)
Profit for the period	18,327,550	11,645,860



30 September 2024 (Un-audited)				31 December 2023 (Audited)			
Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
(Rupees in '000)							

40.1 Investments by segments:

FVTPL

Units of Mutual Funds
Federal Government Securities
- Islamic Naya Pakistan Certificates

252,242	-	11,681	263,923	-	-	-	-
3,086,959	-	-	3,086,959	-	-	-	-
3,339,201	-	11,681	3,350,882	-	-	-	-

FVOCI

Federal Government Securities

- Ijarah Sukuks
- Neelum Jhelum Hydropower Co Ltd. Sukuk
- Pakistan Energy Sukuk - Listed
- Non Government debt Securities
- Listed
- Unlisted

206,825,516	-	5,073,134	211,898,650	-	-	-	-
1,155,000	-	20,959	1,175,959	-	-	-	-
21,101,944	-	(1,944)	21,100,000	-	-	-	-
1,122,000	(340,000)	1,602	783,602	-	-	-	-
3,051,125	(714)	2,128	3,052,539	-	-	-	-
233,255,585	(340,714)	5,095,879	238,010,750	-	-	-	-

Available-for-Sale Securities

Federal Government Securities

- Ijarah Sukuks
- Neelum Jhelum Hydropower Co Ltd. Sukuk
- Islamic Naya Pakistan Certificates

-	-	-	-	180,077,410	-	1,781,739	181,859,149
-	-	-	-	1,443,750	-	13,811	1,457,561
-	-	-	-	5,769,121	-	-	5,769,121
-	-	-	-	187,290,281	-	1,795,550	189,085,831

Non Government Debt Securities

- Listed

- Unlisted

-	-	-	-	1,122,000	-	1,602	1,123,602
-	-	-	-	3,363,625	-	(25,374)	3,338,251
-	-	-	-	4,485,625	-	(23,772)	4,461,853

Shares

- Listed Companies

Units of Mutual Funds

Associates

- AL Habib Islamic Cash Fund
- AL Habib Islamic Savings Fund

Total Investments

100,000	-	-	100,000	100,000	-	-	100,000
100,000	-	-	100,000	100,000	-	-	100,000
200,000	-	-	200,000	200,000	-	-	200,000
236,794,786	(340,714)	5,107,560	241,561,632	192,344,317	(64,401)	1,825,669	194,105,585

40.1.1 Particulars of credit loss allowance

30 September 2024 (un-audited)

	Stage 1	Stage 2	Stage 3	Total
(Rupees in '000)				

Non Government debt securities

347 367 340,000 340,714



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

40.2 Islamic financing and related assets

Ijarah	3,237,224	3,079,001
Murabaha	15,790,439	17,586,364
Diminishing Musharaka	15,179,637	16,779,105
Istisna	5,925,954	10,282,784
Islamic Long Term Financing Facility (ILTFF)	4,570,050	5,241,800
Islamic Refinance for Renewable Energy (IFRE)	2,744,995	2,224,625
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)	6,896,322	6,830,099
Islamic Refinance Facility for Modernization of SMEs (IRFSME)	129,319	52,588
Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)	140,968	157,403
Islamic Export Refinance - Istisna (IERF)	103,000	2,160,467
Musawamah	3,178,739	4,605,689
Islamic Export Refinance - Musawamah	–	6,000
Running Musharaka	4,128,983	2,479,691
Islamic Export Refinance - Running Musharaka	8,703,641	7,166,641
Financing against Bills - Musawamah	2,900,611	5,083,273
Export Finance Scheme (EFS) - Discounting	7,897,096	7,235,359
Staff Financing	2,393,865	2,013,176
Musawamah Inventory	3,586,432	3,076,506
Advance against Istisna	15,110,044	13,554,721
Advance against Istisna-IERF	1,298,000	2,249,152
Advance against Ijarah	274,360	138,636
Advance against Diminishing Musharaka	1,585,749	1,303,776
Advance against IFRE	715,035	666,683
Advance against ITERF	51,795	951,795
Advance against IRFSME	43,953	12,933
Gross Islamic financing and related assets	106,586,211	114,938,267
Less: Credit loss allowance against Islamic financings		
- Stage 1	(881,573)	–
- Stage 2	(909,397)	–
- Stage 3	(852,683)	–
- Specific	–	(772,444)
- General	–	(50,057)
	(2,643,653)	(822,501)
Islamic financing and related assets - net of credit loss allowance	<u>103,942,558</u>	<u>114,115,766</u>



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

40.3 Deposits and Other Accounts

Customers

Current deposits	113,275,886	91,394,207
Savings deposits	136,308,187	125,316,032
Term deposits	24,803,312	24,830,685
	274,387,385	241,540,924

Financial institutions

Current deposits	69,897	35,468
Savings deposits	2,187,575	13,715,544
	2,257,472	13,751,012
	276,644,857	255,291,936

40.4 Islamic Banking Business Unappropriated Profit

Opening Balance	32,051,864	14,205,865
Impact on adoption of IFRS 9	(1,657,854)	–
Add: Islamic Banking profit for the period / year	18,327,550	17,845,999
Loss on sale of equity investment - FVOCI	(8,068)	–
Closing Balance	48,713,492	32,051,864

40.5 Contingencies and Commitments

Guarantees	22,534,333	14,463,377
Commitments	30,149,968	28,717,529
	52,684,301	43,180,906

(Un-audited)
Nine months period ended
30 September 30 September
2024 2023
(Rupees in '000)

40.6 Profit / Return Earned on Financing, Investments and Placement

Profit earned on:		
Financing	12,678,321	10,473,586
Investments	33,784,529	21,591,542
Placements	723	91,189
	46,463,573	32,156,317

40.7 Profit on Deposits and Other Dues Expensed

Deposits and other accounts	18,384,000	13,682,005
Due to Financial Institutions	2,107,401	1,854,311
Due to Head Office	1,206,425	861,616
Lease liability against right-of-use assets	461,014	333,044
	22,158,840	16,730,976



40.8 Profit and Loss Distribution and Pool Management

40.8.1 The number and nature of pools maintained by the Islamic Banking Branches along with their key features and risk and reward characteristics

General Pool PKR (Mudaraba)

Deposits which assume minimal risk of loss due to diversified assets being tagged thereto are parked in the general pool. In case of loss in general pool, the loss will be borne by the general pool members.

Special Pool(s) PKR (Mudaraba)

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

General Pool FCY (Mudaraba)

In FCY pool, all FCY deposits and Investments are parked to share the return among the FCY deposit holders. In case of loss in a FCY General Pool, the loss will be borne by the FCY general pool members.

Special Pool(s) FCY (Mudaraba)

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

Islamic Export Refinance Scheme (IERS) Pool PKR (Musharaka)

IERS pool is required by SBP to facilitate the exporters under Islamic Export Refinance Scheme.

Equity Pool

Investments with relatively higher risks such as investment in shares and mutual funds are tagged to the equity pool in order to safeguard the interest of depositors. The Bank as Mudarib in the general pool is responsible for administrative costs and cost of operating fixed assets, which are financed from equity. Furthermore, subsidized financing to employees are also financed from equity as per SBP guidelines.

Special Mudaraba Financing Facility (SMFF) Pool - Open Market Operations (OMO) Injections

Special Mudaraba Financing Facility (SMFF) Pool for OMO Injection is created to invest the funds exclusively raised from SBP through Islamic Open Market Operations (OMO) in High Quality Assets including securities that are eligible as approved securities for maintaining Statutory Liquidity Requirement (SLR).

Parameters associated with risk and rewards:

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules and Shariah clearance.



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

The Mudarba based funds have been deployed in the following avenues / sectors / businesses:

- Chemical and pharmaceuticals
- Agribusiness
- Textile
- Sugar
- Shoes and leather garments
- Investment in sukuk
- Production and transmission of energy
- Food and allied except sugar
- Cement
- Financial
- Wheat
- Individuals
- Others (domestic whole sale, engineering goods, plastic product, etc.)

40.8.3 Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components

The Bank's Islamic Banking Division (IBD) is accepting Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-Ul-Maal. The Bank with the prior approval of Depositors also commingles its funds with those of depositors.

The funds so generated are invested by the Bank in Shariah compliant modes of financing and investments such as Murabaha, Ijarah, Istisna, Diminishing Musharakah, Running Musharakah, Musawama, Shares, Mutual Funds and Sukus etc.

The Bank calculates the profit of the pool at every month. Profit is distributed at the Net Income level. Net Income is calculated after deducting direct costs such as cost of Murabaha, cost of Takaful, Depreciation on Ijarah Assets, and amortization of premium on sukuks and loss of investments directly incurred in deriving that Income.

The Net income / loss is being allocated between the Bank's equity and the depositors' fund in proportion to their respective share in pool.

The Bank's profit sharing ratio during the quarter was 50% (31 December 2023: 50%) of Net Income and the depositors' profit sharing ratio was 50% (31 December 2023: 50%) of Net Income.

After the allocation of Income between the equity holder and depositors the profit is distributed among the account holders on the basis of predetermined weightages, announced by the Bank at the beginning of the month based on their respective category / tiers. In case of loss, Rab-ul-Maal has to bear the loss in the ratio of its investment.

In case of provisioning, the general and specific provisions created against non-performing financing and diminution in the value of investments as under prudential regulations and other SBP directives shall be borne by the IBIs as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.



40.8.4 Mudarib share and HIBA distributed to depositor's pool and specific pool

	30 September 2024 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share (Percentage)	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	26,407,005	10,547,717	39.94%	4,439,731	42.09%
FCY Pool	364,207	279,715	76.80%	38,089	13.62%
30 September 2023 (Un-audited)					
LCY Pool	18,558,404	6,848,543	36.90%	2,952,128	43.11%
FCY Pool	212,673	157,093	73.87%	15,687	9.99%

40.8.5 Profit rate earned vs. profit rate distributed to the depositors during the period

	(Un-audited) Nine months period ended	
	30 September 2024	30 September 2023
	(Percentage)	
Profit rate earned	19.21%	16.81%
Profit rate distributed	10.19%	9.55%

41. GENERAL

41.1 Captions, in respect of which there are no amounts, have not been reproduced in these unconsolidated condensed interim financial statements, except for captions of the statement of financial position and statement of profit and loss account.

41.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

41.3 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation in accordance with the new format prescribed by SBP.

41.4 The Board of Directors, in its meeting held on 24 October 2024, has announced an interim cash dividend of Rs. 3.50 per share (30 September 2023: Rs. 4.50 per share). These unconsolidated condensed interim financial statements do not include the effect of this appropriation, which will be accounted for subsequent to the period end.

42. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 24 October 2024.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



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

	Note	(Un-audited) 30 September 2024	(Audited) 31 December 2023
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	6	179,306,174	141,816,023
Balances with other banks	7	4,595,117	6,662,922
Lendings to financial institutions	8	—	1,649,716
Investments	9	1,814,814,935	1,504,488,304
Advances	10	767,604,862	868,868,391
Property and equipment	11	72,969,110	67,614,531
Right-of-use assets	12	13,221,672	11,969,724
Intangible assets	13	236,314	212,691
Deferred tax assets	14	6,061,264	1,790,812
Other assets	15	194,404,887	137,128,649
Total Assets		3,053,214,335	2,742,201,763
LIABILITIES			
Bills payable	17	29,175,609	48,083,103
Borrowings	18	466,975,427	477,438,034
Deposits and other accounts	19	2,220,961,719	1,933,731,281
Lease liabilities	20	16,396,092	14,633,878
Subordinated debt	21	25,989,800	29,985,200
Deferred tax liabilities	22	—	—
Other liabilities	22	140,332,006	110,603,569
Total Liabilities		2,899,830,653	2,614,475,065
NET ASSETS		153,383,682	127,726,698
REPRESENTED BY			
Share capital		11,114,254	11,114,254
Reserves		31,355,856	28,184,872
Surplus on revaluation of assets	23	21,488,453	14,706,663
Unappropriated profit		89,286,207	73,595,373
Equity attributable to the shareholders of the Holding company		153,244,770	127,601,162
Non-controlling interest	24	138,912	125,536
Total equity		153,383,682	127,726,698
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



