



Bank Alfalah
The Way Forward



HALF YEARLY **REPORT** - JUNE 30, 2024
(UN-AUDITED)

REIMAGINING BANKING

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Board of Directors

His Highness Sheikh Nahayan Mubarak Al Nahayan
Chairman/Director

Abdulla Nasser Hawaileel Al Mansoori
Director

Abdulla Khalil Al Mutawa
Director

Khalid Mana Saeed Al Otaiba
Director

Khalid Qurashi
Director

Dr. Gyorgy Tamas Ladics
Director

Dr. Ayesha Khan
Director

Efstratios Georgios Arapoglou
Director

Atif Aslam Bajwa
President/CEO and Director

Note: The FPT clearance of the Board Members is in process with SBP.

Senior Management Team

Atif Aslam Bajwa

President and Chief Executive Officer

Aasim Wajid Jawad

Group Head, Strategy, Transformation
and Customer Experience

Anjum Hai

Chief Financial Officer

Faisal Farooq Khan

Chief Human Resource Officer

Faisal Rabbani

Chief Risk Officer

Farooq Ahmed Khan

Group Head, Corporate, Investment Banking
and International Business

Haroon Khalid

Group Head, Compliance and Business Solutions

Khawaja Muhammad Ahmad

Group Head, Operations and Corporate Services

Mehreen Ahmed

Group Head, Retail Banking

Mohib Hasan Khan

Chief Information Officer

Muhammad Akram Sawleh

Company Secretary and Group Head, Legal
and Corporate Affairs

Dr. Muhammad Imran

Group Head, Islamic Banking

Muhammad Yahya Khan

Group Head, Digital Banking

Pervez Shahbaz Khan

Group Head, Treasury and Financial Markets

Tahir Khurshid

Group Head, Audit and Inspection

Zahid Anjum

Group Head, Special Assets Management

Chief Financial Officer

Anjum Hai

Company Secretary

Muhammad Akram Sawleh

Chief Internal Auditor

Tahir Khurshid

Auditors

A. F. Ferguson & Co.

Chartered Accountants

Registered/Head Office

B. A. Building

I. I. Chundrigar Road

Karachi, Pakistan

bankalfalah.com

Share Registrar

F. D. Registrar Services (Pvt.) Limited

1705, 17th Floor, Saima Trade Tower-A

I. I. Chundrigar Road

Karachi, Pakistan.

Legal Advisor

Mandviwalla & Zafar

Advocates and Legal Consultants





Board Committees

Board Audit Committee (BAC)

Khalid Qurashi
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Dr. Ayesha Khan
Member

Efstratios Georgios Arapoglou
Member

Tahir Khurshid
Secretary

Board Risk Management Committee (BRMC)

Khalid Mana Saeed Al Otaiba
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Qurashi
Member

Dr. Ayesha Khan
Member

Atif Aslam Bajwa
Member

Farhan Ali
Secretary

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

Efstratios Georgios Arapoglou
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Dr. Ayesha Khan
Member

Dr. Gyorgy Tamas Ladics
Member

Khalid Qurashi
Member

Muhammad Akram Sawleh
Secretary

Board Strategy and Finance Committee (BS&FC)

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Member

Dr. Gyorgy Tamas Ladics
Member

Dr. Ayesha Khan
Member

Khalid Qurashi
Member

Efstratios Georgios Arapoglou
Member

Atif Aslam Bajwa
Member

Aasim Wajid Jawad
Secretary

Board Committees

Board Crisis Management Committee (BCMC)

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Member

Khalid Qurashi
Member

Dr. Ayesha Khan
Member

Dr. Gyorgy Tamas Ladics
Member

Atif Aslam Bajwa
Member

Muhammad Akram Sawleh
Secretary

Board Information Technology Committee (BITC)

Dr. Gyorgy Tamas Ladics
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Khalid Qurashi
Member

Efstratios Georgios Arapoglou
Member

Atif Aslam Bajwa
Member

Aasim Wajid Jawad
Secretary

Board Real Estate Committee (BREC)

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Member

Khalid Qurashi
Member

Atif Aslam Bajwa
Member

Muhammad Akram Sawleh
Secretary

Note: The FPT clearance of the Board Members is in process with SBP.





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

Economic Review

The first half of 2024 witnessed several key events, including General Elections, and conclusion of the International Monetary Fund's (IMF) Stand-By Arrangement (SBA). IMF SBA has also paved way for a USD 7.0 billion Extended Fund Facility (EFF) Arrangement with the IMF, for which the staff-level agreement has recently been reached. Economic indicators also depicted growth in real GDP with enhanced FX reserves which was instrumental towards stabilising the overall economy of the domain.

Inflation fell to 12.6% YoY in June 2024, as compared to 29.7% YoY in December 2023. Fiscal year 2024 average inflation clocked-in at 23.9% compared to 29.0% in the preceding fiscal year.

In response to improved inflation conditions and a decrease in core inflation pressures, the Monetary Policy Committee (MPC) has reduced the policy rate by 150 bps to 20.5% during June 2024. This adjustment comes after a gradual drop in inflation numbers since Feb'24. Although there are some risks on account of budgetary measures and anticipated increase in energy prices, the Committee believes that previously taken monetary tightening measures will continue to help in keeping inflation under control. The MPC also believes that a moderate growth is expected, supported by improvement in capacity utilisation, enhanced consumer and business sentiments, and a projected decrease in inflation will be supportive in this regard.

As of June 30, 2024, the State Bank of

Pakistan (SBP) reported an increase in foreign exchange reserves to USD 9.4 billion, up from USD 8.2 billion on December 31, 2023. This rise is primarily due to inflows from the IMF under the recent SBA and a current account surplus observed from January to May 2024. Exports rose by 10.6% due to higher rice and high-value-added textile shipments, while imports fell by 5.3% due to lower global commodity prices and improved domestic agricultural output (July 23 to Apr 24). Consequently, the country's total reserves, including those held by the banks, have risen to USD 14.6 billion from USD 12.7 billion at the end of 2023. This growth reflects the positive effects of external financial support and improved economic conditions.

Furthermore, supported by economic stability and increased investor confidence, the Pakistani Rupee strengthened by 1.3% against the US Dollar, improving from PKR 281.86/USD on December 31, 2023, to PKR 278.34/USD as of June 30, 2024.

Pakistan's real GDP registered a growth of 2.4% in FY24, compared to a contraction of 0.2% in the previous fiscal year. The improvement was primarily driven by the agriculture sector, which stemmed towards recovery after being impacted by floods in the previous year.

On the fiscal front, the Federal Board of Revenue (FBR) surpassed its tax collection target for FY24. Additionally, fiscal prudence was maintained, as evidenced by the Primary surplus improving to 1.5% of GDP in 9MFY24, compared to 0.6% in the corresponding period last year, reflecting fiscal discipline through increased revenue mobilisation.

The Pakistan Stock Exchange (PSX) depicted strong performance during the period, with the benchmark KSE-100 rising by 25.6% during the first half of

CY24, closing at 78,445 points. This was largely driven by improving fundamentals and influx of liquidity from both domestic and international investors.

In conjunction with the positive trajectory of the country's fiscal health, a recent report by Fitch has expressed optimism that easing inflation will provide the SBP with the opportunity to reduce its policy rate in the near future. The report also forecasts a relatively stable exchange rate, with only minor currency depreciation anticipated for the remainder of the year, in contrast to the significant deterioration observed over the past few years. Furthermore, the IMF's board is expected to approve the EFF arrangement soon, which will help ensure continued macroeconomic stability. This support is likely to increase the confidence in the economy going forward.

Review of the Bank's Performance

Highlights of the Bank's financial results for the half year ended June 30, 2024, are presented as follows:

Financial Position	June 30, 2024	December 31, 2023
Rupees in Millions		
Shareholders' Equity	147,971	137,923
Total Assets	3,353,908	3,345,917
Deposits	2,101,808	2,084,997
Advances – net	772,121	735,052
Investments – net	2,037,735	2,067,263

Financial Performance	Half year ended June 30, 2024	Half year ended June 30, 2023
Rupees in Millions		
Net Interest Income and Non-Markup Income	81,211	72,234
Non-Markup Expenses	39,086	31,367
Credit loss allowance / Provisions and write offs (net)	1,307	5,002
Profit before tax (PBT)	40,819	35,865
Profit after tax (PAT)	20,609	18,620
Basic and Diluted earnings per share – Rupees	13.07	11.81

Bank Alfalah posted profit after tax of PKR 20.609 billion for the half year ended June 30, 2024, with earnings per share of PKR 13.07 (June 2023: PKR 11.81). The Bank's PBT of PKR 40.819 billion was 13.8% higher than the same period last year (SPLY); while PAT showed an improvement of 10.7%.

Revenue for the period was PKR 81.211 billion, representing a 12.4% increase over the SPLY. The key revenue contributor was markup income which grew by 3.7% to PKR 61.358 billion. A combination of volumetric growth and higher average interest rates led to an overall increase in markup income. The Bank, during the outgoing period generated Non-markup income to the tune of PKR 19.854 billion, depicting increase of 52.2% over the SPLY. Higher fee income, dividend income and gain on securities were the primary contributors to this. Fee and commission income witnessed healthy improvement of 39.5% year-on-year (YoY) primarily on account of business driven volume. Card (debit and credit) related fee increased by 51.4% on account of higher customer spend whereas card acquiring income also went up by 38.4%. Commission earned on trade and remittances increased by 29.7% and 109.7% respectively, mainly on the back of volume growth in rupee terms.

The Bank maintained strict control over expenses and managed costs prudently, while simultaneously focusing on generating revenue growth through expansion, while ensuring investments in new ventures were not compromised. The Bank's strategy of opening new branches and investing in





digital technologies and IT platforms, along with the impact of inflation, resulted in higher operating costs. Since the beginning of 2023, the Bank has also opened over 150 new branches, which aid in customer acquisition and therefore revenue growth. This translated to the Banks' cost to income ratio standing at 46.7%.

Owing to Bank's carefully planned and executed strategy, deposits closed at PKR 2.102 trillion at the end of the period, with YoY growth of 18.3%.

Gross financing book of the Bank closed at PKR 820.004 billion, growing by 2.7% YOY, as a result of prudent and cautious credit origination amid challenging market conditions. Our disciplined underwriting and rigorous client selection processes have continued to benefit us, as reflected in non-performing loan ratio of 4.9%. Non-performing loans remain fully covered with a coverage ratio of 118.5% (including general provision / expected credit loss (ECL)). The Bank has adopted IFRS 9 with effect from January 1, 2024 that has resulted in a net positive impact on opening equity amounting to PKR 2.049 billion.

As at June 30, 2024, the Bank remains adequately capitalised with CAR at 17.13%.

Dividend

The Board of Directors, in its meeting held on August 01, 2024, declared an interim cash dividend of PKR 2.00 per share (20%) for the quarter ended June 30, 2024, bringing the total interim cash dividend for the year to PKR 4.00 per share (40%) (2023: PKR 3.00 per share (30%)). The Board had earlier declared and paid an interim cash dividend of PKR 2.00 per share (20%).

Credit Rating

The Bank has been assigned the following ratings by PACRA:

- Entity rating: Upgraded to 'AAA' (Triple A) for the long-term and maintained at 'A1+' (A-One Plus) for the short-term, with a 'Stable' Outlook.

- Instruments' rating: Credit rating of Unsecured Tier 1 Capital instruments (Term Finance Certificates) of the Bank was also upgraded to 'AA+' (Double A Plus), with a 'Stable' Outlook.

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

Future Outlook

Building on our past achievements, Bank Alfalah is poised for significant growth. As we continue to build on our strategic initiatives, we aim to expand our deposit base with an emphasis on low-cost deposits and enhance our domestic presence to deliver exceptional services. Our key areas of focus include supporting the consumer sector, facilitating SME growth, and leveraging technological advancements to meet the evolving needs of our customers. Enhancing trade volumes, increasing cash management penetration, and strengthening our supply chain financing and home remittance capabilities are integral in our commitment to adapting to industry and global developments.

Our ethos of 'One Bank, One Team' will continue to promote collaboration, creativity, and innovation. Human capital development remains a priority, ensuring we maintain a skilled and motivated workforce. Our culture of care has aligned us with the UN Sustainable Development Goals, amplifying our impact through strengthened Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) initiatives.

In our pursuit of innovation and efficiency, we will keep working towards initiatives that leverage technology, advanced analytics, and artificial intelligence (AI) across various banking functions. Our goal is to lead the digital banking

landscape in Pakistan. To achieve this, we are accelerating the implementation of digital solutions to enhance operational efficiency.

As we navigate industry and global trends, Bank Alfalah is prepared for resilience and consistent value creation, ensuring long-term shareholder value and sustained excellence in addressing evolving challenges.

Acknowledgement

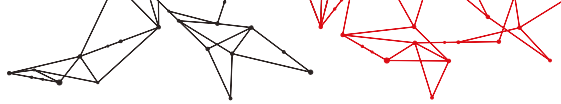
On behalf of the Board, we would like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Ministry of Finance and other regulatory authorities for their continued guidance and support. We also wish to convey our appreciation to our shareholders, customers, and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

Over the years, we have laid the foundations to deliver great value and service to our customers, while improving profitability and strengthening our balance sheet. We will remain focused on serving our customers and playing a key role in supporting economic recovery. In doing this, we will be mindful of our responsibilities towards our staff and communities, and of continuing to deliver high returns to our shareholders.

Atif Aslam Bajwa
President & Chief Executive Officer
August 01, 2024
Abu Dhabi

Khalid Qurashi
Director





تسویض کردہ ریٹینڈنگ بینک کے متنوع آپریشنز، صحت مند مالیاتی رسک پروفائل، مضبوط اسپانسرز اور نمایاں مارکیٹ کی موجودگی کی عکاسی کرتی ہیں۔ یہ درجہ بندی کریڈٹ رسک کی انتہائی کم سطح اور مالی وعدوں کی بروقت ادائیگی کی اعلیٰ صلاحیت کی نشاندہی کرتی ہے۔

مستقبل کا آؤٹ لک

ہماری ماضی کی کامیابیوں کی بنیاد پر، بینک الفلاح نمایاں ترقی کے لیے تیار ہے۔ جیسا کہ ہم اپنے اسٹریٹیجک اقدامات کو آگے بڑھاتے رہتے ہیں، ہمارا مقصد کم لاگت والے ڈیپازٹس پر زور دیتے ہوئے اپنے ڈیپازٹ بیس کو بڑھانا اور غیر معمولی خدمات فراہم کرنے کے لیے اپنی گریپولو موجودگی کو بڑھانا ہے۔ ہماری توجہ کے اہم شعبوں میں صارفین کے شیعہ کی مدد کرنا، SME کی ترقی میں سہولت فراہم کرنا، اور اپنے صارفین کی ابھرتی ہوئی ضروریات کو پورا کرنے کے لیے تکنیکی ترقی کا فائدہ اٹھانا شامل ہے۔ تجارتی حجم کو بڑھانا، کیش مینجمنٹ کی رسائی میں اضافہ، اور ہماری سیلانی چین فنانسنگ اور بوم ریجیٹینس کی صلاحیتوں کو مضبوط بنانا صنعت اور عالمی ترقی کے ساتھ ہم آہنگ ہونے کے ہمارے عزم میں لازمی ہیں۔

ایک بینک، ایک ٹیم کے ہمارے اخلاق تعاون، تخلیقی صلاحیتوں اور اختراع کو فروغ دیتے رہیں گے۔ انسانی سرمائے کی ترقی ایک ترجیح بنی رہی، اس بات کو یقینی بناتے ہوئے کہ ہم ایک بہتر مند اور حوصلہ افزا افرادی قوت کو برقرار رکھیں۔ ہماری نگہداشت کی ثقافت نے ہمیں اقوام متحدہ کے پائیدار ترقی کے اہداف کے ساتھ ہم آہنگ کیا ہے، کارپوریٹ سماجی ذمہ داری (CSR) اور ماحولیاتی، سماجی، اور گورننس (ESG) اقدامات کے ذریعے ہمارے اثرات کو بڑھایا ہے۔

جدت طراز اور کارکردگی کے حصول میں، ہم ایسے اقدامات کے لیے کام کرتے رہیں گے جو ٹیکنالوجی، جدید تجزیات، اور مصنوعی ذہانت (AI) کو بینکنگ کے مختلف کاموں میں فائدہ اٹھاتے ہیں۔ ہمارا مقصد پاکستان میں ڈیجیٹل بینکنگ کے منظر نامے کی قیادت کرنا ہے۔ اس کو حاصل کرنے کے لیے، ہم آپریشنل کارکردگی کو بڑھانے کے لیے ڈیجیٹل حل کے نفاذ کو تیز کر رہے ہیں۔

جیسا کہ ہم صنعت اور عالمی رجحانات کو نیویگیٹ کرتے ہیں، بینک الفلاح لچکدار اور مستقل قدر کی تخلیق کے لیے تیار ہے، جس سے حصص یافتگان کی طویل مدتی قدر اور ترقی پذیر چیلنجوں سے نمٹنے میں پائیدار عمدہ کارکردگی کو یقینی بنایا جاتا ہے۔

اعتراف

بورڈ کی جانب سے، ہم اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، وزارت خزانہ اور دیگر ریگولیٹری اتھارٹیز کا ان کی مسلسل رہنمائی اور تعاون پر شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے شیئر ہولڈرز، کسٹمرز، اور کاروباری ساتھیوں کو ان کے تعاون کے لیے اپنی تعریف بھی پہنچانا چاہتے ہیں۔

سالوں کے دوران، ہم نے اپنے صارفین کو بہترین قدر اور خدمات فراہم کرنے کے لیے بنیادیں رکھی، جبکہ منافع میں بہتری اور اپنی پبلشس شیٹ کو مضبوط بنایا ہے۔ ہم اپنے صارفین کی خدمت اور معاشی بحالی میں کلیدی کردار ادا کرنے پر توجہ مرکوز رکھیں گے۔ ایسا کرنے میں، ہم اپنے عملے اور کمیونٹیز کے تنفیہ اپنی ذمہ داریوں کا خیال رکھیں گے، اور اپنے شیئر ہولڈرز کو زیادہ منافع فراہم کرتے رہیں گے۔

خالد قریشی

ڈائریکٹر

عاطف اسلم جاوہ

صدر اور چیف ایگزیکٹو آفیسر

یکم اگست، ۲۰۲۲

ایو ظہبی

والی مدت کے دوران ۱۹۵۴/۱۹۵۵ بلیں روپیہ کی غیر مارک اپ آمدنی پیدا کی، جو SPLY کے مقابلے میں ۵۲.۲ فیصد اضافی کو ظاہر کرتی ہے۔ زیادہ فیس آمدنی، ڈیویڈنڈ کی آمدنی اور سیکیورٹیز پر حاصل اس میں بنیادی معاون تھے۔ فیس اور کمیشن کی آمدنی میں ۳۹.۵ فیصد سال بہ سال (YoY) کی صحت مند بہتری دیکھی گئی جو بنیادی طور پر کاروبار سے چلنے والے حجم کی وجہ سے ہے۔ صارفین کے زیادہ اخراجات کی وجہ سے کارڈ ڈیبٹ اور کریڈٹ سے متعلق فیس میں ۵.۲ فیصد اضافہ ہوا جبکہ کارڈ حاصل کرنے سے آمدنی میں بھی ۳۸.۲ فیصد اضافہ ہوا۔ تجارت اور ترسیلات زر پر کٹانے گئے کمیشن میں بالترتیب ۲۴.۹ فیصد اور ۱۰.۹ فیصد اضافہ ہوا، بنیادی طور پر روپے کے حجم میں اضافے کی وجہ سے۔ بینک نے اخراجات پر سخت کنٹرول برقرار رکھا اور اخراجات کو سمجھداری سے منظم کیا، جبکہ اس کے ساتھ ساتھ توسیع کے ذریعے آمدنی میں اضافے پر توجہ مرکوز کی، جبکہ اس بات کو یقینی بنایا کہ نئے منصوبوں میں سرمایہ کاری سے سسٹمیو نہ کیا جائے۔ بینک کی نئی شاخیں کھولنے اور ڈیجیٹل ٹیکنالوجیز اور آئی ٹی پلیٹ فارمز میں سرمایہ کاری کرنے کی حکمت عملی، افراط زر کے اثرات کے ساتھ، آپریشنل لاگت میں اضافہ ہوا۔ ۲۰۲۳ کے آغاز سے، بینک نے ۱۵۰ سے زیادہ نئی شاخیں بھی کھولی ہیں، جو صارفین کے حصول میں مدد کرتی ہیں اور اس وجہ سے آمدنی میں اضافہ ہوتا ہے۔ اس کا ترجمہ بینکوں کی لاگت سے آمدنی کا تناسب ۲۹.۷ فیصد پر ہوا۔

بینک کی احتیاط سے منصوبہ بندی اور عمل درآمد کی حکمت عملی کی وجہ سے، مدت کے اختتام پر ڈیپازٹس ۲۰۱۲ ٹریلین روپے پر بند ہوئے، جس میں سالانہ ۱۸.۵ فیصد اضافہ ہوا۔

بینک کی مجموعی مالیاتی کتاب ۸۲۰۰۰۰۲ بلیں روپے پر بند ہوئی، جو کہ ۲۰۲۴ فیصد YOY کے اضافے سے، مارکیٹ کے چیلنجنگ حالات کے درمیان ہوشیار اور محتاط کریڈٹ کی ابتداء کے نتیجے میں۔ ہماری نظم و ضبط کے تحت تحریری اور سخت کرڈنٹ کے انتخاب کے عمل نے ہمیں فائدہ پہنچانا جاری رکھا ہے، جیسا کہ ۳.۹ فیصد کے غیر فعال قرض کے تناسب سے ظاہر ہوتا ہے۔ نان پرفارمنگ لون ۱۱۸.۵ فیصد کے کوریج ریشو (یشو) عسومی پروویژن / مرفوع کریڈٹ نقصان (ECL) کے ساتھ مکمل طور پر احاطہ کرتا ہے۔ بینک نے یکم جنوری ۲۰۲۳ کو IFRS ۹ کو اپنایا ہے جس کے نتیجے میں ۲۰۲۴ بلیں روپے کی رقم کی اوپننگ ایکویٹی پر خالص مثبت اثر پڑا ہے۔

۳۰ جون ۲۰۲۴ کو، بینک CAR ۱۴.۷ فیصد ہے۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے یکم اگست ۲۰۲۲ کو ہونے والے اپنے اجلاس میں ۳۰ جون ۲۰۲۲ کو ختم ہونے والے سہ ماہی کے لیے ۲ روپیہ فی حصص (۲۰ فیصد) عبوری نقد منافع کا اعلان کیا جس سے اس سال کا کل عبوری نقد منافع ۲۰۲۲ روپیہ (۴۰ فیصد) ہو گیا۔

(۲۰۲۳: ۳ روپیہ فی شیئر) (۲۰۲۲: ۲ روپیہ) بورڈ نے اس سے قبل ۲ روپیہ فی حصص (۲۰ فیصد) کے عبوری نقد منافع کا اعلان اور ادائیگی کی تھی۔

کریڈٹ ریٹنگ

بینک کی PACRA کی طرف سے درج ذیل درجہ بندی تقویض کی گئی ہے:

- اینٹیٹینگ ریٹنگ: طویل مدتی کے لیے 'AAA' (Triple A) میں اب گریڈ کیا گیا اور 'مستحکم' آؤٹ لک کے ساتھ، مختصر مدت کے لیے 'A+' (One Plus A) پر برقرار رکھا گیا۔

- آلت کی درجہ بندی: بینک کے غیر محفوظ ٹائر 1 کیپٹل انسٹرومنٹس (ٹرم فنانس سرٹیفیکیشن) کی کریڈٹ ریٹنگ کو بھی ایک 'مستحکم' آؤٹ لک کے ساتھ 'AA+' (ڈبل اے پلس) اب گریڈ کیا گیا۔

ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے مبین ۳۰ جون ۲۰۲۲ کو ختم ہونے والی ششماہی کے لیے بینک الفلاح لمیٹڈ کے ان کنسو لید پیڈ کڈینسڈ عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معاشی جائزہ

۲۰۲۲ کی پہلی ششماہی نے کئی اہم واقعات کا مشاہدہ کیا، بشمول عام انتخابات، اور بین الاقوامی مالیاتی فنڈ (IMF) کے اسٹیٹمنٹ بانی اریجنمنٹ (SBA) کا اختتام IMF SBA نے IMF کے ساتھ ۷۰ بلین امریکی ڈالر ایکسٹینڈڈ فنڈ فیسیلٹی (EFF) بندوبست کے لیے بھی راہ ہموار کی ہے، جس کے لیے حال ہی میں عملے کی سطح پر معاہدہ ہوا ہے۔ اقتصادی انڈیکسٹرز نے حقیقی جی ڈی پی میں بڑھے ہوئے FX ذخائر کے ساتھ نمو کو بھی دکھایا جو ڈومین کی مجموعی معیشت کو مستحکم کرنے میں اہم کردار ادا کرتا تھا۔

جون ۲۰۲۴ میں افراط زر کی شرح کم ہو کر ۱۶.۱ فیصد ہو گئی، جو دسمبر ۲۰۲۳ میں ۱۶.۷ فیصد سے کم ہوئی تھی۔ مالی سال ۲۰۲۲ کی اوسط افراط زر گزشتہ مالی سال کے ۲۹.۰ فیصد کے مقابلے میں ۲۲.۹ فیصد تک پہنچ گئی۔

مہنگائی کے بہتر حالات اور بنیادی افراط زر کے دباؤ میں کمی کے جواب میں، مانیٹری پالیسی کمیٹی (MPC) نے جون ۲۰۲۲ کے دوران پالیسی ریٹ کو ۱۵۰ bps کم کر کے ۲.۵ فیصد کر دیا ہے۔ یہ ایڈجسٹمنٹ فروری ۲۲ سے مہنگائی کی تعداد میں بتدریج کمی کے بعد ہوئی ہے۔ اگرچہ بجٹ کے اقدامات اور توانائی کی قیمتوں میں متوقع اضافے کی وجہ سے کچھ خطرات ہیں، لیکن کمیٹی کا خیال ہے کہ پہلے گئے ملکی مالیاتی سخت اقدامات مہنگائی کو کنٹرول میں رکھنے میں مدد فراہم کرتے رہیں گے۔ MPC کا یہ بھی ماننا ہے کہ ایک معتدل ترقی کی توقع ہے، جس کی حمایت صلاحیت کے استعمال میں بہتری، مصارفین اور کاروباری جذبات میں اضافہ، اور افراط زر میں متوقع کمی اس سلسلے میں معاون ثابت ہوگی۔

۳۰ جون ۲۰۲۴ تک، اسٹیٹ بینک آف پاکستان (SBP) نے زرمبادلہ کے ذخائر میں ۹.۴ بلین امریکی ڈالر تک اضافے کی اطلاع دی، جو کہ ۳۱ دسمبر ۲۰۲۳ کو ۸.۲ بلین امریکی ڈالر سے زیادہ ہے۔ حالیہ SBA اور جنوری سے مئی ۲۰۲۴ کے دوران کرنٹ اکاؤنٹ سرپلس کا مشاہدہ کیا گیا۔ چاول کی زیادہ اور زیادہ ویلیو ایڈڈ ٹیکسٹائل کی ترسیل کی وجہ سے برآمدات میں ۱.۰۱ فیصد کا اضافہ ہوا، جبکہ عالمی اجناس کی کم قیمتوں اور گھریلو زرعی پیداوار میں بہتری کی وجہ سے درآمدات میں ۵.۳ فیصد کمی واقع ہوئی۔ ۲۳ جولائی تا ۲۲ اپریل، نتیجتاً، ملک کے کل ذخائر، بشمول بینکوں کے پاس، ۲۰۲۳ کے آخر میں ۱۶.۷ بلین امریکی ڈالر سے بڑھ کر ۲۰.۱ بلین امریکی ڈالر ہو گئے ہیں۔ یہ نمو بیرونی مالی معاونت اور بہتر معاشی حالات کے مثبت اثرات کی عکاسی کرتی ہے۔