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

Note	Nine months period ended		Three months period ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	(Rupees in '000)			
Mark-up / return / interest earned	27 365,020,081	261,344,466	122,728,570	100,992,539
Mark-up / return / interest expensed	28 (248,319,189)	(176,483,719)	(80,202,179)	(66,677,102)
Net mark-up / interest income		116,700,892	84,860,747	42,526,391
NON MARK-UP / INTEREST INCOME				
Fee and commission income	29 15,349,590	10,833,437	5,370,747	3,892,313
Dividend income	361,598	526,020	—	104,845
Foreign exchange income	3,862,206	5,294,189	398,444	1,480,659
Income / (loss) from derivatives	—	—	—	—
(Loss) / gain on securities-net	30 (234,238)	9,483	(66,125)	(14,733)
Net gain / (loss) on derecognition of financial assets measured at amortised cost	—	—	—	—
Share of profit from associates	1,016,059	781,994	354,358	307,684
Other income	31 1,358,931	652,886	462,338	261,196
Total non mark-up / interest income		21,714,146	18,098,009	6,519,762
Total income		138,415,038	102,958,756	49,046,153
NON MARK-UP / INTEREST EXPENSES				
Operating expenses	32 (59,894,765)	(49,455,039)	(20,307,052)	(17,496,164)
Workers welfare fund	(1,444,736)	(1,090,720)	(517,025)	(454,206)
Other charges	33 (306,918)	(37,776)	(179,072)	(37,607)
Total non mark-up / interest expenses		(61,646,419)	(50,583,535)	(21,003,149)
Profit before credit loss allowance		76,768,619	52,375,221	28,043,004
Credit loss allowance / provisions / reversals and write offs - net	34 (11,877,077)	1,047,555	(4,485,361)	(74,539)
Extra ordinary / unusual items	—	—	—	—
PROFIT BEFORE TAXATION		64,891,542	53,422,776	23,557,643
Taxation	35 (30,568,237)	(23,835,616)	(10,849,118)	(10,906,806)
PROFIT AFTER TAXATION		34,323,305	29,587,160	12,708,525
Attributable to:				
Shareholders of the Holding Company	34,315,484	29,592,994	12,705,884	11,379,099
Non-controlling interest	7,821	(5,834)	2,641	(1,020)
	34,323,305	29,587,160	12,708,525	11,378,079
	(Rupees)			
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	36 30.88	26.63	11.43	10.24

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



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

	Nine months period ended		Three months period ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	(Rupees in '000)			
Profit after taxation for the period	34,323,305	29,587,160	12,708,525	11,378,079
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods</i>				
Effect of translation of net investment in foreign branches	(134,749)	289,251	(61,518)	8,246
Movement in surplus on revaluation of debt investments through FVOCI-net of tax	8,090,628	–	5,284,621	–
Movement in (deficit) / surplus on revaluation of available for sale investments-net of tax	–	(773,258)	–	2,602,488
	7,955,879	(484,007)	5,223,103	2,610,734
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>				
Movement in (deficit) / surplus on revaluation of equity investments through FVOCI - net of tax	(468,494)	–	179,515	–
Movement in surplus on revaluation of available for sale equity investments - net of tax	–	88,719	–	194,270
Movement in surplus / (deficit) on revaluation of property and equipment - net of tax	309,511	6,403,707	106,031	(103,273)
Movement in deficit on revaluation of non-banking assets - net of tax	(31,013)	–	–	–
	(189,996)	6,492,426	285,546	90,997
Total comprehensive income for the period	42,089,188	35,595,579	18,217,174	14,079,810
Attributable to:				
Shareholders of the Holding Company	42,075,812	35,601,531	18,210,903	14,078,465
Non-controlling interest	13,376	(5,952)	6,271	1,345
	42,089,188	35,595,579	18,217,174	14,079,810

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024**

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Attributable to shareholders of the Holding Company								
				Revenue Reserves		Surplus / (deficit) on revaluation of Investments Property and Equipment Non Banking Assets			Unappropriated Profit	Sub-total	Non-controlling interest	
				Special Reserve	General Reserve	Investments	Property and Equipment	Non Banking Assets				
(Rupees in '000)												
Balance as at 01 January 2023-audited	11,114,254	19,168,074	4,556,840	126,500	540,000	(5,625,680)	6,448,792	76,463	59,229,669	95,634,912	113,694	95,748,606
Comprehensive income for the nine months period ended 30 September 2023:												
Profit after taxation for the nine months period ended 30 September 2023	-	-	289,251	-	-	(684,421)	6,403,707	-	29,592,994	29,592,994	(5,834)	29,587,160
Other comprehensive income	-	-	289,251	-	-	(684,421)	6,403,707	-	29,592,994	6,008,537	(118)	6,008,419
Transfer to statutory reserve	-	-	2,928,376	-	-	-	-	-	29,592,994	35,801,531	(5,952)	35,595,579
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	-	-	(2,928,376)	-	-	-
Transaction with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend (Rs. 7.0 per share)-December 2022	-	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)	-	-
Interim cash dividend (Rs. 4.5 per share) - June 2023	-	-	-	-	-	-	-	-	(5,001,416)	(5,001,416)	-	-
Balance as at 30 September 2023-unaudited	11,114,254	22,096,450	4,846,091	126,500	540,000	(6,310,101)	12,737,583	74,978	73,229,294	118,455,049	107,742	118,562,791
Comprehensive income for the quarter ended 31 December 2023												
Profit after taxation for the quarter ended 31 December 2023	-	-	-	-	-	-	-	-	6,335,054	6,335,054	8,108	6,343,162
Other comprehensive income	-	-	(27,731)	-	-	7,434,753	763,355	61,970	(419,872)	7,812,475	9,686	7,822,161
Transfer to statutory reserve	-	-	(27,731)	-	-	7,434,753	763,355	61,970	5,915,182	14,147,529	17,794	14,165,323
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	-	-	(603,562)	-	-	-
Transaction with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend (Rs. 4.5 per share) - September 2023	-	-	-	-	-	-	-	-	(5,001,416)	-	-	(5,001,416)
Balance as at 31 December 2023-audited	11,114,254	22,700,012	4,818,350	126,500	540,000	1,124,652	13,445,807	136,404	73,595,373	127,601,162	125,536	127,726,698
Effect of adoption of IFRS 9 (net of tax)	-	-	-	-	-	(1,773,407)	-	-	(5,001,416)	(1,321,692)	(3,095,099)	(3,095,099)
Profit after taxation for the nine months period ended 30 September 2024	-	-	-	-	-	-	-	-	34,315,484	34,315,484	7,821	34,323,305
Other comprehensive income for the nine months period ended 30 September 2024												
Effect of translation of net investment in foreign branches	-	-	(134,749)	-	-	-	-	-	(134,749)	-	-	(134,749)
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	8,087,541	-	-	8,087,541	-	3,087	8,090,628
Movement in surplus on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	(470,962)	-	-	(470,962)	-	2,468	(468,494)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	309,511	-	309,511	-	-	309,511
Movement in deficit on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(31,013)	-	(31,013)	-	-	(31,013)
Total other comprehensive income - net of tax	-	-	(134,749)	-	-	7,616,579	309,511	(31,013)	-	7,760,328	5,555	7,765,883
Transfer to statutory reserve	-	-	3,305,733	-	-	-	-	-	(3,305,733)	-	-	-
Loss on sale of equity investment - FVOCI	-	-	-	-	-	826,620	-	-	(826,620)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(165,991)	(509)	166,500	-	-	-
Transaction with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend (Rs. 5.0 per share) - December 2023	-	-	-	-	-	-	-	-	(5,557,127)	(5,557,127)	-	(5,557,127)
Interim cash dividend (Rs. 3.5 per share) - March 2024	-	-	-	-	-	-	-	-	(3,889,989)	(3,889,989)	-	(3,889,989)
Interim cash dividend (Rs. 3.5 per share) - June 2024	-	-	-	-	-	-	-	-	(3,889,989)	(3,889,989)	-	(3,889,989)
Balance as at 30 September 2024-unaudited	11,114,254	26,005,745	4,683,611	126,500	540,000	7,794,444	13,589,127	104,882	89,286,207	153,244,770	138,912	153,383,682

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ASHAR HUSAIN
Chief Financial Officer

ABbas D. HABIB
Chairman



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

	30 September 2024	30 September 2023
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	64,891,542	53,422,776
Less: Dividend income	(361,598)	(526,020)
	<hr/>	<hr/>
	64,529,944	52,896,756
Adjustments:		
Depreciation	4,048,265	3,229,612
Depreciation on right-of-use assets	1,829,925	1,716,716
Amortisation	146,670	206,379
Workers' welfare fund	1,444,736	1,090,720
Credit loss allowance / provisions / (reversals) and write-offs - net	11,877,077	(1,047,616)
Gain on sale of property and equipment-net	(834,455)	(261,854)
Gain on termination of leases	(58,345)	(31,167)
Unrealised loss measured at FVTPL	253,672	–
Charge for defined benefit plan	900,000	621,000
Charge for compensated absences	317,717	182,463
Finance charges on leased assets	1,531,405	1,138,148
Share of profit from associates	(1,016,059)	(781,994)
	<hr/>	<hr/>
	20,440,608	6,062,407
Decrease / (increase) in operating assets	84,970,552	58,959,163
Lendings to financial institutions	1,649,716	13,108,939
Securities classified as FVTPL	2,708,139	95,741
Advances	81,665,327	(61,148,568)
Other assets	(57,733,154)	(60,990,458)
	<hr/>	<hr/>
Increase / (decrease) in operating liabilities	28,290,028	(108,934,346)
Bills payable	(18,907,494)	(18,765,289)
Borrowings from financial institutions	(11,665,541)	(126,545,747)
Deposits	287,230,438	344,019,133
Other liabilities (excluding current taxation)	16,777,612	7,091,477
	<hr/>	<hr/>
Income tax paid	273,435,015	205,799,574
Net cash flow generated from operating activities	386,695,595	155,824,391
	(28,220,115)	(23,629,402)
	<hr/>	<hr/>
	358,475,480	132,194,989
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in amortized cost securities	19,210,755	2,382,688
Net investments in securities classified as FVOCI	(314,981,944)	(79,838,552)
Net investments in associates	(53,216)	485,697
Dividends received	372,645	502,525
Investments in property and equipment	(9,534,801)	(6,211,567)
Proceeds from sale of property and equipment	807,268	290,386
Effect of translation of net investment in foreign branches	(134,749)	289,251
Net cash flow used in investing activities	(304,314,042)	(82,099,572)
	<hr/>	<hr/>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of subordinated debt	(3,995,400)	(4,200)
Dividend paid	(13,150,218)	(12,548,765)
Payment of lease obligations against right-of-use assets	(2,792,676)	(2,504,381)
Net cash flow used in financing activities	(19,938,294)	(15,057,346)
	<hr/>	<hr/>
Increase in cash and cash equivalents	34,223,144	35,038,071
Cash and cash equivalents at beginning of the period	147,284,561	108,774,793
Cash and cash equivalents at end of the period	181,507,705	143,812,864
	<hr/>	<hr/>

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



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

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

Holding Company

- Bank AL Habib Limited

Subsidiaries

- AL Habib Capital Markets (Private) Limited
- AL Habib Asset Management Limited
- AL Habib Exchange Company (Private) Limited

1.2 Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017) having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 1,176 branches (31 December 2023: 1,084 branches), 14 sub - branches (31 December 2023: 29 sub - branches), 04 representative offices (31 December 2023: 04 representative offices) and 10 booths (31 December 2023: 09 booths). The branch network of the Bank includes 02 overseas branches (31 December 2023: 02 overseas branches) and 256 Islamic Banking branches (31 December 2023: 201 Islamic Banking branches).

1.3 The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. The Company was incorporated in Pakistan on 23 August 2005 as a private limited company under repealed Companies Ordinance, 1984. The company is a corporate member of the Pakistan Stock Exchange Limited and is engaged in equity, money market and foreign exchange brokerage services, equity research, corporate financial advisory and consultancy services.

1.4 The Bank has invested in 100% shares of AL Habib Asset Management Limited. The Company was incorporated in Pakistan on 30 September 2005 as an unquoted public limited company under repealed Companies Ordinance, 1984. The Company has been issued a license by the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services as a Non-Banking Finance Company. The principal business of the Company is to provide Investment Advisory Services and Asset Management Services.

The Company is managing following funds:

- AL Habib Cash Fund
- AL Habib Money Market Fund
- AL Habib Government Securities Fund
- AL Habib Income Fund
- AL Habib Asset Allocation Fund
- AL Habib Stock Fund
- AL Habib Islamic Cash Fund
- AL Habib Islamic Income Fund
- AL Habib Islamic Savings Fund
- AL Habib Islamic Stock Fund
- AL Habib Fixed Return Fund Plan 9



- AL Habib Fixed Return Fund Plan 10
- AL Habib Fixed Return Fund Plan 11
- AL Habib Fixed Return Fund Plan 12
- AL Habib Fixed Return Fund Plan 13
- AL Habib Fixed Return Fund Plan 16
- AL Habib Islamic Munafa Fund Plan 4
- AL Habib Pension Fund - Equity Sub Fund
- AL Habib Pension Fund - Debt Sub Fund
- AL Habib Pension Fund - Money Market Sub Fund
- AL Habib Islamic Pension Fund - Equity Sub Fund
- AL Habib Islamic Pension Fund - Debt Sub Fund
- AL Habib Islamic Pension Fund - Money Market Sub
- AL Habib GoKP Pension Money Market
- AL Habib Islamic GoKP Money Market

1.5 The Bank has invested in 100% shares of AL Habib Exchange Company (Private) Limited. The Company was incorporated in Pakistan on 24 November 2023 as a private limited company under Companies Act, 2017. The Company has been issued a license by the State Bank of Pakistan to undertake currency exchange services. The principal business of the Company is to provide foreign exchange services.

2. BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.

2.2 Key financial information of the Islamic Banking branches is disclosed in note 41 to these consolidated condensed interim financial statements.

2.3 Statement of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- IFAS issued by ICAP, as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by 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 SBP and SECP differ with the requirements of the IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

SBP, vide its BPRD Circular No. 02 dated 09 February 2023 issued the revised format for the preparation of the annual / interim financial statements of the banks. New formats are applicable for interim / annual financial statements for period beginning on or after 01 January 2024. The implementation of the revised format has resulted in certain changes to the presentation and disclosures of various elements of the interim financial statements. The adoption of revised format has resulted in following significant changes:

- Right-of-use-assets (note 12) amounting to Rs 13,221.672 million (31 December 2023: Rs 11,969.724 million) which were previously shown as part of property and equipment are now shown separately on the consolidated statement of financial position.
- Lease liabilities (note 20) amounting to Rs 16,396.092 million (31 December 2023: Rs 14,633.878 million) which were previously shown as part of other liabilities are now shown separately on the consolidated statement of financial position.

The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by SBP vide BPRD Circular No. 02, dated 09 February 2023 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. They do not include all the information required in the annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2023 except for adoption of IFRS 9 'Financial Instruments' as described in Note 3.1.1.

SBP has deferred the applicability of IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated: 26 August 2002 till further instructions. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated: 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.

SBP vide its BPRD Circular No. 04 dated: 25 February 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in the preparation of these consolidated condensed interim financial statements.

IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated: 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated: 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.



3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information related to preparation of these consolidated condensed interim financial statements is consistent with that applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2023 except for adoption of IFRS 9 'Financial Instruments' as described in Note 3.1.1.

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

There are certain new and amended standards that became effective during the period. However, these are considered either not to be relevant or not to have any significant impact on the Group's consolidated condensed interim financial statements except for IFRS 9 'Financial Instruments', as disclosed below:

3.1.1 IFRS 9 - 'Financial Instruments'

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

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.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. 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 its entirety from 01 January 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period, as permitted under the specific transitional provisions in the standard.

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

SBP has allowed certain amendments and extended the timelines of the Application Instructions to address several banking industry concerns vide its BPRD Circular Letter No. 16 dated 29 July 2024.

3.1.2 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 regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are to be measured at amortized cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').

Financial liabilities are either classified as fair value through profit or loss (FVTPL), when they are held for trading purposes, or at amortized cost. Financial liabilities classified as FVTPL are measured at fair value. Financial liabilities classified at amortized cost are initially recorded at fair value and subsequently measured using the effective interest rate method.



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 bases. 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.

3.1.3 Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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

3.1.5 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 profit / 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. Profit, 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. Profit income calculated using the effective interest method, 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. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

3.1.6 Application to the Bank's financial assets

Equity Securities:

Quoted equity shares are classified as FVOCI and FVTPL. Gains and losses on disposal of securities classified as FVTPL will be recycled through the profit and loss account.

The Bank has elected to designate equity shares at FVOCI as permitted under IFRS 9. These securities were previously classified as available-for-sale (AFS). The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed off.

Debt securities and Islamic financing and related assets:

Debt securities currently classified as AFS and passing the SPPI test are measured at FVOCI under IFRS 9 as the Bank's business model is to hold these assets to collect contractual cash flows and sell the investments.

Debt securities currently classified as held-to-maturity (HTM) and passing the SPPI test are measured at amortized cost under IFRS 9 as the Bank's business model is to hold these assets to collect contractual cashflows.

Debt securities that do not pass the SPPI test measured at FVTPL.

3.1.7 Derecognition

The Bank derecognises a financial asset when:

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

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



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

- the carrying amount (measured at the date of derecognition); and
- the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit.

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

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

3.1.8 Modification

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing 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. Any fees received as part of the modification are accounted for as follows:

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

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

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 recognises 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 are amortised over the remaining term of the modified financial asset.

This requirement will be implemented on and after 1 October 2024 as mentioned in BPRD Circular Letter No. 16 of 2024 of SBP.

3.1.9 Impairment

The impairment requirements apply to financial assets measured at amortized cost and FVOCI (other than equity instruments), lease receivables, and certain financing 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 SBP's instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. Further the bank is required to calculate ECL on its Stage 3 financial assets as higher of facility wise provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Banks are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

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.

3.1.10 Significant increase in credit risk (SICR)

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

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

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

3.1.11 Undrawn financing commitments

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



3.1.12 Following illustration shows the reconciliation of measurement category before and after the implementation of IFRS 9 and reconciliation of carrying amount of financial assets transition on 01 January 2024:

	Carrying amount as on 31 December 2023	Remeasurement under IFRS 9	Adjustments/ reversals of provision held	Expected credit loss (ECL) - Charge	Gross impact	Tax impact	Net impact	Balances as on 01 January 2024		Measurement Category
								Before IFRS 9	After IFRS 9	
(Rupees in '000)										
ASSETS										
Cash and balances with treasury banks	141,816,023	-	-	-	-	-	-	141,816,023	Loans and receivables	Amortised cost
Balance with other banks	6,662,922	-	-	(3,544)	(3,544)	-	(3,544)	6,659,378	Loans and receivables	Amortised cost
Lending to financial institutions	1,649,716	-	-	(223)	(223)	-	(223)	1,649,493	Loans and receivables	Amortised cost
Investments										
Available for sale										
Federal government securities	1,108,601,004	(5,769,121)	-	(5,769,121)	-	(5,769,121)	1,102,831,883	Available for sale	FVOCI	
Naya Pakistan certificates	-	5,769,121	-	5,769,121	-	5,769,121	5,769,121	Available for sale	FVTPL	
Non government debt securities	9,176,783	-	-	(1,146)	(1,146)	-	(1,146)	9,175,637	Available for sale	FVOCI
Foreign securities	5,886,195	-	-	-	-	-	-	5,886,195	Available for sale	FVOCI
Shares	4,197,679	(1,937,847)	1,937,847	-	-	-	-	4,197,679	Available for sale	FVOCI - without recycling
Units of mutual funds	4,264,072	(1,539,422)	1,539,422	-	-	-	-	4,264,072	Available for sale	FVTPL
Held to maturity										
Federal government securities	365,219,019	-	-	-	-	-	365,219,019	Held to maturity	Amortised cost	
Foreign securities	1,145,445	-	-	-	-	-	-	1,145,445	Held to maturity	Amortised cost
Associates	5,998,107	-	-	-	-	-	-	5,998,107	Outside the scope of IFRS 9	
Advances	868,868,391	8,664,544	-	(16,517,255)	(7,852,711)	-	(7,852,711)	861,015,680	Loans and receivables	Amortised cost
Property and equipment	67,614,531	-	-	-	-	-	-	67,614,531	Outside the scope of IFRS 9	
Right-of-use assets	11,969,724	-	-	-	-	-	-	11,969,724	Outside the scope of IFRS 9	
Intangible assets	212,691	-	-	-	-	-	-	212,691	Outside the scope of IFRS 9	
Deferred tax asset	1,790,812	-	-	-	-	8,130,890	8,130,890	9,921,702	Outside the scope of IFRS 9	
Other assets										
Financial assets										
Mark to market gain on forward foreign exchange contracts	2,322,982	-	-	-	-	-	-	2,322,982	Fair value	FVTPL
Others	126,117,158	-	-	(464,364)	(464,364)	-	(464,364)	125,652,794	Loans and receivables	Amortised cost
Non financial assets	8,688,509	-	-	-	-	-	-	8,688,509	Outside the scope of IFRS 9	
	2,742,201,763	5,187,275	3,477,269	(16,986,532)	(8,321,988)	8,130,890	(191,098)	2,742,010,665		



	Carrying amount as on 31 December 2023	Remeasurements under IFRS 9	Adjustments/ Reversals of provision held	Expected credit loss (ECL) - Charge	Gross impact	Tax impact	Net impact	Balances as on 01 January 2024	Measurement Category Before IFRS 9	After IFRS 9
(Rupees in '000)										
LIABILITIES										
Bills payable	48,083,103	-	-	-	-	-	-	48,083,103	Historical cost	Amortised cost
Borrowings	477,438,034	-	-	-	-	-	-	477,438,034	Historical cost	Amortised cost
Deposits and other accounts	1,933,731,281	-	-	-	-	-	-	1,933,731,281	Historical cost	Amortised cost
Lease liabilities	14,633,878	-	-	-	-	-	-	14,633,878	Outside the scope of IFRS 9	
Subordinated debt	29,985,200	-	-	-	-	-	-	29,985,200	Historical cost	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9	
Other liabilities										
Financial liabilities										
Mark to market loss on forward foreign exchange contracts	2,504,312	-	-	-	-	-	-	2,504,312	Fair value	FVTPL
Others	85,531,726	-	-	2,904,001	2,904,001	-	2,904,001	88,435,727	Historical cost	Amortised cost
Non financial liabilities	22,567,531	-	-	-	-	-	-	22,567,531	Outside the scope of IFRS 9	
	2,614,475,065	-	-	2,904,001	2,904,001	-	2,904,001	2,617,379,066		
NET ASSETS	127,726,698	5,187,275	3,477,269	(19,890,533)	(11,225,989)	8,130,890	(3,095,099)	124,631,599		
REPRESENTED BY										
Share capital	11,114,254	-	-	-	-	-	-	11,114,254	Outside the scope of IFRS 9	
Reserves	28,184,872	-	-	-	-	-	-	28,184,872	Outside the scope of IFRS 9	
Surplus on revaluation of assets	14,706,663	(3,477,269)	-	-	(3,477,269)	1,703,862	(1,773,407)	12,933,256	Outside the scope of IFRS 9	
Unappropriated profit	73,595,373	8,664,544	3,477,269	(19,890,533)	(7,748,720)	6,427,028	(1,321,692)	72,273,681	Outside the scope of IFRS 9	
Non-controlling interest	125,536	-	-	-	-	-	-	125,536	Outside the scope of IFRS 9	
	127,726,698	5,187,275	3,477,269	(19,890,533)	(11,225,989)	8,130,890	(3,095,099)	124,631,599		

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

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that are not effective in the current period. These are considered not to have any significant impact on these consolidated condensed interim financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2023, except for matters related to IFRS 9 adoption.

5. FINANCIAL RISK MANAGEMENT

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



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

6. CASH AND BALANCES WITH TREASURY BANKS

In hand:		
Local currency	42,030,338	30,595,416
Foreign currencies	3,251,755	4,053,352
	45,282,093	34,648,768
In transit:		
Local currency	2,326,863	42,390
Foreign currencies	8,521	27,017
	2,335,384	69,407
With State Bank of Pakistan in:		
Local currency current accounts	95,603,890	72,206,674
Local currency current accounts-Islamic Banking	12,333,549	10,539,360
Foreign currency deposit accounts		
Cash reserve account	5,359,863	5,341,260
Cash reserve / special cash reserve account	1,041,702	995,250
- Islamic Banking	10,719,726	10,682,521
Special cash reserve account	454,337	441,796
Local collection account	125,513,067	100,206,861
With National Bank of Pakistan in:		
Local currency current accounts	6,006,321	6,585,694
Prize bonds	169,309	305,293
	179,306,174	141,816,023

7. BALANCES WITH OTHER BANKS

In Pakistan:		
In current accounts	202,222	211,983
In deposit accounts	100,495	82,211
	302,717	294,194
Outside Pakistan:		
In current accounts	3,775,090	6,246,313
In deposit accounts	521,110	122,483
	4,296,200	6,368,796
Less: credit loss allowance	4,598,917	6,662,990
	(3,800)	(68)
	4,595,117	6,662,922

7.1 Credit Loss Allowance

Opening balance	68	19
Impact of adoption of IFRS 9	3,544	-
Exchange adjustments	(3)	2
Charge / (reversal):		
Charge for the period / year	1,867	47
Reversal for the period / year	(1,676)	-
	191	47
Closing balance	3,800	68

8. LENDINGS TO FINANCIAL INSTITUTIONS

In local currency:		
Repurchase agreements lendings (reverse repo)		
Pakistan Investment Bonds	-	1,649,716



9. INVESTMENTS

	30 September 2024 (Un-audited)				31 December 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
9.1 Investments by type:								
FVTPL								
Federal Government Securities	3,086,959	–	–	3,086,959	–	–	–	–
Units of Mutual Funds	4,238,095	–	(253,672)	3,984,423	–	–	–	–
	7,325,054	–	(253,672)	7,071,382	–	–	–	–
FVOCI								
Federal Government Securities	1,427,455,471	(3,776,902)	14,629,979	1,438,308,548	–	–	–	–
Shares	388,870	(54,002)	444,602	779,470	–	–	–	–
Non Government Debt Securities	8,885,378	(541,893)	(80,186)	8,263,299	–	–	–	–
Foreign Securities	8,321,474	(2,803,527)	284,589	5,802,536	–	–	–	–
	1,445,051,193	(7,176,324)	15,278,984	1,453,153,853	–	–	–	–
Amortised Cost								
Federal Government Securities	347,764,471	(971,150)	–	346,793,321	–	–	–	–
Foreign Securities	1,388,566	(659,569)	–	728,997	–	–	–	–
Others	4,481	(4,481)	–	–	–	–	–	–
	349,157,518	(1,635,200)	–	347,522,318	–	–	–	–
Available-for-Sale Securities								
Federal Government Securities	–	–	–	–	1,114,061,865	(4,536,292)	(924,569)	1,108,601,004
Shares	–	–	–	–	4,472,175	(1,961,851)	1,687,355	4,197,679
Non Government Debt Securities	–	–	–	–	9,385,650	(99,920)	(108,947)	9,176,783
Foreign Securities	–	–	–	–	8,869,880	(2,996,506)	12,821	5,886,195
Units of Mutual Funds	–	–	–	–	3,076,021	(351,370)	1,539,421	4,264,072
	–	–	–	–	1,139,865,591	(9,945,939)	2,206,081	1,132,125,733
Held-to-Maturity Securities								
Federal Government Securities	–	–	–	–	366,531,501	(1,312,482)	–	365,219,019
Foreign Securities	–	–	–	–	1,832,291	(686,846)	–	1,145,445
Others	–	–	–	–	4,481	(4,481)	–	–
	–	–	–	–	368,368,273	(2,003,809)	–	366,364,464
Associates	7,067,382	–	–	7,067,382	5,998,107	–	–	5,998,107
Total Investments	1,808,601,147	(8,811,524)	15,025,312	1,814,814,935	1,514,231,971	(11,949,748)	2,206,081	1,504,488,304



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

9.1.1 Investments given as collateral

Pakistan Investment Bonds	<u>294,613,000</u>	<u>294,417,591</u>
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9.2 Credit loss allowance / provision for diminution in value of investments

Opening balance	11,949,748	12,993,983
Impact of adoption of IFRS 9	(2,288,070)	–
Exchange adjustments	(124,796)	2,633,674
Charge / (reversal):		
ECL reversal for the period / year	(1,196,404)	(3,807,847)
Charge on diminution of investments for the period / year	471,046	240,502
Reversal on disposal during the period / year	–	(110,564)
	(725,358)	(3,677,909)
Closing Balance	8,811,524	11,949,748

9.3 Particulars of credit loss allowance / provision of diminution against debt securities

		30 September 2024 (Un-audited)		31 December 2023 (Audited)
		Outstanding amount	Credit loss allowance / provision for diminution	Outstanding amount
(Rupees in '000)				
Domestic				
Performing	Stage 1	4,746,175	711	–
Under performing	Stage 2	3,177,126	1,261	–
Non-performing	Stage 3			
Doubtful		680,000	340,000	–
Loss		199,920	199,920	99,920
Total		34,950,168	8,753,041	41,880,344
Overseas				
Performing	Stage 1	2,062,019	15,509	2,924,573
Under performing	Stage 2	20,306,224	4,826,646	31,787,370
Non-performing	Stage 3			
Loss		3,778,704	3,368,994	7,068,481
Total		34,950,168	8,753,041	41,880,344
				9,632,046

- 9.4** The market value of securities classified as amortised cost at 30 September 2024 amounted to Rs. 351,294 million (Held to maturity 31 December 2023: Rs. 360,285 million).



9.5 Summary of financial information of associates

			Un-audited 30 September 2024				
	Country of incorporation	Percentage of holding	Assets	Liabilities	Revenue	Profit after taxation	Total comprehensive income
Associates			(Rupees in '000)				
AL Habib Asset Allocation Fund	Pakistan	19.20%	121,707	6,039	51,199	47,362	47,362
AL Habib Cash Fund	Pakistan	7.47%	48,060,599	368,188	6,376,660	5,804,956	5,804,956
AL Habib Income Fund	Pakistan	4.21%	10,050,526	237,445	1,212,583	1,101,579	1,101,579
AL Habib Islamic Cash Fund	Pakistan	1.03%	16,937,822	691,339	3,247,565	3,030,006	3,030,006
AL Habib Islamic Income fund	Pakistan	0.20%	13,367,589	88,068	1,136,582	1,021,914	1,021,914
AL Habib Islamic Savings Fund	Pakistan	1.18%	21,058,678	42,350	2,490,544	2,290,515	2,290,515
AL Habib Islamic Stock Fund	Pakistan	0.82%	1,344,761	26,162	313,051	291,542	291,542
AL Habib Money Market Fund	Pakistan	3.27%	19,375,559	88,776	3,341,268	3,051,568	3,051,568
AL Habib Stock Fund	Pakistan	6.63%	2,068,452	43,311	316,736	293,575	293,575
AL Habib Government Securities Fund	Pakistan	5.70%	25,486,402	418,572	3,059,018	2,765,468	2,765,468
AL Habib Pension Fund	Pakistan	21.71%	701,062	17,991	72,121	87,952	87,952
AL Habib Islamic Pension Fund	Pakistan	38.07%	390,112	2,454	64,719	63,733	63,733
AL Habib Fixed Return Fund Plan 9	Pakistan	0.76%	1,523,133	5,918	217,289	209,109	209,109
AL Habib Fixed Return Fund Plan 10	Pakistan	2.10%	544,637	1,238	80,194	77,282	77,282
AL Habib Fixed Return Fund Plan 11	Pakistan	0.03%	3,372,697	5,727	387,623	377,088	377,088
AL Habib Fixed Return Fund Plan 12	Pakistan	0.05%	10,860,050	8,244	391,679	382,051	382,051
AL Habib Fixed Return Fund Plan 16	Pakistan	0.06%	8,554,287	10,032	260,456	250,421	250,421
AL Habib Islamic GOKP Pension Fund	Pakistan	85.96%	40,344	129	4,963	4,806	4,806
AL Habib GOKP Pension Fund	Pakistan	87.35%	40,066	117	5,306	5,138	5,138



10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) 30 September 2024	(Audited) 31 December 2023	(Un-audited) 30 September 2024	(Audited) 31 December 2023	(Un-audited) 30 September 2024	(Audited) 31 December 2023
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	615,046,892	694,586,199	33,682,180	23,670,518	648,729,072	718,256,717
Islamic financing and related assets	105,721,969	114,129,113	864,242	809,154	106,586,211	114,938,267
Bills discounted and purchased	57,886,004	61,542,273	446,883	707,670	58,332,887	62,249,943
Advances - gross	778,654,865	870,257,585	34,993,305	25,187,342	813,648,170	895,444,927
Credit loss allowance / provision against advances						
- Stage 1	7,837,516	—	—	—	7,837,516	—
- Stage 2	7,146,490	—	—	—	7,146,490	—
- Stage 3	—	—	31,059,302	—	31,059,302	—
- Specific	—	—	—	17,830,419	—	17,830,419
- General as per regulations	—	264,544	—	—	—	264,544
- General	—	8,400,000	—	—	—	8,400,000
- As per IFRS 9 in overseas branches	—	81,573	—	—	—	81,573
	14,984,006	8,746,117	31,059,302	17,830,419	46,043,308	26,576,536
Advances - net of credit loss allowance / provision	<u>763,670,859</u>	<u>861,511,468</u>	<u>3,934,003</u>	<u>7,356,923</u>	<u>767,604,862</u>	<u>868,868,391</u>



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

10.1 Particulars of advances (Gross)

In local currency	696,185,083	773,404,099
In foreign currencies	117,463,087	122,040,828
	<u>813,648,170</u>	<u>895,444,927</u>

10.2 Advances include Rs. 34,993.305 million (31 December 2023: Rs. 25,187.342 million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of classification	30 September 2024 (Un-audited)		31 December 2023 (Audited)	
	Non performing loans	Credit loss allowance / provision	Non performing loans	Credit loss allowance / provision
(Rupees in '000)				
Domestic				
Other assets especially mentioned (OAEM)	474,426	406,571	286,295	5,135
Substandard	<u>2,264,264</u>	<u>1,881,735</u>	<u>2,235,618</u>	<u>524,859</u>
Doubtful	<u>15,128,016</u>	<u>12,494,996</u>	<u>9,008,280</u>	<u>4,446,994</u>
Loss	<u>10,609,364</u>	<u>10,460,128</u>	<u>7,039,066</u>	<u>6,947,186</u>
	<u>28,476,070</u>	<u>25,243,430</u>	<u>18,569,259</u>	<u>11,924,174</u>
Overseas				
Loss	<u>6,517,235</u>	<u>5,815,872</u>	<u>6,618,083</u>	<u>5,906,245</u>
Total	<u>34,993,305</u>	<u>31,059,302</u>	<u>25,187,342</u>	<u>17,830,419</u>



10.3 Particulars of credit loss allowance against advances

	30 September 2024 (Un-audited)						31 December 2023 (Audited)		
	Stage 3	Stage 2	Stage 1	Specific	General	Total	Specific	General	Total
(Rupees in '000)									
Opening balance	5,906,246	–	81,573	11,924,173	8,664,544	26,576,536	11,606,594	6,203,173	17,809,767
Impact on adoption of IFRS 9	15,448,809	8,663,207	4,329,412	(11,924,173)	(8,664,544)	7,852,711	–	–	–
Exchange adjustments	(125,344)	–	(2,549)	–	–	(127,893)	1,751,369	9,995	1,761,364
Charge / (reversal) for the period / year									
- ECL charge for the period	11,226,961	4,164,599	5,906,509	–	–	21,298,069	–	–	–
- ECL reversal for the period	(1,393,333)	(5,681,316)	(2,477,429)	–	–	(9,552,578)	6,774,544	–	6,774,544
- Specific provision	–	–	–	–	–	–	–	(146,346)	(146,346)
- General provision as per regulations	–	–	–	–	–	–	–	2,650,000	2,650,000
- General provision	–	–	–	–	–	–	–	29,295	29,295
- As per IFRS 9 in overseas branches	–	–	–	–	–	–	(1,645,356)	–	(1,645,356)
- Reversals of provision	–	–	–	–	–	–	–	–	–
	9,833,128	(1,516,717)	3,429,080	–	–	11,745,491	5,129,188	2,532,949	7,662,137
Amounts written off	(3,537)	–	–	–	–	(3,537)	(656,732)	–	(656,732)
Closing balance	<u>31,059,302</u>	<u>7,146,490</u>	<u>7,837,516</u>	<u>–</u>	<u>–</u>	<u>46,043,308</u>	<u>17,830,419</u>	<u>8,746,117</u>	<u>26,576,536</u>

10.3.1 For the purposes of determining provision against domestic non-performing advances, the Bank has not taken into account the Forced Sales Value of pledged stock and mortgaged properties held as collateral against domestic non-performing advances.