مزید برآں، معاشی استحکام اور سرمایہ کاروں کے اعتماد میں اضافہ سے، پاکستانی روپیہ امریکی ڈالر کے مقابلے میں ۱.۳ فیصد مضبوط ہوا، جو ۳۱ دسمبر ۲۰۲۳ کو ۱.۸۱/۲۸۱ روپیہ / امریکی ڈالر سے ۲۰۲۲ جون ۲۰۲۲ تک ۲۶۸.۳۲ / امریکی ڈالر ہو گیا۔

پاکستان کی حقیقی جی ڈی پی نے مالی سال ۲۲ میں ۲.۴ فیصد کی نمو درج کی، جو پچھلے مالی سال میں ۰.۲ فیصد کمی کی تھی۔ بہتری بنیادی طور پر زرعی شعبے کی وجہ سے ہوئی، جو پچھلے سال سیلاب سے متاثر ہونے کے بعد بحالی کی طرف بڑھا۔

مالیاتی محاذ پر، فیڈرل بورڈ آف ریونیو (ایف بی آر) نے مالی سال ۲۳ کے لیے اپنے ٹیکس وصولی کے ہدف کو عبور کر لیا۔ مزید برآں، مالیاتی احتیاط کو برقرار رکھا گیا، جیسا کہ بنیادی سرپلس نوم ماہ ۲۰۲۲ میں GDP کے ۱.۵٪ تک بہتر ہونے سے ظاہر ہوتا ہے، جو کہ گزشتہ سال کی اسی مدت میں ۰.۱ فیصد تھا، جو کہ محصولات میں اضافے کے ذریعے مالیاتی نظم و ضبط کی عکاسی کرتا ہے۔

پاکستان اسٹاک ایکسچینج (PSX) نے اس عرصے کے دوران مضبوط کارکردگی کو ظاہر کیا، بینک مارک کے ایس ای ۱۰۰ سی وائے ۲۲ کی پہلی ششماہی کے دوران ۲۹.۱ فیصد اضافے کے ساتھ ۶۸.۳۵ پرائنٹس پر بند ہوا۔ یہ بنیادی طور پر ملکی اور بین الاقوامی سرمایہ کاروں کی طرف سے بنیادی اصولوں اور لیکویڈیٹی کی آمد میں بہتری کے ذریعے کارفرما تھا۔

ملک کی مالیاتی صحت کی مثبت رفتار کے ساتھ، فچ کی ایک حالیہ رپورٹ نے اس امید کا اظہار کیا ہے کہ مہنگائی میں نرمی سے اسٹیٹ بینک کو مستقبل قریب میں اپنی پالیسی کی شرح کو کم کرنے کا موقع ملے گا۔ رپورٹ میں نسبتاً مستحکم شرح مبادلہ کی بھی پیش گوئی کی گئی ہے، جس میں سال کے بقیہ حصے میں کرنسی کی قدر میں معمولی کمی متوقع ہے، پچھلے چند سالوں میں نمایاں گراؤٹ کے برعکس۔ مزید برآں، متوقع ہے کہ IMF کا بورڈ جلد ہی EFF انتظامات کی منظوری دے گا، جس سے میکرو اکنامک استحکام کو جاری رکھنے میں مدد ملے گی۔ اس سپورٹ میں مستقبل میں معیشت پر اعتماد بڑھنے کا امکان ہے۔

بینک کی کارکردگی کا جائزہ

۳۰ جون ۲۰۲۲ کو ختم ہونے والی ششماہی کے لیے بینک کے مالیاتی نتائج کی جھلکیاں مندرجہ ذیل ہیں:

مالیاتی پوزیشن	۳۰ جون ۲۰۲۴	۳۱ دسمبر، ۲۰۲۳
روپیے ملین میں		
شینئر پولڈرز کی ایکوٹی	۱۳۷,۹۷۱	۱۳۷,۹۳۳
کل اثاثے	۲,۳۵۳,۹۰۸	۲,۳۳۵,۹۱۷
ڈپازٹس	۲,۱۰۱,۸۰۸	۲,۰۸۶,۹۹۷
ایڈوانسز - خالص	۷۷,۲۱۲	۷۷,۵۲۰
سرمایہ کاربان - خالص	۲,۰۳۷,۷۳۵	۲,۰۹۷,۴۲۳

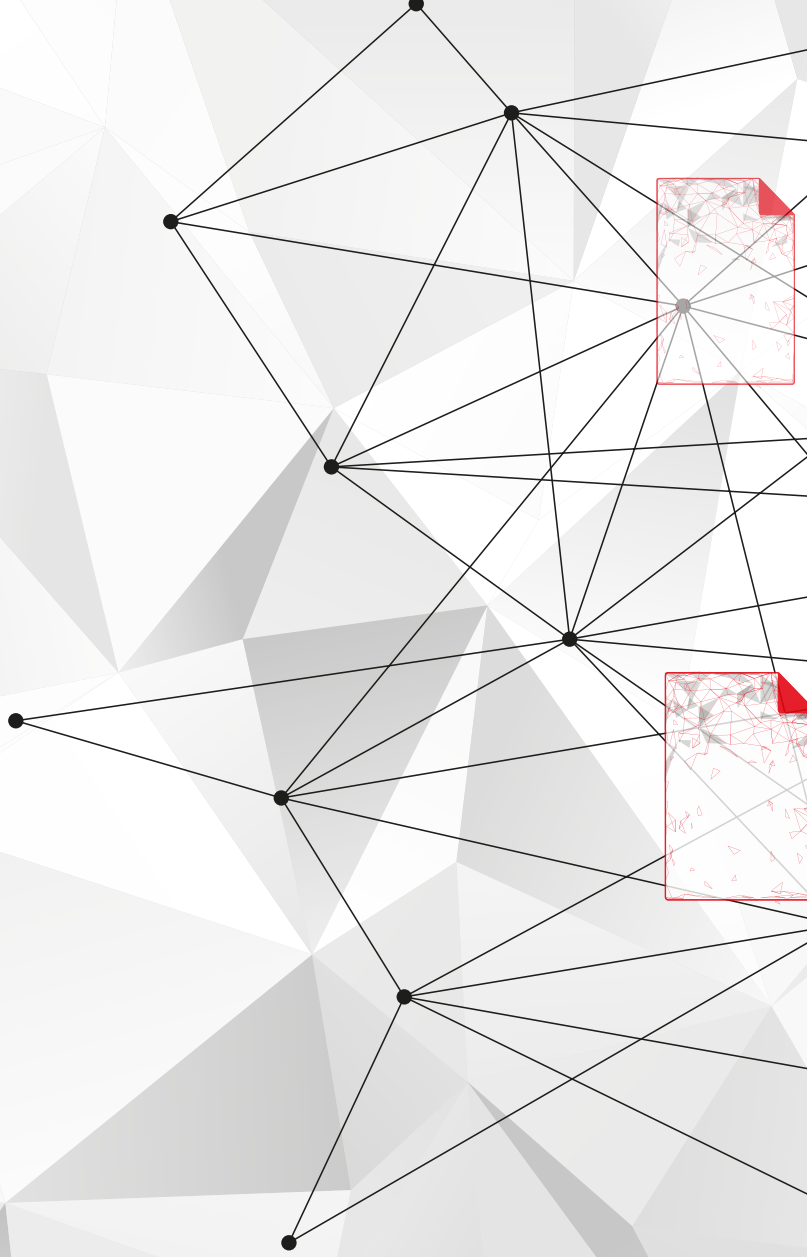
مالیاتی کارکردگی	۳۰ جون ۲۰۲۴ کو ختم ہونے والی ششماہی	۳۰ جون ۲۰۲۳ کو ختم ہونے والی ششماہی
روپیے ملین میں		
خالص مارک اپ آمدنی	۸۱,۰۲۱	۷۲,۲۳۳
غیر مارک اپ آمدنی	۳۹,۰۸۱	۳۱,۳۲۷
غیر مارک اپ اخراجات	۱,۳۰۷	۵,۰۰۲
کریڈٹ نقصان الاؤنسز / پرویزنز اور رائٹ آف (خالص)	۳۰,۸۱۹	۳۵,۸۲۵
قبل از ٹیکس منافع	۲۰,۶۰۹	۱۸,۲۴۰
بعد از ٹیکس منافع	۱۳,۰۰۷	۱۱,۸۱۱
بنیادی اور ڈائیلیوڈڈ آمدنی فی شیئر - روپیے		

بینک الفلاح نے ۳۰ جون ۲۰۲۲ کو ختم ہونے والی ششماہی میں ۲۰.۲۰۹ بلین روپیے کا بعد از ٹیکس منافع کمایا، جس کی فی حصص آمدنی ۱۳.۰۷ روپیے (جون ۲۰۲۳: ۱۱.۸۱ روپیے) تھی۔ بینک کا ۲۰.۸۱۹ بلین روپیے کا PBT گزشتہ سال کی اسی مدت کے مقابلے میں ۱۲.۸۸ فیصد زیادہ تھا، جبکہ PAT نے ۱۰.۰۷ فیصد کی بہتری دکھائی۔

اس مدت کے لیے آمدنی ۸۱.۰۲۱ بلین روپیے تھی، جو SPLY کے مقابلے میں ۱۲.۴ فیصد اضافے کی نشاندہی کرتی ہے۔ آمدنی کا اہم حصہ مارک اپ آمدنی تھی جو ۳ فیصد بڑھ کر ۱۱.۶۵۸ بلین روپیے تک پہنچ گئی۔ جسمی نمو اور اعلیٰ اوسط سود کی شرحوں کے امتزاج سے مارک اپ آمدنی میں مجموعی طور پر اضافہ ہوا۔ بینک نے، سیکڈش ہونے



**UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
HALF YEAR ENDED JUNE 30, 2024**



Independent Auditors' Review Report

To the members of Bank Alfalah Limited

Report on review of interim financial statements

Introduction

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

The figures for the quarters ended June 30, 2024 and June 30, 2023 in the unconsolidated condensed interim statement of profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been subject to review and therefore, we do not express a conclusion thereon.

Scope of Review

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

Conclusion

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

The engagement partner on the review resulting in this independent auditor's review report is **Noman Abbas Sheikh**.

A.F. Ferguson & Co.

Chartered Accountants

Place: Karachi

Dated: August 7, 2024

UDIN: RR202410061wv7Zk0mut





Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2024

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	7	235,367,085	202,692,402
Balances with other banks	8	16,269,908	16,617,834
Lendings to financial institutions	9	57,923,647	119,554,109
Investments	10	2,037,735,222	2,067,262,700
Advances	11	772,120,529	735,051,510
Property and equipment	12	52,182,406	41,816,110
Right-of-use assets	13	20,787,134	19,951,571
Intangible assets	14	1,499,750	1,369,899
Deferred tax assets	15	6,192,394	6,008,159
Other assets	16	153,830,329	135,592,533
Total Assets		3,353,908,404	3,345,916,827
LIABILITIES			
Bills payable	17	36,246,748	26,004,538
Borrowings	18	851,103,277	909,543,453
Deposits and other accounts	19	2,101,808,199	2,084,997,130
Lease liabilities	20	24,419,959	22,894,533
Subordinated debt	21	14,000,000	14,000,000
Deferred tax liabilities		-	-
Other liabilities	22	178,359,631	150,554,340
Total Liabilities		3,205,937,814	3,207,993,994
NET ASSETS		147,970,590	137,922,833
REPRESENTED BY			
Share capital		15,771,651	15,771,651
Reserves		41,806,727	41,401,130
Surplus on revaluation of assets	23	16,280,577	11,268,364
Unappropriated profit		74,111,635	69,481,688
		147,970,590	137,922,833
CONTINGENCIES AND COMMITMENTS			
	24		

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

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

For the quarter and half year ended June 30, 2024

	Note	Quarter ended June 30, 2024	Quarter ended June 30, 2023	Half year ended June 30, 2024	Half year ended June 30, 2023
(Rupees in '000)					
Mark-up / return / interest earned	26	127,213,643	100,867,535	255,793,025	176,456,265
Mark-up / return / interest expensed	27	96,572,372	69,613,595	194,435,161	117,265,105
Net mark-up / return / interest income		30,641,271	31,253,940	61,357,864	59,191,160
NON MARK-UP / INTEREST INCOME					
Fee and commission income	28	5,103,920	3,483,478	9,505,474	6,812,658
Dividend income		757,259	349,190	1,159,804	623,140
Foreign exchange income	29	3,031,720	1,780,688	5,335,341	5,105,652
Income from derivatives		829,102	789,708	1,373,514	688,991
Gain / (loss) on securities	30	2,252,703	(4,919)	2,320,379	(320,468)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income	31	104,857	68,577	158,992	132,760
Total non-mark-up / interest income		12,079,561	6,466,722	19,853,504	13,042,733
Total income		42,720,832	37,720,662	81,211,368	72,233,893
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	32	19,603,253	15,808,396	37,957,157	30,416,909
Workers' welfare fund	33	493,789	415,477	919,010	813,223
Other charges	34	872	125,988	209,515	136,961
Total non-mark-up / interest expenses		20,097,914	16,349,861	39,085,682	31,367,093
Profit before credit loss allowance / provisions		22,622,918	21,370,801	42,125,686	40,866,800
Credit loss allowance / provisions and write offs - net	35	1,513,647	4,480,188	1,306,853	5,001,963
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		21,109,271	16,890,613	40,818,833	35,864,837
Taxation	36	10,412,019	9,013,336	20,210,072	17,244,910
PROFIT AFTER TAXATION		10,697,252	7,877,277	20,608,761	18,619,927
(Rupees)					
Basic and diluted earnings per share	37	6.79	5.00	13.07	11.81

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director



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

For the quarter and half year ended June 30, 2024

	Quarter ended June 30, 2024	Quarter ended June 30, 2023	Half year ended June 30, 2024	Half year ended June 30, 2023
	(Rupees in '000)			

Profit after taxation for the period	10,697,252	7,877,277	20,608,761	18,619,927
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Other comprehensive income / (loss)

Items that may be reclassified to the statement of profit and loss account in subsequent periods:

Effect of translation of net investment in foreign branches	(949,118)	110,763	(1,655,279)	4,434,121
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	1,359,584	-	(485,065)	-
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	1,734,598	-	(5,255,245)
	410,466	1,845,361	(2,140,344)	(821,124)

Items that will not be reclassified to the statement of profit and loss account in subsequent periods:

Movement in surplus on revaluation of equity investments - net of tax	467,885	25,638	589,596	25,638
Movement in surplus on revaluation of property and equipment - net of tax	(9,920)	(78,649)	(19,744)	(87,610)
Movement in surplus on revaluation of non-banking assets - net of tax	1,146	(7,729)	968	(8,127)
	459,111	(60,740)	570,820	(70,099)
Total comprehensive income	11,566,829	9,661,898	19,039,237	17,728,704

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

Unconsolidated Condensed Interim Statement of Changes in Equity

For the half year ended June 30, 2024

	Share capital	Capital Reserves		Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit	Total
		Share premium	Exchange translation reserve		Investments	Property and equipment	Non banking assets		
(Rupees in '000)									
Opening balance as at January 01, 2023 (audited)	15,771,651	4,731,049	10,719,682	18,832,470	(7,544,874)	12,321,092	82,505	45,101,048	100,014,623
Changes in equity for the half year ended June 30, 2023									
Profit after taxation	-	-	-	-	-	-	-	18,619,927	18,619,927
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branches	-		4,434,121		-	-	-	-	4,434,121
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	(5,229,607)	-	-	-	(5,229,607)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(87,610)	-	-	(87,610)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(8,127)	-	(8,127)
Total other comprehensive income / (loss) - net of tax	-	-	4,434,121	-	(5,229,607)	(87,610)	(8,127)	-	(891,223)
Transfer to statutory reserve	-	-	-	1,861,993	-	-	-	(1,861,993)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(44,005)	-	44,005	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)
Balance as at June 30, 2023 (un-audited)	15,771,651	4,731,049	15,153,803	20,694,463	(12,774,481)	12,189,477	74,378	57,960,074	113,800,414
Changes in equity for half year ended December 31, 2023									
Profit after taxation	-	-	-	-	-	-	-	17,836,445	17,836,445
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branches	-	-	(961,829)	-	-	-	-	-	(961,829)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	11,867,675	-	-	-	11,867,675
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	118,891	118,891
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(19,616)	-	-	(19,616)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	12,348	-	12,348
Total other comprehensive income / (loss) - net of tax	-	-	(961,829)	-	11,867,675	(19,616)	12,348	118,891	11,017,469
Transfer to statutory reserve	-	-	-	1,783,644	-	-	-	(1,783,644)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(81,417)	-	81,417	-
Transactions with owners, recorded directly in equity									
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	-	-	-	-	-	(4,731,495)	(4,731,495)
Balance as at December 31, 2023 (audited)	15,771,651	4,731,049	14,191,974	22,478,107	(906,806)	12,088,444	86,726	69,481,688	137,922,833
Impact of adoption of IFRS 9 - net of tax (note 4.2.8)	-	-	-	-	5,002,695	-	-	(2,954,019)	2,048,676
Balance as at January 01, 2024 after adoption of IFRS 9 / carried forward	15,771,651	4,731,049	14,191,974	22,478,107	4,095,889	12,088,444	86,726	66,527,669	139,971,509





Unconsolidated Condensed Interim Statement of Changes in Equity

For the half year ended June 30, 2024

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

(Rupees in '000)

Balance brought forward	15,771,651	4,731,049	14,191,974	22,478,107	4,095,889	12,088,444	86,726	66,527,669	139,971,509
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Changes in equity for the half year ended June 30, 2024

Profit after taxation	-	-	-	-	-	-	-	20,608,761	20,608,761
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Other comprehensive income / (loss) - net of tax

Effect of translation of net investment in foreign branches

	-	-	(1,655,279)	-	-	-	-	-	(1,655,279)
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Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	(485,065)	-	-	-	(485,065)
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Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	589,596	-	-	-	589,596
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Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(19,744)	-	-	(19,744)
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Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	968	-	968
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Total other comprehensive (loss) / income - net of tax	-	-	(1,655,279)	-	104,531	(19,744)	968	-	(1,569,524)
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Transfer to statutory reserve	-	-	-	2,060,876	-	-	-	(2,060,876)	-
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Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(44,116)	(9,180)	53,296	-
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Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	-	-	(22,941)	-	-	22,941	-
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Transfer to statutory reserve	-	-	-	2,060,876	-	-	-	(2,060,876)	-
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Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(44,116)	(9,180)	53,296	-
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Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	-	-	(22,941)	-	-	22,941	-
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The annexed notes 1 to 48 form an integral part of these unconsolidated condensed interim financial statements.

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2024

	Note	Half year ended	
		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		40,818,833	35,864,837
Less: Dividend income		(1,159,804)	(623,140)
		39,659,029	35,241,697
Adjustments:			
Net markup / return / interest income		(61,357,864)	(59,191,160)
Depreciation	32	2,154,803	1,644,705
Depreciation on right-of-use assets	32	1,876,715	1,585,774
Amortisation	32	172,174	156,888
Credit loss allowance /provisions and write offs - net	35	1,306,853	5,001,963
Unrealised loss on revaluation of investments classified as held for trading - net	30	-	451,064
Unrealised loss on revaluation of investments measured at FVTPL	30	(149,044)	-
Gain on sale of property and equipment - net	31	(61,511)	(62,930)
Gain on sale of non banking assets - net	31	(27,800)	-
Gain on termination of leases - net	31	(52,740)	(15,930)
Finance charges on leased assets	27	1,621,407	1,214,207
Workers' welfare fund		919,010	813,223
Charge for defined benefit plan	32.1	335,649	233,501
Charge for staff compensated absences	32.1	105,000	94,998
		(53,157,348)	(48,073,697)
		(13,498,319)	(12,832,000)
(Increase) / decrease in operating assets			
Lendings to financial institutions		65,889,953	67,491,754
Held for trading securities		-	(68,179,592)
Securities classified as FVTPL		(77,474,550)	-
Advances		(43,244,890)	(32,636,732)
Other assets (excluding advance taxation and mark-up receivable)		(9,490,851)	(18,667,171)
		(64,320,338)	(51,991,741)
(Decrease) / increase in operating liabilities			
Bills payable		10,242,210	(8,071,158)
Borrowings		(55,978,885)	18,595,135
Deposits		16,811,069	289,108,786
Other liabilities (excluding current taxation and mark-up payable)		25,412,966	36,615,076
		(3,512,640)	336,247,839
		(81,331,297)	271,424,098
Mark-up / Interest received		246,758,124	155,640,669
Mark-up / Interest paid		(186,978,728)	(108,927,072)
Income tax paid		(25,524,098)	(13,811,540)
Net cash (used in) / generated from operating activities		(47,075,999)	304,326,155
Balance carried forward		(47,075,999)	304,326,155



Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2024

Note	Half year ended	
	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	

Balance brought forward	(47,075,999)	304,326,155
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CASH FLOWS FROM INVESTING ACTIVITIES

Net investments in available for sale securities	-	(220,036,338)
Net Investments in securities classified as FVOCI	116,586,073	-
Net investments in held to maturity securities	-	(47,391,535)
Net investments in amortised cost securities	2,865,822	-
Investment in subsidiaries	(2,200,000)	-
Dividends received	1,170,235	623,140
Investments in property and equipment and intangible assets	(12,820,431)	(4,513,134)
Proceeds from sale of property and equipment	73,988	73,012
Proceeds from sale of non-banking assets	267,800	-
Effect of translation of net investment in foreign branches	(1,655,279)	4,434,121
Net cash generated from / (used in) investing activities	104,288,208	(266,810,734)

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CASH FLOWS FROM FINANCING ACTIVITIES

Payments of lease obligations against right-of-use assets	(2,754,091)	(2,528,762)
Dividend paid	(15,413,168)	(2,133,681)
Net cash used in financing activities	(18,167,259)	(4,662,443)
Increase in cash and cash equivalents	39,044,950	32,852,978
Cash and cash equivalents at the beginning of the period	249,771,602	204,968,429
Effects of exchange rate changes on cash and cash equivalents	(1,871,683)	(19,480,299)
	247,899,919	185,488,130
Opening expected credit loss allowance on cash and cash equivalents	(39,360)	-
Impact of expected credit loss allowance on adoption of IFRS 9	(39,269)	-
Reversal in expected credit loss allowance during the period	40,769	-
Effects of exchange rate changes on cash and cash equivalents	1,096	-
	2,596	-
Cash and cash equivalents at the end of the period	38 286,908,105	218,341,108

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

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

For the half year ended June 30, 2024

1 STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 1,039 branches (December 31, 2023: 1,009 branches) and 12 sub-branches (December 31, 2023: 15 sub-branches). Out of the 1,039 branches, 665 (December 31, 2023: 650) are conventional, 363 (December 31, 2023: 348) are Islamic, 10 (December 31, 2023: 10) are overseas and 1 (December 31, 2023: 1) is an offshore banking unit.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

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

- 2.1.1** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 02 dated February 09, 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". These do not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2023.
- 2.1.2** These unconsolidated condensed interim financial statements represent separate financial statements of Bank Alfalah Limited in which investment in subsidiaries and associates are accounted for on the basis of cost less accumulated impairment losses, if any.
- 2.1.3** Key financial figures of the Islamic Banking branches are disclosed in note 43 to these unconsolidated condensed interim financial statements.
- 2.1.4** The Bank believes that there is no significant doubt on the ability to continue as a going concern. Therefore, the unconsolidated condensed interim financial statements have been prepared on a going concern basis.
- 2.2 Standards, interpretations of and amendments to published accounting and reporting standards that are effective in the current period:**

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





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

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

- the new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 01, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.
- amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

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

3.2 Functional and presentation currency

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

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

4.2 IFRS 9 - 'Financial Instruments'

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

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

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

4.2.1 Classification

Financial assets

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

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

Financial liabilities

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

4.2.2 Business model assessment

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

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

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

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

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

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

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

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

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

4.2.4 Application to the Bank's financial assets

Debt based financial assets

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

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

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





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

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

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

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

Equity based financial assets

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

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

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

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

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

4.2.5 Initial recognition and subsequent measurement

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

a) Amortised cost (AC)

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

b) Fair value through other comprehensive income (FVOCI)

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

c) Fair value through profit or loss (FVTPL)

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

4.2.6 Derecognition

Financial assets

The Bank derecognises a financial asset when:

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

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

Financial liabilities

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

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

4.2.7 Expected Credit Loss (ECL)

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





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

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

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

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

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

The calculation of ECLs

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

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

PD	The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&Ps global transition default matrices, PDs are then adjusted using Vicesek Model to incorporate forward looking information.
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EAD The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest / profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. The product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the expectations of the customer behaviour, its likelihood of default and the

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

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

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

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

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

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

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

As per BPRD Circular No. 03 of 2022 dated July 05, 2022, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at segment level.