10.4 Advances - Particulars of credit loss allowance

	30 September 2024 (Un-audited)		
	Stage 1	Stage 2	Stage 3
(Rupees in '000)			
Opening balance	81,573	–	5,906,246
Impact of adoption of IFRS 9	4,329,412	8,663,207	15,448,809
New advances	<u>3,835,237</u>	<u>3,097,180</u>	<u>3,184,648</u>
Advances derecognised or repaid	<u>(2,106,804)</u>	<u>(2,974,920)</u>	<u>(1,312,114)</u>
Transfer to Stage 1	<u>1,080,510</u>	<u>(541,920)</u>	<u>441,727</u>
Transfer to Stage 2	<u>623,734</u>	<u>(41,861)</u>	<u>6,973,474</u>
Transfer to Stage 3	<u>(3,597)</u>	<u>(1,055,196)</u>	<u>545,393</u>
	<u>3,429,080</u>	<u>(1,516,717)</u>	<u>9,833,128</u>
Amounts written off / charged off	–	–	(3,537)
Exchange adjustment	(2,549)	–	(125,344)
Closing balance	<u>7,837,516</u>	<u>7,146,490</u>	<u>31,059,302</u>



10.5 Advances - Category of classification

		30 September 2024 (Un-audited)		31 December 2023 (Audited)		
		Outstanding amount	Credit loss allowance held / provision held	Outstanding amount	Credit loss allowance held / provision held	
(Rupees in '000)						
Domestic						
Performing	Stage 1	623,810,672	7,769,738	845,728,546	—	
Under performing	Stage 2	136,073,132	7,146,490	—	—	
Non-performing	Stage 3					
Other assets especially mentioned (OAEM)		474,426	406,571	286,295	5,135	
Substandard		2,264,264	1,881,735	2,235,618	524,859	
Doubtful		15,128,017	12,494,996	9,008,280	4,446,994	
Loss		10,609,363	10,460,128	7,039,066	6,947,186	
General Provision		—	—	—	8,664,544	
		788,359,874	40,159,658	864,297,805	20,588,718	
Overseas						
Performing	Stage 1	18,771,061	67,778	24,529,039	81,573	
Non-performing - Loss	Stage 3	6,517,235	5,815,872	6,618,083	5,906,245	
		25,288,296	5,883,650	31,147,122	5,987,818	
Total		813,648,170	46,043,308	895,444,927	26,576,536	
(Un-audited) 30 September Note 2024						
(Audited) 31 December 2023						
(Rupees in '000)						

11. PROPERTY AND EQUIPMENT

Capital work-in-progress	11.1	5,032,412	4,293,549
Property and equipment		67,936,698	63,320,982
		72,969,110	67,614,531

11.1 Capital work-in-progress

Civil works	1,913,862	1,756,006
Advance payment for purchase of equipments	408,296	613,294
Advance payment towards suppliers, contractors and property	2,665,616	1,879,756
Consultants' fee and other charges	44,638	44,493
	5,032,412	4,293,549



(Un-audited)

Nine months period ended

30 September

2024 2023
(P) (2023)

(Rupees in '000)

11.2 Additions to property and equipment

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

Capital work-in-progress - net	738,863	1,914,378
Property and equipment		
Leasehold land	143,282	2,866
Building on leasehold land	1,787,851	275,563
Furniture and fixture	587,433	301,847
Electrical, office and computer equipment	2,763,699	1,840,895
Vehicles	2,784,556	1,266,873
Improvements to leasehold building	624,340	586,250
	8,691,161	4,274,294
Total	9,430,024	6,188,672

11.3 Disposal of property and equipment

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

Furniture and fixture	1,542	1,210
Electrical, office and computer equipment	16,168	4,224
Vehicles	3,212	15,493
Improvements to leasehold building	7,846	7,605
Total	28,768	28,532

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

12. RIGHT-OF-USE ASSETS

BUILDINGS

At 01 January,

Cost	18,288,334	17,549,450
Accumulated depreciation	(6,318,610)	(5,477,832)
Net carrying amount	11,969,724	12,071,618
Additions during the period / year	3,222,096	2,362,122
Deletions during the period / year	(160,319)	(185,932)
Depreciation charge for the period / year	(1,829,925)	(2,298,189)
Other adjustments / transfers	20,096	20,105
Net carrying amount at the end of the period / year	13,221,672	11,969,724

13. INTANGIBLE ASSETS

Computer software	155,644	129,521
TRE certificates	—	2,500
Management rights	80,670	80,670
	236,314	212,691



(Un-audited)

(Unaudited)

30 September

2024 2023

(Rupees in '000)

13.1 Additions to intangible assets

Computer software-directly purchased **172,793** 22,895

-audited) (Audited)

31 December

Note

(Rupees in '000)

14. DEFERRED TAX ASSETS

Deductible Temporary Differences on

- Credit loss allowance against diminution in the value of investments
- Credit loss allowance against loans and advances, off-balance sheet, etc.
- Deficit on revaluation of securities classified as FVTPL
- Workers' welfare fund
- Others

4,313,861	5,851,62
16,764,472	5,743,30
124,299	-
3,340,535	2,648,40
19,035	-
24,562,822	14,242,20

Taxable Temporary Differences on

Furniture, fixtures and equipment	(1,240,000)	(1,240,000)
Accelerated tax depreciation	(2,255,279)	(2,130,590)
Surplus on revaluation of securities classified as FVOCI	(7,483,270)	(1,085,712)
Surplus on revaluation of property and equipment / non-banking assets	(8,742,029)	(9,234,933)
Others	(20,360)	(1,290)
	(18,500,938)	(12,452,525)
	6,061,264	1,790,812

15. OTHER ASSETS

Income / mark-up accrued in local currency - net	141,236,069	82,900,496
Income / mark-up accrued in foreign currencies - net	1,250,172	1,213,568
Advances, deposits, advance rent and other prepayments	2,289,018	3,428,437
Non-banking assets acquired in satisfaction of claims	3,849,470	3,862,121
Mark to market gain on forward foreign exchange contracts	2,023,517	2,322,982
Acceptances	36,393,879	39,174,104
Stationery and stamps on hand	1,982,404	1,144,768
Others	5,567,618	2,836,805
	<hr/>	<hr/>
Less: Credit loss allowance / provision held against other assets	15.1	
		(385,004)
Other Assets (net of credit loss allowance / provision)	194,207,143	136,875,466
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	197,744	253,183
Other Assets-total	194,404,887	137,128,649

15.1 Credit loss allowance / provision held against other assets

Mark-up accrued	376,923	—
Others - receivable against consumer loans	8,081	7,815
	<u>15.1.1</u>	<u>385,004</u>
	<u><u>385,004</u></u>	<u><u>7,815</u></u>



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

15.1.1 Movement in credit loss allowance / provision held against other assets

Opening balance	7,815	8,101
Impact of adoption of IFRS 9	464,364	–
Exchange adjustments	(165)	–
ECL charge for the period / year	19,870	–
ECL reversal for the period / year	(107,146)	–
Charge for the period / year	2,164	3,664
Reversals for the period / year	(1,692)	(3,664)
	(86,804)	–
Amount written off	(206)	(286)
Closing balance	<u>385,004</u>	<u>7,815</u>

16. CONTINGENT ASSETS

There were no contingent assets of the Group as at 30 September 2024 (31 December 2023: Nil).

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

17. BILLS PAYABLE

In Pakistan	<u>29,175,609</u>	<u>48,083,103</u>
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18. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	75,968,841	91,978,556
Renewable energy	18,690,926	17,584,226
Long term financing for imported and locally manufactured plant and machinery	26,601,206	30,917,513
Modernisation of small and medium enterprises	1,042,148	820,084
Women entrepreneurship	71,215	36,843
Financing facility for storage of agricultural produce	855,512	878,318
Temporary economic refinance facility	32,429,643	36,625,315
Refinance facility for combating COVID-19	109,132	155,920
Repurchase agreement borrowings	<u>270,000,000</u>	<u>185,000,000</u>
	425,768,623	363,996,775
Repurchase agreement borrowings	<u>29,810,000</u>	<u>112,246,807</u>
Borrowing from financial institutions	<u>2,499,418</u>	<u>–</u>
Total secured	<u>458,078,041</u>	<u>476,243,582</u>

Unsecured

Musharaka borrowings

Overdrawn nostro accounts

Total unsecured

6,500,000	–	
2,397,386	1,194,452	
8,897,386	1,194,452	
<u>466,975,427</u>	<u>477,438,034</u>	



19. DEPOSITS AND OTHER ACCOUNTS

	30 September 2024 (Un-audited)			31 December 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	711,917,543	55,862,809	767,780,352	595,309,808	56,445,179	651,754,987
Savings deposits	832,684,416	47,669,317	880,353,733	640,708,283	50,248,962	690,957,245
Term deposits	223,123,686	59,231,185	282,354,871	215,403,093	70,650,094	286,053,187
Current deposits-remunerative	209,812,282	4,373,498	214,185,780	187,912,301	5,250,507	193,162,808
Others	17,951,385	20,981,767	38,933,152	29,720,340	18,887,944	48,608,284
	1,995,489,312	188,118,576	2,183,607,888	1,669,053,825	201,482,686	1,870,536,511
Financial institutions						
Current deposits	6,667,222	1,941,771	8,608,993	10,386,373	515,221	10,901,594
Savings deposits	2,172,258	–	2,172,258	14,166,873	29	14,166,902
Term deposits	752,941	512,381	1,265,322	1,483,491	449,568	1,933,059
Current deposits-remunerative	23,774,146	1,498,077	25,272,223	35,219,586	955,619	36,175,205
Others	35,035	–	35,035	18,010	–	18,010
	33,401,602	3,952,229	37,353,831	61,274,333	1,920,437	63,194,770
	2,028,890,914	192,070,805	2,220,961,719	1,730,328,158	203,403,123	1,933,731,281
	(Un-audited) 30 September 2024			(Audited) 31 December 2023		
Note				(Rupees in '000)		

20. LEASE LIABILITIES

Opening balance	14,633,878	14,213,811
Additions during the period / year	3,222,096	2,362,122
Lease payments including interest	(2,792,676)	(3,295,084)
Finance charges on leased assets	1,531,405	1,568,789
Deletions during the period / year	(218,663)	(235,905)
Other adjustment	20,052	20,145
Closing balance	16,396,092	14,633,878

20.1 Liabilities Outstanding

Not later than one year	1,435,664	1,335,632
Later than one year and upto five years	6,551,881	5,587,474
Over five years	8,408,547	7,710,772
Total	16,396,092	14,633,878

21. SUBORDINATED DEBT - Unsecured

Term Finance Certificates (TFCs) - VI - (Unquoted)	21.1	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII - (Unquoted)	21.2	–	3,992,000
Term Finance Certificates (TFCs) - VIII - (Unquoted)	21.3	4,994,000	4,996,000
Term Finance Certificates (TFCs) - IX - (Unquoted)	21.4	7,000,000	7,000,000
Term Finance Certificates (TFCs) - X - (Unquoted)	21.5	6,995,800	6,997,200
		25,989,800	29,985,200



21.1 Term Finance Certificates - VI - (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.50% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

21.2 During the period, the Bank exercised the call option of Term Finance Certificates - VII in accordance with the Trust Deed and Terms and Conditions for the TFC issue, after completing the regulatory requirements. Accordingly, the said TFCs were redeemed in full on 06 June 2024.

21.3 Term Finance Certificates - VIII - (Unquoted)

Issue amount	Rupees 5,000 million
Issue date	September 2021
Maturity date	September 2031
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 0.75% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



21.4 Term Finance Certificates - IX - (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	April 2022
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

21.5 Term Finance Certificates - X - (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2022
Maturity date	December 2032
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 1.35% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



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

22. OTHER LIABILITIES

Mark-up / return / interest payable in local currency	10,723,976	7,172,666
Mark-up / return / interest payable in foreign currencies	819,551	1,064,432
Unearned commission and income on bills discounted	2,562,291	1,706,124
Accrued expenses	5,028,036	4,957,186
Acceptances	36,393,879	39,174,104
Unclaimed / dividend payable	1,108,856	921,969
Mark to market loss on forward foreign exchange contracts	2,410,755	2,504,312
Branch adjustment account	3,350,688	3,625,247
Payable to defined benefit plan	3,100,082	2,200,083
Charity payable	102,755	59,665
Credit loss allowance / provision against off-balance sheet items	22.1 4,070,838	226,549
Security deposits against leases / ijarah	11,080,727	9,423,299
Provision for compensated absences	2,034,712	1,719,861
Other security deposits	956,538	1,245,904
Workers' welfare fund	6,852,247	5,424,142
Payable to SBP / NBP	9,781,117	10,851,474
Insurance payable	493,156	543,505
Payable against sale of marketable securities on behalf of customers	368,536	369,055
Current taxation	14,763,084	8,506,703
ATM settlement account	16,459,998	2,564,029
Clearing and settlement account	4,393,566	1,585,454
Others	3,476,618	4,757,806
	140,332,006	110,603,569

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

Opening balance	226,549	110,059
Impact of adoption of IFRS 9	2,904,001	–
Exchange adjustment	(769)	1,245
ECL charge for the period / year	953,805	8,984
ECL reversal for the period / year	(12,748)	(1,079)
Charge for the year	–	107,390
Reversal for the year	–	(50)
	941,057	115,245
Closing balance	4,070,838	226,549



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

23. SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of:

- Securities measured at FVOCI-Debt	23.1.1	14,834,667	
- Securities measured at FVOCI-Equity	23.1.2	443,047	
- Available for sale securities	23.1.3	—	2,210,364
- Property and equipment		22,308,636	22,634,109
- Non-banking assets acquired in satisfaction of claims		197,744	253,183
		37,784,094	25,097,656

Deferred tax on surplus on revaluation of:

- Securities measured at FVOCI-Debt	23.1.1	7,269,266	
- Securities measured at FVOCI-Equity	23.1.2	214,004	
- Available for sale securities	23.1.3	—	1,085,712
- Property and equipment		8,719,509	9,188,502
- Non-banking assets acquired in satisfaction of claims		92,862	116,779
		16,295,641	10,390,993
		21,488,453	14,706,663

23.1 Investments

23.1.1	Securities measured at FVOCI - Debt	
	Non-controlling interest	14,834,382
		285
		14,834,667
	Less: related deferred tax	7,269,266
		7,565,401
23.1.2	Securities measured at FVOCI - Equity	
	Non-controlling interest	444,602
		(1,555)
		443,047
	Less: related deferred tax	214,004
		229,043
23.1.3	Available for sale securities	
	Non-controlling interest	-
		2,206,081
		-
		4,283
	Less: related deferred tax	-
		2,210,364
		-
		1,085,712
		-
		1,124,652

24. NON-CONTROLLING INTEREST

Opening balance	125,536	113,694
Profit attributable to non-controlling interest	7,821	2,274
Profit on equity attributable to non-controlling interest	5,555	9,568
Closing balance	138,912	125,536



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

25. CONTINGENCIES AND COMMITMENTS

Guarantees	25.1	211,156,135	185,470,538
Commitments	25.2	651,999,747	497,808,811
Other contingent liabilities	25.3	4,614,660	5,019,188
		<u>867,770,542</u>	<u>688,298,537</u>

25.1 Guarantees:

Financial guarantees	32,325,640	28,634,285
Performance guarantees	178,830,495	156,836,253
	<u>211,156,135</u>	<u>185,470,538</u>

25.2 Commitments:

Documentary credits and short term trade-related transactions - letters of credit	248,296,322	287,964,804
Commitments in respect of: - forward foreign exchange contracts	25.2.1 321,029,407	204,174,136
- forward lendings	25.2.2 78,711,190	3,955,661
Commitments for acquisition of: - Property and equipment	3,962,828	1,714,210
	<u>651,999,747</u>	<u>497,808,811</u>

25.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	188,275,177	123,771,146
Sale	132,754,230	80,402,990
	<u>321,029,407</u>	<u>204,174,136</u>

The maturities of above contracts are spread over the periods upto one year.

25.2.2 Commitments in respect of forward lending

78,711,190	3,955,661
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These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.



25.3 Other contingent liabilities

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

25.3.1 Claims against the Bank not acknowledged as debts

4,614,660

5,019,188

25.3.2 Taxation

There is no material change in Group's tax contingencies as disclosed in note 23.4 to the annual financial statements for the year ended 31 December 2023 except for following:

- Additional Commissioner Inland Revenue (ACIR) has finalized order for Tax Year 2023 (Accounting Year 2022) by disallowing certain expense resulting in an impact of Rs.734.799 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.
- Deputy Commissioner Inland Revenue (DCIR) has passed an order against Federal Excise Duty levy on certain items pertaining to accounting year 2020 and 2021. This has resulted in aggregate net tax impact of Rs. 52.403 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned orders.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.

26. DERIVATIVE INSTRUMENTS

The Bank deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business. As per the Bank's policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Unrealised gains and losses on these contracts are recorded in the statement of financial position under "other assets / other liabilities". These products are offered to the Bank's customers to protect from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter-bank foreign exchange market.



26.1 Product Analysis

30 September 2024 (Un-audited)

Counter Parties	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
(Rupees in '000)						
Banks						
Hedging	78,688,197	323,238	73,211,833	1,123,856	151,900,030	1,447,094
Other Entities						
Hedging	169,129,377	(1,834,332)	–	–	169,129,377	(1,834,332)
Total						
Hedging	<u><u>247,817,574</u></u>	<u><u>(1,511,094)</u></u>	<u><u>73,211,833</u></u>	<u><u>1,123,856</u></u>	<u><u>321,029,407</u></u>	<u><u>(387,238)</u></u>

31 December 2023 (Audited)

	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
(Rupees in '000)						
Banks						
Hedging	33,947,415	587,431	67,117,360	775,893	101,064,775	1,363,324
Other Entities						
Hedging	103,109,361	(1,544,654)	–	–	103,109,361	(1,544,654)
Total						
Hedging	<u><u>137,056,776</u></u>	<u><u>(957,223)</u></u>	<u><u>67,117,360</u></u>	<u><u>775,893</u></u>	<u><u>204,174,136</u></u>	<u><u>(181,330)</u></u>



26.2 Maturity Analysis

	Number of Contracts	Notional Principal	30 September 2024 (Un-audited)		
			Mark to Market		
			Negative (Rupees in '000)	Positive	Net
Upto 1 month	428	103,756,200	(418,582)	789,779	371,197
1 to 3 months	894	103,138,188	(1,138,184)	826,488	(311,696)
3 to 6 months	890	99,279,044	(810,433)	324,267	(486,166)
6 months to 1 year	125	14,855,975	(43,556)	82,983	39,427
	<u>2,337</u>	<u>321,029,407</u>	<u>(2,410,755)</u>	<u>2,023,517</u>	<u>(387,238)</u>
31 December 2023 (Audited)					
Upto 1 month	379	83,672,301	(648,268)	1,093,484	445,216
1 to 3 months	568	72,676,016	(1,330,312)	660,930	(669,382)
3 to 6 months	400	41,419,915	(379,053)	465,153	86,100
6 months to 1 year	340	6,405,904	(146,679)	103,415	(43,264)
	<u>1,687</u>	<u>204,174,136</u>	<u>(2,504,312)</u>	<u>2,322,982</u>	<u>(181,330)</u>
(Un-audited) Nine months period ended					
30 September		30 September		(Rupees in '000)	
2024		2023			

27. MARK-UP / RETURN / INTEREST EARNED

Loans and advances	94,089,180	98,844,720
Investments	270,076,292	159,129,633
Deposits with financial institutions	577,403	834,306
Securities purchased under resale agreements	277,206	2,445,481
Call money lendings	—	90,326
	<u>365,020,081</u>	<u>261,344,466</u>

27.1 Interest income recognised on:

Financial assets measured at amortised cost	149,850,649
Financial assets measured at FVOCI	215,169,432
	<u>365,020,081</u>

28. MARK-UP / RETURN / INTEREST EXPENDED

Deposits	186,670,619	131,310,780
Borrowings	8,558,195	8,369,472
Subordinated debt	4,834,560	4,612,507
Cost of foreign currency swaps	4,592,562	4,815,959
Repurchase agreement borrowings	42,131,848	26,236,853
Finance charges on leased assets	1,531,405	1,138,148
	<u>248,319,189</u>	<u>176,483,719</u>



(Un-audited)

Nine months period ended

30 September 30 September

Note 2024 2023

(Rupees in '000)

29. FEE AND COMMISSION INCOME

Branch banking customer fees	1,680,661	1,467,982
Investment banking fees	65,075	76,798
Consumer finance related fees	37,630	35,060
Card related fees (debit and credit cards)	3,709,818	3,172,397
Credit related fees	328,548	294,329
Commission on trade	5,441,543	4,151,077
Commission on guarantees	786,794	642,184
Commission on cash management	187,962	192,043
Commission on home remittances	1,448,525	311,849
Management fee	1,482,412	412,304
Brokerage income	122,824	52,814
Others	57,798	24,600
	<u>15,349,590</u>	<u>10,833,437</u>

30. (LOSS) / GAIN ON SECURITIES - NET

Realised	30.1	19,434	9,483
Unrealised loss - measured at FVTPL	9.1	(253,672)	–
		<u>(234,238)</u>	<u>9,483</u>

30.1 Realised gain on:

Federal Government Securities	745	188	
Shares	–	25,104	
Units of Mutual Funds	18,689	(15,809)	
	<u>19,434</u>	<u>9,483</u>	

30.2 Net (loss) / gain on financial assets

Net loss on investments in securities designated at FVTPL	(234,983)	–	
Net gain on financial assets measured at FVOCI	745	–	
Net gain on available for sale securities	–	9,483	
	<u>(234,238)</u>	<u>9,483</u>	

31. OTHER INCOME

Gain on sale of property and equipment - net	834,455	261,854	
Gain on termination of leases and RoU - net	58,345	31,167	
Recovery of expenses from customers	401,234	329,226	
Lockers rent	22,828	17,983	
Income on margin financing	18,402	6,316	
Profit on PSX exposure	21,971	4,105	
Others	1,696	2,235	
	<u>1,358,931</u>	<u>652,886</u>	



(Un-audited)
Nine months period ended
30 September 2024 30 September 2023
(Rupees in '000)

32. OPERATING EXPENSES

	2024	2023
Total compensation expenses	29,236,643	23,306,174
Property expenses		
Rent and taxes	191,407	160,044
Insurance	24,585	18,502
Utilities cost	2,909,984	2,427,551
Security (including guards)	1,682,568	1,394,790
Repair and maintenance (including janitorial charges)	567,812	520,784
Depreciation	1,153,065	1,024,119
Depreciation - Right of Use Assets	1,829,925	1,716,716
	8,359,346	7,262,506
Information technology expenses		
Software maintenance	2,702,545	2,019,236
Hardware maintenance	974,718	783,272
Depreciation	841,267	672,634
Amortisation	146,670	206,379
Network charges	811,190	543,704
	5,476,390	4,225,225
Other operating expenses		
Directors' fees and allowances	32,640	34,611
Fees and allowances to Shariah Board	24,613	18,322
Insurance	710,004	688,232
Legal and professional charges	356,158	269,089
Outsourced services costs	2,487,152	2,294,127
Travelling and conveyance	470,938	329,553
NIFT and other clearing charges	206,006	166,350
Depreciation	2,053,933	1,532,859
Repair and maintenance	1,691,458	1,665,227
Training and development	91,715	82,499
Postage and courier charges	323,154	281,371
Communication	2,044,907	1,478,638
Stationery and printing	1,137,046	1,350,467
Marketing, advertisement and publicity	858,442	874,858
Donations	355,675	366,459
Auditors remuneration	18,244	14,080
Commission and brokerage	1,186,067	1,028,572
Entertainment and staff refreshment	550,696	461,163
Vehicle running expenses	190,341	187,284
Subscriptions and publications	275,832	271,225
CNIC verification charges	243,706	172,833
Security charges	757,906	547,218
Others	755,753	546,097
	16,822,386	14,661,134
	59,894,765	49,455,039



		(Un-audited)	
		Nine months period ended	
		30 September 2024	30 September 2023
		Note	(Rupees in '000)
33.	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	<u>306,918</u>	<u>37,776</u>
34.	CREDIT LOSS ALLOWANCE / PROVISIONS / REVERSALS AND WRITE OFFS - NET		
	Reversal of credit loss allowance / provision of diminution in value of investments - net	9.2	(725,358)
	Credit loss allowance / provision against loans and advances - net	10.3	11,745,491
	Reversal of credit loss allowance / provision against other assets - net	15.1.1	(86,804)
	Credit loss allowance / provision against off-balance sheet items - net	22.1	941,057
	Credit loss allowance / provision against balance with other banks	7.1	191
	Loss on revaluation of property and equipment	-	61
	Impairment against intangible assets	<u>2,500</u>	<u>75,889</u>
		<u>11,877,077</u>	<u>(1,047,555)</u>
35.	TAXATION		
	Current	<u>34,476,496</u>	<u>26,126,524</u>
	Deferred	<u>(3,908,259)</u>	<u>(2,290,908)</u>
		<u>30,568,237</u>	<u>23,835,616</u>
36.	BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY		
	Profit for the period attributable to equity holders of the Holding Company	<u>34,315,484</u>	<u>29,592,994</u>
		(Number)	
	Weighted average number of ordinary shares	<u>1,111,425,416</u>	<u>1,111,425,416</u>
		(Rupees)	
	Basic and diluted earnings per share	<u>30.88</u>	<u>26.63</u>
37.	FAIR VALUE MEASUREMENTS		
	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:		
	Federal Government securities	PKRV rates (Reuters page)	
	Foreign securities	Market prices / Mashreqbank PSC	
	Listed securities	Prices quoted at Pakistan Stock Exchange Limited	
	Mutual funds	Net asset values declared by respective funds	
	Unlisted equity investments	Break - up value as per latest available audited financial statements	



Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non-availability of relevant active market for similar assets and liabilities.

37.1 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 for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

There were no transfers between levels 1 and 2 during the period / year.

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

	30 September 2024 (Un-audited)							
	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	–	1,441,395,507	–	1,441,395,507				
Shares - Listed	637,813	–	–	637,813				
Non-Government Debt Securities	4,648,261	3,615,038	–	8,263,299				
Foreign Securities	–	5,802,536	–	5,802,536				
Units of Mutual Funds	–	3,984,423	–	3,984,423				
Financial assets - disclosed but not measured at fair value								
Investments								
Federal Government Securities	–	350,564,754	–	350,564,754				
Non-Government Debt Securities	–	728,997	–	728,997				
Associates								
Mutual Funds	–	7,067,382	–	7,067,382				
Off-balance sheet financial instruments - measured at fair value								
Forward purchase of foreign exchange contracts	–	186,567,919	–	186,567,919				
Forward sale of foreign exchange contracts	–	134,074,250	–	134,074,250				



31 December 2023 (Audited)

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	-	1,108,601,004	-	1,108,601,004
Shares	4,026,024	-	-	4,026,024
Non-Government Debt Securities	4,988,532	4,188,251	-	9,176,783
Foreign Securities	-	5,886,195	-	5,886,195
Units of Mutual Funds	-	4,264,072	-	4,264,072

Financial assets - disclosed but not measured at fair value

Investments

Federal Government Securities	-	358,464,148	-	358,464,148
Non-Government Debt Securities	-	1,823,596	-	1,823,596
Associates				
Mutual Funds	-	5,998,107	-	5,998,107

Off-balance sheet financial instruments

- measured at fair value

Forward purchase of foreign exchange contracts	-	122,491,971	-	122,491,971
Forward sale of foreign exchange contracts	-	81,500,835	-	81,500,835

37.2 Certain property and equipment (land and buildings) and non banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuer (level 3 measurement) based on their assessment of the market value.