Forward looking information

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

Definition of default

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

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

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

Write-offs

4.2.8 Adoption impacts

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



	Impact due to:					Total Impact - gross of tax	Taxation (current and deferred)	Total Impact - net of tax	Balances as of January 01, 2024	IFRS 9 Category
	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPPi assessments	Remeasurements	Reversal of provisions held					
ASSETS										
Cash and balances with treasury banks	202,692,402	-	-	-	-	(24,590)	-	(24,590)	202,667,812	Amortised cost
Balances with other banks	16,617,834	(1,613)	-	-	-	(1,613)	-	(1,613)	16,616,221	Amortised cost
Lending to financial institutions	119,554,109	(13,066)	-	-	-	(13,066)	-	(13,066)	119,541,043	Amortised cost
Investments										
- Classified as available for sale	-	-	-	-	-	-	-	-	-	
- Classified as fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	FVOCI
- Classified as held to maturity	165,517,277	(165,517,277)	(129,971,193)	9,809,206	437,777	1,501,175,944	-	1,501,175,944	1,501,175,944	Amortised cost
- Classified as amortised cost	-	(165,517,277)	115,840,496	-	-	(165,517,277)	-	(165,517,277)	281,357,773	
- Classified as fair value through profit or loss	279,667,615	(279,667,615)	(279,667,615)	-	-	(279,667,615)	-	(279,667,615)	294,393,983	FVTPL
- Associates	-	-	14,130,697	595,671	-	294,393,983	-	294,393,983	294,393,983	Outside the scope of IFRS 9
- Subsidiary	1,177,606	-	-	-	-	-	-	-	1,177,606	Outside the scope of IFRS 9
Advances	2,067,262,700	(48)	-	10,404,877	437,777	10,842,606	-	10,842,606	2,078,105,306	
- Gross amount	777,286,977	-	-	-	-	(5,330,502)	-	(5,330,502)	777,286,977	Amortised cost
- Provisions	(42,295,467)	(5,330,502)	-	-	-	(5,330,502)	-	(5,330,502)	(47,565,969)	
Property and equipment	41,816,110	-	-	-	-	-	-	-	41,816,110	Outside the scope of IFRS 9
Right-of-use assets	19,951,571	-	-	-	-	-	-	-	19,951,571	Outside the scope of IFRS 9
Intangible assets	1,369,899	-	-	-	-	-	-	-	1,369,899	Outside the scope of IFRS 9
Deferred tax asset	6,008,159	-	-	-	-	-	-	-	6,008,159	Outside the scope of IFRS 9
Other assets - financial assets	124,985,949	(370,152)	-	-	-	(370,152)	(1,968,334)	(1,968,334)	124,615,797	FVTPL / Amortised cost
Other assets - non financial assets	10,606,584	-	-	10,404,877	437,777	5,102,683	(1,968,334)	3,134,349	10,606,584	Outside the scope of IFRS 9
	3,345,916,827	(5,739,971)	-	-	-	-	-	-	3,349,051,176	
LIABILITIES										
Bills payable	26,004,538	-	-	-	-	-	-	-	26,004,538	Amortised cost
Borrowings	909,543,453	-	-	-	-	-	-	-	909,543,453	Amortised cost
Deposits and other accounts	2,084,997,130	-	-	-	-	-	-	-	2,084,997,130	Amortised cost
Lease liability against right-of-use assets	22,894,533	-	-	-	-	-	-	-	22,894,533	Amortised cost
Subordinated debt	14,000,000	-	-	-	-	-	-	-	14,000,000	Amortised cost
Deferred tax liabilities	63,778,027	-	-	-	-	-	-	-	63,778,027	Outside the scope of IFRS 9
Other liabilities - non financial liabilities	86,776,313	1,085,673	-	-	-	1,085,673	-	1,085,673	87,861,986	Outside the scope of IFRS 9
Other liabilities - financial liabilities	3,207,993,994	1,085,673	-	-	-	1,085,673	-	1,085,673	3,209,079,667	FVTPL / Amortised cost
	137,922,833	(6,825,644)	-	-	-	4,017,010	(1,968,334)	2,048,676	139,971,509	
NET ASSETS										
REPRESENTED BY										
Share capital	15,771,651	-	-	-	-	-	-	-	15,771,651	
Reserves	41,401,130	-	-	-	-	-	-	-	41,401,130	
Surplus on revaluation of assets - net of tax	11,269,364	-	-	9,809,206	-	9,809,206	(4,806,511)	5,002,695	16,271,059	
Unappropriated profit	69,481,688	(6,825,644)	-	598,521	437,777	(5,792,196)	(2,838,177)	(2,964,019)	66,527,669	
	137,922,833	(6,825,644)	-	-	-	4,017,010	(1,968,334)	2,048,676	139,971,509	



5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

6 FINANCIAL RISK MANAGEMENT

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

7 CASH AND BALANCES WITH TREASURY BANKS

In hand

- local currency
- foreign currency

With State Bank of Pakistan in

- local currency current accounts
- foreign currency current accounts
- foreign currency deposit accounts

With other central banks in

- foreign currency current accounts
- foreign currency deposit accounts

With National Bank of Pakistan in local currency current account
Prize bonds

Less: Credit loss allowance held against cash and balances with treasury banks

Cash and balances with treasury banks - net of credit loss allowance

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

43,708,765	39,440,188
6,416,903	7,354,310
50,125,668	46,794,498
100,688,208	76,392,873
8,775,063	8,989,528
12,798,405	12,227,044
122,261,676	97,609,445
47,380,496	45,379,083
2,065,375	1,695,718
49,445,871	47,074,801
13,407,429	11,062,857
152,137	186,661
235,392,781	202,728,262
(25,696)	(35,860)
235,367,085	202,692,402

8 BALANCES WITH OTHER BANKS

In Pakistan in current account

Outside Pakistan

- in current accounts
- in deposit accounts

Less: Credit loss allowance held against balances with other banks

Balances with other banks - net of credit loss allowance

13,712	11,071
16,234,198	16,575,317
32,203	34,503
16,266,401	16,609,820
16,280,113	16,620,891
(10,205)	(3,057)
16,269,908	16,617,834

9 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings

Repurchase agreement lendings (Reverse Repo)

Less: Credit loss allowance held against lending to financial institutions

Lending to financial institutions - net of credit loss allowance

36,278,623	32,018,705
21,645,887	87,535,847
57,924,510	119,554,552
(863)	(443)
57,923,647	119,554,109





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

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

9.1 Lending to Financial Institutions- Particulars of credit loss allowance

Domestic					
Performing	Stage 1	56,295,887	537	-	-
Performing		-	-	111,935,847	-
		56,295,887	537	111,935,847	-
Overseas					
Performing	Stage 1	1,391,733	326	3,946,179	443
Performing		236,890	-	3,672,526	-
		1,628,623	326	7,618,705	443
Total		57,924,510	863	119,554,552	443

10 INVESTMENTS

10.1 Investments by type:

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

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

Fair value through profit or loss

Federal Government Securities

- Market Treasury Bills	89,633,160	-	(114,189)	89,518,971	-	-	-
- Pakistan Investment Bonds	256,294,795	-	(500,872)	255,793,923	-	-	-
- Ijarah Sukuk	1,656,845	-	7,174	1,664,019	-	-	-
- Naya Pakistan Certificates	2,799,249	-	-	2,799,249	-	-	-

Shares

- Ordinary shares / units - Listed	1,812,959	-	(37,500)	1,775,459	-	-	-
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Non Government Debt Securities

- Term Finance Certificates	1,450,000	-	-	1,450,000	-	-	-
- Sukuks	422,000	-	729	422,729	-	-	-

Foreign Securities

- Overseas Bonds - Sovereign	11,554,318	-	(27,008)	11,527,310	-	-	-
- Redeemable Participating Certificates	6,245,207	-	820,710	7,065,917	-	-	-
	371,868,533	-	149,044	372,017,577	-	-	-

Held for trading securities

Federal Government Securities

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

Shares

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

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

Fair value through other comprehensive income

Federal Government Securities

- Market Treasury Bills	101,634,024	-	(127,098)	101,506,926	-	-	-	-
- Pakistan Investment Bonds	926,657,030	-	871,178	927,528,208	-	-	-	-
- Ijarah Sukuk	238,757,936	-	2,605,386	241,363,322	-	-	-	-
- Government of Pakistan Euro Bonds	10,653,191	(1,988,059)	463,979	9,129,111	-	-	-	-

Shares

- Ordinary shares - Listed	4,683,586	-	2,462,784	7,146,370	-	-	-	-
- Ordinary shares - Unlisted	1,211,363	-	1,246,269	2,457,632	-	-	-	-
- Preference Shares - Unlisted	25,000	(25,000)	-	-	-	-	-	-

Non Government Debt Securities

- Term Finance Certificates	2,436,261	(115,000)	-	2,321,261	-	-	-	-
- Sukuk	15,807,286	(96,511)	89,353	15,800,128	-	-	-	-

Foreign Securities

- Overseas Bonds - Sovereign	57,539,814	(111,495)	(1,766,234)	55,662,085	-	-	-	-
- Overseas Bonds - Others	23,233,070	(6,512)	(1,366,033)	21,860,525	-	-	-	-
- Equity securities - Listed	272,791	-	(271)	272,520	-	-	-	-
	1,382,911,352	(2,342,577)	4,479,313	1,385,048,088	-	-	-	-

Balance carried forward

1,754,779,885	(2,342,577)	4,628,357	1,757,065,665	280,045,513	-	(377,898)	279,667,615
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10.1 Investments by type:

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Balance brought forward	1,754,779,885	(2,342,577)	4,628,357	1,757,065,665	280,045,513	-	(377,898)	279,667,615
Available for sale securities								
Federal Government Securities								
- Market Treasury Bills	-	-	-	-	332,007,074	-	(823,401)	331,183,673
- Pakistan Investment Bonds	-	-	-	-	951,035,850	-	(2,440,787)	948,595,063
- Ijarah Sukuk	-	-	-	-	225,217,164	-	1,706,526	226,923,690
- Government of Pakistan Euro Bonds	-	-	-	-	14,715,017	(2,355,129)	(1,339,847)	11,020,041
- Naya Pakistan Certificates	-	-	-	-	5,687,184	-	-	5,687,184
Shares								
- Ordinary shares - Listed	-	-	-	-	3,500,848	(59,818)	594,515	4,035,545
- Ordinary shares - Unlisted	-	-	-	-	1,211,363	(88,038)	-	1,123,325
- Preference Shares - Listed	-	-	-	-	108,835	(108,835)	-	-
- Preference Shares - Unlisted	-	-	-	-	25,000	(25,000)	-	-
Non Government Debt Securities								
- Term Finance Certificates	-	-	-	-	3,169,109	(221,322)	-	2,947,787
- Sukuk	-	-	-	-	16,452,185	(96,511)	66,970	16,422,644
REIT Fund - Unlisted	-	-	-	-	1,000,000	-	-	1,000,000
Foreign Securities								
- Overseas Bonds - Sovereign	-	-	-	-	44,686,242	(108,774)	(1,448,004)	43,129,464
- Overseas Bonds - Others	-	-	-	-	24,656,200	(7,551)	(1,615,830)	23,032,819
- Redeemable Participating Certificates	-	-	-	-	5,514,371	-	-	5,514,371
- Equity securities - Listed	-	-	-	-	275,698	-	8,898	284,596
	-	-	-	-	1,629,262,140	(3,070,978)	(5,290,960)	1,620,900,202
Amortised cost								
Federal Government Securities								
- Pakistan Investment Bonds	219,143,968	-	-	219,143,968	-	-	-	-
- Ijarah Sukuk	40,329,057	-	-	40,329,057	-	-	-	-
Non Government Debt Securities								
- Term Finance Certificates	324,680	(24,741)	-	299,939	-	-	-	-
- Sukuk	3,775,881	(63,761)	-	3,712,120	-	-	-	-
Foreign Securities								
- Overseas Bonds - Sovereign	15,007,082	(219)	-	15,006,867	-	-	-	-
	278,580,668	(88,717)	-	278,491,951	-	-	-	-
Held to maturity securities								
Federal Government Securities								
- Pakistan Investment Bonds	-	-	-	-	111,987,852	-	-	111,987,852
- Ijarah Sukuk	-	-	-	-	27,754,444	-	-	27,754,444
Non Government Debt Securities								
- Term Finance Certificates	-	-	-	-	814,680	(214,680)	-	600,000
- Sukuk	-	-	-	-	3,339,720	(69,517)	-	3,270,203
Foreign Securities								
- Overseas Bonds - Sovereign	-	-	-	-	21,905,016	(238)	-	21,904,778
	-	-	-	-	165,801,712	(284,435)	-	165,517,277
Associates	1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606
Subsidiaries	2,505,217	(1,505,217)	-	1,000,000	305,217	(305,217)	-	-
Total Investments	2,037,043,376	(3,936,511)	4,628,357	2,037,735,222	2,076,592,188	(3,660,630)	(5,668,858)	2,067,262,700

10.2 Particulars of assets and liabilities of subsidiaries and associates

				June 30, 2024 (Un-audited)				
Subsidiary / Associate	Country of Incorporation	Percentage of Holding		Assets	Liabilities	Revenue	Profit / (loss) for the period	Total comprehensive income / (loss)
(Rupees in '000)								
Alfalsh CLSA Securities (Private) Limited	Subsidiary	Pakistan	95.59%	2,077,081	1,780,172	402,659	(178,710)	(178,710)
Alfalsh Currency Exchange (Private) Limited	Subsidiary	Pakistan	100.00%	1,067,048	51,620	80,024	15,299	15,427
Alfalsh Asset Management Limited	Associate	Pakistan	40.22%	2,592,293	617,317	744,265	169,227	169,227
Alfalsh Insurance Company Limited	Associate	Pakistan	30.00%	7,166,107	4,409,927	1,322,373	353,768	392,855
Sapphire Wind Power Company Limited	Associate	Pakistan	30.00%	20,590,893	5,233,536	3,011,661	1,640,280	1,640,280
				December 31, 2023 (Audited)		June 30, 2023 (Un-audited)		
Subsidiary / Associate	Country of Incorporation	Percentage of Holding		Assets	Liabilities	Revenue	Profit / (loss) for the period	Total comprehensive income
(Rupees in '000)								
Alfalsh CLSA Securities (Private) Limited	Subsidiary	Pakistan	62.50%	1,482,410	2,268,182	327,056	31,357	31,357
Alfalsh Currency Exchange (Private) Limited	Subsidiary	Pakistan	100.00%	-	-	-	-	-
Alfalsh Asset Management Limited	Associate	Pakistan	40.22%	2,366,955	556,130	343,455	98,034	98,034
Alfalsh Insurance Company Limited	Associate	Pakistan	30.00%	7,402,766	4,889,441	1,120,009	278,439	289,462
Sapphire Wind Power Company Limited	Associate	Pakistan	30.00%	20,656,087	6,239,010	2,633,170	1,308,653	1,308,653



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

10.2.2 During the period ended June 30, 2024, the Bank has invested Rs. 1,000 million in its wholly owned subsidiary Alfalah Currency Exchange (Private) Limited.

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
10.3 Investments given as collateral		
Market Treasury Bills	14,791,334	160,501,809
Pakistan Investment Bonds	676,524,700	575,983,500
Overseas Bonds	19,032,564	15,037,219
	<u>710,348,598</u>	<u>751,522,528</u>

10.3.1 The market value of securities given as collateral is Rs. 694,649.230 million (December 31, 2023: Rs. 739,217.237 million).

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
10.4 Credit loss allowance / provision for diminution in value of investments		
10.4.1 Opening balance	3,660,630	3,794,742
Impact of adoption of IFRS 9	(437,729)	-
Balance as at January 01 after adopting IFRS 9	<u>3,222,901</u>	<u>3,794,742</u>
Exchange and other adjustments	(34,221)	576,126
Charge / (reversals)		
Charge for the period / year	1,200,148	580,917
Reversals for the period / year	(452,075)	(363,351)
Reversal on disposals	(242)	(927,804)
	<u>747,831</u>	<u>(710,238)</u>
Closing balance	<u>3,936,511</u>	<u>3,660,630</u>

10.4.2 Particulars of credit loss allowance / provision against debt securities

Category of classification

		June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Outstanding amount	Credit loss allowance / Provision held	Outstanding amount	Credit loss allowance / Provision held
------(Rupees in '000)-----					
Domestic					
Performing	Stage 1	1,094,417	183	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		<u>299,830</u>	<u>299,830</u>	<u>602,030</u>	<u>602,030</u>
		<u>1,394,247</u>	<u>300,013</u>	<u>602,030</u>	<u>602,030</u>
Overseas					
Performing	Stage 1	82,161,204	118,222	70,747,537	116,563
Underperforming	Stage 2	10,653,191	1,988,059	14,715,017	2,355,129
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		<u>94,208,642</u>	<u>2,406,294</u>	<u>86,064,584</u>	<u>3,073,722</u>

10.4.3 The market value of securities classified as amortised cost as at June 30, 2024 amounted to Rs. 262,535.734 million (held-to-maturity as at December 31, 2023: Rs. 154,796.433 million).

11 ADVANCES

Note	Performing		Non Performing		Total	
	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
(Rupees in '000)						
Loans, cash credits, running finances, etc.	616,337,867	565,251,668	35,189,995	32,594,592	651,527,862	597,846,260
Islamic financing and related assets	149,457,932	162,102,341	5,009,659	4,872,026	154,467,591	166,974,367
Bills discounted and purchased	13,802,917	12,300,229	205,365	166,121	14,008,282	12,466,350
Advances - gross	779,598,716	739,654,238	40,405,019	37,632,739	820,003,735	777,286,977
Credit loss allowance / provision against advances						
- Stage 1	(3,978,557)	(25,670)	-	-	(3,978,557)	(25,670)
- Stage 2	(2,105,730)	-	-	-	(2,105,730)	-
- Stage 3	-	-	(34,519,530)	-	(34,519,530)	-
- Specific	-	-	(503,751)	(32,373,670)	(503,751)	(32,373,670)
- General	(6,775,638)	(9,836,127)	-	-	(6,775,638)	(9,836,127)
	(12,859,925)	(9,861,797)	(35,023,281)	(32,373,670)	(47,883,206)	(42,235,467)
Advances - net of credit loss allowance / provision	766,738,791	729,792,441	5,381,738	5,259,069	772,120,529	735,051,510

- 11.1** Advances include an amount of Rs. 361.564 million (December 31, 2023: Rs. 362.630 million), being Employee loan facilities allowed to Citibank, N.A., employees, which were either taken over by the Bank, or were granted afresh, under a specific arrangement executed between the Bank and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

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

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

11.2 Particulars of advances (gross)

In local currency	739,474,717	700,776,703
In foreign currencies	80,529,018	76,510,274
	820,003,735	777,286,977

- 11.3** Advances include Rs. 40,405.019 million (December 31, 2023: Rs. 37,632.739 million) which have been placed under non-performing status as detailed below:

Category of Classification

		June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Non-Performing Loans	Credit loss allowance /provision	Non-Performing Loans	Credit loss allowance /provision
		(Rupees in '000)			
Domestic					
Other Assets Especially Mentioned (OAE)	Stage 3	509,671	75,900	186,364	3,568
Substandard	Stage 3	1,173,120	263,103	1,800,068	444,281
Doubtful	Stage 3	4,698,515	2,290,134	6,694,041	3,293,830
Loss	Stage 3	33,355,991	31,890,393	28,284,026	28,141,674
		39,737,297	34,519,530	36,964,499	31,883,353
Overseas					
Substandard	Specific	39,529	23,693	43,013	25,688
Doubtful	Specific	-	-	-	-
Loss	Specific	628,193	480,058	625,227	464,629
		667,722	503,751	668,240	490,317
Total		40,405,019	35,023,281	37,632,739	32,373,670



11.4 Particulars of Credit loss allowance / provision against advances

	June 30, 2024 (Un-audited)						December 31, 2023 (Audited)		
	Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total
	Stage 1	Stage 2	Stage 3						
	(Rupees in '000)								
Opening balance	-	-	-	32,373,670	9,861,797	42,235,467	25,396,608	7,921,407	33,318,015
Impact of adoption of IFRS 9	3,383,986	1,941,534	33,603,839	(31,883,354)	(1,715,503)	5,330,502	-	-	-
Balance as at January 01 after adopting IFRS 9	3,383,986	1,941,534	33,603,839	490,316	8,146,294	47,565,969	25,396,608	7,921,407	33,318,015
Exchange and other adjustments	(327)	-	-	(41,984)	(31,127)	(73,438)	83,703	57,723	141,426
Charge for the period / year	1,183,169	709,848	6,858,882	58,897	-	8,810,796	12,130,032	1,882,667	14,012,699
Reversals for the period / year	(588,271)	(545,652)	(5,488,497)	(3,478)	(1,339,529)	(7,965,427)	(3,503,697)	-	(3,503,697)
	594,898	164,196	1,370,385	55,419	(1,339,529)	845,369	8,626,335	1,882,667	10,509,002
Amounts written off	-	-	(454,694)	-	-	(454,694)	(1,732,976)	-	(1,732,976)
	-	-	(454,694)	-	-	(454,694)	(1,732,976)	-	(1,732,976)
Closing balance	3,978,557	2,105,730	34,519,530	503,751	6,775,638	47,883,206	32,373,670	9,861,797	42,235,467

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at June 30, 2024 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 79.345 million (December 31, 2023: Rs. 86.021 million).

11.4.2 During the period, non performing loans and provisions were reduced by Rs. 4,542.765 million (December 31, 2023: Rs. 231.391 million) due to debt property swap transactions.

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

11.4.4 General provision includes:

- Provision held at overseas branch to meet the requirements of regulatory authorities of the respective countries in which overseas branches operate and where IFRS 9 is not applicable; and
- Provision of Rs. 6,458.000 million (December 31, 2023: Rs. 7,748.000 million) against the high risk portfolio, which is showing higher economic vulnerability.

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

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

	June 30, 2024 (Un-audited)						December 31, 2023 (Audited)		
	Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total
	Stage 1	Stage 2	Stage 3						
(Rupees in '000)									
Opening balance	-	-	-	32,373,670	9,861,797	42,235,467	25,396,608	7,921,407	33,318,015
Impact of adoption of IFRS 9	3,383,986	1,941,534	33,603,839	(31,883,354)	(1,715,503)	5,330,502	-	-	-
Balance as at January 01 after adopting IFRS 9	3,383,986	1,941,534	33,603,839	490,316	8,146,294	47,565,969	25,396,608	7,921,407	33,318,015
Exchange and other adjustments	(327)	-	-	(41,984)	(31,127)	(73,438)	83,703	57,723	141,426
New Advances	1,906,909	2,020,951	69,112	58,897	-	4,055,869	12,130,032	1,882,667	14,012,699
Due to credit deterioration	-	-	4,324,683	-	-	4,324,683	-	-	-
Advances derecognised or repaid / reversal	(588,271)	(545,652)	(5,488,497)	(3,478)	(1,339,529)	(7,965,427)	(3,503,697)	-	(3,503,697)
Transfer to stage 1	76,172	(76,172)	-	-	-	-	-	-	-
Transfer to stage 2	(314,324)	326,122	(11,798)	-	-	-	-	-	-
Transfer to stage 3	(690,960)	(1,601,659)	2,292,619	-	-	-	-	-	-
Changes in risk parameters	205,372	40,606	184,266	-	-	430,244	-	-	-
	594,898	164,196	1,370,385	55,419	(1,339,529)	845,369	8,626,335	1,882,667	10,509,002
Amounts written off / charged off	-	-	(454,694)	-	-	(454,694)	(1,732,976)	-	(1,732,976)
Closing balance	3,978,557	2,105,730	34,519,530	503,751	6,775,638	47,883,206	32,373,670	9,861,797	42,235,467

11.6 Advances - Category of classification

		June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Outstanding	Credit loss allowance /provision	Outstanding	Credit loss allowance /provision
(Rupees in '000)					
Domestic					
Performing	Stage 1	644,460,036	3,940,462	695,123,443	-
Underperforming	Stage 2	98,896,354	2,105,730	-	-
Non-Performing	Stage 3				
Other Assets Especially Mentioned (OAEM)		509,671	75,900	186,364	3,568
Substandard		1,173,120	263,103	1,800,068	444,281
Doubtful		4,698,515	2,290,134	6,694,041	3,293,830
Loss		33,355,991	31,890,393	28,284,026	28,141,674
General Provision		-	6,458,000	-	9,437,833
		783,093,687	47,023,722	732,087,942	41,321,186
Overseas					
Performing	Stage 1	36,242,326	38,095	44,530,795	25,670
Underperforming	Stage 2	-	-	-	-
Non-Performing	Specific				
Other Assets Especially Mentioned (OAEM)		-	-	-	-
Substandard		39,529	23,693	43,013	25,688
Doubtful		-	-	-	-
Loss		628,193	480,058	625,227	464,629
General Provision		-	317,638	-	398,294
		36,910,048	859,484	45,199,035	914,281
Total		820,003,735	47,883,206	777,286,977	42,235,467

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		Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
(Rupees in '000)				
12 PROPERTY AND EQUIPMENT				
Capital work-in-progress			3,777,048	3,525,139
Property and equipment	12.2		48,405,358	38,290,971
			52,182,406	41,816,110
12.1 Capital work-in-progress				
Civil works			2,629,012	2,454,986
Equipment			1,126,323	999,120
Others			21,713	71,033
			3,777,048	3,525,139

12.2 It includes land and buildings carried at revalued amount of Rs. 32,024.332 million (December 31, 2023: Rs. 24,380.890 million).





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

12.3 Additions to property and equipment

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

Capital work-in-progress - net of transferred out for capitalisation	251,909	1,181,335
Property and equipment		
Freehold land	1,244,879	74,994
Leasehold land	5,604,974	116,000
Buildings on freehold land	565,440	201,220
Buildings on leasehold land	355,244	312,679
Leasehold improvement	1,464,151	593,077
Furniture and fixtures	430,502	119,748
Office equipment	2,181,109	1,605,766
Vehicles	429,346	46,225
	12,275,645	3,069,709
Total additions to property and equipment	12,527,554	4,251,044

12.4 Disposals of property and equipment

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

Leasehold improvements	1,181	7,003
Furniture and fixtures	219	439
Office equipment	10,861	2,640
Vehicles	216	-
Total disposal of property and equipment	12,477	10,082

(Un-audited)	(Audited)
June 30, 2024	December 31, 2023
----- (Rupees in '000) -----	
Buildings	Buildings
28,813,726	22,322,416
(8,862,155)	(6,932,893)
<u>19,951,571</u>	<u>15,389,523</u>
2,754,389	7,837,519
(1,876,715)	(3,349,633)
(42,111)	74,162
<u>20,787,134</u>	<u>19,951,571</u>

14 INTANGIBLE ASSETS

Capital work-in-progress / advance payment to suppliers	409,842	436,536
Software	1,089,908	933,363
	1,499,750	1,369,899

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

14.1 Additions to intangible assets

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

Capital work-in-progress - net; of transferred out for capitalisation	(26,694)	185,085
Directly purchased	328,890	56,045
Total additions to intangible assets	302,196	241,130

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

36 13 RIGHT-OF-USE ASSETS

15 DEFERRED TAX ASSETS

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

Deductible Temporary Differences on:

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

2,597,964	2,224,378
8,807,623	4,183,318
-	191,895
-	871,244
1,574,100	1,250,843
13,114	-
5,011	-
282	73
1,978,964	1,528,648
14,977,058	10,250,399

Taxable Temporary Differences on:

- Unrealised gain on FVTPL investments
- Surplus on revaluation of FVOCI investments
- Surplus on revaluation of property and equipment
- Surplus on revaluation of non banking assets
- Accelerated tax depreciation

(71,711)	-
(4,013,655)	-
(613,439)	(593,695)
(77,704)	(85,595)
(4,008,155)	(3,562,950)
(8,784,664)	(4,242,240)
6,192,394	6,008,159

16 OTHER ASSETS

Income / mark-up accrued in local currency - net	91,181,817	81,665,580
Income / mark-up accrued in foreign currency - net	1,920,782	2,402,118
Advances, deposits, advance rent and other prepayments	8,166,227	8,651,936
Advance against subscription of share	140,000	140,000
Non-banking assets acquired in satisfaction of claims	16.1 7,086,701	1,684,771
Dividend receivable	-	10,431
Mark to market gain on forward foreign exchange contracts	1,537,988	2,606,750
Mark to market gain on derivatives	4,242,059	4,175,322
Stationery and stamps on hand	23,314	11,350
Defined benefit plan	104,937	440,585
Branch adjustment account	494,547	-
Due from card issuing banks	2,976,409	4,829,866
Accounts receivable	6,090,334	3,336,986
Claims against fraud and forgeries	111,615	126,066
Acceptances	32,459,315	24,618,660
Receivable against Government of Pakistan and overseas government securities	54,045	2,925,206
Receivable against marketable securities	106,772	692,656
Others	425,305	86,206
	157,122,167	138,404,489
Less: Credit loss allowance / provision held against other assets	16.2 (3,448,056)	(2,984,277)
Other assets (net of credit loss allowance / provision)	153,674,111	135,420,212
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	16.1 156,218	172,321
Other assets - total	153,830,329	135,592,533

16.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 7,242.919 million (December 31, 2023: Rs. 1,857.092 million).





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

16.2 Credit loss allowance / provision held against other assets

Impairment against overseas operations	2,585,376	2,359,988
Expected credit loss	381,353	46,807
Fraud and forgeries	111,615	126,066
Accounts receivable	66,648	67,807
Others	303,064	383,609
	<u>3,448,056</u>	<u>2,984,277</u>

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

Opening balance	2,984,277	2,671,784
Impact of adoption of IFRS 9	370,152	-
Balance as at January 01 after adopting IFRS 9	3,354,429	2,671,784
Exchange and other adjustments	(554)	2,531
Charge for the period / year	448,315	394,024
Reversals for the period / year	(314,648)	(83,100)
	133,667	310,924
Amount written off	(39,486)	(962)
Closing balance	<u>3,448,056</u>	<u>2,984,277</u>

17 BILLS PAYABLE

In Pakistan	35,163,526	24,750,227
Outside Pakistan	1,083,222	1,254,311
	<u>36,246,748</u>	<u>26,004,538</u>

18 BORROWINGS

Secured

Borrowings from State Bank of Pakistan under:

Export Refinance Scheme	29,431,191	43,281,491
Long-Term Finance Facility	22,497,054	24,595,991
Financing Facility for Renewable Energy Projects	11,911,337	11,891,156
Financing Facility for Storage of Agriculture Produce (FFSAP)	534,986	532,102
Temporary Economic Refinance Facility (TERF)	45,197,646	48,528,109
Export Refinance under Bill Discounting	13,265,788	14,244,331
SME Asaan Finance (SAAF)	7,722,636	2,096,250
Refinance Facility for Combating COVID (RFCC)	1,120,145	988,049
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	110,189	125,595
Modernization of Small and Medium Entities (MSMES)	1,879,006	1,205,658
Other refinance schemes	384	553
Repurchase agreement borrowings	600,000,000	666,510,980
	733,670,362	814,000,265

Repurchase agreement borrowings

Bai Muajjal	61,680,622	26,895,775
Medium Term Note	46,803,164	44,830,207
	-	11,000,000
Total secured	<u>842,154,148</u>	<u>896,726,247</u>

Unsecured

Call borrowings	2,147,924	3,946,050
Overdrawn nostro accounts	1,006,648	3,467,939
Others		
- Pakistan Mortgage Refinance Company	2,566,115	2,605,576
- Karandaaz Risk Participation	3,228,442	2,797,641
Total unsecured	<u>8,949,129</u>	<u>12,817,206</u>

851,103,277 909,543,453

19 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
(Rupees in '000)						
Customers						
- Current deposits	706,587,913	157,074,573	863,662,486	630,357,408	152,436,273	782,793,681
- Savings deposits	498,463,119	32,188,252	530,651,371	440,331,863	38,469,718	478,801,581
- Term deposits	446,760,053	64,725,794	511,485,847	437,377,886	61,496,821	498,874,707
- Others	51,415,214	18,668,809	70,084,023	44,709,160	14,317,598	59,026,758
	1,703,226,299	272,657,428	1,975,883,727	1,552,776,317	266,720,410	1,819,496,727
Financial Institutions						
- Current deposits	3,291,365	3,815,832	7,107,197	4,324,374	3,241,325	7,565,699
- Savings deposits	45,091,128	2,587,575	47,678,703	171,934,453	3,442,726	175,377,179
- Term deposits	69,126,200	1,553,688	70,679,888	79,780,000	2,258,236	82,038,236
- Others	457,479	1,205	458,684	518,072	1,217	519,289
	117,966,172	7,958,300	125,924,472	256,556,899	8,943,504	265,500,403
	1,821,192,471	280,615,728	2,101,808,199	1,809,333,216	275,663,914	2,084,997,130

19.1 Current deposits include remunerative current deposits of Rs. 25,817.052 million (December 31, 2023: Rs. 20,788.733 million).

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
		(Rupees in '000)	
Opening as at January 1		22,894,533	17,495,747
Additions / renewals / amendments / (terminations) - net		2,701,649	7,724,656
Finance charges		1,621,407	2,657,661
Lease payments including interest		(2,754,091)	(5,054,441)
Exchange rate / other adjustment		(43,539)	70,910
Closing net carrying amount		24,419,959	22,894,533

20.1 Liabilities outstanding

Not later than one year	1,857,113	1,848,642
Later than one year and upto five years	9,712,886	9,140,725
Over five years	12,849,960	11,905,166
Total at the period / year end	24,419,959	22,894,533

For the purpose of discounting PKRV rates are being used.

21 SUBORDINATED DEBT

Term Finance Certificates VI - Additional Tier-I (ADT-1)	21.1	7,000,000	7,000,000
Term Finance Certificates VIII - Additional Tier-I (ADT-1)	21.2	7,000,000	7,000,000
		14,000,000	14,000,000

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

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

Issue amount	Rs. 7,000,000,000
Issue date	March 2018
Maturity date	Perpetual
Rating	"AA+" (Double A plus) by The Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.



Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	<p>For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step up feature.</p> <p>Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.</p>
Lock-in-clause	Mark-up will only be paid from the current earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the issue date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.

21.2 Term Finance Certificates VIII – Additional Tier-I (ADT-1) – Quoted, Unsecured

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

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

22 OTHER LIABILITIES

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
		------(Rupees in '000)-----	
Mark-up / return / interest payable in local currency		46,700,216	39,434,467
Mark-up / return / interest payable in foreign currency		1,881,457	1,690,773
Unearned fee commission and income on bills discounted and guarantees		3,195,021	3,201,308
Accrued expenses		14,324,382	16,119,849
Current taxation		11,422,401	14,462,758
Acceptances		32,459,315	24,618,660
Dividends payable		1,793,670	6,166,682
Mark to market loss on forward foreign exchange contracts		2,183,802	2,779,042
Mark to market loss on derivatives		77,526	96,507
Branch adjustment account		-	73,434
Alternative Delivery Channel (ADC) settlement accounts	22.2	8,647,013	3,409,741
Provision for compensated absences		979,117	874,117
Payable against redemption of customer loyalty / reward points		986,046	857,241
Charity payable		148,841	114,052
Credit loss allowance / provision against off-balance sheet obligations	22.1	1,129,111	78,624
Security deposits against leases, lockers and others		11,938,935	12,983,647
Workers' welfare fund		6,012,714	5,093,704
Payable to vendors and suppliers		706,811	850,048
Margin deposits on derivatives		3,742,854	3,906,392
Payable to merchants (card acquiring)		1,534,844	776,097
Indirect taxes payable		4,867,956	3,874,309
Liability against share based payment		443,270	483,001
Trading liability		16,289,046	2,412,845
Others		6,895,283	6,197,042
		<u>178,359,631</u>	<u>150,554,340</u>

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

Opening balance	78,624	62,948
Impact of adoption of IFRS 9	1,085,673	-
Balance as at January 01 after adopting IFRS 9	<u>1,164,297</u>	<u>62,948</u>
Exchange and other adjustments	(4,443)	4,029
(Reversals) / charge for the period / year	<u>(30,743)</u>	<u>11,647</u>
Closing balance	<u>1,129,111</u>	<u>78,624</u>

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





23 SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of:

- Securities measured at FVOCI - debt
- Securities measured at FVOCI - equity
- Available for sale securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

Note

(Un-audited)
June 30,
2024

(Audited)
December 31,
2023

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

10.1	770,531	-
10.1	3,708,782	-
10.1	-	(5,290,960)
	12,638,023	12,682,139
	156,218	172,321
	17,273,554	7,563,500

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

- Securities measured at FVOCI - debt
- Securities measured at FVOCI - equity
- Available for sale securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

(377,560)	-
(1,817,303)	-
-	2,592,570
(613,439)	(593,695)
(77,704)	(85,595)
(2,886,006)	1,913,280

Derivatives deficit

Less: Deferred tax asset on derivative

(3,711,821)	(3,512,910)
1,818,792	1,721,326
(1,893,029)	(1,791,584)
16,280,577	11,268,364

24 CONTINGENCIES AND COMMITMENTS

- Guarantees
- Commitments
- Other contingent liabilities

24.1	166,333,190	173,579,640
24.2	682,183,202	731,198,269
24.3.1	23,788,306	23,816,758
	872,304,698	928,594,667

24.1 Guarantees:

- Financial guarantees
- Performance guarantees
- Other guarantees

5,959,990	5,874,903
56,969,625	55,684,506
103,403,575	112,020,231
166,333,190	173,579,640

24.2 Commitments:

- Documentary credits and short-term trade-related transactions
- Letters of credit

234,160,838	196,248,432
-------------	-------------

Commitments in respect of:

- forward foreign exchange contracts
- forward government securities transactions
- derivatives
- forward lending

24.2.1	252,857,479	350,664,300
24.2.2	131,866,283	109,207,715
24.2.3	43,301,641	51,150,198
24.2.4	15,959,013	19,247,075

Commitments for acquisition of:

- Property and equipment
- Intangible assets

3,245,899	3,713,022
240,049	312,027

Commitments in respect of donations

552,000	655,500
---------	---------

682,183,202	731,198,269
-------------	-------------

24.2.1 Commitments in respect of forward foreign exchange contracts

- Purchase
- Sale

149,061,701	198,859,218
103,795,778	151,805,082
252,857,479	350,664,300

24.2.2 Commitments in respect of forward government securities transactions

- Purchase
- Sale

45,725,091	20,461,347
86,141,192	88,746,368
131,866,283	109,207,715

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
24.2.3 Commitments in respect of derivatives			
Interest Rate Swaps			
Purchase	25.1	32,253,622	39,466,304
Sale		-	-
		32,253,622	39,466,304
Cross Currency Swaps			
Purchase		-	-
Sale	25.1	11,048,019	11,683,894
		11,048,019	11,683,894
Total commitments in respect of derivatives		<u>43,301,641</u>	<u>51,150,198</u>
24.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.4.1	14,752,036	15,828,600
Commitments in respect of investments		1,206,977	3,418,475
		<u>15,959,013</u>	<u>19,247,075</u>

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

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
24.3 Other contingent liabilities		
24.3.1 Claims against the Bank not acknowledged as debts	23,788,306	23,816,758

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

24.4 Contingency for tax payable

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

25 DERIVATIVE INSTRUMENTS

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

25.1 Product Analysis

Product Analysis		June 30, 2024 (Un-audited)					
		Interest Rate Swaps			Cross Currency Swaps		
		No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
		(Rupees in '000)					
Counterparties							
With Banks for Hedging		36	32,253,622	3,345,825	-	-	-
With other entities							
Market making		-	-	-	6	11,048,019	818,708
		<u>36</u>	<u>32,253,622</u>	<u>3,345,825</u>	<u>6</u>	<u>11,048,019</u>	<u>818,708</u>
Product Analysis		December 31, 2023 (Audited)					
		Interest Rate Swaps			Cross Currency Swaps		
		No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
		(Rupees in '000)					
Counterparties							
With Banks for Hedging		41	39,466,304	3,371,331	-	-	-
With other entities							
Market making		-	-	-	6	11,683,894	707,484
		<u>41</u>	<u>39,466,304</u>	<u>3,371,331</u>	<u>6</u>	<u>11,683,894</u>	<u>707,484</u>



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

26 MARK-UP/RETURN/INTEREST EARNED

On:

a) Loans and advances	61,734,078	56,262,442
b) Investments	188,426,571	113,513,982
c) Lendings to financial institutions	3,251,077	1,859,331
d) Balances with banks	81,342	46,076
e) On securities purchased under resale agreements	2,299,957	4,774,434
	<u>255,793,025</u>	<u>176,456,265</u>

27 MARK-UP/RETURN/INTEREST EXPENSED

On:

a) Deposits	118,075,021	67,132,776
b) Borrowings	8,104,248	8,163,774
c) Securities sold under repurchase agreements	60,493,416	37,344,216
d) Subordinated debt	1,643,707	1,376,405
e) Cost of foreign currency swaps against foreign currency deposits / borrowings	4,267,313	1,846,565
f) Leased assets	1,621,407	1,214,207
g) Reward points / customer loyalty	230,049	187,162
	<u>194,435,161</u>	<u>117,265,105</u>

28 FEE & COMMISSION INCOME

Branch banking customer fees	753,959	592,731
Consumer finance related fees	305,871	290,370
Card related fees (debit and credit cards)	1,833,566	1,210,985
Credit related fees	459,208	284,042
Investment banking fees	28,433	62,816
Commission on trade	1,500,094	1,156,445
Commission on guarantees	373,907	404,127
Commission on cash management	27,244	41,606
Commission on remittances including home remittances	1,501,685	715,959
Commission on bancassurance	295,548	281,978
Card acquiring business	974,677	704,235
Wealth management fee	154,789	82,835
Commission on Benazir Income Support Programme (BISP)	511,764	257,007
Alternative Delivery Channel (ADC) settlement accounts	654,451	628,550
Others	130,278	98,972
	<u>9,505,474</u>	<u>6,812,658</u>

29 FOREIGN EXCHANGE INCOME

Foreign exchange income	6,244,572	4,949,958
Foreign exchange (loss) / income related to derivatives	(909,231)	155,694
	<u>5,335,341</u>	<u>5,105,652</u>

	Note	(Un-audited) Half year ended	
		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
30 GAIN / (LOSS) ON SECURITIES			
Realised gain / (loss)	30.1	2,174,031	6,398
Unrealised gain - measured at FVTPL	10.1	149,044	-
Unrealised loss - held for trading		-	(451,064)
Unrealised (loss) / gain on trading liabilities - net		(2,696)	124,198
		<u>2,320,379</u>	<u>(320,468)</u>
30.1 Realised gain / (loss) on:			
Federal Government Securities		1,916,514	298,592
Shares		80,886	(668,021)
Foreign Securities		176,631	375,827
		<u>2,174,031</u>	<u>6,398</u>
30.2 Net gain on financial assets / liabilities measured:			
At FVTPL			
Designated upon initial recognition		790,347	-
Mandatorily measured at FVTPL		821,439	-
		1,611,786	-
Net gain on financial assets measured at FVOCI - Debt		708,593	-
		<u>2,320,379</u>	<u>-</u>
31 OTHER INCOME			
Rent on property		15,466	14,075
Gain on sale of property and equipment - net		61,511	62,930
Gain on sale of non banking assets - net		27,800	-
Profit on termination of leased contracts (Ijarah)		7	39,825
Gain on termination of leases		52,740	15,930
Others		1,468	-
		<u>158,992</u>	<u>132,760</u>
32 OPERATING EXPENSES			
Total compensation expense	32.1	17,168,725	13,546,120
Property expense			
Rates and taxes		152,195	72,786
Utilities cost		1,602,032	1,077,090
Security (including guards)		770,539	551,035
Repair and maintenance (including janitorial charges)		913,866	563,722
Depreciation on right-of-use assets		1,876,715	1,585,774
Depreciation on non-banking assets acquired in satisfaction of claims		15,170	2,477
Depreciation on owned assets		477,243	418,505
		5,807,760	4,271,389
Information technology expenses			
Software maintenance		1,605,064	1,095,396
Hardware maintenance		369,758	497,240
Depreciation		654,852	509,435
Amortisation		172,174	156,888
Network charges		397,097	304,002
Consultancy and support services		99,354	66,356
		3,298,299	2,629,317
Balance carried forward		<u>26,274,784</u>	<u>20,446,826</u>





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

Balance brought forward	26,274,784	20,446,826
Other operating expenses		
Directors' fees and allowances	69,600	74,857
Fees and allowances to Shariah Board	9,986	7,561
Legal and professional charges	225,408	181,295
Outsourced services costs	725,674	478,916
Travelling and conveyance	718,916	582,202
Clearing and custodian charges	70,135	78,706
Depreciation	1,007,538	714,288
Training and development	150,564	65,727
Postage and courier charges	239,621	225,473
Communication	1,306,582	788,283
Stationery and printing	869,611	589,713
Marketing, advertisement and publicity	2,341,627	2,388,384
Donations	181,870	1,021,500
Auditors' remuneration	65,448	61,902
Brokerage and commission	245,965	185,096
Entertainment	397,417	280,339
Repairs and maintenance	446,877	365,941
Insurance	1,027,824	705,239
Cash handling charges	993,704	675,590
CNIC verification	171,278	128,915
Others	416,728	370,156
	11,682,373	9,970,083
	<u>37,957,157</u>	<u>30,416,909</u>

32.1 Total compensation expense

Managerial remuneration		
i) Fixed	11,514,272	9,419,219
ii) Variable:		
a) Cash bonus / awards etc.	2,527,891	2,268,295
b) Bonus and awards in shares etc.	287,500	162,498
Charge for defined benefit plan	335,649	233,501
Contribution to defined contribution plan	432,505	361,194
Medical	1,082,295	649,352
Conveyance	698,657	255,931
Staff compensated absences	105,000	94,998
Staff life insurance	94,907	53,930
Staff welfare	48,325	30,723
Club subscription	2,225	1,715
Sub-total	17,129,226	13,531,356
Sign-on bonus	39,499	14,764
Severance allowance	-	-
Grand Total	<u>17,168,725</u>	<u>13,546,120</u>

33 WORKERS' WELFARE FUND

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

		Note	(Un-audited) Half year ended	
			June 30, 2024	June 30, 2023
			----- (Rupees in '000) -----	
34	OTHER CHARGES			
	Penalties imposed by the State Bank of Pakistan		209,515	136,961

35 CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET

Reversal of credit loss allowance against cash with treasury banks		(33,686)	-
Credit loss allowance against balance with other banks		5,556	-
Reversal of credit loss allowance against lending to financial institutions		(12,639)	(296)
Credit loss allowance / (reversal) for diminution in value of investments	10.4.1	747,831	(467,082)
Credit loss allowance / provision against loans & advances	11.4	845,369	5,513,163
Credit loss allowance / provision against other assets	16.2.1	133,667	163,198
Credit loss allowance / provision against off-balance sheet obligations	22.1	(30,743)	50,764
(Reversal) of other credit loss allowance / provisions / write off - net		(48,458)	7,997
Recovery of written off / charged off bad debts		(300,044)	(265,781)
		<u>1,306,853</u>	<u>5,001,963</u>

36 TAXATION**Charge / (reversal) :**

Current	22,515,747	19,923,976
Prior years	(54,047)	-
Deferred	<u>(2,251,628)</u>	<u>(2,679,066)</u>
	<u>20,210,072</u>	<u>17,244,910</u>

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

In respect of tax years 2008, 2014, 2017 and 2019 to 2023, the tax authority has raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of Leasehold improvements resulting in a tax demand of Rs. 764.870 million net of relief provided in appeal (December 31, 2023: Rs. 764.870 million). The Bank has filed an appeal which is pending before the Commissioner Appeals. The management is confident that these matters are likely to be decided in favour of the Bank and consequently has not made any provision in this respect.

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





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

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

37 BASIC AND DILUTED EARNINGS PER SHARE

Profit for the period

(Un-audited) Half year ended	
June 30, 2024	June 30, 2023
------(Rupees in '000)-----	
20,608,761	18,619,927
-----(Number of shares in '000)----	
1,577,165	1,577,165
------(Rupees)-----	

Weighted average number of ordinary shares

Basic and diluted earnings per share

13.07	11.81
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- 37.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

38 CASH AND CASH EQUIVALENTS

Cash and balance with treasury banks
Balance with other banks
Call / clean money lendings
Overdrawn nostro accounts
Less: Expected credit loss

Note

(Un-audited) Half year ended	
June 30, 2024	June 30, 2023
235,392,781	197,028,848
16,280,113	16,187,573
36,278,623	6,128,567
(1,006,648)	(1,003,880)
(36,764)	-
286,908,105	218,341,108

39 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as amortised cost / held to maturity, is based on quoted market price. Quoted debt securities classified as amortised cost / held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiary, is determined on the basis of valuation methodologies which are best reflective of their business model. The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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

39.1 Fair value of financial instruments

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

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

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

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

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

	June 30, 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	39,228,313	1,590,075,416	-	1,629,303,729
- Shares - listed companies	8,921,829	-	-	8,921,829
- Shares - unlisted companies	-	-	2,107,632	2,107,632
- Non-government debt securities	14,951,400	5,042,718	-	19,994,118
- Foreign government securities	-	67,189,395	-	67,189,395
- Foreign equity securities	272,520	-	-	272,520
- Foreign non-government debt securities	-	21,860,525	7,065,917	28,926,442
Financial assets - disclosed but not measured at fair value				
Investments - Amortised cost	-	262,535,734	-	262,535,734
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	1,537,988	-	1,537,988
- Forward sale of foreign exchange	-	(2,183,802)	-	(2,183,802)
- Forward purchase of government securities	-	36,082	-	36,082
- Forward sale government securities	-	307,326	-	307,326
- Derivatives purchases	-	3,345,825	-	3,345,825
- Derivatives sales	-	818,708	-	818,708
December 31, 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	-	1,802,801,728	-	1,802,801,728
- Shares - listed companies	4,264,378	-	-	4,264,378
- Non-government debt securities	14,940,600	4,429,831	-	19,370,431
- Foreign government securities	-	43,176,169	-	43,176,169
- Foreign equity securities	284,596	-	-	284,596
- Foreign non-government debt securities	-	23,032,819	5,514,371	28,547,190
Financial assets - disclosed but not measured at fair value				
Investments - held to maturity securities	-	154,796,433	-	154,796,433
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	2,606,750	-	2,606,750
- Forward sale of foreign exchange	-	(2,779,042)	-	(2,779,042)
- Forward purchase of government securities	-	(27,210)	-	(27,210)
- Forward sale government securities transactions	-	(17,514)	-	(17,514)
- Derivatives purchases	-	3,371,331	-	3,371,331
- Derivatives sales	-	707,484	-	707,484

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

39.3 Valuation techniques used in determination of fair values:

39.3.1 Fair value of financial assets

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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





(c) Financial instruments in level 3

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

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

39.3.2 Fair value of non-financial assets

Certain categories of property and equipment (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 12 and 16. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of the State Bank of Pakistan.

39.3.3 Valuation techniques

Item	Valuation approach and input used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. Floating rate PIBs are revalued using PKFRV rates. The fair value of GoP sukuk listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other GIS are revalued using PKISRV rates.
Overseas Sukuks, Overseas and GoP Euro Bonds	The fair value of overseas government sukuk, and overseas bonds are valued on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - unlisted	The fair value of investments in unlisted equity securities are valued on the basis of dividend discount model.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the SBP.
Derivative Instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Property and equipment and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated condensed interim financial statements.

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

Description	Fair value at June 30, 2024	Unobservable inputs*	Input Rate	Relationship of unobservable inputs to fair value
----- (Rupees in '000) -----				
Unlisted equity securities	2,107,632	Discount rate	17.1%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 91.643 million and Rs. 99.593 million respectively.

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

40.1 Segment details with respect to Business Activities

Statement of financial position									
Cash and bank balances									
Investments	135,698,147	19,153,288	40,464,286	-	805,953	56,900,258	-	(1,384,939)	251,636,993
Net inter segment lending	-	4,242,861	235,546,847	1,675,152,282	-	120,435,894	2,357,338	-	2,037,735,222
Lendings to financial institutions	991,740,947	-	-	-	11,275,739	-	99,764,414	(1,102,781,100)	-
Advances - performing	217,501,404	343,636,114	148,140,567	30,691,970	70,256	4,966,804	21,503,857	(24,906,446)	57,973,647
- non-performing	2,408,315	1,963,418	807,065	-	643	35,886,593	38,326	-	766,738,791
Others	41,421,740	39,367,184	42,763,490	65,951,980	1,658,364	(21,241,779)	64,578,192	(7,158)	5,381,738
Total assets	1,388,770,553	408,362,865	514,893,574	1,771,796,232	13,810,955	197,111,741	188,242,127	(1,129,079,643)	3,353,908,404
Borrowings									
Subordinated debt	21,947,102	79,356,649	39,127,425	703,584,815	-	33,667,252	-	(26,358,966)	851,103,277
Deposits and other accounts	1,311,298,626	-	386,015,485	-	-	150,487,376	14,000,000	(650,130)	2,101,808,199
Net inter segment borrowing	-	27,699,726	26,340,993	1,047,317,524	13,428,936	-	-	(1,102,781,099)	-
Others	55,524,825	60,299,584	60,157,472	19,928,994	382,019	12,102,228	29,920,664	710,552	239,026,338
Total liabilities	1,388,770,553	408,362,865	511,641,375	1,770,831,333	13,810,955	197,679,712	43,920,664	(1,129,079,643)	3,205,937,814
Net assets	-	-	3,252,199	964,899	-	(567,971)	144,321,463	-	147,970,590
Equity	-	-	-	-	-	-	-	-	-
Contingencies and commitments	139,933,478	227,443,345	78,205,669	372,292,763	753	50,928,499	3,500,191	-	872,304,698

For the half year ended June 30, 2023 (Un-audited)						
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Elimination
(Rupees in '000)						

Profit and loss

Net mark-up / return / profit	10,366,819	11,625,368	62,763,454	7,117	3,451,357	(1,346,604)	-	59,191,160
Inter segment revenue - net	64,110,216	(1,329,828)	(292,082)	3,536,565	210,930	969,206	(4,330,007)	-
Non mark-up / return / interest income	3,910,098	1,742,238	946,319	4,919,555	463,333	683,792	-	13,042,733
Total Income	40,343,963	10,779,229	12,279,605	4,808,009	4,007,015	4,346,079	(4,330,007)	72,233,893
Segment direct expenses	11,816,055	2,379,043	4,442,437	391,353	1,271,730	1,728,445	9,338,030	31,367,093
Inter segment expense allocation	5,831,851	769,013	1,683,221	375,558	752,038	208,530	(9,338,030)	(282,181)
Total expenses	17,647,906	3,148,056	6,125,658	766,911	2,023,768	1,936,975	-	31,367,093
Credit loss allowance / provision / (reversals)	2,495,591	2,130,916	319,207	(256,827)	15,024	(75,948)	374,000	5,001,963
Profit / (loss) before tax	20,200,466	5,500,257	5,834,740	4,297,925	1,968,223	2,485,052	(4,047,826)	35,864,837

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

Statement of financial position

Cash and bank balances	107,505,103	20,666,132	33,920,116	-	801,318	56,947,383	-	219,310,236
Investments	-	3,609,787	214,732,021	1,743,435,218	-	104,537,703	947,971	2,067,262,700
Net inter segment lending	973,612,195	87,039,833	-	-	11,390,718	-	124,249,350	(1,196,292,096)
Lendings to financial institutions	-	-	32,832,027	94,864,225	-	13,960,199	-	(22,102,342)
Advances - performing	207,915,194	299,248,029	161,980,731	-	80,881	44,106,831	16,460,775	119,554,109
- non-performing	2,955,353	1,449,384	589,393	-	8,333	177,923	78,683	729,792,441
Others	21,680,353	307,38,634	41,414,392	62,367,729	1,333,206	9,780,632	37,423,219	5,259,069
Total assets	1,313,668,198	442,751,799	485,468,680	1,900,667,172	13,614,456	229,510,671	179,159,998	204,738,272

Borrowings	23,956,020	88,567,733	40,501,991	747,762,555	-	31,762,975	-	909,543,453
Subordinated debt	-	-	-	-	-	-	-	14,000,000
Deposits and other accounts	1,243,732,370	305,616,623	365,397,636	-	13,555,298	157,205,824	14,000,000	2,084,997,130
Net inter segment borrowing	-	-	22,614,166	1,144,470,847	-	29,207,083	-	(310,621)
Others	45,979,808	48,567,443	53,942,917	9,462,016	259,158	12,072,324	(1,196,292,096)	199,453,411
Total liabilities	1,313,668,198	442,751,799	482,456,710	1,901,695,418	13,614,456	230,248,206	42,483,354	3,207,993,994

Net assets	-	-	3,011,970	(1,028,246)	-	(737,535)	136,676,644	137,922,833
Equity	-	-	-	-	-	-	-	-

Contingencies and commitments

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

RELATED PARTY TRANSACTIONS

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

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

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

	As at June 30, 2024 (Un-audited)					As at December 31, 2023 (audited)				
	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties
<hr/> <hr/> <div>(Rupees in '000)</div> <hr/> <hr/>										
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	-	-	-	-	6,332,364
Repaid during the period / year	-	-	-	-	-	-	-	-	-	(6,332,364)
Closing balance	-	-	-	-	-	-	-	-	-	-
<hr/> <hr/>										
Investments										
Opening balance	-	-	305,217	1,177,606	1,802,909	-	-	305,217	1,177,606	1,552,048
Investment made during the period / year	-	-	2,200,000	-	155,209	-	-	-	-	683,255
Investment redeemed / disposed off during the period / year	-	-	-	-	(82,381)	-	-	-	-	(504,303)
Revaluation of investment during the period / year	-	-	-	-	1,624,060	-	-	-	-	71,909
Transfer in / (out) - net	-	-	-	-	58,015	-	-	-	-	-
Closing balance	-	-	2,505,217	1,177,606	3,557,812	-	-	305,217	1,177,606	1,802,909
<hr/> <hr/>										
Credit loss allowance / provision for diminution in value of investments	-	-	1,505,217	-	-	-	-	305,217	-	-
<hr/> <hr/>										
Advances										
Opening balance	14,918	935,186	-	-	1,925,526	18,062	672,608	-	-	2,367,924
Addition during the period / year	-	120,678	16,286,652	-	36,417,868	911	604,716	-	-	90,959,543
Repaid during the period / year	(2,377)	(81,677)	(16,286,652)	-	(96,842,578)	(4,055)	(314,643)	-	-	(90,662,727)
Transfer in / (out) - net	-	-	-	-	-	-	(27,495)	-	-	-
Write off	-	-	-	-	-	-	-	-	-	(739,214)
Closing balance	12,541	974,187	-	-	1,500,816	14,918	935,186	-	-	1,925,526
<hr/> <hr/>										
Other assets										
Interest / mark-up accrued	3,693	73,040	-	-	79,726	2,791	59,977	-	-	90,690
Receivable from staff retirement fund	-	-	-	-	104,937	-	-	-	-	440,585
Prepayment / rent receivable	-	-	-	650	-	-	-	-	4,617	-
Receivable against pre-incorporation expenses	-	-	-	-	-	-	-	17,014	-	-
Advance against shares	-	-	-	-	140,000	-	-	-	-	140,000

	As at June 30, 2024 (Un-audited)				As at December 31, 2023 (Audited)					
	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties
(Rupees in '000)										
Borrowings										
Opening balance	-	-	-	-	2,605,576	-	-	-	-	2,180,207
Borrowings during the period / year	-	-	-	-	449,273	-	-	-	-	2,095,000
Settled during the period / year	-	-	-	-	(488,734)	-	-	-	-	(1,669,631)
Closing balance	-	-	-	-	2,566,115	-	-	-	-	2,605,576
Deposits and other accounts										
Opening balance	406,959	340,757	55,874	17,153,420	18,550,205	38,466	184,994	9,086	3,078,698	12,308,779
Received during the period / year	4,682,652	2,511,976	32,020,743	446,812,383	121,378,911	1,190,788	3,877,341	4,563,007	840,300,568	318,163,352
Withdrawn during the period / year	(4,884,321)	(2,376,432)	(31,210,938)	(461,904,976)	(128,323,624)	(822,295)	(3,686,772)	(4,506,219)	(826,225,846)	(311,950,193)
Transfer in / (out) - net	-	-	-	-	19,853	-	(34,806)	-	-	28,267
Closing balance	205,290	476,301	865,689	2,060,827	11,625,345	406,959	340,757	55,874	17,153,420	18,550,205
Subordinated debt										
Opening balance	-	-	-	-	300,000	-	-	-	-	300,000
Issued / Purchased during the year	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	300,000	-	-	-	-	300,000
Other liabilities										
Interest / mark-up payable	727	2,972	-	-	99,508	737	1,045	-	-	132,609
Dividend payable	740,007	-	-	-	637,976	1,975,728	-	-	-	1,845,246
Others	-	-	6,118	-	55,050	-	-	956	-	54,868
Closing balance	-	-	-	-	1,410,493	-	-	1,000,000	-	1,573,620
Contingendas and commitments										
For the half year ended June 30, 2024 (Un-audited)										
(Rupees in '000)										
Income										
Mark-up / return / interest earned	927	15,168	51,037	-	212,035	858	10,704	-	-	104,100
Fee and commission income	-	-	-	141,367	3,347	-	-	-	77,494	375
Dividend income	-	-	-	591,804	591,804	-	-	-	155,995	113,746
Gain / (loss) on sale of securities	-	4	-	(4,864)	(4,864)	-	1	-	-	(2,094)
Rent on property	-	-	-	1,950	-	-	-	-	2,531	-
Gain on sale of property and equipment - net	-	-	-	6,658	-	-	36	-	19,311	-
Expenses										
Mark-up / return / interest paid	14,802	16,708	76,315	413,343	1,193,362	5,035	13,236	297	369,287	1,029,804
Other operating expenses										
Directors fee	69,600	-	-	-	-	74,857	-	-	-	-
Managerial remuneration	289,959	1,103,864	-	-	214,831	-	795,587	-	-	-
Clearing and custodian charges	-	-	-	-	61,237	-	-	-	-	-
Software maintenance	-	-	-	-	55,050	-	-	-	-	89,980
Communication cost	-	-	-	-	254,056	-	-	-	-	114,239
Brokerage and commission	-	-	3,604	-	-	-	-	5,557	-	-
Charge for defined benefit plan	-	-	-	-	335,649	-	-	-	-	233,501
Contribution to defined contribution plan	-	-	-	-	432,505	-	-	-	-	361,194
Training and subscription	-	-	-	-	505	-	-	-	-	2,816
Other information										
Dividend paid	3,831,825	12,685	-	9,260	3,815,932	156,250	5,019	-	5,903	277,219
Insurance premium paid	-	-	-	1,321,174	-	-	-	-	1,019,056	-
Insurance claims settled	-	-	-	411,554	-	-	-	-	319,671	-



42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

Minimum Capital Requirement (MCR):

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

Eligible Common Equity Tier 1 (CET 1) Capital	119,913,671	110,321,098
Eligible Additional Tier 1 (ADT 1) Capital	13,550,000	13,550,000
Total eligible tier 1 capital	133,463,671	123,871,098
Eligible tier 2 capital	38,659,966	34,802,149
Total eligible capital (tier 1 + tier 2)	172,123,637	158,673,247

Risk weighted assets (RWAs):

Credit risk	793,696,664	754,283,194
Market risk	36,228,688	18,194,850
Operational risk	175,157,500	175,157,500
Total	1,005,082,852	947,635,544

Common equity tier 1 capital adequacy ratio	11.93%	11.64%
Tier 1 capital adequacy ratio	13.28%	13.07%
Total capital adequacy ratio	17.13%	16.74%

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

Common Equity Tier 1 Capital Adequacy ratio	6.00%	6.00%
Tier 1 Capital Adequacy Ratio	7.50%	7.50%
Total Capital Adequacy Ratio	11.50%	11.50%

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

Leverage Ratio (LR):

Eligible tier-1 capital	133,463,671	123,871,098
Total exposures	3,707,046,572	3,536,686,713
Leverage ratio	3.60%	3.50%

Liquidity Coverage Ratio (LCR):

Total high quality liquid assets	1,283,485,920	1,082,954,156
Total net cash outflow	608,002,136	488,388,254
Liquidity coverage ratio	211%	222%

Net Stable Funding Ratio (NSFR):

Total available stable funding	1,728,857,116	1,634,520,450
Total required stable funding	1,196,523,672	1,012,638,563
Net stable funding ratio	144%	161%





43 ISLAMIC BANKING BUSINESS

The Bank operates 363 Islamic banking branches (December 31, 2023: 348 branches) and 4 sub branches (December 31, 2023: 6 sub branch) as at June 30, 2024.

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		36,166,445	32,341,423
Balances with other banks		4,297,841	1,578,693
Due from financial institutions	43.1	47,171,319	32,832,027
Investments	43.2	235,546,847	214,732,021
Islamic financing and related assets - net	43.3	148,947,632	162,570,124
Property and equipment		10,734,435	9,419,759
Right-of-use assets		8,146,675	7,693,170
Intangible assets		40,343	39,602
Deferred tax assets		-	-
Other assets		23,842,037	24,261,861
Total Assets		514,893,574	485,468,680
LIABILITIES			
Bills payable		7,399,864	4,847,290
Due to financial institutions		39,127,425	40,501,991
Deposits and other accounts	43.4	386,015,485	365,397,636
Lease liabilities		9,773,242	8,931,856
Deferred tax liabilities		1,199,101	1,291,105
Other liabilities		41,785,265	38,872,666
Total Liabilities		485,300,382	459,842,544
NET ASSETS		29,593,192	25,626,136
REPRESENTED BY			
Islamic banking fund		3,950,000	3,950,000
Surplus on revaluation of assets		3,252,199	3,011,969
Unappropriated / unremitted profit	43.5	22,390,993	18,664,167
		29,593,192	25,626,136

CONTINGENCIES AND COMMITMENTS

	43.6		
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PROFIT AND LOSS ACCOUNT

		(Un-audited) Half year ended	
	Note	June 30, 2024	June 30, 2023
		(Rupees in '000)	
Profit / return earned on Islamic financing and related assets, investments and placements	43.7	38,974,474	24,066,167
Profit / return expensed on deposits and other dues expensed	43.8	23,003,344	12,440,799
Net profit / return		15,971,130	11,625,368
Fee and commission income		1,033,173	663,721
Foreign exchange income		229,239	245,912
Gain / (loss) on securities		989	(11,237)
Net gains on derecognition of financial assets measured at amortised cost		-	-
Other income		6,359	47,923
Total other income		1,269,760	946,319
Total income		17,240,890	12,571,687
OTHER EXPENSES			
Operating expenses		8,488,500	5,988,785
Workers' welfare fund		168,922	125,037
Other charges		7,344	11,836
Total other expenses		8,664,766	6,125,658
Profit before credit loss allowance / provisions		8,576,124	6,446,029
Credit loss allowance / provisions and write offs - net		298,950	319,207
PROFIT BEFORE TAXATION		8,277,174	6,126,822
Taxation		4,088,922	3,093,605
PROFIT AFTER TAXATION		4,188,252	3,033,217

43.1 Due from financial institutions

Musharaka Placements
Bai Muajjal Receivables

Less: Credit loss allowance
Stage 1

June 30, 2024 - Un-audited			December 31, 2023 (Audited)		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
(Rupees in '000)					
34,650,000	-	34,650,000	24,400,000	-	24,400,000
12,521,850	-	12,521,850	8,432,027	-	8,432,027
47,171,850	-	47,171,850	32,832,027	-	32,832,027
	(531)	(531)	-	-	-
47,171,319	-	47,171,319	32,832,027	-	32,832,027

43.2 Investments

By segment & type:

Fair value through profit or loss

Federal Government Securities

Ijarah Sukuk

Naya Pakistan Certificates

Non Government Debt Securities

Sukuk - Unlisted

June 30, 2024 - Un-audited				December 31, 2023 (Audited)			
Cost/ Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)							
-	-	-	-	-	-	-	-
2,799,249	-	-	2,799,249	-	-	-	-
-	-	-	-	-	-	-	-
200,000	-	-	200,000	-	-	-	-
2,999,249	-	-	2,999,249	-	-	-	-

Held-for-trading securities

Federal Government Securities

Ijarah Sukuk

-	-	-	-	3,022,557	-	(4,857)	3,017,700
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Fair value through other comprehensive income

Federal Government Securities

Ijarah Sukuk

Non Government Debt Securities

Sukuk - Unlisted

199,954,164	-	1,505,258	201,459,422	-	-	-	-
15,710,775	-	89,353	15,800,128	-	-	-	-
215,664,939	-	1,594,611	217,259,550	-	-	-	-

Available for sale securities

Federal Government Securities

Ijarah Sukuk

Naya Pakistan Certificates

Non Government Debt Securities

Sukuk - Unlisted

-	-	-	-	182,501,466	-	1,054,823	183,556,289
-	-	-	-	5,687,184	-	-	5,687,184
-	-	-	-	16,133,675	-	66,970	16,200,645
-	-	-	-	204,322,325	-	1,121,793	205,444,118

Amortised cost

Federal Government Securities

Ijarah Sukuk

Non Government Debt Securities

Sukuk - Unlisted

11,575,928	-	-	11,575,928	-	-	-	-
3,775,881	(63,761)	-	3,712,120	-	-	-	-
15,351,809	(63,761)	-	15,288,048	-	-	-	-

Held to maturity securities

Federal Government Securities

Ijarah Sukuk

Non Government Debt Securities

Sukuk - Unlisted

-	-	-	-	3,000,000	-	-	3,000,000
-	-	-	-	3,339,720	(69,517)	-	3,270,203
-	-	-	-	6,339,720	(69,517)	-	6,270,203

Total investments

234,015,997	(63,761)	1,594,611	235,546,847	213,684,602	(69,517)	1,116,936	214,732,021
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43.2.1 Particulars of credit loss allowance

Sukuk - Unlisted

June 30, 2024 - Un-audited			December 31, 2023 (Audited)		
Expected Credit Loss			Total	Specific	General
Stage 1	Stage 2	Stage 3			
(Rupees in '000)					
87	-	63,674	63,761	69,517	-
					69,517





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

43.3 Islamic financing and related assets

Ijarah	17,783,576	18,280,711
Murabaha	2,855,488	3,660,271
Musharaka	23,350,949	15,364,383
Diminishing musharaka	20,133,316	22,300,051
Salam	1,295,933	1,016,849
Bai muajjal financing	-	24,999,488
Musawama financing	2,622,744	4,610,248
Tijarah financing	5,094,788	5,009,036
Islamic staff financing	7,796,274	5,009,281
SBP islamic export refinance	86	102,965
SBP refinance scheme for wages & salaries	-	1,846
Islamic long term finance facility plant & machinery	4,427,866	3,414,902
Islamic refinance renewable energy	2,413,907	87,218
Islamic temporary economic refinance facility (ITERF)	10,574,000	10,351,896
Naya Pakistan home financing	3,245,518	3,336,697
Islamic refinance facility for combating COVID	694,569	765,491
Refinance facility under bills discounting	16,117,091	15,244,583
Advances against islamic assets	23,526,170	21,054,922
Inventory related to islamic financing	12,418,710	10,947,999
Other Islamic modes	116,606	1,415,530
Gross Islamic financing and related assets	154,467,591	166,974,367

Less: Credit loss allowance / provision against Islamic financings

- Stage 1	(635,535)	-
- Stage 2	(175,470)	-
- Stage 3	(4,708,954)	-
- Specific	-	(4,282,632)
- General	-	(121,611)
	(5,519,959)	(4,404,243)

Islamic financing and related assets - net of credit loss allowance / provision

148,947,632	162,570,124
-------------	-------------

43.4 Deposits

June 30, 2024 - Un-audited			December 31, 2023 (Audited)		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- (Rupees in '000) -----					

Customers

- Current deposits	155,898,493	8,789,095	164,687,588	135,927,618	8,790,080	144,717,698
- Savings deposits	75,809,880	4,108,684	79,918,564	74,515,796	3,755,980	78,271,776
- Term deposits	57,586,199	326,028	57,912,227	53,925,971	240,809	54,166,780
- Other deposits	3,642,932	2,143,826	5,786,758	3,716,029	1,648,389	5,364,418
	292,937,504	15,367,633	308,305,137	268,085,414	14,435,258	282,520,672

Financial Institutions

- Current deposits	951,223	5,595	956,818	2,073,541	-	2,073,541
- Savings deposits	9,118,530	-	9,118,530	23,978,423	-	23,978,423
- Term deposits	67,635,000	-	67,635,000	56,825,000	-	56,825,000
	77,047,753	5,595	77,710,348	82,876,964	-	82,876,964
	370,642,257	15,373,228	386,015,485	350,962,378	14,435,258	365,397,636

43.4.1 Current deposits include remunerative current deposits of Rs. 25,817.052 million (December 31, 2023: Rs. 20,788.733 million).

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
43.5 Islamic banking business unappropriated profit		
Opening balance	18,664,167	11,333,811
Impact of adopting IFRS 9	(462,113)	-
Balance at January 01 on adopting IFRS 9	18,202,054	11,333,811
Add: Islamic Banking profit before taxation for the period / year	8,277,174	15,063,097
Less: Taxation for the period / year	(4,088,922)	(7,734,120)
Add: Transfer from surplus on revaluation of assets to unappropriated profit - net	687	1,379
Closing balance	<u>22,390,993</u>	<u>18,664,167</u>

43.6 Contingencies and commitments

- Guarantees	6,523,162	5,351,787
- Commitments	71,682,507	61,406,762
	<u>78,205,669</u>	<u>66,758,549</u>

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

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

Profit earned on:		
- Islamic financing and related assets	12,304,285	12,153,187
- Investments	23,474,389	11,412,374
- Placements	3,195,800	500,606
	<u>38,974,474</u>	<u>24,066,167</u>

43.8 Profit on deposits and other dues expensed

Deposits and other accounts	20,607,402	10,049,049
Due to financial institutions	1,445,280	1,394,366
Securities sold under repurchase agreements	-	398,851
Cost of foreign currency swaps against foreign currency deposits / borrowings	303,639	113,943
Finance charges on lease liability	629,497	468,541
Reward points / customer loyalty	17,526	16,049
	<u>23,003,344</u>	<u>12,440,799</u>

43.9 PLS Pool Management- Islamic Banking Group (IBG)**43.9.1** The pools, their key features and risk and reward characteristics.

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





Currently IBG is managing following pools:

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

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

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

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

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

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
Agriculture, Forestry, Hunting and Fishing	1,878,327	25,878,771
Automobile and transportation equipment	4,705,558	5,182,673
Cement	1,836,527	2,905,481
Chemical and Pharmaceuticals	8,096,360	8,182,123
Construction	2,834,005	2,295,131
Electronics and electrical appliances	3,948,649	1,902,371
Food & Allied Products	7,531,684	7,660,952
Footwear and Leather garments	1,297,788	874,338
Glass and Ceramics	1,102,393	55,349
Individuals	35,025,040	33,101,861
Metal & Allied industries	3,592,088	3,704,807
Mining and Quarrying	501,692	505,600
Oil and Allied	2,541,657	3,666,662
Paper and Board	322,969	391,103
Plastic and Allied Industries	6,477,609	5,170,406
Power (electricity), Gas, Water, Sanitary	5,797,938	4,532,146
Services	2,477,417	2,745,698
Sugar	5,118,988	1,256,366
Technology and Related services	16,716	31,528
Textile	46,004,204	44,435,263
Transport, Storage and Communication	7,530,019	7,468,667
Wholesale and Retail Trade	4,364,973	3,628,696
Others	1,464,990	1,398,375
Total Gross Islamic Financing and Related Assets	154,467,591	166,974,367
Total gross investments (at cost)	234,015,997	213,684,602
Total Islamic placements (at cost)	47,171,850	32,832,027
Total Invested Funds	435,655,438	413,490,996

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

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

43.9.4 The Bank manages the following general and specific pools:

Remunerative Depositor's Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share	Profit rate return distributed to remunerative deposits (Savings and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
		%	Mudarib Share/Fee	Rabbul Maal Share	(Rupees in '000)	%	%	(Rupees in '000)
General Pools								
PKR Pool	Monthly	17.04%	50.00%	50.00%	6,004,351	11.70%	11.46%	682,733
USD Pool	Monthly	5.52%	88.33%	11.67%	92,893	1.40%	33.45%	26,356
GBP Pool	Monthly	9.28%	88.33%	11.67%	20,545	0.99%	0.00%	-
EUR Pool	Monthly	8.85%	88.33%	11.67%	17,304	0.91%	0.00%	-
AED Pool	Monthly	2.04%	88.33%	11.67%	383	0.17%	4.08%	10
SAR Pool	Monthly	4.56%	88.33%	11.67%	616	0.31%	0.00%	-
CAD Pool	Monthly	7.65%	88.33%	11.67%	447	0.27%	0.00%	-
Specific Pools								
Special Pool (Saving & TDRs)	Monthly	21.85%	9.17%	90.83%	1,360,409	20.84%	51.50%	730,644

SBP Refinance Borrowing Pool	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share	Profit rate return distributed to remunerative deposits (Savings and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
		%	Bank Share	SBP Share	(Rupees in '000)	%	%	(Rupees in '000)
Islamic Export Refinance (IERS/BD) Pool	Monthly	18.83%	86.24%	13.76%	2,709,084	Nil	0.00%	-

44 AFGHANISTAN OPERATIONS

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

45 BANGLADESH OPERATIONS

During the period ended June 30, 2024, a non-binding indicative offer was received from Bank Asia Limited, Dhaka, Bangladesh ("Bank Asia") to acquire the Bank's Bangladesh Operations (assets and liabilities). In this regard, the Bank has been granted an in-principle approval by the State Bank of Pakistan to facilitate conduct of due diligence exercise by Bank Asia. The proposed disposal transaction is subject to detailed due diligence, execution of transaction documents and receipt of regulatory and third-party approvals and consents.





46 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on August 01, 2024 has declared an interim cash dividend of 20% i.e. Rs. 2.0 per share (June 30, 2023: Rs. 3.0 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. The Board had earlier declared and paid an interim cash dividend of Rs. 2.0 per share (March 31, 2023: cash dividend: Rs. nil per share).

47 DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue on August 01, 2024 by the Board of Directors of the Bank.

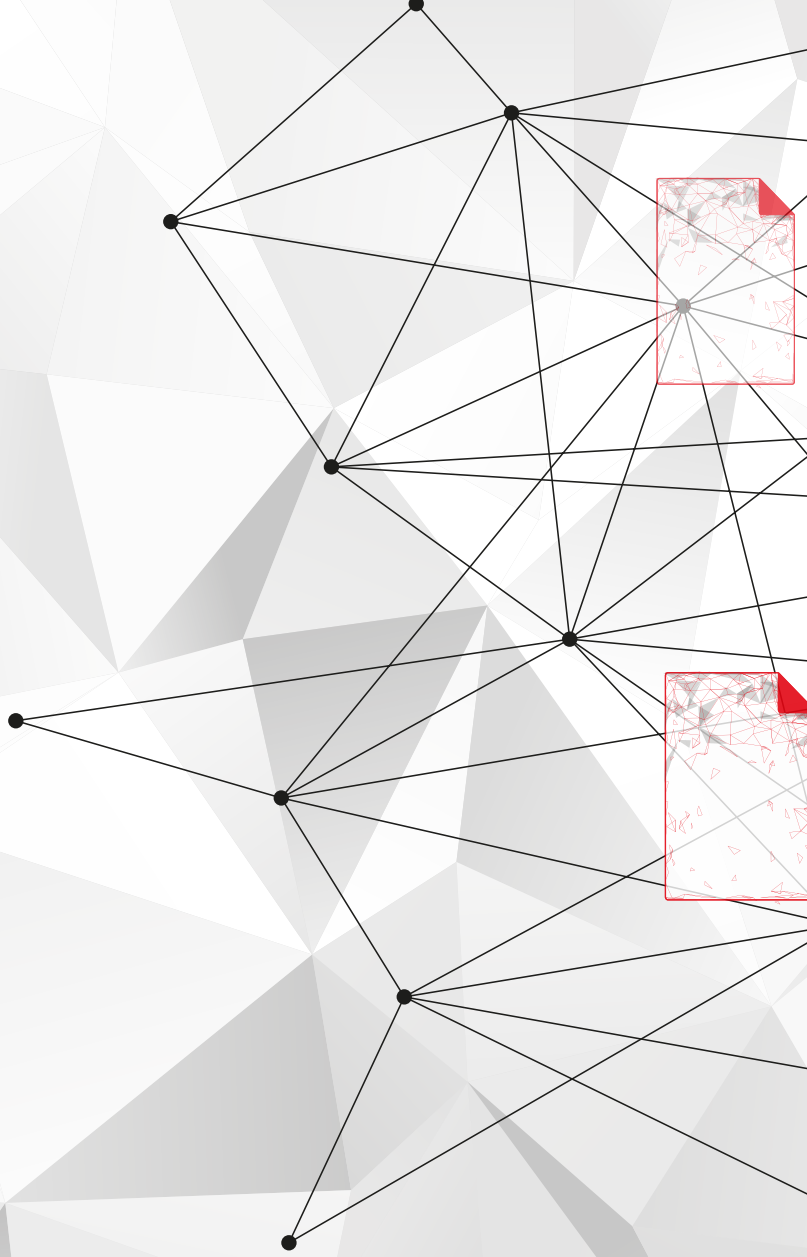
48 GENERAL

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

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

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

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
HALF YEAR ENDED JUNE 30, 2024**





Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2024

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	7	235,372,920	202,692,503
Balances with other banks	8	17,307,692	16,990,085
Lendings to financial institutions	9	57,923,647	119,554,109
Investments	10	2,042,550,777	2,072,156,767
Advances	11	772,124,269	735,061,827
Property and equipment	12	52,278,502	41,854,091
Right-of-use assets	13	20,839,216	19,966,957
Intangible assets	14	1,513,102	1,380,144
Deferred tax assets	15	3,603,385	3,619,475
Other assets	16	154,341,004	136,391,839
Total Assets		3,357,854,514	3,349,667,797
LIABILITIES			
Bills payable	17	36,246,748	26,004,538
Borrowings	18	851,893,339	910,216,032
Deposits and other accounts	19	2,100,942,511	2,084,941,257
Lease liabilities	20	24,487,673	22,899,808
Subordinated debt	21	14,000,000	14,000,000
Deferred tax liabilities		-	-
Other liabilities	22	179,300,442	151,982,924
Total Liabilities		3,206,870,713	3,210,044,559
NET ASSETS		150,983,801	139,623,238
REPRESENTED BY			
Share capital		15,771,651	15,771,651
Reserves		41,806,727	41,401,130
Surplus on revaluation of assets	23	16,291,091	11,272,770
Unappropriated profit		77,101,238	71,472,352
Total equity attributable to the equity holders of the Holding Company		150,970,707	139,917,903
Non-controlling interest	24	13,094	(294,665)
		150,983,801	139,623,238
CONTINGENCIES AND COMMITMENTS			
	25		

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

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

For the quarter and half year ended June 30, 2024

	Note	Quarter ended June 30, 2024	Quarter ended June 30, 2023	Half year ended June 30, 2024	Half year ended June 30, 2023
------(Rupees in '000)-----					
Mark-up / return / interest earned	27	127,379,012	100,876,877	255,936,765	176,477,796
Mark-up / return / interest expensed	28	96,754,088	69,658,030	194,620,637	117,345,164
Net mark-up / return / interest income		30,624,924	31,218,847	61,316,128	59,132,632
NON MARK-UP / INTEREST INCOME					
Fee and commission income	29	4,990,357	3,589,534	9,525,051	7,039,042
Dividend income		607,266	259,215	904,811	467,165
Foreign exchange income	30	3,032,197	1,780,688	5,335,818	5,105,652
Income from derivatives		829,102	789,708	1,373,514	688,991
Gain / (loss) on securities	31	2,299,293	65,192	2,365,016	(247,267)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Share of profit from associates		389,343	391,344	664,236	514,502
Other income	32	104,857	68,577	158,992	132,778
Total non-mark-up / interest income		12,252,415	6,944,258	20,327,438	13,700,863
Total Income		42,877,339	38,163,105	81,643,566	72,833,495
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	33	19,822,984	15,910,099	38,346,909	30,620,855
Workers' welfare fund	34	494,288	415,477	919,944	813,223
Other charges	35	872	125,988	209,515	136,961
Total non-mark-up / interest expenses		20,318,144	16,451,564	39,476,368	31,571,039
Profit before credit loss allowance / provisions		22,559,195	21,711,541	42,167,198	41,262,456
Credit loss allowance / provisions / reversals and write offs - net	36	(25,199)	4,480,188	(231,993)	5,001,963
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		22,584,394	17,231,353	42,399,191	36,260,493
Taxation	37	10,582,470	9,376,532	20,469,325	17,634,982
PROFIT AFTER TAXATION		12,001,924	7,854,821	21,929,866	18,625,511
Profit attributable to:					
Equity holders of the Holding Company		11,973,888	7,841,359	21,928,332	18,613,752
Non-controlling interest		28,036	13,462	1,534	11,759
		12,001,924	7,854,821	21,929,866	18,625,511
-----Rupees-----					
Basic and diluted earnings per share	38	7.59	4.97	13.90	11.80

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director





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

For the quarter and half year ended June 30, 2024

	Quarter ended June 30, 2024	Quarter ended June 30, 2023	Half year ended June 30, 2024	Half year ended June 30, 2023
	(Rupees in '000)			
Profit after taxation for the period	12,001,924	7,854,821	21,929,866	18,625,511
Other comprehensive income / (loss)				
Items that may be reclassified to the statement of profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	(949,118)	110,763	(1,655,279)	4,434,121
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	1,359,712	-	(484,937)	-
Movement in share of surplus / (deficit) on revaluation of investments of associates - net of tax	6,223	3,349	5,980	2,910
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	1,734,598	-	(5,255,245)
	416,817	1,848,710	(2,134,236)	(818,214)
Items that will not be reclassified to the statement of profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	-	-	(1,105)	-
Movement in surplus on revaluation of equity investments - net of tax	467,885	25,638	589,596	25,638
Movement in surplus on revaluation of property and equipment - net of tax	(9,920)	(78,649)	(19,744)	(87,610)
Movement in surplus on revaluation of non-banking assets - net of tax	1,146	(7,729)	968	(8,127)
	459,111	(60,740)	569,715	(70,099)
Total comprehensive income	12,877,852	9,642,791	20,365,345	17,737,198
Total comprehensive income attributable to:				
Equity holders of the Holding Company	12,850,230	9,629,329	20,364,225	17,725,439
Non-controlling interest	27,622	13,462	1,120	11,759
	12,877,852	9,642,791	20,365,345	17,737,198

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

Consolidated Condensed Interim Statement of Changes in Equity

For the half year ended June 30, 2024

	Share capital	Capital Reserves		Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit	Sub-total	Non Controlling Interest	Total
		Share premium	Exchange translation reserve		Investments	Property and equipment	Non banking assets				
(Rupees in '000)											
Opening balance as at January 01, 2023 (audited)	15,771,651	4,731,049	10,719,682	18,832,470	(7,556,496)	12,321,092	82,505	47,033,616	101,935,569	127,800	102,063,369
Changes in equity for the half year ended June 30, 2023											
Profit after taxation	-	-	-	-	-	-	-	18,613,752	18,613,752	11,759	18,625,511
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branches	-	-	4,434,121	-	-	-	-	4,434,121	-	-	4,434,121
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	(5,226,697)	-	-	(5,226,697)	-	-	(5,226,697)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(87,610)	-	(87,610)	-	-	(87,610)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(8,127)	-	(8,127)	-	(8,127)
Total other comprehensive income / (loss) - net of tax	-	-	4,434,121	-	(5,226,697)	(87,610)	(8,127)	-	(888,313)	-	(888,313)
Transfer to statutory reserve	-	-	-	1,861,993	-	-	-	(1,861,993)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(44,005)	-	44,005	-	-	-
Transactions with owners, recorded directly in equity											
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)	-	(3,942,913)
Balance as at June 30, 2023 (un-audited)	15,771,651	4,731,049	15,153,803	20,694,463	(12,783,193)	12,189,477	74,378	59,886,467	115,718,095	139,559	115,857,654
Changes in equity for half year ended December 31, 2023											
Profit / (loss) after taxation	-	-	-	-	-	-	-	17,897,707	17,897,707	(436,858)	17,460,849
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branches	-	-	(961,829)	-	-	-	-	-	(961,829)	-	(961,829)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	11,880,793	-	-	-	11,880,793	-	11,880,793
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	121,900	121,900	2,634	124,534
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(19,616)	-	-	(19,616)	-	(19,616)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	12,348	-	12,348	-	12,348
Total other comprehensive (loss) / income - net of tax	-	-	(961,829)	-	11,880,793	(19,616)	12,348	121,900	11,033,596	2,634	11,036,230
Transfer to statutory reserve	-	-	-	1,783,644	-	-	-	(1,783,644)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(81,417)	-	81,417	-	-	-
Transactions with owners, recorded directly in equity											
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	-	-	-	-	-	(4,731,495)	(4,731,495)	-	(4,731,495)
Balance as at December 31, 2023 (audited)	15,771,651	4,731,049	14,191,974	22,478,107	(902,400)	12,088,444	86,726	71,472,352	139,917,903	(294,665)	139,623,238
Impact of adoption of IFRS 9 - net of tax (note 4.2.B)	-	-	-	-	5,002,695	-	-	(2,954,019)	2,048,676	-	2,048,676
Balance as at January 01, 2024 after adoption of IFRS 9 / carried forward	15,771,651	4,731,049	14,191,974	22,478,107	4,100,295	12,088,444	86,726	68,518,333	141,966,579	(294,665)	141,671,314



Consolidated Condensed Interim Statement of Changes in Equity

For the half year ended June 30, 2024

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

(Rupees in '000)

Balance brought forward 15,771,651 4,731,049 14,191,974 22,478,107 4,100,295 12,088,444 86,726 68,518,333 141,966,579 (294,665) 141,671,914

Changes in equity for the half year ended June 30, 2024

Profit after taxation - - - - - - - 21,928,332 21,928,332 1,534 21,929,866

Other comprehensive income / (loss) - net of tax

Effect of translation of net investment in foreign branches	-	-	(1,655,279)	-	-	-	-	(1,655,279)	-	(1,655,279)
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	(484,937)	-	-	(484,937)	-	(484,937)
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	589,596	-	-	589,596	-	589,596
Movement in share of (deficit) on revaluation of investments of associates - net of tax	-	-	-	-	5,980	-	-	5,980	-	5,980
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	(691)	(691)	(414)	(1,105)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(19,744)	-	(19,744)	-	(19,744)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	968	-	968	-	968
Total other comprehensive (loss) / income - net of tax	-	-	(1,655,279)	-	110,639	(19,744)	(691)	(1,564,107)	(414)	(1,564,521)

68 Transfer to statutory reserve - - - 2,060,876 - - - (2,060,876) - - -

Transfer from surplus on revaluation of assets to unappropriated profit - net of tax - - - - - (44,116) (9,180) 53,296 - - -

Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax - - - - - (22,941) - - 22,941 - - -

Transactions with owners, recorded directly in equity

Adjustment of non-controlling interest - - - - - - - (311,627) (311,627) 311,627 -

Right Issuance cost - subsidiary - - - - - - - (8,314) (8,314) (4,988) (13,302)

Final cash dividend for the year ended December 31, 2023 - 50% - - - - - - (7,885,826) (7,885,826) - (7,885,826)

Interim cash dividend for the quarter ended March 31, 2024 - 20% - - - - - - (3,154,330) (3,154,330) - (3,154,330)

Closing balance as at June 30, 2024 (un-audited) 15,771,651 4,731,049 12,536,695 24,538,983 4,187,993 12,024,584 78,514 77,101,238 150,970,707 13,094 150,983,801

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

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2024

	Note	Half year ended	
		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		42,399,191	36,260,493
Less: Dividend income		(904,811)	(467,165)
Share of profit from associates		(664,236)	(514,502)
		40,830,144	35,278,826
Adjustments:			
Net markup/ return / interest income		(61,316,128)	(59,132,632)
Depreciation	33	2,170,697	1,650,063
Depreciation on right-of-use assets	33	1,888,182	1,594,518
Amortisation	33	172,601	157,240
Credit loss allowance /provisions / reversals and write offs - net	36	(231,993)	5,001,963
Unrealised loss on revaluation of investments classified as held for trading - net	31	-	380,844
Unrealised gain on revaluation of investments measured at FVTPL	31	(215,538)	-
Gain on sale of property and equipment - net	32	(61,511)	(62,948)
Gain on sale of non banking assets - net	32	(27,800)	-
Gain on termination of leases - net	32	(52,740)	(15,930)
Finance charges on leased assets	28	1,634,163	1,215,566
Workers' welfare fund		919,944	813,223
Charge for defined benefit plan	33.1	335,649	233,501
Charge for staff compensated absences	33.1	105,000	94,998
		(54,679,474)	(48,069,594)
		(13,849,330)	(12,790,768)
(Increase) / decrease in operating assets			
Lendings to financial institutions		65,889,953	67,491,754
Held for trading securities		-	(68,546,788)
Securities classified as FVTPL		(77,760,808)	-
Advances		(43,241,589)	(32,653,333)
Other assets (excluding advance taxation and mark-up receivable)		(9,125,352)	(18,251,050)
		(64,237,796)	(51,959,417)
(Decrease) / increase in operating liabilities			
Bills payable		10,242,210	(8,071,158)
Borrowings		(55,978,885)	18,424,725
Deposits		16,001,254	289,100,868
Other liabilities (excluding current taxation and mark-up payable)		25,167,863	35,916,868
		(4,567,558)	335,371,303
		(82,654,684)	270,621,118
Mark-up / Interest received		246,899,316	155,663,480
Mark-up / Interest paid		(187,164,204)	(109,039,453)
Income tax paid		(25,544,355)	(13,822,934)
Net cash (used in) / generated from operating activities		(48,463,927)	303,422,211
Balance carried forward		(48,463,927)	303,422,211





Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2024

	Note	Half year ended	
		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
Balance brought forward		(48,463,927)	303,422,211
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		-	(220,036,338)
Net Investments in securities classified as FVOCI		116,438,486	-
Net investments in held-to-maturity securities		-	(47,391,535)
Net investments in amortised cost securities		2,865,822	-
Dividends received from associates		254,993	155,995
Dividends received		915,242	467,165
Investments in property and equipment and intangible assets		(12,897,974)	(4,521,225)
Proceeds from sale of property and equipment		73,988	73,030
Proceeds from sale of non-banking assets		267,800	-
Effect of translation of net investment in foreign branches		(1,655,279)	4,434,121
Net cash generated from / (used in) investing activities		106,263,078	(266,818,787)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease obligations against right-of-use assets		(2,773,947)	(2,531,775)
Payment of right issuance cost		(13,302)	-
Dividend paid		(15,413,168)	(2,133,681)
Net cash used in financing activities		(18,200,417)	(4,665,456)
Increase in cash and cash equivalents		39,598,734	31,937,968
Cash and cash equivalents at beginning of the period		249,771,375	205,588,901
Effects of exchange rate changes on cash and cash equivalents		(1,871,683)	(19,480,299)
		247,899,692	186,108,602
Opening expected credit loss allowance on cash and cash equivalents		(39,360)	-
Impact of expected credit loss allowance on adoption of IFRS 9		(39,269)	-
Reversal in expected credit loss allowance during the period		40,769	-
Effects of exchange rate changes on cash and cash equivalents		1,096	-
		2,596	-
Cash and cash equivalents at end of the period	39	287,461,662	218,046,570

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

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

For the half year ended June 30, 2024

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

Holding Company : Bank Alfalah Limited, Pakistan

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 1,039 branches (December 31, 2023: 1,009 branches) and 12 sub-branches (December 31, 2023: 15 sub-branches). Out of the 1,039 branches, 665 (December 31, 2023: 650) are conventional, 363 (December 31, 2023: 348) are Islamic, 10 (December 31, 2023: 10) are overseas and 1 (December 31, 2023: 1) is an offshore banking unit.

		Note	Percentage of Holding	
			June 30, 2024	December 31, 2023
Subsidiaries				
	Alfalah CLSA Securities (Private) Limited, Pakistan	1.1.1	95.59%	62.50%
	Alfalah Currency Exchange (Private) Limited, Pakistan	1.1.2	100.00%	-
1.1.1	During the period ended June 30, 2024, the Holding Company has made a further investment of Rs. 1,200 million in Alfalah CLSA Securities (Private) Limited increasing its shareholding percentage from 62.50% as at December 31, 2023 to 95.59% as at June 30, 2024.			
1.1.2	During the period ended June 30, 2024, the Holding Company has invested Rs. 1,000 million in its wholly owned subsidiary Alfalah Currency Exchange (Private) Limited.			
1.2	In addition, the Group maintains investments in the following:			
Associates				
	Alfalah Insurance Company Limited		30.00%	30.00%
	Sapphire Wind Power Company Limited		30.00%	30.00%
	Alfalah Asset Management Limited		40.22%	40.22%

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.

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





Moreover, Alfalah Insurance Company Limited has deferred the application of IFRS 9 until the effective date of new insurance contracts standard (IFRS 17) as allowed by the SECP through SRO 1715 (i)/2023 dated November 21, 2023. Furthermore, Sapphire Wind Power Company Limited was granted a partial exemption from the application of IFRS 9 till December 31, 2024 vide SECP S.R.O.67(i)/2023 dated January 20, 2023. Consequently, the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from Central Power Purchasing Agency (CPPA-G) have not been followed.

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

2.1.2 Basis of consolidation

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

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

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

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

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

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

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

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

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

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

- the new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 01, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.
- amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

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

3.2 Functional and presentation currency

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

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

4.2 IFRS 9 - 'Financial Instruments'

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

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

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

4.2.1 Classification

Financial assets

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

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

Financial liabilities

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

4.2.2 Business model assessment

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





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

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

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

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

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

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

As a second step of its classification process, the group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

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

4.2.4 Application to the Group's financial assets

Debt based financial assets

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

a) These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL:

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

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

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

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

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

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

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

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

Equity based financial assets

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

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

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

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

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





4.2.5 Initial recognition and subsequent measurement

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

a) Amortised cost (AC)

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

b) Fair value through other comprehensive income (FVOCI)

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

c) Fair value through profit or loss (FVTPL)

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

4.2.6 Derecognition

Financial assets

The Group derecognises a financial asset when:

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

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

Financial liabilities

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

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

4.2.7 Expected Credit Loss (ECL)

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

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

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

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

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

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

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

The calculation of ECLs

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

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

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





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

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

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

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

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

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

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

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

As per BPRD Circular No. 03 of 2022 dated July 05, 2022, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at segment level.

Forward looking information

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

Definition of default

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

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

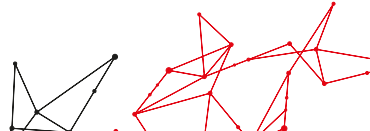
This implies that If one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

Write-offs

4.2.8 Adoption impacts

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

	Balances as of December 31, 2023 (Audited)	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Impact due to:			Total Impact - gross of tax	Taxation (current and deferred)	Total Impact - net of tax	Balances as of January 01, 2024	IFRS 9 Category
				Classifications due to business model and SPPI	Remeasure ments	Reversal of provisions held					
(Rupees in '000)											
ASSETS											
Cash and balances with treasury banks	202,692,503	(24,590)	-	-	-	(24,590)	-	-	(24,590)	202,667,913	Amortised cost
Balances with other banks	16,990,085	(1,613)	-	-	-	(1,613)	-	-	(1,613)	16,988,472	Amortised cost
Lending to financial institutions	119,554,109	(13,066)	-	-	-	(13,066)	-	-	(13,066)	119,541,043	Amortised cost
Investments											
- Classified as available for sale	1,620,900,202	-	(1,620,900,202)	-	-	(1,620,900,202)	-	-	(1,620,900,202)	-	
- Classified as fair value through other comprehensive income	-	(48)	1,620,900,202	(129,971,193)	9,809,206	1,501,175,944	-	-	1,501,175,944	1,501,175,944	FVOCI
- Classified as held to maturity	165,517,277	-	(165,517,277)	-	-	(165,517,277)	-	-	(165,517,277)	-	
- Classified as amortised cost	-	-	165,517,277	115,840,496	-	281,357,773	-	-	281,357,773	281,357,773	Amortised cost
- Classified as held for trading	279,686,816	-	(279,686,816)	-	-	(279,686,816)	-	-	(279,686,816)	-	
- Classified as fair value through profit or loss	6,052,472	-	279,686,816	14,130,697	595,671	294,413,184	-	-	294,413,184	294,413,184	FVTPL
- Associates	2,072,156,767	(48)	-	-	10,404,877	10,842,606	-	-	10,842,606	6,052,472	Outside the scope of IFRS 9
Advances											
- Gross amount	777,298,564	(5,330,502)	-	-	-	(5,330,502)	-	-	(5,330,502)	777,298,564	Amortised cost
- Provisions	735,061,827	(5,330,502)	-	-	-	(5,330,502)	-	-	(5,330,502)	729,731,325	
Property and equipment	41,854,091	-	-	-	-	-	-	-	-	41,854,091	Outside the scope of IFRS 9
Right-of-use assets	19,966,957	-	-	-	-	-	-	-	-	19,966,957	Outside the scope of IFRS 9
Intangible assets	1,380,144	-	-	-	-	-	-	-	-	1,380,144	Outside the scope of IFRS 9
Deferred tax asset	3,619,475	-	-	-	-	-	(1,968,334)	(1,968,334)	(1,968,334)	1,651,141	Outside the scope of IFRS 9
Other assets - financial assets	125,447,855	(370,152)	-	-	-	(370,152)	-	-	(370,152)	125,077,703	FVTPL / Amortised cost
Other assets - non financial assets	10,943,984	-	-	-	-	-	-	-	-	10,943,984	Outside the scope of IFRS 9
	3,349,667,797	(5,739,397)	-	-	10,404,877	5,102,683	(1,968,334)	3,134,349	3,352,802,146		
LIABILITIES											
Bills payable	26,004,538	-	-	-	-	-	-	-	-	26,004,538	Amortised cost
Borrowings	910,216,032	-	-	-	-	-	-	-	-	910,216,032	Amortised cost
Deposits and other accounts	2,084,941,257	-	-	-	-	-	-	-	-	2,084,941,257	Amortised cost
Lease liability against right-of-use assets	22,899,808	-	-	-	-	-	-	-	-	22,899,808	Amortised cost
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other liabilities - non financial liabilities	63,814,635	1,085,673	-	-	-	1,085,673	-	-	1,085,673	63,814,635	Outside the scope of IFRS 9
Other liabilities - financial liabilities	88,168,289	-	-	-	-	1,085,673	-	-	1,085,673	89,253,962	FVTPL / Amortised cost
	3,210,044,559	1,085,673	-	-	-	1,085,673	-	-	1,085,673	3,211,130,232	
NET ASSETS											
	139,623,238	(6,825,644)	-	-	10,404,877	4,017,010	(1,968,334)	2,048,676	141,671,914		
REPRESENTED BY											
Share capital	15,771,651	-	-	-	-	-	-	-	-	15,771,651	
Reserves	41,401,130	-	-	-	-	-	-	-	-	41,401,130	
Surplus on revaluation of assets - net of tax	11,272,770	-	-	-	9,809,206	9,809,206	(4,806,511)	5,002,695	5,002,695	16,275,465	
Unappropriated profit	71,472,352	(6,825,644)	-	-	595,671	(5,792,196)	2,838,177	(2,954,019)	2,838,177	68,518,333	
Non-controlling interest	(294,665)	-	-	-	-	-	-	-	-	(294,665)	
	139,623,238	(6,825,644)	-	-	10,404,877	4,017,010	(1,968,334)	2,048,676	2,048,676	141,671,914	





5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

6 FINANCIAL RISK MANAGEMENT

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

7 CASH AND BALANCES WITH TREASURY BANKS

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
In hand		
- local currency	43,709,670	39,440,289
- foreign currency	6,421,833	7,354,310
	50,131,503	46,794,599
With State Bank of Pakistan in		
- local currency current accounts	100,688,208	76,392,873
- foreign currency current accounts	8,775,063	8,989,528
- foreign currency deposit accounts	12,798,405	12,227,044
	122,261,676	97,609,445
With other central banks in		
- foreign currency current accounts	47,380,496	45,379,083
- foreign currency deposit accounts	2,065,375	1,695,718
	49,445,871	47,074,801
With National Bank of Pakistan in local currency current account	13,407,429	11,062,857
Prize bonds	152,137	186,661
	235,398,616	202,728,363
Less: Credit loss allowance held against cash and balances with treasury banks	(25,696)	(35,860)
Cash and balances with treasury banks - net of credit loss allowance	235,372,920	202,692,503

8 BALANCES WITH OTHER BANKS

In Pakistan		
- in current accounts	693,976	37,056
- in deposit accounts	357,520	346,266
	1,051,496	383,322
Outside Pakistan		
- in current accounts	16,234,198	16,575,317
- in deposit accounts	32,203	34,503
	16,266,401	16,609,820
	17,317,897	16,993,142
Less: Credit loss allowance held against balances with other banks	(10,205)	(3,057)
Balances with other banks - net of credit loss allowance	17,307,692	16,990,085

9 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	36,278,623	32,018,705
Repurchase agreement lendings (Reverse Repo)	21,645,887	87,535,847
	57,924,510	119,554,552
Less: Credit loss allowance held against lending to financial institutions	(863)	(443)
Lending to financial institutions - net of credit loss allowance	57,923,647	119,554,109

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

(Rupees in '000)

9.1 Lending to Financial Institution- Particulars of credit loss allowance**Domestic**

Performing	Stage 1	56,295,887	537	-	-
Performing		-	-	111,935,847	-
		56,295,887	537	111,935,847	-

Overseas

Performing	Stage 1	1,391,733	326	3,946,179	443
Performing		236,890	-	3,672,526	-
		1,628,623	326	7,618,705	443
Total		57,924,510	863	119,554,552	443

10 INVESTMENTS**10.1 Investments by type:**

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

(Rupees in '000)

Fair value through profit or loss**Federal Government Securities**

- Market Treasury Bills	89,633,160	-	(114,189)	89,518,971	-	-	-
- Pakistan Investment Bonds	256,294,795	-	(500,872)	255,793,923	-	-	-
- Ijarah Sukuk	1,656,845	-	7,174	1,664,019	-	-	-
- Naya Pakistan Certificates	2,799,249	-	-	2,799,249	-	-	-

Shares

- Ordinary shares / units - Listed	2,118,418	-	28,994	2,147,412	-	-	-
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Non Government Debt Securities

- Term Finance Certificates	1,450,000	-	-	1,450,000	-	-	-
- Sukuk	422,000	-	729	422,729	-	-	-

Foreign Securities

- Overseas Bonds - Sovereign	11,554,318	-	(27,008)	11,527,310	-	-	-
- Redeemable Participating Certificates	6,245,207	-	820,710	7,065,917	-	-	-
	372,173,992	-	215,538	372,389,530	-	-	-

Held for trading securities**Federal Government Securities**

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

Shares

- Ordinary shares / units - Listed	-	-	-	244,208	-	3,826	248,034
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Foreign Securities

- Overseas Bonds - Sovereign	-	-	-	51,626	-	(4,921)	46,705
	-	-	-	280,060,888	-	(374,072)	279,686,816

Fair value through other comprehensive income**Federal Government Securities**

- Market Treasury Bills	101,634,024	-	(127,098)	101,506,926	-	-	-
- Pakistan Investment Bonds	926,804,617	-	871,358	927,675,975	-	-	-
- Ijarah Sukuk	238,757,936	-	2,605,386	241,363,322	-	-	-
- Government of Pakistan Euro Bonds	10,653,191	(1,988,059)	463,979	9,129,111	-	-	-

Shares

- Ordinary shares - Listed	4,683,586	-	2,462,784	7,146,370	-	-	-
- Ordinary shares - Unlisted	1,211,363	-	1,246,269	2,457,632	-	-	-
- Preference Shares - Unlisted	25,000	(25,000)	-	-	-	-	-

Non Government Debt Securities

- Term Finance Certificates	2,436,261	(115,000)	-	2,321,261	-	-	-
- Sukuk	15,807,286	(96,511)	89,353	15,800,128	-	-	-

Foreign Securities

- Overseas Bonds - Sovereign	57,539,814	(111,495)	(1,766,234)	55,662,085	-	-	-
- Overseas Bonds - Others	23,233,070	(6,512)	(1,366,033)	21,860,525	-	-	-
- Equity security - Listed	272,791	-	(271)	272,520	-	-	-
	1,383,058,939	(2,342,577)	4,479,493	1,385,195,855	-	-	-

Balance carried forward

1,755,232,931	(2,342,577)	4,695,031	1,757,585,385	280,060,888	-	(374,072)	279,686,816
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10.1 Investments by type:

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
Balance brought forward	1,755,232,931	(2,342,577)	4,695,031	1,757,585,385	280,060,888	-	(374,072)	279,686,816
Available for sale securities								
Federal Government Securities								
- Market Treasury Bills	-	-	-	-	332,007,074	-	(823,401)	331,183,673
- Pakistan Investment Bonds	-	-	-	-	951,035,850	-	(2,440,787)	948,595,063
- Ijarah Sukuk	-	-	-	-	225,217,164	-	1,706,526	226,923,690
- Government of Pakistan Euro Bonds	-	-	-	-	14,715,017	(2,355,129)	(1,339,847)	11,020,041
- Naya Pakistan Certificates	-	-	-	-	5,687,184	-	-	5,687,184
Shares								
- Ordinary shares - Listed	-	-	-	-	3,500,848	(59,818)	594,515	4,035,545
- Ordinary shares - Unlisted	-	-	-	-	1,211,363	(88,038)	-	1,123,325
- Preference Shares - Listed	-	-	-	-	108,835	(108,835)	-	-
- Preference Shares - Unlisted	-	-	-	-	25,000	(25,000)	-	-
Non Government Debt Securities								
- Term Finance Certificates	-	-	-	-	3,169,109	(221,322)	-	2,947,787
- Sukuk	-	-	-	-	16,452,185	(96,511)	66,970	16,422,644
REIT Fund - Unlisted								
- Naya Pakistan Certificates	-	-	-	-	1,000,000	-	-	1,000,000
Foreign Securities								
- Overseas Bonds - Sovereign	-	-	-	-	44,686,242	(108,774)	(1,448,004)	43,129,464
- Overseas Bonds - Others	-	-	-	-	24,656,200	(7,551)	(1,615,830)	23,032,819
- Redeemable Participating Certificates	-	-	-	-	5,514,371	-	-	5,514,371
- Equity security - Listed	-	-	-	-	275,698	-	8,898	284,596
	-	-	-	-	1,629,262,140	(3,070,978)	(5,290,960)	1,620,900,202
Amortised cost								
Federal Government Securities								
- Pakistan Investment Bonds	219,143,968	-	-	219,143,968	-	-	-	-
- Ijarah Sukuk	40,329,057	-	-	40,329,057	-	-	-	-
Non Government Debt Securities								
- Term Finance Certificates	324,680	(24,741)	-	299,939	-	-	-	-
- Sukuk	3,775,881	(63,761)	-	3,712,120	-	-	-	-
Foreign Securities								
- Overseas Bonds - Sovereign	15,007,082	(215)	-	15,006,867	-	-	-	-
	278,580,668	(88,717)	-	278,491,951	-	-	-	-
Held to maturity securities								
Federal Government Securities								
- Pakistan Investment Bonds	-	-	-	-	111,987,852	-	-	111,987,852
- Ijarah Sukuk	-	-	-	-	27,754,444	-	-	27,754,444
Non Government Debt Securities								
- Term Finance Certificates	-	-	-	-	814,680	(214,680)	-	600,000
- Sukuk	-	-	-	-	3,339,720	(69,517)	-	3,270,203
Foreign Securities								
- Overseas Bonds - Sovereign	-	-	-	-	21,905,016	(238)	-	21,904,778
	-	-	-	-	165,801,712	(284,435)	-	165,517,277
Associates (valued at equity method)								
- Alfalah Insurance Company Limited	829,730	-	-	829,730	756,867	-	-	756,867
- Sapphire Wind Power Company Limited	4,849,377	-	-	4,849,377	4,567,293	-	-	4,567,293
- Alfalah Asset Management Limited	794,334	-	-	794,334	728,312	-	-	728,312
	6,473,441	-	-	6,473,441	6,052,472	-	-	6,052,472
Total Investments	2,040,287,040	(2,431,294)	4,695,031	2,042,550,777	2,081,177,212	(3,355,413)	(5,665,032)	2,072,156,767

10.2 Particulars of assets and liabilities of associates

	Associate	Country of incorporation	Percentage of Holding	June 30, 2024 (Un-audited)				
				Assets	Liabilities	Revenue	Profit for the period	Total Comprehensive income
				(Rupees in '000)				
Alfalah Asset Management Limited	Associate	Pakistan	40.22%	2,592,293	617,317	744,265	169,227	169,227
Alfalah Insurance Company Limited	Associate	Pakistan	30.00%	7,166,107	4,409,927	1,322,373	353,768	392,855
Sapphire Wind Power Company Limited	Associate	Pakistan	30.00%	20,590,893	5,233,536	3,011,661	1,640,280	1,640,280
	Associate	Country of incorporation	Percentage of Holding	December 31, 2023 (Audited)				
				Assets	Liabilities	Revenue	Profit for the period	Total Comprehensive income
				(Rupees in '000)				
Alfalah Asset Management Limited	Associate	Pakistan	40.22%	2,366,955	556,130	343,455	98,034	98,034
Alfalah Insurance Company Limited	Associate	Pakistan	30.00%	7,402,766	4,889,441	1,120,009	278,439	289,462
Sapphire Wind Power Company Limited	Associate	Pakistan	30.00%	20,656,087	6,239,010	2,633,170	1,308,653	1,308,653

10.3 Investments given as collateral

Market Treasury Bills
Pakistan Investment Bonds
Overseas Bonds

(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in 000) -----	
14,791,334	160,501,809
676,524,700	575,983,500
19,032,564	15,037,219
<u>710,348,598</u>	<u>751,522,528</u>

10.3.1 The market value of securities given as collateral is Rs. 694,649.230 million (December 31, 2023: Rs. 739,217.237 million).

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

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in 000) -----		
10.4.1 Opening balance	3,355,413	3,751,761
Impact of adoption of IFRS 9	(437,729)	-
Balance as at January 01 after adopting IFRS 9	<u>2,917,684</u>	<u>3,751,761</u>
Exchange and other adjustments	(34,221)	576,126
Charge / (reversals)		
Charge for the period / year	148	318,681
Reversals for the period / year	(452,075)	(363,351)
Reversal on disposals	(242)	(927,804)
	<u>(452,169)</u>	<u>(972,474)</u>
Closing Balance	<u>2,431,294</u>	<u>3,355,413</u>

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

		June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Outstanding amount	Credit loss allowance / Provision held	Outstanding amount	Credit loss allowance / Provision held
----- (Rupees in '000) -----					
Domestic					
Performing	Stage 1	1,094,417	183	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		299,830	299,830	602,030	602,030
		<u>1,394,247</u>	<u>300,013</u>	<u>602,030</u>	<u>602,030</u>
Overseas					
Performing	Stage 1	82,161,204	118,222	70,747,537	116,563
Underperforming	Stage 2	10,653,191	1,988,059	14,715,017	2,355,129
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		<u>94,208,642</u>	<u>2,406,294</u>	<u>86,064,584</u>	<u>3,073,722</u>

10.4.3 The market value of securities classified as amortised cost as at June 30, 2024 amounted to Rs. 262,535.734 million (held to maturity as at December 31, 2023: Rs. 154,796.433 million).



11 ADVANCES

Note	Performing		Non Performing		Total	
	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	616,341,608	565,261,986	35,194,540	32,595,861	651,536,148	597,857,847
Islamic financing and related assets	149,457,932	162,102,341	5,009,659	4,872,026	154,467,591	166,974,367
Bills discounted and purchased	13,802,917	12,300,229	205,365	166,121	14,008,282	12,466,350
Advances - gross	779,602,457	739,664,556	40,409,564	37,634,008	820,012,021	777,298,564
Credit loss allowance / provision against advances						
- Stage 1	11.4 (3,978,557)	(25,670)	-	-	(3,978,557)	(25,670)
- Stage 2	11.4 (2,105,730)	-	-	-	(2,105,730)	-
- Stage 3	11.4 -	-	(34,524,076)	-	(34,524,076)	-
- Specific	11.4 -	-	(503,751)	(32,374,940)	(503,751)	(32,374,940)
- General	11.4 (6,775,638)	(9,836,127)	-	-	(6,775,638)	(9,836,127)
	(12,859,925)	(9,861,797)	(35,027,827)	(32,374,940)	(47,887,752)	(42,236,737)
Advances - net of credit loss allowance / provision	766,742,532	729,802,759	5,381,737	5,259,068	772,124,269	735,061,827

- 11.1** Advances include an amount of Rs. 361.564 million (December 31, 2023: Rs. 362.630 million), being Employee loan facilities allowed to Citibank, N.A, employees, which were either taken over by the Holding Company, or were granted afresh, under a specific arrangement executed between the Holding Company and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

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

84 11.2 Particulars of advances (gross)

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
In local currency	739,483,003	700,788,290
In foreign currencies	80,529,018	76,510,274
	820,012,021	777,298,564

- 11.3** Advances include Rs. 40,409.564 million (December 31, 2023: Rs. 37,634.008 million) which have been placed under non-performing status as detailed below:

Category of Classification		June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Non-Performing Loans	Credit loss allowance /provision	Non-Performing Loans	Credit loss allowance /provision
----- (Rupees in '000) -----					
Domestic					
Other Assets Especially Mentioned (OAEM)	Stage 3	509,671	75,900	186,364	3,568
Substandard	Stage 3	1,173,120	263,103	1,800,068	444,281
Doubtful	Stage 3	4,698,515	2,290,134	6,694,041	3,293,830
Loss	Stage 3	33,360,536	31,894,939	28,285,295	28,142,944
		39,741,842	34,524,076	36,965,768	31,884,623
Overseas					
Substandard	Specific	39,529	23,693	43,013	25,688
Doubtful	Specific	-	-	-	-
Loss	Specific	628,193	480,058	625,227	464,629
		667,722	503,751	668,240	490,317
Total		40,409,564	35,027,827	37,634,008	32,374,940

11.4 Particulars of Credit loss allowance / provision against advances

	June 30, 2024 (Un-audited)						December 31, 2023 (Audited)		
	Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total
	Stage 1	Stage 2	Stage 3						
	------(Rupees in '000)-----								
Opening balance	-	-	-	32,374,940	9,861,797	42,236,737	25,397,878	7,921,407	33,319,285
Impact of adoption of IFRS 9 Balance as at January 01 after adopting IFRS 9	3,383,986	1,941,534	33,605,109	(31,884,624)	(1,715,503)	5,330,502			
Exchange and other adjustments	3,383,986	1,941,534	33,605,109	490,316	8,146,294	47,567,239	25,397,878	7,921,407	33,319,285
Charge for the period / year	(327)	-	-	(41,984)	(31,127)	(73,438)	83,703	57,723	141,426
Reversals for the period / year	1,183,169	709,848	6,862,158	58,897	-	8,814,072	12,130,032	1,882,667	14,012,699
	(588,271)	(545,652)	(5,488,497)	(3,478)	(1,339,529)	(7,965,427)	(3,503,697)	-	(3,503,697)
	594,898	164,196	1,373,661	55,419	(1,339,529)	848,645	8,626,335	1,882,667	10,509,002
Amounts written off	-	-	(454,694)	-	-	(454,694)	(1,732,976)	-	(1,732,976)
	-	-	(454,694)	-	-	(454,694)	(1,732,976)	-	(1,732,976)
Closing balance	3,978,557	2,105,730	34,524,076	503,751	6,775,638	47,887,752	32,374,940	9,861,797	42,236,737

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at June 30, 2024 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 79.345 million (December 31, 2023: Rs. 86.021 million).

11.4.2 During the period, non performing loans and provisions were reduced by Rs. 4,542.765 million (December 31, 2023: Rs. 231.391 million) due to debt property swap transactions.

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

11.4.4 General provision includes:

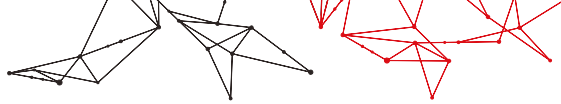
(i) Provision held at overseas branch to meet the requirements of regulatory authorities of the respective countries in which overseas branches operate and where IFRS 9 is not applicable; and

(ii) Provision of Rs. 6,458.000 million (December 31, 2023: Rs. 7,748.000 million) against the high risk portfolio, which is showing higher economic vulnerability.

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

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

	June 30, 2024 (Un-audited)						December 31, 2023 (Audited)		
	Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total
	Stage 1	Stage 2	Stage 3						
	------(Rupees in '000)-----								
Opening balance	-	-	-	32,374,940	9,861,797	42,236,737	25,397,878	7,921,407	33,319,285
Impact of adoption of IFRS 9	3,383,986	1,941,534	33,605,109	(31,884,624)	(1,715,503)	5,330,502	-	-	-
Balance as at January 01 after adopting IFRS 9	3,383,986	1,941,534	33,605,109	490,316	8,146,294	47,567,239	25,397,878	7,921,407	33,319,285
Exchange and other adjustments	(327)	-	-	(41,984)	(31,127)	(73,438)	83,703	57,723	141,426
New Advances	1,906,909	2,020,951	72,388	58,897	-	4,059,145	12,130,032	1,882,667	14,012,699
Due to credit deterioration	-	-	4,324,683	-	-	4,324,683	-	-	-
Advances derecognised or repaid / reversal	(588,271)	(545,652)	(5,488,497)	(3,478)	(1,339,529)	(7,965,427)	(3,503,697)	-	(3,503,697)
Transfer to stage 1	76,172	(76,172)	-	-	-	-	-	-	-
Transfer to stage 2	(314,324)	326,122	(11,798)	-	-	-	-	-	-
Transfer to stage 3	(690,960)	(1,601,659)	2,292,619	-	-	-	-	-	-
Changes in risk parameters	205,372	40,606	184,266	-	-	430,244	-	-	-
	594,898	164,196	1,373,661	55,419	(1,339,529)	848,645	8,626,335	1,882,667	10,509,002
Amounts written off / charged off	-	-	(454,694)	-	-	(454,694)	(1,732,976)	-	(1,732,976)
Closing balance	3,978,557	2,105,730	34,524,076	503,751	6,775,638	47,887,752	32,374,940	9,861,797	42,236,737



11.6 Advances - Category of classification

Domestic

Performing	Stage 1
Underperforming	Stage 2
Non-Performing	Stage 3
Other Assets Especially Mentioned (OAEM)	
Substandard	
Doubtful	
Loss	
General Provision	

June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
Outstanding	Credit loss allowance /provision	Outstanding	Credit loss allowance /provision
(Rupees in '000)			
644,463,777	3,940,462	695,123,443	-
98,896,354	2,105,730	-	-
509,671	75,900	186,364	3,568
1,173,120	263,103	1,800,068	444,281
4,698,515	2,290,134	6,694,041	3,293,830
33,360,536	31,894,939	28,295,613	28,142,944
-	6,458,000	-	9,437,833
783,101,973	47,028,268	732,099,529	41,322,456

Overseas

Performing	Stage 1
Underperforming	Stage 2
Non-Performing	Specific
Other Assets Especially Mentioned (OAEM)	
Substandard	
Doubtful	
Loss	
General Provision	

36,242,326	38,095	44,530,795	25,670
-	-	-	-
-	-	-	-
39,529	23,693	43,013	25,688
-	-	-	-
628,193	480,058	625,227	464,629
-	317,638	-	398,294
36,910,048	859,484	45,199,035	914,281
820,012,021	47,887,752	777,298,564	42,236,737

Total

Note

(Un-audited)

(Audited)

June 30,

December 31,

2024

2023

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

12 PROPERTY AND EQUIPMENT

Capital work-in-progress
Property and equipment

12.1	3,797,367	3,525,139
12.2	48,481,135	38,328,952
	52,278,502	41,854,091

12.1 Capital work-in-progress

Civil works
Equipment
Others

2,649,331	2,454,986
1,126,323	999,120
21,713	71,033
3,797,367	3,525,139

12.2 It includes land and buildings carried at revalued amount of Rs. 32,024.332 million (December 31, 2023: Rs. 24,380.890 million).

12.3 Additions to property and equipment

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

	(Un-audited) Half year ended	
	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
Capital work-in-progress - net of transferred out for capitalisation	272,228	1,182,248
Property and equipment		
Freehold land	1,244,879	74,994
Leasehold land	5,604,974	116,000
Buildings on freehold land	565,440	201,220
Buildings on leasehold land	355,244	312,679
Leasehold improvement	1,464,151	593,077
Furniture and fixtures	431,032	121,721
Office equipment	2,195,254	1,608,085
Vehicles	429,346	46,225
	12,290,320	3,074,001
Total additions to property and equipment	12,562,548	4,256,249

12.4 Disposals of property and equipment

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

Leasehold improvements	1,181	7,003
Furniture and fixtures	219	439
Office equipments	10,861	2,640
Vehicles	216	-
Total disposal of property and equipment	12,477	10,082

13 RIGHT-OF-USE ASSETS**At January 1**

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
Buildings	Buildings	
Cost	28,896,873	22,399,553
Accumulated depreciation	(8,929,916)	(6,983,079)
Net carrying amount at January 1	19,966,957	15,416,474
Additions / renewals / amendments / (terminations) - net during the period / year	2,802,552	7,843,529
Depreciation charge during the period / year	(1,888,182)	(3,367,208)
Exchange rate adjustments	(42,111)	74,162
Closing net carrying amount	20,839,216	19,966,957

14 INTANGIBLE ASSETS

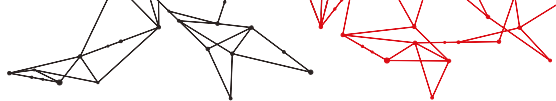
Capital work-in-progress / advance payment to suppliers	413,196	439,291
Software	1,093,906	934,853
Membership Card	6,000	6,000
	1,513,102	1,380,144

14.1 Additions to intangible assets

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

	(Un-audited) Half year ended	
	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
Capital work-in-progress - net; of transferred out for capitalisation	(26,095)	187,662
Directly purchased	331,825	56,354
Total additions to intangible assets	305,730	244,016

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



15 DEFERRED TAX ASSETS

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

Deductible Temporary Differences on:

- Credit loss allowance / provision against investments	2,597,964	2,224,378
- Credit loss allowance / provision against advances	8,807,623	4,183,318
- Unrealised loss on revaluation of held for trading investments	-	192,350
- Deficit on revaluation of available for sale investments	-	870,169
- Credit loss allowance / provision against other assets	1,574,100	1,251,950
- Credit loss allowance against cash with treasury banks	13,114	-
- Credit loss allowance against balance with other banks	5,011	-
- Credit loss allowance / provision against lending to financial institutions	282	73
- Workers' Welfare Fund	1,978,964	1,528,648
- Pre-commencement expenditures	7,229	-
	14,984,287	10,250,886

Taxable Temporary Differences on:

- Unrealised gain on FVTPL investments	(71,711)	-
- Surplus on revaluation of FVOCI investments	(4,013,707)	-
- Surplus on revaluation of property and equipment	(613,439)	(593,695)
- Surplus on revaluation of non banking assets	(77,704)	(85,595)
- Share of profit and other comprehensive income from associates	(2,594,959)	(2,388,685)
- Accelerated tax depreciation	(4,009,382)	(3,563,436)
	(11,380,902)	(6,631,411)
	<u>3,603,385</u>	<u>3,619,475</u>

16 OTHER ASSETS

Income / mark-up accrued in local currency - net	91,185,914	81,667,129
Income / mark-up accrued in foreign currency - net	1,920,782	2,402,118
Advances, deposits, advance rent and other prepayments	8,231,508	8,989,267
Advance against subscription of share	140,000	140,000
Non-banking assets acquired in satisfaction of claims	16.1 7,086,701	1,684,771
Dividend receivable	-	10,431
Mark to market gain on forward foreign exchange contracts	1,537,988	2,606,750
Mark to market gain on derivatives	4,242,059	4,175,322
Stationery and stamps on hand	23,314	11,350
Defined benefit plan	104,937	440,585
Branch adjustment account	494,547	-
Due from card issuing banks	2,976,409	4,829,866
Accounts receivable	6,090,334	3,336,986
Claims against fraud and forgeries	111,615	126,066
Acceptances	32,459,315	24,618,660
Receivable against Government of Pakistan and overseas government securities	54,045	2,925,206
Receivable against marketable securities	1,828,150	2,787,773
Others	427,776	86,275
	158,915,394	140,838,555
Less: Credit loss allowance / provision held against other assets	16.2 (4,730,608)	(4,619,037)
Other assets (net of credit loss allowance / provision)	154,184,786	136,219,518
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	16.1 156,218	172,321
Other assets - total	<u>154,341,004</u>	<u>136,391,839</u>

16.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 7,242.919 million (December 31, 2023: Rs. 1,857.092 million).

16.2 Credit loss allowance / provision held against other assets

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
Impairment against overseas operations	2,585,376	2,359,988
Expected credit loss	381,353	46,807
Fraud and forgeries	111,615	126,066
Receivable against marketable securities	1,282,552	1,634,760
Accounts receivable	66,648	67,807
Others	303,064	383,609
	<u>4,730,608</u>	<u>4,619,037</u>

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

Opening balance	4,619,037	3,181,544
Impact of adoption of IFRS 9	370,152	-
Balance as at January 01 after adopting IFRS 9	<u>4,989,189</u>	<u>3,181,544</u>
Exchange and other adjustments	(554)	2,531
Charge for the period / year	106,193	1,519,024
Reversals for the period / year	(314,648)	(83,100)
	<u>(208,455)</u>	<u>1,435,924</u>
Amount written off	(49,572)	(962)
Closing balance	<u>4,730,608</u>	<u>4,619,037</u>

17 BILLS PAYABLE

In Pakistan	35,163,526	24,750,227
Outside Pakistan	<u>1,083,222</u>	<u>1,254,311</u>
	<u>36,246,748</u>	<u>26,004,538</u>

18 BORROWINGS**Secured**

Borrowings from State Bank of Pakistan under:

Export Refinance Scheme	29,431,191	43,281,491
Long-Term Finance Facility	22,497,054	24,595,991
Financing Facility for Renewable Energy Projects	11,911,337	11,891,156
Financing Facility for Storage of Agriculture Produce (FFSAP)	534,986	532,102
Temporary Economic Refinance Facility (TERF)	45,197,646	48,528,109
Export Refinance under Bill Discounting	13,265,788	14,244,331
SME Asaan Finance (SAAF)	7,722,636	2,096,250
Refinance Facility for Combating COVID (RFCC)	1,120,145	988,049
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	110,189	125,595
Modernization of Small and Medium Entities (MSMES)	1,879,006	1,205,658
Other refinance schemes	384	553
Repurchase agreement borrowings	600,000,000	666,510,980
	<u>733,670,362</u>	<u>814,000,265</u>

Repurchase agreement borrowings	61,680,622	26,895,775
Bai Muajjal	46,803,164	44,830,207
Medium Term Note	-	11,000,000
Others	790,062	672,579
Total secured	<u>842,944,210</u>	<u>897,398,826</u>

Unsecured

Call borrowings	2,147,924	3,946,050
Overdrawn nostro accounts	1,006,648	3,467,939
Others		
- Pakistan Mortgage Refinance Company	2,566,115	2,605,576
- Karandaaz Risk Participation	3,228,442	2,797,641
	<u>8,949,129</u>	<u>12,817,206</u>

Total unsecured

	<u>851,893,339</u>	<u>910,216,032</u>
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19 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	706,587,913	157,074,573	863,662,486	630,357,408	152,436,273	782,793,681
Savings deposits	498,463,119	32,188,252	530,651,371	440,331,863	38,469,718	478,801,581
Term deposits	446,760,053	64,725,794	511,485,847	437,377,886	61,496,821	498,874,707
Others	51,415,214	18,668,809	70,084,023	44,709,160	14,317,598	59,026,758
	1,703,226,299	272,657,428	1,975,883,727	1,552,776,317	266,720,410	1,819,496,727
Financial Institutions						
Current deposits	3,192,589	3,815,832	7,008,421	4,278,645	3,241,325	7,519,970
Savings deposits	44,324,216	2,587,575	46,911,791	171,924,309	3,442,726	175,367,035
Term deposits	69,126,200	1,553,688	70,679,888	79,780,000	2,258,236	82,038,236
Others	457,479	1,205	458,684	518,072	1,217	519,289
	117,100,484	7,958,300	125,058,784	256,501,026	8,943,504	265,444,530
	1,820,326,783	280,615,728	2,100,942,511	1,809,277,343	275,663,914	2,084,941,257

19.1 Current deposits include remunerative current deposits of Rs. 25,817.052 million (December 31, 2023: Rs. 20,788.733 million).

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
		----- (Rupees in '000) -----	
Opening as at January 1		22,899,808	17,514,201
Additions / renewals / amendments / (terminations) - net		2,771,188	7,730,666
Finance charges		1,634,163	2,659,787
Lease payments including interest		(2,773,947)	(5,075,756)
Exchange rate / other adjustment		(43,539)	70,910
Closing net carrying amount		24,487,673	22,899,808

20 LEASE LIABILITIES

20.1 Liabilities outstanding

Not later than one year	1,870,612	1,852,281
Later than one year and upto five years	9,733,711	9,142,361
Over five years	12,883,350	11,905,166
Total at the period / year end	24,487,673	22,899,808

21 SUBORDINATED DEBT

Term Finance Certificates VI - Additional Tier-I (ADT-1)	21.1	7,000,000	7,000,000
Term Finance Certificates VIII - Additional Tier-I (ADT-1)	21.2	7,000,000	7,000,000
		14,000,000	14,000,000

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

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

Issue amount	Rs. 7,000,000,000
Issue date	March 2018
Maturity date	Perpetual
Rating	"AA+" (Double A plus) by The Pakistan Credit Rating Agency Limited
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Holding Company including deposits but superior to equity.

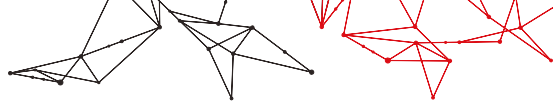
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Holding Company is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step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

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

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

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





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

22 OTHER LIABILITIES

Mark-up / return / interest payable in local currency		46,700,216	39,434,467
Mark-up / return / interest payable in foreign currency		1,881,457	1,690,773
Unearned fee commission and income on bills discounted and guarantees		3,195,021	3,201,308
Accrued expenses		14,495,352	16,281,467
Current taxation		11,390,190	14,386,078
Acceptances		32,459,315	24,618,660
Dividends payable		1,793,670	6,166,682
Mark to market loss on forward foreign exchange contracts		2,183,802	2,779,042
Mark to market loss on derivatives		77,526	96,507
Branch adjustment account		-	73,434
Alternative Delivery Channel (ADC) settlement accounts	22.2	8,647,013	3,409,741
Provision for compensated absences		979,117	874,117
Payable against redemption of customer loyalty / reward points		986,046	857,241
Charity payable		148,841	114,052
Credit loss allowance / provision against off-balance sheet obligations	22.1	1,129,111	78,624
Security deposits against leases, lockers and others		11,938,935	12,983,647
Workers' welfare fund		6,013,648	5,093,704
Payable to vendors and suppliers		706,811	850,048
Margin deposits on derivatives		3,742,854	3,906,392
Payable to merchants (card acquiring)		1,534,844	776,097
Indirect taxes payable		4,867,963	3,874,309
Payable against marketable securities		753,261	1,391,975
Liability against share based payment		443,270	483,001
Trading liability		16,289,046	2,412,845
Others		6,943,133	6,148,713
		<u>179,300,442</u>	<u>151,982,924</u>

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

Opening balance	78,624	62,948
Impact of adoption of IFRS 9	<u>1,085,673</u>	<u>-</u>
Balance as at January 01 after adopting IFRS 9	1,164,297	62,948
Exchange and other adjustments	(4,443)	4,029
(Reversals) / charge for the period / year	<u>(30,743)</u>	<u>11,647</u>
Closing balance	<u>1,129,111</u>	<u>78,624</u>

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

23 SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of:

- Securities measured at FVOCI - debt
- Securities measured at FVOCI - equity
- Securities measured at FVOCI - equity of associates
- Available for sale securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
10.1	770,711	-
10.1	3,708,782	-
	20,365	8,639
10.1	-	(5,290,960)
	12,638,023	12,682,139
	156,218	172,321
	17,294,099	7,572,139

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

- Securities measured at FVOCI - debt
- Securities measured at FVOCI - equity
- Securities measured at FVOCI - equity of associates
- Available for sale securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

(377,612)	-
(1,817,303)	-
(9,979)	(4,233)
-	2,592,570
(613,439)	(593,695)
(77,704)	(85,595)
(2,896,037)	1,909,047

Derivatives deficit

Less: Deferred tax asset on derivative

(3,711,821)	(3,512,910)
1,818,792	1,721,326
(1,893,029)	(1,791,584)
16,291,091	11,272,770

24 NON-CONTROLLING INTEREST

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

Key financial information of the subsidiary

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
Assets	2,077,081	1,482,410
Liabilities	1,780,172	2,268,182
Net Assets	296,909	(785,772)

Non-Controlling Interest (NCI)

	13,094	(294,665)
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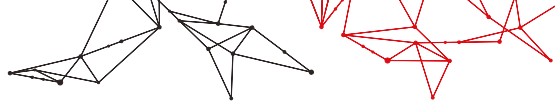
	(Un-audited) Half year ended June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
Revenue	402,659	327,056
Expenses and provision	560,713	289,907
(Loss) / profit before tax	(158,054)	37,149
(Loss) / profit after tax	(178,710)	31,357
Other comprehensive (loss) / income	(178,710)	31,357

Cash Flows:

- Cash flows used in operating activities
- Cash flows used in investing activities
- Cash flows from / (used in) financing activities

Net increase / (decrease) in cash and cash equivalent

(712,887)	(733,870)
(1,157)	(6,367)
1,178,605	(1,228)
464,561	(741,465)



25 CONTINGENCIES AND COMMITMENTS

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
------(Rupees in '000)-----			
- Guarantees	25.1	166,333,190	173,579,640
- Commitments	25.2	682,715,605	731,648,269
- Other contingent liabilities	25.3.1	23,788,306	23,816,758
		<u>872,837,101</u>	<u>929,044,667</u>
25.1 Guarantees:			
Financial guarantees		5,959,990	5,874,903
Performance guarantees		56,969,625	55,684,506
Other guarantees		103,403,575	112,020,231
		<u>166,333,190</u>	<u>173,579,640</u>
25.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		234,160,838	196,248,432
Commitments in respect of:			
- forward foreign exchange contracts	25.2.1	252,857,479	350,664,300
- forward government securities transactions	25.2.2	131,866,283	109,207,715
- derivatives	25.2.3	43,301,641	51,150,198
- forward lending	25.2.4	15,959,013	19,247,075
Commitments for acquisition of:			
- Property and equipment		3,311,128	3,713,022
- intangible assets		257,223	312,027
Commitments in respect of donations		552,000	655,500
Other commitments	25.2.5	450,000	450,000
		<u>682,715,605</u>	<u>731,648,269</u>
25.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		149,061,701	198,859,218
Sale		103,795,778	151,805,082
		<u>252,857,479</u>	<u>350,664,300</u>
25.2.2 Commitments in respect of forward government securities transactions			
Purchase		45,725,091	20,461,347
Sale		86,141,192	88,746,368
		<u>131,866,283</u>	<u>109,207,715</u>
25.2.3 Commitments in respect of derivatives			
Interest rate swap			
Purchase	26.1	32,253,622	39,466,304
Sale		-	-
		<u>32,253,622</u>	<u>39,466,304</u>
Cross Currency Swaps			
Purchase		-	-
Sale	26.1	11,048,019	11,683,894
		<u>11,048,019</u>	<u>11,683,894</u>
Total commitments in respect of derivatives		<u>43,301,641</u>	<u>51,150,198</u>
25.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	25.2.4.1	14,752,036	15,828,600
Commitments in respect of investments		1,206,977	3,418,475
		<u>15,959,013</u>	<u>19,247,075</u>

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

25.2.5 Other Commitments

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

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
25.3 Other contingent liabilities		
25.3.1 Claims against the Holding Company not acknowledged as debts	<u>23,788,306</u>	<u>23,816,758</u>

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

25.4 Contingency for tax payable

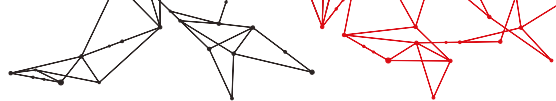
There were no tax related contingencies other than as disclosed in note 37.1

26 DERIVATIVE INSTRUMENTS

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

26.1 Product Analysis

June 30, 2024 (Un-audited)						
Interest Rate Swaps			Cross Currency Swaps			
No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net	
----- (Rupees in '000) -----						
Counterparties						
With Banks for						
Hedging	36	32,253,622	3,345,825	-	-	-
With other entities						
Market making	-	-	-	6	11,048,019	818,708
	<u>36</u>	<u>32,253,622</u>	<u>3,345,825</u>	<u>6</u>	<u>11,048,019</u>	<u>818,708</u>
December 31, 2023 (Audited)						
Interest Rate Swaps			Cross Currency Swaps			
No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net	
----- (Rupees in '000) -----						
Counterparties						
With Banks for						
Hedging	41	39,466,304	3,371,331	-	-	-
With other entities						
Market making	-	-	-	6	11,683,894	707,484
	<u>41</u>	<u>39,466,304</u>	<u>3,371,331</u>	<u>6</u>	<u>11,683,894</u>	<u>707,484</u>



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

27 MARK-UP/RETURN/INTEREST EARNED

On:		
a) Loans and advances	61,684,758	56,263,401
b) Investments	188,430,668	113,513,982
c) Lendings to financial institutions	3,251,077	1,859,331
d) Balances with banks / financial institutions	270,305	66,648
e) On securities purchased under resale agreements	2,299,957	4,774,434
	<u>255,936,765</u>	<u>176,477,796</u>

28 MARK-UP/RETURN/INTEREST EXPENSED

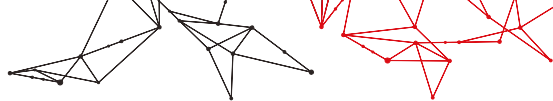
On:		
a) Deposits	117,998,706	67,132,479
b) Borrowings	8,353,283	8,242,771
c) Securities sold under repurchase agreements	60,493,416	37,344,216
d) Subordinated debt	1,643,707	1,376,405
e) Cost of foreign currency swaps against foreign currency deposits / borrowings	4,267,313	1,846,565
f) Leased assets	1,634,163	1,215,566
g) Reward points / customer loyalty	230,049	187,162
	<u>194,620,637</u>	<u>117,345,164</u>

29 FEE & COMMISSION INCOME

Branch banking customer fees	753,959	592,683
Consumer finance related fees	305,871	290,370
Card related fees (debit and credit cards)	1,833,566	1,210,985
Credit related fees	459,208	284,042
Investment banking fees	28,620	63,316
Commission on trade	1,500,094	1,156,445
Commission on guarantees	373,907	404,127
Commission on cash management	27,244	41,606
Commission on remittances including home remittances	1,501,685	715,959
Commission on bancassurance	295,548	281,978
Card acquiring business	974,677	704,235
Wealth management fee	154,789	82,835
Commission on Benazir Income Support Programme (BISP)	511,764	257,007
Alternative Delivery Channel (ADC) settlement accounts	654,451	628,550
Brokerage / commission Income	19,390	225,932
Others	130,278	98,972
	<u>9,525,051</u>	<u>7,039,042</u>

	Note	(Un-audited)	
		Half year ended	
		June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
30 FOREIGN EXCHANGE INCOME			
Foreign exchange income		6,245,049	4,949,958
Foreign exchange (loss) / income related to derivatives		(909,231)	155,694
		<u>5,335,818</u>	<u>5,105,652</u>
31 GAIN / (LOSS) ON SECURITIES			
Realised gain / (loss)	31.1	2,152,174	9,379
Unrealised gain - measured at FVTPL	10.1	215,538	-
Unrealised loss - held for trading		-	(380,844)
Unrealised (loss) / gain on trading liabilities - net		(2,696)	124,198
		<u>2,365,016</u>	<u>(247,267)</u>
31.1 Realised gain / (loss) on:			
Federal Government Securities		1,916,514	298,592
Shares		59,029	(665,040)
Foreign Securities		176,631	375,827
		<u>2,152,174</u>	<u>9,379</u>
31.2 Net gain on financial assets / liabilities measured:			
At FVTPL			
Designated upon initial recognition		834,984	-
Mandatorily measured at FVTPL		821,439	-
		1,656,423	-
Net gain on financial assets measured at FVOCI - Debt		708,593	-
		<u>2,365,016</u>	<u>-</u>
32 OTHER INCOME			
Rent on property		15,466	14,075
Gain on sale of property and equipment - net		61,511	62,948
Gain on sale of non banking assets - net		27,800	-
Profit on termination of leased contracts (Ijarah)		7	39,825
Gain on termination of leases		52,740	15,930
Others		1,468	-
		<u>158,992</u>	<u>132,778</u>
33 OPERATING EXPENSES			
Total compensation expense	33.1	17,369,113	13,667,175
Property expense			
Rates and taxes		152,586	72,786
Utilities cost		1,607,534	1,082,430
Security (including guards)		770,539	551,035
Repair and maintenance (including janitorial charges)		913,866	563,722
Depreciation on right-of-use assets		1,888,182	1,594,518
Depreciation on non-banking assets acquired in satisfaction of claims		15,170	2,477
Depreciation on owned assets		477,243	418,505
		<u>5,825,120</u>	<u>4,285,473</u>
Information technology expenses			
Software maintenance		1,608,559	1,098,521
Hardware maintenance		369,773	497,258
Depreciation		654,852	509,435
Amortisation		172,601	157,240
Network charges		402,023	308,037
Consultancy and support services		105,561	69,122
		<u>3,313,369</u>	<u>2,639,613</u>
Balance carried forward		<u>26,507,602</u>	<u>20,592,261</u>





(Un-audited)	
Half year ended	
June 30, 2024	June 30, 2023
----- (Rupees in '000) -----	
Balance brought forward	26,507,602 20,592,261
Other operating expenses	
Directors' fees and allowances	69,600 74,857
Fees and allowances to Shariah Board	9,986 7,561
Legal and professional charges	250,493 183,658
Outsourced services costs	725,674 478,916
Travelling and conveyance	727,322 596,963
Clearing and custodian charges	86,201 94,159
Depreciation	1,023,432 719,646
Training and development	150,564 65,727
Postage and courier charges	239,708 225,547
Communication	1,310,618 797,863
Stationery and printing	870,459 590,851
Marketing, advertisement and publicity	2,342,072 2,388,386
Donations	181,870 1,021,500
Auditors' remuneration	114,710 62,703
Brokerage and commission	268,905 185,815
Entertainment	403,760 281,325
Repairs and maintenance	449,496 368,249
Insurance	1,031,151 706,990
Cash Handling charges	993,704 675,590
CNIC verification	171,278 128,915
Others	418,304 373,373
	11,839,307 10,028,594
	38,346,909 30,620,855

33.1 Total compensation expense

Managerial Remuneration		
i) Fixed	11,603,067	9,445,556
ii) Variable:		
a) Cash bonus / awards etc.	2,612,847	2,311,305
b) Bonus and awards in shares etc.	287,500	162,498
Charge for defined benefit plan	335,649	233,501
Contribution to defined contribution plan	432,505	361,194
Medical	1,082,295	649,362
Conveyance	698,694	255,931
Staff compensated absences	105,000	94,998
Staff life insurance	94,907	53,930
Staff welfare	48,325	30,723
Club subscription	2,225	1,715
Others	26,600	51,698
Sub-total	17,329,614	13,652,411
Sign-on Bonus	39,499	14,764
Severance Allowance	-	-
Grand Total	17,369,113	13,667,175

34 WORKERS' WELFARE FUND

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

Note	(Un-audited)	
	Half year ended	
	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	

35 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	209,515	136,961
---	---------	---------

36 CREDIT LOSS ALLOWANCE / PROVISIONS / REVERSALS AND WRITE OFFS - NET

Reversal of credit loss allowance against cash with treasury banks	(33,686)	-
Credit loss allowance against balance with other banks	5,556	-
Reversal of credit loss allowance against lending to financial institutions	(12,639)	(296)
Credit loss allowance / reversal for diminution in value of investments	10.4.1 (452,169)	(467,082)
Credit loss allowance / provision against loans & advances	11.4 848,645	5,513,163
Credit loss allowance / provision against other assets	16.2.1 (208,455)	163,198
Credit loss allowance / provision against off-balance sheet obligations	22.1 (30,743)	50,764
(Reversal) of other credit loss allowance / provisions / write off - net	(48,458)	7,997
Recovery of written off / charged off bad debts	(300,044)	(265,781)
	<u>(231,993)</u>	<u>5,001,963</u>

37 TAXATION**Charge / (reversal) :**

Current	22,580,473	19,929,768
Prior years	(54,047)	-
Deferred	(2,057,101)	(2,294,786)
	<u>20,469,325</u>	<u>17,634,982</u>

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

In respect of tax years 2008, 2014, 2017 and 2019 to 2023, the tax authority has raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of Leasehold improvements resulting in a tax demand of Rs. 764.870 million net of relief provided in appeal (December 31, 2023: Rs. 764.870 million). The Holding Company has filed an appeal which is pending before the Commissioner Appeals. The management is confident that these matters are likely to be decided in favour of the Holding Company and consequently has not made any provision in this respect.

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



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

		(Un-audited) Half year ended	
		June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
38	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period attributable to equity holders of the Holding Company	<u>21,928,332</u>	<u>18,613,752</u>
		------(Number of shares in '000)-----	
	Weighted average number of ordinary shares	<u>1,577,165</u>	<u>1,577,165</u>
		------(Rupees)-----	
	Basic and diluted earnings per share	<u>13.90</u>	<u>11.80</u>

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

		(Un-audited) Half year ended	
		June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
	39 CASH AND CASH EQUIVALENTS		
	Cash and balance with treasury banks	7 235,398,616	197,028,964
	Balance with other banks	8 17,317,897	16,367,795
	Call / clean money lendings	9 36,278,623	6,128,567
	Borrowings - others	(490,062)	(474,876)
	Overdrawn nostro accounts	18 (1,006,648)	(1,003,880)
	Less: Expected credit loss	(36,764)	-
		<u>287,461,662</u>	<u>218,046,570</u>

40 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as amortised cost / held to maturity, is based on quoted market price. Quoted debt securities classified as amortised cost / held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiary, is determined on the basis of valuation methodologies which are best reflective of their business model. The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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

40.1 Fair value of financial instruments

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

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

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

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

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

	June 30, 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	39,228,313	1,590,223,183	-	1,629,451,496
- Shares - listed companies	9,293,782	-	-	9,293,782
- Shares - unlisted companies	-	-	2,107,632	2,107,632
- Non-government debt securities	14,951,400	5,042,718	-	19,994,118
- Foreign government securities	-	67,189,395	-	67,189,395
- Foreign equity securities	272,520	-	-	272,520
- Foreign non-government debt securities	-	21,860,525	7,065,917	28,926,442
Financial assets - disclosed but not measured at fair value				
Investments - Amortised cost	-	262,535,734	-	262,535,734
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	1,537,988	-	1,537,988
- Forward sale of foreign exchange	-	(2,183,802)	-	(2,183,802)
- Forward purchase of government securities	-	36,082	-	36,082
- Forward sale government securities	-	307,326	-	307,326
- Derivatives purchases	-	3,345,825	-	3,345,825
- Derivatives sales	-	818,708	-	818,708
	December 31, 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	-	1,802,801,728	-	1,802,801,728
- Shares - listed companies	4,283,579	-	-	4,283,579
- Non-government debt securities	14,940,600	4,429,831	-	19,370,431
- Foreign government securities	-	43,176,169	-	43,176,169
- Foreign equity securities	284,596	-	-	284,596
- Foreign non-government debt securities	-	23,032,819	5,514,371	28,547,190
Financial assets - disclosed but not measured at fair value				
Investment - held to maturity securities	-	154,796,433	-	154,796,433
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	2,606,750	-	2,606,750
- Forward sale of foreign exchange	-	(2,779,042)	-	(2,779,042)
- Forward purchase of government securities	-	(27,210)	-	(27,210)
- Forward sale government securities	-	(17,514)	-	(17,514)
- Derivatives purchases	-	3,371,331	-	3,371,331
- Derivatives sales	-	707,484	-	707,484

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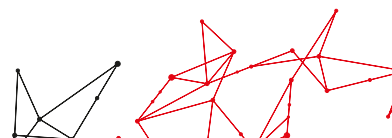
40.2 The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer, occurred. There were no transfers between levels 1 and 2 during the current period.

40.3 Valuation techniques used in determination of fair values:

40.3.1 Fair value of financial assets

(a) Financial instruments in level 1

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





(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

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

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

40.3.2 Fair value of non-financial assets

Certain categories of property and equipment (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 12 and 16. The valuations are conducted by the valuation experts appointed by the Holding Company which are also on the panel of the State Bank of Pakistan.

40.3.3 Valuation techniques

Item	Valuation approach and input used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. Floating rate PIBs are revalued using PKFRV rates. The fair value of GoP sukuk listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other GIS are revalued using PKISRV rates.
Overseas Sukuks, Overseas and GoP Euro Bonds	The fair value of overseas government sukuks, and overseas bonds are valued on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - unlisted	The fair value of investments in unlisted equity securities are valued on the basis of dividend discount model.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the SBP.
Derivative Instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Property and equipment and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Group's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated condensed interim financial statements.

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

Description	Fair value at June 30, 2024	Unobservable inputs*	Input Rate	Relationship of unobservable inputs to fair value
----- (Rupees in '000) -----				
Unlisted equity securities	2,107,632	Discount rate	17.1%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 91.643 million and Rs. 99.593 million respectively.

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

41.1.1 Segment details with respect to business activities

	For the half year ended June 30, 2024 (Un-audited)									
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others*	Elimination	Total
	(Rupees in '000)									
Consolidated Profit & loss account										
Net mark-up / return / profit	(58,780,714)	5,847,724	15,971,130	95,671,148	(4,812)	4,165,050	(41,736)	(1,511,662)	-	61,316,228
Inter segment revenue - net	102,597,495	4,511,493	(739,097)	(103,862,490)	4,417,309	326,022	-	860,980	(6,111,712)	-
Non mark-up / return / interest income	5,171,630	2,832,739	1,269,760	7,914,166	616,279	1,398,248	68,295	1,059,925	(3,604)	20,327,438
Total income	48,988,411	13,191,956	16,501,793	(2,277,176)	5,028,776	5,889,327	26,559	409,243	(6,115,316)	81,643,566
Segment direct expenses	14,785,449	1,605,582	5,918,346	475,790	1,498,510	1,969,167	394,290	12,832,838	(3,604)	39,476,368
Inter segment expense allocation	8,167,588	967,731	2,746,420	180,801	1,176,899	279,884	-	(12,832,838)	(686,485)	-
Total expenses	22,953,037	2,573,313	8,664,766	656,591	2,675,409	2,249,051	394,290	-	(690,089)	39,476,368
Credit loss allowance / provision / (reversals)	(953,400)	2,051,490	298,950	(9,937)	5,737	(86,007)	(338,646)	(1,200,000)	-	(231,993)
Profit / (loss) before tax	26,988,774	8,669,153	7,538,077	(2,923,850)	2,347,630	3,726,276	(28,885)	1,609,243	(5,425,227)	42,399,191

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Consolidated Statement of Financial Position										
Cash and bank balances	135,698,147	19,153,288	40,464,286	-	805,953	56,900,258	1,902,230	-	-	252,680,632
Investments		4,242,861	235,546,847	1,675,152,282	-	120,435,894	519,720	6,653,173	-	2,042,550,777
Net inter segment lending	991,740,947				11,275,739			99,764,414		
Loans to financial institutions			47,171,319	30,691,970		4,966,804	3,740	21,503,858		57,923,647
Advances - performing	217,501,404	343,636,114	148,140,567	-	70,256	35,886,593	-	766,742,532	(24,906,446)	766,742,532
Advances - non-performing	2,408,315	1,963,418	807,065	-	643	163,971	-	38,235		5,381,737
Others	41,421,740	39,367,184	42,763,490	65,951,980	1,658,364	(21,241,779)	718,439	61,983,233		232,575,209
Total assets	1,388,770,553	400,362,865	514,893,574	1,771,796,322	197,117,414	197,117,414	1,344,129	189,943,003	(112,978,538)	3,357,854,514

Borrowings	21,947,102	79,135,649	39,127,425	703,584,915	-	33,667,262	790,062	-	(26,388,966)	851,093,339
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	1,311,298,626	241,227,906	386,015,485	-	-	150,487,376	-	14,000,000	(1,515,818)	14,000,000
Net inter segment borrowing	27,699,726	27,699,726	26,340,993	1,047,317,524	-	1,422,856	-	-	(1,102,781,099)	2,100,942,511
Others	55,524,825	60,299,584	60,157,472	19,928,994	-	12,102,728	1,041,731	25,920,665	677,345	240,034,863
Total liabilities	1,388,770,553	408,362,865	511,641,375	1,770,831,333	13,810,955	197,679,712	1,831,793	43,920,665	(1,129,978,538)	3,206,870,713
Net assets	-	-	3,252,199	964,899	-	(567,971)	1,312,336	146,027,338	-	150,983,801
Equity including non-controlling interest	-	-	-	-	-	-	-	-	-	-
Contingencies and commitments	139,933,478	227,443,345	78,205,669	372,292,763	753	50,928,499	532,403	3,500,191	-	872,837,101

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

- * Others include head office related activities.

Consolidated Profit & loss account

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

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

Consolidated Statement of Financial Position

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

Borrowings
Subordinated debt
Deposits and other accounts
Net inter segment borrowing
Others
Total liabilities
Net assets
Equity including non-controlling interest
Contingencies and commitments

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

- * Others include head office related activities.

For the half year ended June 30, 2023 (Un-audited)									
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others*	Elimination	Total

(27,676,351)	10,366,819	11,625,368	62,763,454	7,117	3,451,357	(58,578)	-	-	59,132,632
64,110,226	(1,329,828)	(292,082)	(67,875,000)	3,536,565	210,930	-	(4,330,007)	-	-
3,910,098	1,742,238	946,319	4,919,555	463,333	685,932	305,228	795,206	(5,605)	13,700,863
40,343,963	10,779,229	12,279,605	4,808,009	4,007,015	4,346,079	2,467,700	358,507	(4,335,612)	72,833,495
11,816,055	2,379,043	4,442,437	391,353	1,271,730	1,728,445	209,551	9,338,030	(5,605)	31,571,039
5,831,851	769,013	1,683,221	375,558	752,038	208,530	-	(9,338,030)	(282,181)	-
17,647,906	3,148,056	6,125,658	766,931	2,023,768	1,936,975	209,551	(287,786)	31,571,039	-
2,495,591	2,130,916	319,207	(256,827)	1,550,224	(75,948)	-	374,000	5,001,963	-
20,200,466	5,500,257	5,834,740	4,297,952	1,968,223	2,485,052	37,149	(5,493)	(4,047,826)	36,260,493

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107,505,103	20,666,132	33,920,116	-	801,318	56,947,383	512,336	-	219,682,588
	3,609,787	214,732,021	1,743,435,218	-	104,537,703	19,201	-	2,072,156,767
973,612,195	87,039,833	-	-	11,390,718	-	5,832,837	-	-
	-	33,832,027	94,864,225	-	13,960,199	124,249,350	(1,196,292,096)	-
207,915,194	299,248,029	161,980,721	-	80,881	44,106,631	10,318	(22,102,342)	119,554,109
2,955,353	1,449,384	989,393	-	8,333	177,923	-	-	729,802,759
30,738,634	30,738,634	41,414,392	2,637,729	1,333,206	9,780,632	940,555	5,259,068	203,212,506
485,468,680	485,468,680	1,900,667,172	13,614,456	229,510,671	1,482,410	181,646,718	(771,529)	3,349,667,791
442,751,198	442,751,198	-	-	-	-	-	-	-

29,956,020	88,567,733	40,501,991	747,762,555	-	31,762,975	672,579	-	(23,007,821)	910,216,032
1,243,732,370	305,616,623	365,397,636	-	-	157,205,824	-	14,000,000	-	14,000,000
22,614,166	22,614,166	1,144,470,847	1,144,470,847	13,355,298	29,207,083	-	-	(366,494)	2,084,941,257
45,979,808	48,567,443	53,942,917	52,942,016	-	12,072,234	1,595,603	-	(1,196,292,096)	-
1,313,668,198	442,751,799	482,456,710	1,901,695,418	13,614,456	230,248,206	2,268,182	42,483,357	(2,119,141,767)	3,210,044,559
-	-	3,011,970	(1,028,246)	-	(737,535)	(785,772)	139,162,821	-	319,623,238
127,177,077	220,203,714	66,758,549	447,463,464	8	61,147,942	450,000	5,313,913	-	929,044,667

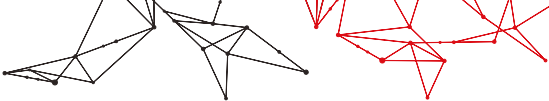
The Group has related party transactions with its associates, joint ventures, employee benefit plans, its directors, key management personnel and other related parties.

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

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

	As at June 30, 2024 (Un-audited)				As at December 31, 2023 (Audited)			
	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
	(Rupees in '000)				(Rupees in '000)			
Lendings to financial institutions								
Opening balance	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	-	-	-
Repaid during the period / year	-	-	-	-	-	-	-	6,332,364
Transfer in / (out) - net	-	-	-	-	-	-	-	(6,332,364)
Closing balance	-	-	-	-	-	-	-	-
Investments								
Opening balance	-	-	6,052,472	1,802,909	-	-	4,634,071	1,552,048
Investment made during the period / year	-	-	-	135,209	-	-	-	683,255
Investment redeemed / disposed off during the period / year	-	-	-	(82,381)	-	-	-	(504,303)
Revaluation of investment during the period / year	-	-	-	1,624,060	-	-	-	71,909
Equity method adjustment	-	-	420,969	-	-	-	1,418,401	-
Transfer in / (out) - net	-	-	-	58,015	-	-	-	-
Closing balance	-	-	6,473,441	3,557,812	-	-	6,052,472	1,802,909
Advances								
Opening balance	14,918	935,186	-	1,925,526	18,062	672,608	-	2,367,924
Addition during the period / year	-	120,678	-	36,417,868	911	604,716	-	90,959,543
Repaid during the period / year	(2,377)	(81,677)	-	(36,842,578)	(4,055)	(314,643)	-	(90,662,727)
Transfer in / (out) - net	-	-	-	-	-	(27,495)	-	-
Write off	-	-	-	-	-	-	-	(739,214)
Closing balance	12,541	974,187	-	1,500,816	14,918	935,186	-	1,925,526
Other Assets								
Interest / mark-up accrued	3,693	73,040	-	79,726	2,791	59,977	-	90,690
Receivable from staff retirement fund	-	-	-	104,937	-	-	-	440,585
Prepayment / rent receivable	-	-	2,343	-	-	-	6,214	-
Advance against shares	-	-	-	140,000	-	-	-	140,000
Borrowings								
Opening balance	-	-	-	2,605,576	-	-	-	2,180,207
Borrowings during the period / year	-	-	-	449,273	-	-	-	2,095,000
Settled during the period / year	-	-	-	(488,734)	-	-	-	(1,669,631)
Closing balance	-	-	-	2,566,115	-	-	-	2,605,576

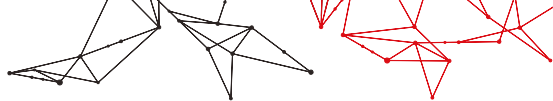
	As at June 30, 2024 (Un-audited)				As at December 31, 2023 (Audited)			
	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
(Rupees in '000)								
Deposits and other accounts								
Opening balance	406,959	340,757	17,153,420	18,550,205	38,466	184,994	3,078,698	12,308,779
Received during the period / year	4,682,652	2,511,976	446,812,383	121,378,911	1,190,798	3,877,341	840,300,568	318,163,352
Withdrawn during the period / year	(4,884,321)	(2,376,432)	(461,904,976)	(128,323,624)	(822,295)	(3,686,772)	(826,225,846)	(311,950,193)
Transfer in / (out) - net	-	-	-	19,853	-	-	-	28,267
Closing balance	205,290	476,301	2,060,827	11,625,345	406,959	340,757	17,153,420	18,550,205
Subordinated debt								
Opening balance	-	-	-	300,000	-	-	-	300,000
Issued / Purchased during the year	-	-	-	-	-	-	-	-
Redemption / Sold during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	300,000	-	-	-	300,000
Other Liabilities								
Interest / mark-up payable	727	2,972	-	99,508	737	1,045	-	132,609
Dividend Payable	740,007	-	-	637,976	1,975,728	-	-	1,845,246
Others	-	-	-	55,050	-	-	-	54,868
Contingencies and Commitments								
	-	-	-	1,410,493	-	-	-	1,573,620
Income								
Mark-up / return / interest earned	927	15,168	-	212,035	858	10,704	-	104,100
Fee and commission income	-	-	142,900	3,347	-	-	78,854	375
Dividend income	-	-	254,993	591,804	-	-	155,995	113,746
Gain / (loss) on sale of securities	-	4	-	(4,864)	-	1	-	(2,094)
Rent on property	-	-	1,950	-	-	-	2,531	-
Gain on sale of property and equipment - net	-	-	6,658	-	-	36	19,311	-
Expenses								
Mark-up / return / interest paid	14,802	16,708	413,343	1,193,362	5,035	13,236	369,287	1,029,804
Other operating expenses								
Directors fee	69,600	-	-	-	74,857	-	-	-
Managerial remuneration	289,959	1,103,864	-	-	214,831	801,804	-	-
Cleaning and custodian charges	-	-	-	61,237	-	-	-	-
Software maintenance	-	-	-	55,050	-	-	-	-
Communication cost	-	-	-	254,056	-	-	-	89,980
Charge for defined benefit plan	-	-	-	335,649	-	-	-	114,239
Contribution to defined contribution plan	-	-	-	432,505	-	-	-	233,501
Training and subscription	-	-	-	505	-	-	-	361,194
Other information								
Dividend paid	3,831,825	12,685	9,260	3,815,932	156,250	5,019	5,903	227,719
Insurance premium paid	-	-	1,327,811	-	-	-	1,020,603	-
Insurance claims settled	-	-	411,554	-	-	-	319,671	-



43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	15,771,651	15,771,651
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	122,899,883	112,301,515
Eligible Additional Tier 1 (ADT 1) Capital	13,551,758	13,550,000
Total eligible tier 1 capital	136,451,641	125,851,515
Eligible tier 2 capital	38,961,285	35,171,385
Total eligible capital (tier 1 + tier 2)	175,412,926	161,022,900
Risk Weighted Assets (RWAs):		
Credit risk	816,853,445	783,469,384
Market risk	36,972,600	18,233,250
Operational risk	177,472,700	177,472,700
Total	1,031,298,745	979,175,334
Common equity tier 1 capital adequacy ratio	11.92%	11.47%
Tier 1 capital adequacy ratio	13.23%	12.85%
Total capital adequacy ratio	17.01%	16.44%
In line with Basel III Capital Adequacy guidelines, following capital requirements are applicable to the Holding Company:		
Common equity tier 1 capital adequacy ratio	6.00%	6.00%
Tier 1 capital adequacy ratio	7.50%	7.50%
Total capital adequacy ratio	11.50%	11.50%
For Capital adequacy calculation, the Holding Company has adopted Standardized Approach for Credit & Market Risk related exposures and Alternate Standardized Approach (ASA) for operational risk.		
Leverage Ratio (LR):		
Eligible Teer-1 capital	136,451,641	125,851,515
Total exposures	3,711,070,838	3,541,562,293
Leverage ratio	3.68%	3.55%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	1,283,485,920	1,082,954,156
Total net cash outflow	608,002,136	488,388,254
Liquidity coverage ratio	211%	222%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	1,728,857,116	1,634,520,450
Total required stable funding	1,196,523,672	1,012,638,563
Net stable funding ratio	144%	161%





44 AFGHANISTAN OPERATIONS

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

45 BANGLADESH OPERATIONS

During the period ended June 30, 2024, a non-binding indicative offer was received from Bank Asia Limited, Dhaka, Bangladesh ("Bank Asia") to acquire the Holding Company's Bangladesh Operations (assets and liabilities). In this regard, the Holding Company has been granted an in-principle approval by the State Bank of Pakistan to facilitate conduct of due diligence exercise by Bank Asia. The proposed disposal transaction is subject to detailed due diligence, execution of transaction documents and receipt of regulatory and third-party approvals and consents.

46 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on August 01, 2024 has declared an interim cash dividend of 20% i.e. Rs. 2.0 per share (June 30, 2023: Rs. 3.0 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. The Board had earlier declared and paid an interim cash dividend of Rs. 2.0 per share (March 31, 2023: cash dividend: Rs. nil per share).

47 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on August 01, 2024 by the Board of Directors of the Holding Company.

48 GENERAL

- 48.1** Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements, wherever necessary for better presentation and classification.
- 48.2** The effect of reclassification, rearrangement, restatement in the comparative information presented in these consolidated condensed interim financial statements due to adoption of revised forms for the preparation of condensed interm financial statements as mentioned in note 4.1 is as follows:

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



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