37.3 Foreign exchange contracts are valued using exchange rates declared by the State Bank of Pakistan.



38. SEGMENT INFORMATION

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

	Nine months period ended 30 September 2024 (Un-audited)					
	Commercial banking	Retail banking	Retail brokerage	Asset management	Currency exchange	Total
	(Rupees in '000)					
Profit and loss account						
Mark-up / return / profit	351,229,623	13,598,445	45,885	4,207	141,921	365,020,081
Inter segment revenue-net	309,095	119,466,742	-	-	-	119,775,837
Non mark-up / return / interest income	5,768,793	13,957,625	164,698	1,792,777	30,253	21,714,146
Total income	357,307,511	147,022,812	210,583	1,796,984	172,174	506,510,064
Segment direct expenses	(183,661,957)	(125,753,041)	(172,296)	(256,625)	(121,689)	(309,965,608)
Inter segment expense allocation	(119,466,742)	-	(12,731)	(59,273)	(237,091)	(119,775,837)
Total expenses	(303,128,699)	(125,753,041)	(185,027)	(315,898)	(358,780)	(429,741,445)
Credit loss allowance	(11,876,605)	(472)	-	-	-	(11,877,077)
Profit / (loss) before tax	42,302,207	21,269,299	25,556	1,481,086	(186,606)	64,891,542
 As at 30 September 2024 (Un-audited)						
	Commercial banking	Retail banking	Retail brokerage	Asset management	Currency exchange	Total
	(Rupees in '000)					
Statement of financial position						
Cash and bank balances	169,766,833	12,401,709	353,826	13,472	1,365,451	183,901,291
Investments	1,810,946,623	-	120,439	2,183,457	1,564,416	1,814,814,935
Net inter segment lending	3,911,088	1,507,399,279	-	-	-	1,511,310,367
Lendings to financial institutions	-	-	-	-	-	-
Advances - performing	711,835,548	51,834,719	-	592	-	763,670,859
- non-performing net of credit loss allowance	3,882,344	51,659	-	-	-	3,934,003
Others	266,330,763	19,518,500	484,003	404,831	155,150	286,893,247
Total assets	2,966,673,199	1,591,205,866	958,268	2,602,352	3,085,017	4,564,524,702
Borrowings	466,975,427	-	-	-	-	466,975,427
Subordinated debt	25,989,800	-	-	-	-	25,989,800
Deposits and other accounts	746,403,822	1,474,557,897	-	-	-	2,220,961,719
Net inter segment borrowing	1,507,399,279	-	161,088	750,000	3,000,000	1,511,310,367
Others	73,034,922	112,166,168	541,532	112,200	48,885	185,903,707
Total liabilities	2,819,803,250	1,586,724,065	702,620	862,200	3,048,885	4,411,141,020
Equity	146,869,949	4,481,801	255,648	1,740,152	36,132	153,383,682
Total equity and liabilities	2,966,673,199	1,591,205,866	958,268	2,602,352	3,085,017	4,564,524,702
Contingencies and commitments	459,352,434	100,023	-	-	-	459,452,457



Nine months period ended 30 September 2023 (Un-audited)

	Commercial banking	Retail banking	Retail brokerage	Asset management	Currency exchange	Total
	(Rupees in '000)					
Profit and loss account						
Mark-up / return / profit	226,174,015	35,128,550	39,378	2,523	-	261,344,466
Inter segment revenue-net	-	46,149,796	-	-	-	46,149,796
Non mark-up / return / interest income	4,151,301	13,318,259	76,515	551,934	-	18,098,009
Total income	230,325,316	94,596,605	115,893	554,457	-	325,592,271

Segment direct expenses	(142,807,554)	(84,024,180)	(132,096)	(103,424)	-	(227,067,254)
Inter segment expense allocation	(46,149,796)	-	-	-	-	(46,149,796)
Total expenses	(188,957,350)	(84,024,180)	(132,096)	(103,424)	-	(273,217,050)
Reversal / (provision)	1,051,058	(3,503)	-	-	-	1,047,555
Profit / (loss) before tax	42,419,024	10,568,922	(16,203)	451,033	-	53,422,776

As at 31 December 2023 (Audited)

	Commercial banking	Retail banking	Retail brokerage	Asset management	Currency exchange	Total
	(Rupees in '000)					
Statement of financial position						
Cash and bank balances	139,454,299	8,637,141	379,007	8,498	-	148,478,945
Investments	1,503,074,490	-	100,709	1,313,105	-	1,504,488,304
Net inter segment lending	924,465	1,277,340,122	-	-	-	1,278,264,587
Lendings to financial institutions	1,649,716	-	-	-	-	1,649,716
Advances - performing	810,972,436	50,538,983	49	-	-	861,511,468
- non-performing net of provision	7,290,737	66,186	-	-	-	7,356,923
Others	205,289,267	12,388,736	851,750	186,654	-	218,716,407
Total assets	2,668,655,410	1,348,971,168	1,331,515	1,508,257	-	4,020,466,350
Borrowings	476,847,568	-	590,466	-	-	477,438,034
Subordinated debt	29,985,200	-	-	-	-	29,985,200
Deposits and other accounts	698,900,979	1,234,830,302	-	-	-	1,933,731,281
Net inter segment borrowing	1,277,340,122	-	174,465	750,000	-	1,278,264,587
Others	62,505,299	110,426,207	364,440	24,604	-	173,320,550
Total liabilities	2,545,579,168	1,345,256,509	1,129,371	774,604	-	3,892,739,652
Equity	123,076,242	3,714,659	202,144	733,653	-	127,726,698
Total equity and liabilities	2,668,655,410	1,348,971,168	1,331,515	1,508,257	-	4,020,466,350
Contingencies and commitments	473,348,064	87,278	-	-	-	473,435,342

39. RELATED PARTY TRANSACTIONS

Related parties of the Group comprise associates, directors, key management personnel and other related parties.

Transactions with related parties of the Group are carried out on arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Group are carried out in accordance with the terms of their employment.



Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

	30 September 2024 (Un-audited)				31 December 2023 (Audited)			
	Directors	Key management personnel	Associates	Other related parties (Rupees in '000)	Directors	Key management personnel	Associates	Other related parties
Investments								
Opening balance	-	-	5,998,107	654,086	-	-	5,533,810	386,597
Investment made during the period / year	-	-	5,637,154	30,000	-	-	5,426,104	-
Investment adjusted / redeemed / disposed off during the period / year	-	-	(4,567,879)	-	-	-	(4,961,807)	-
Surplus on revaluation	-	-	-	15,347	-	-	-	267,489
Credit loss allowance	-	-	-	(30,000)	-	-	-	-
Closing balance	-	-	7,067,382	669,433	-	-	5,998,107	654,086
Advances								
Opening balance	4,048	345,035	-	1,680,782	1,310	320,774	-	1,023,207
Addition during the period / year	7,723	215,446	-	30,366,661	26,499	277,173	-	31,872,765
Repaid during the period / year	(10,615)	(164,416)	-	(29,886,822)	(23,761)	(252,912)	-	(31,215,190)
Credit loss allowance	(4)	(193)	-	(99,772)	-	-	-	-
Closing balance	1,152	395,872	-	2,060,849	4,048	345,035	-	1,680,782
Right of use assets								
Other assets								
Interest / mark-up accrued	-	374	-	18,296	-	451	-	47,832
Credit loss allowance on accrued mark-up	-	1	-	588	-	-	-	-
L/C acceptances	-	-	-	-	-	-	-	207,281
Remuneration receivable from funds	-	-	328,486	-	-	-	169,807	-
Other receivable	-	-	2,094	2	-	-	1,905	15
Subordinated debt								
Opening balance	-	-	-	194,000	-	-	-	44,000
Issued / purchased during the period / year	-	-	-	50,000	-	-	-	150,000
Closing balance	-	-	-	244,000	-	-	-	194,000
Deposits and other accounts								
Opening balance	771,493	794,349	19,349,124	9,409,202	569,762	691,575	1,770,411	5,223,723
Received during the period / year	5,450,439	5,261,240	340,752,014	274,065,858	5,549,523	6,766,311	653,642,242	169,329,325
Withdrawn during the period / year	(4,907,868)	(5,190,928)	(358,759,656)	(274,179,802)	(5,347,792)	(6,663,537)	(636,063,529)	(165,143,846)
Closing balance	1,314,064	864,661	1,341,482	9,295,258	771,493	794,349	19,349,124	9,409,202
Other liabilities								
Interest / mark-up payable	3,839	9,785	-	23,445	921	2,456	-	12,008
Credit loss allowance on off balance sheet transactions	-	-	-	31,701	-	-	-	-
Payable to staff retirement fund	-	-	-	3,100,082	-	-	-	2,200,083
Other liabilities	-	22	-	2,671	-	540	-	-
Contingencies and commitments								
Other Transactions-Investor Portfolio Securities								
Opening balance	-	-	-	18,863,500	-	-	-	16,314,700
Increased during the period / year	-	-	-	4,398,000	-	-	-	20,732,500
Decreased during the period / year	-	-	-	(814,000)	-	-	-	(18,183,700)
Closing balance	-	-	-	22,447,500	-	-	-	18,863,500



39.1 Related Party Transactions

	30 September 2024 (Un-audited)				30 September 2023 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	1	16,232	–	146,253	–	15,399	–	117,933
Fee and commission income	221	1,241	1,484,922	13,216	115	614	444,216	13,563
Share of profit from associates	–	–	1,016,059	–	–	–	781,994	–
Dividend income	–	–	–	156,492	–	–	–	82,614
Other income	–	–	–	263	–	–	–	436
Expense								
Mark-up / return / interest expensed	99,033	97,508	1,141,041	2,068,471	73,214	76,631	668,466	978,146
Operating expenses	–	–	–	4,480	–	–	–	3,771
Salaries and allowances	–	1,014,334	–	–	–	836,012	–	–
Bonus	–	287,232	–	–	–	119,832	–	–
Contribution to defined contribution plan	–	43,514	–	–	–	38,302	–	–
Contribution to defined benefit plan	–	183,658	–	–	–	154,864	–	–
Staff provident fund	–	–	–	932,889	–	–	–	785,032
Staff gratuity fund	–	–	–	900,000	–	–	–	621,000
Directors' fees	64,505	–	–	–	32,615	–	–	–
Donation	–	–	–	12,000	–	–	–	21,000
Insurance premium paid	–	–	–	184,545	–	–	–	274,804
Insurance claims settled	–	–	–	98,206	–	–	–	24,414



40. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 30 September 2024	(Audited) 31 December 2023
Minimum Capital Requirement (MCR):		(Rupees in '000)
Paid-up capital	<u>11,114,254</u>	<u>11,114,254</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	135,326,882	107,694,949
Eligible Additional Tier 1 (ADT 1) Capital	13,018,128	13,064,657
Total Eligible Tier 1 Capital	148,345,010	120,759,606
Eligible Tier 2 Capital	47,374,843	38,633,723
Total Eligible Capital (Tier 1 + Tier 2)	195,719,853	159,393,329
Risk Weighted Assets (RWAs):		
Credit Risk	751,198,346	776,751,725
Market Risk	30,390,359	23,201,297
Operational Risk	198,314,614	198,314,614
Total	979,903,319	998,267,636
Common Equity Tier 1 Capital Adequacy ratio	13.810%	10.788%
Tier 1 Capital Adequacy Ratio	15.139%	12.097%
Total Capital Adequacy Ratio	19.973%	15.967%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	148,345,010	120,759,606
Total Exposures	3,563,609,860	3,216,546,903
Leverage Ratio	4.163%	3.754%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,379,100,432	955,708,404
Total Net Cash Outflow	461,430,238	354,045,468
Liquidity Coverage Ratio	298.875%	269.939%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,311,273,977	2,004,560,176
Total Required Stable Funding	1,229,412,279	1,226,713,919
Net Stable Funding Ratio	187.998%	163.409%

The Group has applied transitional approach under IFRS-9 as permitted by SBP. The Group's CAR and LR would have been 18.73% and 3.92% respectively, if full impact of IFRS-9 had been applied.



41. ISLAMIC BANKING BUSINESS

The Bank is operating with 256 (31 December 2023: 201) Islamic banking branches and 18 (31 December 2023: 138) Islamic banking windows at the end of the period / year.

STATEMENT OF FINANCIAL POSITION	Note	(Un-audited) 30 September 2024	(Audited) 31 December 2023
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		20,075,547	15,978,853
Balances with other banks		8,607	8,166
Due from financial institutions		—	—
Investments	41.1	241,561,632	194,105,585
Islamic financing and related assets - net	41.2	103,942,558	114,115,766
Property and equipment		2,245,677	1,306,410
Right-of-use assets		4,045,278	3,528,398
Intangible assets		—	—
Due from Head Office		—	—
Other assets		30,646,851	17,590,335
Total Assets		402,526,150	346,633,513
LIABILITIES			
Bills payable		747,275	500,279
Due to financial institutions		39,789,989	34,472,018
Deposits and other accounts	41.3	276,644,857	255,291,936
Due to Head Office		2,445,049	2,032,326
Lease liabilities		5,055,504	4,296,489
Subordinated debt		—	—
Other liabilities		16,434,105	8,562,932
		341,116,779	305,155,980
NET ASSETS		61,409,371	41,477,533
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		—	—
Surplus on revaluation of assets		5,095,879	1,825,669
Unappropriated profit	41.4	48,713,492	32,051,864
		61,409,371	41,477,533
CONTINGENCIES AND COMMITMENTS	41.5		



PROFIT AND LOSS ACCOUNT

(Un-audited)
Nine months period ended

Note	30 September 2024	30 September 2023
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(Rupees in '000)

Profit / return earned	41.6	46,463,573	32,156,317
Profit / return expensed	41.7	(22,158,840)	(16,730,976)
Net Profit / return		24,304,733	15,425,341
 Other income			
Fee and commission income		1,180,238	890,538
Dividend income		47,617	52,190
Foreign exchange income		183,068	147,715
Gain on securities - net		11,072	–
Other income		79,077	63,411
Total other income		1,501,072	1,153,854
 Total income		25,805,805	16,579,195
 Other expenses			
Operating expenses		(6,484,266)	(4,514,348)
Other charges		(122)	(5)
Total other expenses		(6,484,388)	(4,514,353)
 Profit before credit loss allowance		19,321,417	12,064,842
Credit loss allowance and write offs - net		(993,867)	(418,982)
Profit for the period		18,327,550	11,645,860



30 September 2024 (Un-audited)				31 December 2023 (Audited)			
Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
(Rupees in '000)							

41.1 Investments by segments:

FVTPL

Units of Mutual Funds
Federal Government Securities
- Islamic Naya Pakistan Certificates

252,242	-	11,681	263,923	-	-	-	-
3,086,959	-	-	3,086,959	-	-	-	-
3,339,201	-	11,681	3,350,882	-	-	-	-

FVOCI

Federal Government Securities

- Ijarah Sukuks
- Neelum Jhelum Hydropower Co Ltd. Sukuk
- Pakistan Energy Sukuk - Listed
- Non Government debt Securities
- Listed
- Unlisted

206,825,516	-	5,073,134	211,898,650	-	-	-	-
1,155,000	-	20,959	1,175,959	-	-	-	-
21,101,944	-	(1,944)	21,100,000	-	-	-	-
1,122,000	(340,000)	1,602	783,602	-	-	-	-
3,051,125	(714)	2,128	3,052,539	-	-	-	-
233,255,585	(340,714)	5,095,879	238,010,750	-	-	-	-

Available-for-Sale Securities

Federal Government Securities

- Ijarah Sukuks
- Neelum Jhelum Hydropower Co Ltd. Sukuk
- Islamic Naya Pakistan Certificates

-	-	-	-	180,077,410	-	1,781,739	181,859,149
-	-	-	-	1,443,750	-	13,811	1,457,561
-	-	-	-	5,769,121	-	-	5,769,121
-	-	-	-	187,290,281	-	1,795,550	189,085,831

Non Government Debt Securities

- Listed
- Unlisted

-	-	-	-	1,122,000	-	1,602	1,123,602
-	-	-	-	3,363,625	-	(25,374)	3,338,251
-	-	-	-	4,485,625	-	(23,772)	4,461,853

Shares

- Listed Companies

-	-	-	-	17,389	(11,535)	3,938	9,792
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Units of Mutual Funds

-	-	-	-	351,022	(52,866)	49,953	348,109
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Associates

- AL Habib Islamic Cash Fund
- AL Habib Islamic Savings Fund

100,000	-	-	100,000	100,000	-	-	100,000
100,000	-	-	100,000	100,000	-	-	100,000
200,000	-	-	200,000	200,000	-	-	200,000

Total Investments

236,794,786	(340,714)	5,107,560	241,561,632	192,344,317	(64,401)	1,825,669	194,105,585
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41.1.1 Particulars of credit loss allowance

30 September 2024 (un-audited)

Stage 1	Stage 2	Stage 3	Total
(Rupees in '000)			

Non Government debt securities

347	367	340,000	340,714
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(Un-audited) (Audited)
30 September 31 December
2024 2023
(Rupees in '000)

41.2 Islamic financing and related assets

Ijarah	3,237,224	3,079,001
Murabaha	15,790,439	17,586,364
Diminishing Musharaka	15,179,637	16,779,105
Istisna	5,925,954	10,282,784
Islamic Long Term Financing Facility (ILTFF)	4,570,050	5,241,800
Islamic Refinance for Renewable Energy (IFRE)	2,744,995	2,224,625
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)	6,896,322	6,830,099
Islamic Refinance Facility for Modernization of SMEs (IRFSME)	129,319	52,588
Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)	140,968	157,403
Islamic Export Refinance - Istisna (IERF)	103,000	2,160,467
Musawamah	3,178,739	4,605,689
Islamic Export Refinance - Musawamah	-	6,000
Running Musharaka	4,128,983	2,479,691
Islamic Export Refinance - Running Musharaka	8,703,641	7,166,641
Financing against Bills - Musawamah	2,900,611	5,083,273
Export Finance Scheme (EFS) - Discounting	7,897,096	7,235,359
Staff Financing	2,393,865	2,013,176
Musawamah Inventory	3,586,432	3,076,506
Advance against Istisna	15,110,044	13,554,721
Advance against Istisna-IERF	1,298,000	2,249,152
Advance against Ijarah	274,360	138,636
Advance against Diminishing Musharaka	1,585,749	1,303,776
Advance against IFRE	715,035	666,683
Advance against ITERF	51,795	951,795
Advance against IRFSME	43,953	12,933
Gross Islamic financing and related assets	106,586,211	114,938,267
Less: Credit loss allowance against Islamic financings		
- Stage 1	(881,573)	-
- Stage 2	(909,397)	-
- Stage 3	(852,683)	-
- Specific	-	(772,444)
- General	-	(50,057)
	(2,643,653)	(822,501)
Islamic financing and related assets - net of credit loss allowance	103,942,558	114,115,766



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

41.3 Deposits and Other Accounts

Customers

Current deposits	113,275,886	91,394,207
Savings deposits	136,308,187	125,316,032
Term deposits	24,803,312	24,830,685
	274,387,385	241,540,924

Financial institutions

Current deposits	69,897	35,468
Savings deposits	2,187,575	13,715,544
	2,257,472	13,751,012
	276,644,857	255,291,936

41.4 Islamic Banking Business Unappropriated Profit

Opening Balance	32,051,864	14,205,865
Impact on adoption of IFRS 9	(1,657,854)	–
Add: Islamic Banking profit for the period / year	18,327,550	17,845,999
Loss on sale of equity investment - FVOCI	(8,068)	–
Closing Balance	48,713,492	32,051,864

41.5 Contingencies and Commitments

Guarantees	22,534,333	14,463,377
Commitments	30,149,968	28,717,529
	52,684,301	43,180,906

(Un-audited)
 Nine months period ended
 30 September 30 September
 2024 2023
 (Rupees in '000)

41.6 Profit / Return Earned on Financing, Investments and Placement

Profit earned on:		
Financing	12,678,321	10,473,586
Investments	33,784,529	21,591,542
Placements	723	91,189
	46,463,573	32,156,317

41.7 Profit on Deposits and Other Dues Expensed

Deposits and other accounts	18,384,000	13,682,005
Due to Financial Institutions	2,107,401	1,854,311
Due to Head Office	1,206,425	861,616
Lease liability against right-of-use assets	461,014	333,044
	22,158,840	16,730,976



41.8 Profit and Loss Distribution and Pool Management

41.8.1 The number and nature of pools maintained by the Islamic Banking Branches along with their key features and risk and reward characteristics

General Pool PKR (Mudaraba)

Deposits which assume minimal risk of loss due to diversified assets being tagged thereto are parked in the general pool. In case of loss in general pool, the loss will be borne by the general pool members.

Special Pool(s) PKR (Mudaraba)

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

General Pool FCY (Mudaraba)

In FCY pool, all FCY deposits and Investments are parked to share the return among the FCY deposit holders. In case of loss in a FCY General Pool, the loss will be borne by the FCY general pool members.

Special Pool(s) FCY (Mudaraba)

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

Islamic Export Refinance Scheme (IERS) Pool PKR (Musharaka)

IERS pool is required by SBP to facilitate the exporters under Islamic Export Refinance Scheme.

Equity Pool

Investments with relatively higher risks such as investment in shares and mutual funds are tagged to the equity pool in order to safeguard the interest of depositors. The Bank as Mudarib in the general pool is responsible for administrative costs and cost of operating fixed assets, which are financed from equity. Furthermore, subsidized financing to employees are also financed from equity as per SBP guidelines.

Special Mudaraba Financing Facility (SMFF) Pool - Open Market Operations (OMO) Injections

Special Mudaraba Financing Facility (SMFF) Pool for OMO Injection is created to invest the funds exclusively raised from SBP through Islamic Open Market Operations (OMO) in High Quality Assets including securities that are eligible as approved securities for maintaining Statutory Liquidity Requirement (SLR).

Parameters associated with risk and rewards:

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules and Shariah clearance.



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

The Mudaraba based funds have been deployed in the following avenues / sectors / businesses:

- Chemical and pharmaceuticals
- Agribusiness
- Textile
- Sugar
- Shoes and leather garments
- Investment in sukuk
- Production and transmission of energy
- Food and allied except sugar
- Cement
- Financial
- Wheat
- Individuals
- Others (domestic whole sale, engineering goods, plastic product, etc.)

41.8.3 Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components

The Bank's Islamic Banking Division (IBD) is accepting Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-Ul-Maal. The Bank with the prior approval of Depositors also commingles its funds with those of depositors.

The funds so generated are invested by the Bank in Shariah compliant modes of financing and investments such as Murabaha, Ijarah, Istisna, Diminishing Musharakah, Running Musharakah, Musawama, Shares, Mutual Funds and Sukuks etc.

The Bank calculates the profit of the pool at every month. Profit is distributed at the Net Income level. Net Income is calculated after deducting direct costs such as cost of Murabaha, cost of Takaful, Depreciation on Ijarah Assets, and amortization of premium on sukuks and loss of investments directly incurred in deriving that Income.

The Net income / loss is being allocated between the Bank's equity and the depositors' fund in proportion to their respective share in pool.

The Bank's profit sharing ratio during the quarter was 50% (31 December 2023: 50%) of Net Income and the depositors' profit sharing ratio was 50% (31 December 2023: 50%) of Net Income.

After the allocation of Income between the equity holder and depositors the profit is distributed among the account holders on the basis of predetermined weightages, announced by the Bank at the beginning of the month based on their respective category / tiers. In case of loss, Rab-ul-Maal has to bear the loss in the ratio of its investment.

In case of provisioning, the general and specific provisions created against non-performing financing and diminution in the value of investments as under prudential regulations and other SBP directives shall be borne by the IBIs as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.



41.8.4 Mudarib share and HIBA distributed to depositor's pool and specific pool

	30 September 2024 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share (Percentage)	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA Percentage
LCY Pool	26,407,005	10,547,717	39.94%	4,439,731	42.09%
FCY Pool	364,207	279,715	76.80%	38,089	13.62%
30 September 2023 (Un-audited)					
LCY Pool	18,558,404	6,848,543	36.90%	2,952,128	43.11%
FCY Pool	212,673	157,093	73.87%	15,687	9.99%

41.8.5 Profit rate earned vs. profit rate distributed to the depositors during the period

	(Un-audited) Nine months period ended	
	30 September 2024	30 September 2023
	(Percentage)	
Profit rate earned	19.21%	16.81%
Profit rate distributed	10.19%	9.55%

42. GENERAL

42.1 Captions, in respect of which there are no amounts, have not been reproduced in these consolidated condensed interim financial statements, except for captions of the statement of financial position and statement of profit and loss account.

42.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

42.3 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation in accordance with the new format prescribed by SBP.

42.4 The Board of Directors, in its meeting held on 24 October 2024, has announced an interim cash dividend of Rs. 3.50 per share (30 September 2023: Rs. 4.50 per share). These consolidated condensed interim financial statements do not include the effect of this appropriation, which will be accounted for subsequent to the period end.

43. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 24 October 2024.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman