Citibank N.A., Pakistan Branch

(Incorporated in the U.S.A., the liability of members being limited)

Condensed Interim Statement of Financial Position

As at September 30, 2024

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	7	**22,072,683**	25,578,910
Balances with other banks	8	**1,474,513**	23,808,742
Lendings to financial institutions	9	**-**	6,000,000
Investments	10	**245,621,488**	183,280,541
Advances	11	**57,726,562**	59,421,581
Property and equipment	12	**789,414**	369,976
Right-of-use assets	13	**825,425**	838,412
Intangible assets		**-**	-
Deferred tax assets	19	**-**	248,746
Other assets	14	**15,816,013**	9,395,496
Total Assets		**344,326,098**	308,942,404
LIABILITIES			
Bills payable	15	**945,023**	659,608
Borrowings	16	**85,421,808**	-
Deposits and other accounts	17	**212,548,028**	266,801,454
Lease liabilities	18	**921,158**	789,725
Subordinated debt		**-**	-
Deferred tax liabilities	19	**1,609,769**	-
Other liabilities	20	**25,932,843**	14,471,740
Total Liabilities		**327,378,629**	282,722,527
NET ASSETS		**16,947,469**	26,219,877
REPRESENTED BY			
Head office capital account		**6,812,671**	6,812,671
Reserve		**163,719**	163,719
Surplus / (Deficit) on revaluation of assets	21	**2,019,158**	(84,184)
Unremitted profit		**7,951,921**	19,327,671
		16,947,469	26,219,877
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.

AHMED BOZAI
Managing Director and
Citi Country Officer

IMAD HASSAN KHAN
Country Finance Officer

Citibank N.A., Pakistan Branch

(Incorporated in the U.S.A., the liability of members being limited)

Condensed Interim Profit and Loss Account (Un-audited)

For the nine months ended September 30, 2024

	Note	Quarter ended		Nine Months ended	
		September 30, 2024	September 30, 2023	**September 30, 2024**	September 30, 2023
		---------- (Rupees in '000) ----------			
Mark-up / Return / Interest earned	23	**14,711,798**	13,426,129	**41,796,087**	33,878,971
Mark-up / Return / Interest expensed	24	**8,082,035**	7,149,807	**25,571,363**	17,150,066
Net mark-up / Interest income		**6,629,763**	6,276,322	**16,224,724**	16,728,905
NON MARK-UP / INTEREST INCOME					
Fee and commission income	25	**245,010**	274,936	**887,308**	774,750
Foreign exchange income		**(592,114)**	1,605,773	**2,641,513**	5,432,685
Gain / (loss) on securities	26	**735,203**	(32,305)	**825,287**	(48,075)
Other income	27	**3,124**	-	**4,566**	-
Total non-markup / interest income		**391,223**	1,848,404	**4,358,674**	6,159,360
Total income		**7,020,986**	8,124,726	**20,583,398**	22,888,265
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	28	**998,829**	841,976	**2,711,276**	2,549,384
Workers welfare Fund	20.2	**112,606**	145,284	**356,956**	402,494
Other charges		**-**	-	**-**	950
Total non-markup / interest expenses		**1,111,435**	987,260	**3,068,232**	2,952,828
Profit before credit loss allowance / provisions		**5,909,551**	7,137,466	**17,515,166**	19,935,437
Credit loss allowance / provisions / reversals and write offs - net	29	**193,805**	(1,501)	**335,070**	39,636
PROFIT BEFORE TAXATION		**5,715,746**	7,138,967	**17,180,096**	19,895,801
Taxation	30	**3,545,167**	3,611,148	**10,532,718**	9,977,306
PROFIT AFTER TAXATION		**2,170,579**	3,527,819	**6,647,378**	9,918,495

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.

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Managing Director and
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IMAD HASSAN KHAN
Country Finance Officer

Citibank N.A., Pakistan Branch

(Incorporated in the U.S.A., the liability of members being limited)

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months ended September 30, 2024

	Quarter ended		Nine Months ended	
	September 30, 2024	September 30, 2023	**September 30, 2024**	September 30, 2023
	---------------------------- (Rupees in '000)			------------------------------
Profit after taxation for the period	**2,170,579**	3,527,819	**6,647,378**	9,918,495
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	**1,528,387**	294,331	**2,103,342**	474,633
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	**-**	-	**-**	-
Total comprehensive income	**3,698,966**	3,822,150	**8,750,720**	10,393,128

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.

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IMAD HASSAN KHAN
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Citibank N.A., Pakistan Branch
(Incorporated in the U.S.A., the liability of members being limited)
Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months ended September 30, 2024

	Note	Head office capital account	Surplus / (Deficit) on revaluation of investments	Share based payment contribution reserve by the ultimate holding company	Unremitted profit	Total
		---------- (Rupees in '000) ----------				
Opening Balance as at January 1, 2023 (audited)		6,812,671	(563,578)	163,719	8,771,160	15,183,972
Profit after taxation for the nine months ended September 30, 2023		-	-	-	9,918,495	9,918,495
Other comprehensive income for the nine months ended September 30, 2023		-	474,633	-	-	474,633
Opening Balance as at October 1, 2024 (un-audited)		**6,812,671**	**(88,945)**	**163,719**	**18,689,655**	**25,577,100**
Profit after taxation for the period October 1, 2023 to December 31, 2023		-	-	-	2,107,598	2,107,598
Other comprehensive income / (loss) for the period October 1, 2023 to December 31, 2023 - net of tax		-	4,761	-	(40,832)	(36,071)
Remittances made to head office		-	-	-	(1,428,750)	(1,428,750)
Opening Balance as at January 1, 2024 (audited)		**6,812,671**	**(84,184)**	**163,719**	**19,327,671**	**26,219,877**
Impact of adoption of IFRS 9	*4.1.2*	-	-	-	(125,968)	(125,968)
Restated balances as at January 1 , 2024		**6,812,671**	**(84,184)**	**163,719**	**19,201,703**	**26,093,909**
Profit after taxation for the nine months ended September 30, 2024		-	-	-	6,647,378	6,647,378
Other comprehensive income for the nine months ended September 30, 2024		-	2,103,342	-	-	2,103,342
Remittances made to head office		-	-	-	(17,897,160)	(17,897,160)
Closing Balance as at September 30, 2024 (un-audited)		**6,812,671**	**2,019,158**	**163,719**	**7,951,921**	**16,947,469**

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.

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Managing Director and
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IMAD HASSAN KHAN
Country Finance Officer

Citibank N.A., Pakistan Branch

(Incorporated in the U.S.A., the liability of members being limited)

Condensed Interim Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2024

	Note	**Nine Months ended** **September 30, 2024**	September 30, 2023
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**17,180,096**	**19,895,801**
Adjustments:			
Net mark-up / interest income		**(16,224,724)**	(16,728,905)
Depreciation	28	**76,897**	88,032
Depreciation on right-of-use assets	28	**162,138**	149,487
Interest expense on lease liability against right-of-use assets	28	**90,150**	70,147
Credit loss allowance and write offs	29	**342,495**	39,636
Gain on sale of property and equipment	27	**(62)**	-
Unrealised (gain) / loss on revaluation of investments classified as held for trading	26	**(162,093)**	52,112
Charge for defined benefit plan		**85,617**	59,108
		(15,629,582)	(16,270,383)
		1,550,514	3,625,418
(Increase) / Decrease in operating assets			
Lendings to financial institutions		**6,000,000**	(10,000,000)
Securities classified as FVTPL		**(16,837,700)**	5,966,423
Advances		**1,251,029**	(12,389,345)
Other assets (excluding advance taxation)		**(6,004,557)**	(12,701,567)
		(15,591,228)	(29,124,489)
Increase / (Decrease) in operating liabilities			
Bills payable		**285,415**	371,057
Borrowings from financial institutions		**85,407,549**	7,768,937
Deposits		**(54,253,426)**	28,417,483
Other liabilities (excluding current taxation)		**10,368,646**	10,413,674
		41,808,184	46,971,151
Mark-up / Interest received		**41,367,955**	33,387,156
Mark-up / Interest paid		**(24,738,292)**	(17,663,112)
Income tax paid		**(10,201,555)**	(8,870,098)
Contribution to gratuity fund		**(193,103)**	(35,526)
Remittances made during the period on account of head office expenses		**(131,639)**	-
Net cash flow generated from operating activities		**33,870,836**	28,290,500
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI		**(41,216,954)**	(57,142,654)
Investments in property and equipment		**(496,335)**	(279,201)
Disposal of property and equipment		**62**	-
Net cash flow (used in) investing activities		**(41,713,227)**	(57,421,855)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of lease obligations against right-of-use assets		**(107,868)**	(295,806)
Profit repatriated to head office during the period		**(17,897,160)**	-
Net cash flow (used in) financing activities		**(18,005,028)**	(295,806)
Increase / (Decrease) in cash and cash equivalents		**(25,847,419)**	(29,427,161)
Cash and cash equivalents at beginning of the period		**49,387,652**	57,163,956
Cash and cash equivalents at end of the period		**23,540,233**	27,736,795

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.

AHMED BOZAI
Managing Director and
Citi Country Officer

IMAD HASSAN KHAN
Country Finance Officer

1. STATUS AND NATURE OF BUSINESS

Citibank N.A., Pakistan Branch (the Bank) operates as a branch of Citibank N.A. which is a foreign banking company incorporated and domiciled in the U.S.A. with limited liability and is a member of Citigroup Inc., which is the ultimate holding company.

The Bank is engaged in banking business as described in the Banking Companies Ordinance, 1962. Its principal office is at AWT Plaza, I. I. Chundrigar Road, Karachi. At September 30, 2024, the Bank operates through 3 branches (December 31, 2023: 3 branches) in Pakistan.

Credit ratings assigned to Citigroup Inc. and Citibank N.A., by Moody's Investor Services are as follows:

	Long-term senior debt	Short-term debt
Citigroup Inc.	A3	P-2
Citibank N.A.	Aa3	P-1

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

These 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 Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) 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, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

The State Bank of Pakistan, vide its BSD Circular Letter no. 10 dated August 26, 2002, has deferred the applicability of International Accounting Standard 40, Investment Property, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

2.1.1 The disclosures made in these 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 financial statements of the Bank for the year ended December 31, 2023.

These condensed interim financial statements have been prepared in conformity with the format of interim financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter no. 2 dated February 09, 2023.

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 condensed interim financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 4.1.

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 condensed interim financial statements have been prepared under the historical cost convention except certain investments, foreign currency balances, commitments in respect of foreign exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

3.2 Functional and presentation currency

These 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 preparation of these condensed interim financial statements are consistent with those as applied in the preparation of annual financial statements of the Bank for the year ended December 31, 2023, except for the changes mentioned in notes 4.1 and 4.2.

4.1 IFRS 9 - Financial Instruments

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

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

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

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

SBP vide its BPRD Circular Letter No. 16 of 2024 has made certain amendments and extended timelines of application instructions for certain areas where the banking industry has sought more time. These amendments and relaxations include use of modification accounting for financial assets and liabilities as per IFRS 9 standard and recording and treatment of staff loans and advances at reduced rates to given effect from 1 October 2024. Further, the banks have been asked to use existing practices of recordings of markup/interest income using effective interest rate and ensure full recognition from 1 October 2024, this in turn also affects the reduced rate loans and modified assets accounting. Moreover, SBP has allowed an extension to Banks up to December 31, 2024 for developing the requisite models for calculating EAD for revolving products beyond the contractual date.

4.1.1 Impact on the condensed interim statement of financial position:

The effect of this change in accounting policy is as follows:

				Impact due to					
Financial Assets / Liabilities	**Previous classification**	**Classification under IFRS 9**	**Balances as of December 31, 2023 (Audited)**	**Change in classification**	**Recognition of expected credit loss (ECL)**	**Total impact - gross of tax**	**Taxation**	**Total impact - net of tax**	**Balances as of January 01, 2024**
			----------------------	----------------------	----------------------	(Rupees in '000)	----------------------	----------------------	----------------------
ASSETS									
Cash and balances with treasury banks	Loans and receivables	Amortised cost	25,578,910	-	(5,626)	(5,626)	-	(5,626)	25,573,284
Balances with other banks	Loans and receivables	Amortised cost	23,808,742	-	(7,372)	(7,372)	-	(7,372)	23,801,370
Lending to financial institutions	Loans and receivables	Amortised cost	6,000,000	-	-	-	-	-	6,000,000
Investments					-				
Held for trading	HFT	FVTPL	8,965,520	-	-	-	-	-	8,965,520
Available for sale	AFS	FVOCI	174,315,021	-	-	-	-	-	174,315,021
Advances	Loans and receivables	Amortised cost	59,421,581	-	(97,952)	(97,952)	-	(97,952)	59,323,629
Property and equipment	Outside the scope of IFRS 9		369,976	-	-	-	-	-	369,976
Right-of-use assets	Outside the scope of IFRS 9		838,412	-	-	-	-	-	838,412
Intangible assets	Outside the scope of IFRS 9			-	-	-	-	-	-
Deferred tax asset - net	Outside the scope of IFRS 9		248,746	-	-	-	-	-	248,746
Other assets					-				
Financial other assets	Loans and receivables	Amortised cost	6,197,251	-	(13,013)	(13,013)	-	(13,013)	6,184,238
Non financial other assets	Outside the scope of IFRS 9		129,083	-		-	-	-	129,083
Forward foreign exchange contracts	Fair value	FVTPL	3,069,162	-		-	-	-	3,069,162
			308,942,404	-	(123,963)	(123,963)	-	(123,963)	308,818,441
LIABILITIES									
Bills payable	Cost	Amortised cost	659,608	-	-	-	-	-	659,608
Borrowings	Cost	Amortised cost	-	-	-	-	-	-	-
Deposits and other accounts	Cost	Amortised cost	266,801,454	-	-	-	-	-	266,801,454
Lease liability	Outside the scope of IFRS 9		789,725	-	-	-	-	-	789,725
Subordinated debt	Cost	Amortised cost	-	-	-	-	-	-	-
Other liabilities									
Financial other liabilities	Cost	Amortised cost	7,950,782	-	2,004	2,004	-	2,004	7,952,786
Non financial other liabilities	Outside the scope of IFRS 9		3,438,762	-	-	-	-	-	3,438,762
Forward foreign exchange contracts	Fair value	FVTPL	3,082,196	-	-	-	-	-	3,082,196
			282,722,527	-	2,004	2,004	-	2,004	282,724,531
NET ASSETS			**26,219,877**	**-**	**(125,967)**	**(125,967)**	**-**	**(125,967)**	**26,093,910**
REPRESENTED BY		*Note*							
Head office capital account			6,812,671	-	-	-	-	-	6,812,671
Reserves			163,719	-	-	-	-	-	163,719
Deficit on revaluation of assets - net of tax			(84,184)	-	-	-	-	-	(84,184)
Unremitted profit		*4.1.2*	19,327,671	-	(125,967)	(125,967)	-	(125,967)	19,201,704
			26,219,877	**-**	**(125,967)**	**(125,967)**	**-**	**(125,967)**	**26,093,910**

4.1.2 Impact on unremitted profit

	Note	Impact of adopting IFRS 9 at January 1, 2024 Rupees in '000
Closing balances as at December 31, 2023		19,327,671
Recognition of expected credit losses under IFRS 9	4.1.1	(125,968)
Opening balance under IFRS 9 as at January 1, 2024		19,201,703

4.1.3 Impact on regulatory capital

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP has detailed the transitional arrangement.

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

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

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

	As per previous Reporting requirements	As per adoption of IFRS 9 impairment changes	IFRS 9 impairment changes and reclassification
	----------	%	----------
Common Equity Tier 1 Capital Adequacy ratio	33.96%	33.94%	-0.02%
Tier 1 Capital Adequacy Ratio	33.96%	33.94%	-0.02%
Total Capital Adequacy Ratio	33.96%	33.96%	0.00%

4.1.4 Classification and measurement

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

Recognition and initial measurement

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

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

Classification

Financial Assets

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

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

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

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

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

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

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

Financial Liabilities

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

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

4.1.5 Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual markup revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Bank's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

Transfer of financial assets to third parties in transaction that do not qualify for derecognition are not considered sales for this purpose, consistent with the Bank continuing recognition of the financial assets.

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

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

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

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and markup on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

4.1.7 Subsequent measurement

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost. The amortised cost is reduced by impairment losses. Markup, foreign exchange gains and losses and impairment are recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Markup income is calculated using the effective interest method and includes amortization of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss account.

4.1.8 Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the contractual interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2024).

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

4.1.9 Calculation of markup income and expense

Markup income for certain financial assets and expense for certain financial liabilities are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

In calculating markup income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, markup income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of markup income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, markup income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of markup income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Markup / interest earned as presented in the profit and loss account includes markup income calculated using the effective interest method as presented in sub note which includes markup on debt instruments measured at FVOCI.

Markup / interest expense as presented in the profit and loss account includes markup expense calculated using the effective interest rate method as presented in sub note which includes financial liabilities measured at amortised cost.

In accordance with the application instructions the unrealized markup earned on non-performing assets are kept in a memorandum account and are not credited to the statement of profit and loss. However, the Banks are advised to recognize income on non-performing assets (loans classified under PRs i.e., OAEM and Stage 3 loan) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

4.1.10 Derecognition

The Bank derecognises a financial asset when:

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

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

a) the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and

b) the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in OCI shall be recognised in profit or loss.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured loan transaction similar to sale-and repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

4.1.11 Modification

Financial assets

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

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

- other fees are included in profit or loss as part of the gain or loss on derecognition.

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

Where derecognition of financial assets is appropriate, the newly recognised residual loans are assessed to determine whether the assets should be classified as purchased or originated credit-impaired assets (POCI).

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

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with impairment losses. In other cases, it is presented as markup income calculated using the effective interest rate method.

Financial liabilities

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

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

4.1.12 Reclassification

Financial liabilities are not reclassified subsequent to initial recognition. Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes.

Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated. Moreover, reclassifications of financial assets between financial assets held at amortised cost and financial assets held at FVOCI do not affect interest rate or expected credit loss computations.

Reclassified from amortised cost

Where financial assets held at amortised cost are reclassified to financial assets held at FVTPL, the difference between the fair value of the assets at the date of reclassification and the previously recognised amortised cost is recognised in statement of profit and loss.

For financial assets held at amortised cost that are reclassified to FVOCI, the difference between the fair value of the assets at the date of reclassification and the previously recognised gross carrying value is recognised in comprehensive income. Additionally, the related cumulative expected credit loss amounts relating to the reclassified financial assets are reclassified from provisions to a separate reserve in comprehensive income at the date of reclassification.

Reclassified from fair value through other comprehensive income

Where financial assets held at FVOCI are reclassified to financial assets held at FVTPL, the cumulative gain or loss previously recognised in comprehensive income is transferred to the profit and loss.

For financial assets held at FVOCI that are reclassified to financial assets held at amortised cost, the cumulative gain or loss previously recognised in comprehensive income is adjusted against the fair value of the financial asset such that the financial asset is recorded at a value as if it had always been held at amortised cost. In addition, the related cumulative expected credit losses held within comprehensive income are reversed against the gross carrying value of the reclassified assets at the date of reclassification.

Reclassified from fair value through profit or loss

Where financial assets held at FVTPL are reclassified to financial assets held at FVOCI or financial assets held at amortised cost, the fair value at the date of reclassification is used to determine the effective interest rate on the financial asset going forward. In addition, the date of reclassification is used as the date of initial recognition for the calculation of expected credit losses. Where financial assets held at FVTPL are reclassified to financial assets held at amortised cost, the fair value at the date of reclassification becomes the gross carrying value of the financial asset.

4.1.13 Impairment

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

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;

- *undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- *financial guarantee contracts:* the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Under the IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Bank is required to calculate ECL on its non-performing financial assets as higher of provision under Prudential Regulations (PR) and ECL under IFRS 9.

Based on the requirements of IFRS 9 and Application Instructions, the Bank has performed an ECL assessment considering the following key elements:

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12- month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). The PD of a customer is determined based on a set of IFRS 9 ECL models that combine the macroeconomic forecasts and point-in-time PDs. The Bank considers three economic scenarios (Pessimistic, Optimistic and Baseline). PD is determined using Citi Global PD model.

- EAD: Exposure at default (EAD) is an estimation of the extent that the Bank may be exposed to an obligor in the event of default. The estimation of EAD should take into account any expected changes in the exposure after the assessment date, including expected drawdowns on committed facilities through the application of a credit conversion factor (CCF). EAD is determined using Citi Global EAD model.

- LGD: Loss given default (LGD) is an estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. LGD is determined using Citi Global LGD model.

4.1.14 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank uses several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 30 days or more past due.

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

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

4.1.15 Write-offs

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in ‘impairment losses on financial instruments’ in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank’s procedures for recovery of amounts due.

4.1.16 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.1.17 Undrawn loan commitments and guarantees:

Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.
Financial guarantees issued or commitments to provide a loan at a below-market profit rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15

When estimating lifetime ECL for undrawn loan commitments, the Bank estimates the expected portion of the loan 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 loans are drawn down, based on a probability-weighting of the three scenarios.

4.2 Revised format of condensed interim financial statements

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

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

- Right-of-use-assets (note 13) amounting to Rs.825.425 million (December 31, 2023: Rs.838.412 million) which were previously shown as part of fixed assets note 12 are now shown separately on the statement of financial position.

- Lease liabilities (note 18) amounting to Rs.921.158 million (December 31, 2023: Rs.789.725 million) which were previously shown as part of other liabilities note 20 are now shown separately on the statement of financial position.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of 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 4.1 to the 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 audited annual financial statements for the year ended December 31, 2023.

7	CASH AND BALANCES WITH TREASURY BANKS	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		-----------(Rupees in '000)-------------	
	In hand		
	Local currency	145,366	102,345
	Foreign currency	162,949	207,699
		308,315	310,044
	With State Bank of Pakistan in		
	Local currency current account	16,757,863	19,334,267
	Foreign currency current accounts		
	- Cash reserve account	1,666,279	1,973,025
	- US Dollar clearing account	12,559	15,524
	Foreign currency deposit account		
	- Special cash reserve account	3,332,557	3,946,050
		22,077,573	25,578,910
	Less: Credit loss allowance held against cash and balances with treasury banks	(4,890)	-
	Cash and balances with treasury banks - net of credit loss allowance	22,072,683	25,578,910

8	BALANCES WITH OTHER BANKS		
	In Pakistan		
	In current accounts	9,000	9,000
	Outside Pakistan		
	In current accounts	1,467,919	23,799,742
		1,476,919	23,808,742
	Less: Credit loss allowance held against balances with other banks	(2,406)	-
	Balances with other banks - net of credit loss allowance	1,474,513	23,808,742

9	LENDINGS TO FINANCIAL INSTITUTIONS		
	Repurchase agreement lendings (Reverse Repo)	-	6,000,000
	Less: Credit loss allowance held against lending to financial institutions	-	-
	Lending to financial institutions - net of credit loss allowance	-	6,000,000

9.1 Lending to FIs- Particulars of credit loss allowance

	(Un-audited) September 30, 2024		(Audited) December 31, 2023	
	Lending	Credit loss allowance held	Lending	Credit loss allowance held
	--------------(Rupees in '000)--------------			
Domestic				
Performing	-	-	6,000,000	-
Total	-	-	6,000,000	-

10 INVESTMENTS

10.1 Investments by type:

	(Un-audited) September 30, 2024				(Audited) December 31, 2023			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	---------------- (Rupees in '000) ----------------							
Fair value through profit or loss								
Federal Government securities	25,806,440	-	158,873	25,965,313	-	-	-	-
	25,806,440	-	158,873	25,965,313	-	-	-	-
Held for trading securities								
Federal Government securities	-	-	-	-	8,968,740	-	(3,220)	8,965,520
					8,968,740	-	(3,220)	8,965,520
Fair value through other comprehensive income								
Federal Government securities	215,697,040	-	3,959,135	219,656,175	-	-	-	-
	215,697,040	-	3,959,135	219,656,175	-	-	-	-
Available for sale securities								
Federal Government securities	-	-	-	-	174,480,086	-	(165,065)	174,315,021
	-	-	-	-	174,480,086	-	(165,065)	174,315,021
Total Investments	241,503,480	-	4,118,008	245,621,488	183,448,826	-	(168,285)	183,280,541

10.1.2	Investments given as collateral	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		-----------------(Rupees in '000)------------	
	The market value of investments given as collateral is as follows:		
	Federal Government securities:		
	-Market Treasury Bills	24,309,067	-

10.2 Particulars of credit loss allowance

	(Un-audited) September 30, 2024	
	Outstanding amount	Credit loss allowance held
	---------------- (Rupees in '000) ------	
Domestic		
Performing	245,621,488	-
Total	245,621,488	-

11 ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) September 30, 2024	(Audited) December 31, 2023	**(Un-audited) September 30, 2024**	(Audited) December 31, 2023	**(Un-audited) September 30, 2024**	(Audited) December 31, 2023
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	**50,842,534**	44,220,602	**429,831**	536,172	**51,272,365**	44,756,774
Bills discounted and purchased	**7,357,647**	15,200,979	**-**	-	**7,357,647**	15,200,979
Advances - gross	**58,200,181**	59,421,581	**429,831**	536,172	**58,630,012**	59,957,753
Credit loss allowance against advances						
-Stage 1	**(225,710)**	**-**	**-**	**-**	**(225,710)**	**-**
-Stage 2	**(247,909)**	**-**	**-**	-	**(247,909)**	**-**
-Stage 3	**-**	**-**	**(429,831)**	-	**(429,831)**	**-**
-Specific	**-**	**-**	**-**	(536,172)	**-**	(536,172)
	(473,619)	-	**(429,831)**	(536,172)	**(903,450)**	(536,172)
Advances - net of credit loss allowance / provision	**57,726,562**	59,421,581	**-**	-	**57,726,562**	59,421,581

11.1 Particulars of advances (Gross)

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
In local currency	**58,416,488**	59,741,040
In foreign currency	**213,524**	216,713
	58,630,012	59,957,753

11.2 Advances include Rs. 429.831 million (December 31, 2023: Rs. 536.172 million) which have been placed under Stage 3 / non-performing status as detailed below:-

Category of Classification		**(Un-audited) September 30, 2024**		(Audited) December 31, 2023	
		Non Performing Loans	**redit loss allowanc**	Non Performing Loans	Provision
		(Rupees in '000)			
Domestic					
Loss	Stage 3	**429,831**	**429,831**	536,172	536,172
Total		**429,831**	**429,831**	536,172	536,172

11.3 Particulars of credit loss allowance against advances

	(Un-audited) September 30, 2024					
	Stage 1	**Stage 2**	**Stage 3**	**Specific**	**General**	**Total**
	(Rupees in '000)					
Opening balance	**-**	-	-	**536,172**	**-**	**536,172**
IFRS 9 transition impact	**83,727**	**14,225**	**536,172**	**(536,172)**	**-**	**97,952**
Restated balance as at January 1, 2024	**83,727**	**14,225**	**536,172**	**-**	**-**	**634,124**
Exchange adjustments	**-**	**-**	**(3,187)**	-	-	**(3,187)**
Charge for the period	**141,983**	**233,684**	**-**	-	-	**375,667**
Reversals	**-**	**-**	**(29,629)**	-	-	**(29,629)**
	141,983	**233,684**	**(29,629)**	-	-	**346,038**
Amounts written off	**-**	**-**	**(72,654)**	-	-	**(72,654)**
Other movements	**-**	**-**	**(871)**	-	-	**(871)**
Closing balance	**225,710**	**247,909**	**429,831**	-	-	**903,450**

	(Audited) December 31, 2023		
	Specific	General	Total
Opening balance	1,772,695	38	1,772,733
Exchange adjustments	66,696	-	66,696
Charge for the year	45,419	-	45,419
Reversals	(9,783)	(38)	(9,821)
	35,636	(38)	35,598
Amounts written off	(1,336,203)	-	(1,336,203)
Other movements	(2,652)		(2,652)
Closing balance	536,172	-	536,172

11.4 Advances - Particulars of credit loss allowance

		(Un-audited) September 30, 2024					
		Stage 1	**Stage 2**	**Stage 3**	**Specific**	**General**	**Total**
		(Rupees in '000)					
11.4.1	Opening balance	**-**	**-**	**-**	**536,172**	**-**	**536,172**
	IFRS 9 transition impact	**83,727**	**14,225**	**536,172**	**(536,172)**	**-**	**97,952**
	Restated balance as at January 1, 2024	**83,727**	**14,225**	**536,172**	**-**	**-**	**634,124**
	Exchange adjustments	**-**	**-**	**(3,187)**	**-**	**-**	**(3,187)**
	New Advances	**72,720**	**11,332**	**-**	**-**	**-**	**84,052**
	Advances derecognised or repaid / reversal	**(2,290)**	**-**	**(29,629)**	**-**	**-**	**(31,919)**
	Net impairment charged	**81,940**	**211,965**	**-**	**-**	**-**	**293,905**
	Transfer to stage 1	**-**	**-**	**-**	**-**	**-**	**-**
	Transfer to stage 2	**(10,387)**	**10,387**	**-**	**-**	**-**	**-**
	Transfer to stage 3	**-**	**-**	**-**	**-**	**-**	**-**
		141,983	**233,684**	**(29,629)**	**-**	**-**	**346,038**
	Amounts written off / charged off	**-**	**-**	**(72,654)**	**-**	**-**	**(72,654)**
	Other movement	**-**	**-**	**(871)**	**-**	**-**	**(871)**
	Closing balance	**225,710**	**247,909**	**429,831**	**-**	**-**	**903,450**

11.4.2 Advances - Category of classification

Domestic

		(Un-audited) September 30, 2024	
		(Rupees in '000)	
		Outstanding amount	**Credit loss allowance Held**
Performing	Stage 1	**53,322,108**	**225,710**
Underperforming	Stage 2	**4,878,073**	**247,909**
Non-Performing	Stage 3	**-**	**-**
Loss		**429,831**	**429,831**
Total		**58,630,012**	**903,450**

12 PROPERTY AND EQUIPMENT

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		(Rupees in '000)	
Capital work-in-progress	12.1	**466,937**	78,292
Property and equipment		**322,477**	291,684
		789,414	369,976

12.1 Capital work-in-progress

Civil works	**310,705**	-
Equipment	**156,232**	78,292
	466,937	78,292

12.2 Additions to property and equipment

	(Un-audited) September 30, 2024	(Un-audited) June 30, 2023
	(Rupees in '000)	
The following additions have been made to property and equipment during the period:		
Capital work-in-progress	**466,936**	-
Property and equipment		
Furniture and fixture	**6,273**	21,431
Electrical, office and computer equipment	**101,445**	248,741
	107,718	270,172
Total	**574,654**	270,172

13 RIGHT-OF-USE ASSETS

	(Un-audited) September 30, 2024		(Audited) December 31, 2023	
	Buildings	Total	Buildings	Total
	(Rupees in '000)			
At January 1				
Cost	**1,478,928**	**1,478,928**	716,859	716,859
Accumulated Depreciation	**(640,516)**	**(640,516)**	(450,648)	(450,648)
Net Carrying amount at January 1	**838,412**	**838,412**	266,211	266,211
Additions during the period / year	**-**	**-**	459,451	459,451
Deletions during the period / year	**-**	**-**	-	-
Depreciation Charge for the period / year	**(162,138)**	**(162,138)**	(189,868)	(189,868)
Other adjustments / transfers	**149,151**	**149,151**	302,618	302,618
Closing net carrying amount	**825,425**	**825,425**	838,412	838,412

14 OTHER ASSETS

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
Income / Mark-up accrued in local currency		**3,365,877**	2,938,325
Income / Mark-up accrued in foreign currency		**22,850**	22,270
Advances, deposits, advance rent and other prepayments		**312,772**	125,524
Advance taxation (payments less provisions)		**-**	-
Non-banking assets acquired in satisfaction of claims	14.2	**4,804**	7,954
Branch adjustment account		**11,907**	1,899
Mark to market gain on forward foreign exchange contracts		**2,002,078**	3,069,162
Acceptances		**10,112,252**	3,236,656
Others		**447**	1,660
		15,832,987	9,403,450
Less: Credit loss allowance held against other assets / Provision held against other assets	14.1	**(16,974)**	(7,954)
		15,816,013	9,395,496
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		**-**	-
Other Assets (Net of credit loss allowance / provision)		**15,816,013**	9,395,496

14.1 Credit loss allowance held against other assets

Income / Mark-up accrued in local currency	**3,184**	-
Income / Mark-up accrued in foreign currency	**53**	-
Advances, deposits, advance rent & other prepayments	**93**	-
Acceptances	**8,840**	-
Non-banking assets acquired in satisfaction of claims	**4,804**	7,954
Closing balance	**16,974**	7,954

14.1.1 Movement in credit loss allowance held against other assets / Provision held against other assets

Opening balance	**7,954**	7,954
Impact of adoption of IFRS 9	**13,013**	-
Charge for the period / year	**-**	-
Reversals	**(3,993)**	-
Amount written off	**-**	-
Closing balance	**16,974**	7,954

14.2 The management has made provision against the amount of non-banking assets acquired in satisfaction of claims taking a conservative view. Therefore, the management has not disclosed the market value of these assets.

15 BILLS PAYABLE

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	------------ (Rupees in '000) -----------	
In Pakistan	**945,023**	659,608

16 BORROWINGS

Secured		
Repurchase agreement borrowings	**24,310,667**	-
Total secured	**24,310,667**	-
Unsecured		
Call borrowings	**61,096,882**	-
Overdrawn nostro account	**14,259**	-
Total unsecured	**61,111,141**	-
	85,421,808	-

17 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) September 30, 2024			(Audited) December 31, 2023		
	In local currency	**In foreign currencies**	**Total**	In local currency	In foreign currencies	Total
	------------------------------ (Rupees in '000) ------------------------------					
Customers						
Current deposits	**35,957,237**	**8,455,197**	**44,412,434**	60,324,944	12,113,447	72,438,391
Savings deposits	**89,112,920**	**11,635,205**	**100,748,125**	146,907,434	8,556,223	155,463,657
Term deposits	**61,187,678**	**60,644**	**61,248,322**	32,595,428	61,550	32,656,978
Others - margin deposits	**3,715,580**	**111,373**	**3,826,953**	4,168,802	383	4,169,185
	189,973,415	**20,262,419**	**210,235,834**	243,996,608	20,731,603	264,728,211
Financial Institutions						
Current deposits	**1,857,828**	**454,366**	**2,312,194**	1,752,845	320,398	2,073,243
	1,857,828	**454,366**	**2,312,194**	1,752,845	320,398	2,073,243
	191,831,243	**20,716,785**	**212,548,028**	245,749,453	21,052,001	266,801,454

18 LEASE LIABILITIES

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	------------ (Rupees in '000) -----------	
Outstanding amount at the start of the period / year	**789,725**	191,469
Additions during the period / year	**-**	380,251
Lease payments including interest	**(107,867)**	(268,379)
Interest expense	**90,150**	104,566
Other adjustments / transfers	**149,150**	381,818
Outstanding amount at the end of the period / year	**921,158**	789,725

18.1 Liabilities Outstanding

Not later than one year	**3,157**	70,688
Later than one year and upto five years	**88,836**	99,370
Over five years	**829,165**	619,667
Total at the period end	**921,158**	789,725

19 DEFERRED TAX (LIABILITIES) / ASSETS

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
Deductible Temporary Differences on		
- Tax losses carried forward	**-**	-
- Post retirement employee benefits	**181,705**	181,708
- Deficit on revaluation of investments	**-**	82,460
- Accelerated tax depreciation	**-**	63,821
- Unrealized loss on derivatives	**318,482**	9,131
	500,187	337,120
Taxable Temporary Differences on		
- Surplus on revaluation of investments	**(2,017,824)**	-
- Accelerated tax depreciation	**(3,757)**	-
- Effect of re-measurement of cost under share based payment	**(88,375)**	(88,374)
	(2,109,956)	(88,374)
	(1,609,769)	248,746

20 OTHER LIABILITIES

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		------------ (Rupees in '000) -----------	
Mark-up / Return / Interest payable in local currency		**840,866**	100,360
Mark-up / Return / Interest payable in foreign currency		**92,565**	-
Unearned commission and income on bills discounted		**283,874**	172,546
Accrued expenses		**666,581**	743,087
Current taxation (provisions less payments)		**1,160,216**	666,712
Worker's Welfare Fund (WWF) payable	*20.2*	**1,914,064**	1,557,108
Acceptances		**10,112,252**	3,236,656
Mark to market loss on forward foreign exchange contracts		**2,652,003**	3,082,196
Branch adjustment account		**-**	-
Unremitted head office expenses		**1,458,766**	1,369,955
Payable to regional offices for support services		**560**	9,747
Payable to Head office against employee benefit		**678,547**	656,479
Payable to defined benefit plan		**411,548**	519,034
Credit Loss allowance against off-balance sheet obligations / Provision against off-balance sheet obligations	*20.1*	**5,209**	202
Withholding Tax		**235,043**	523,160
Clearing account balances		**3,859,606**	208,245
Unclaimed deposit balances		**1,064,650**	1,101,214
Others		**496,493**	525,039
		25,932,843	14,471,740

20.1 Credit loss allowance against off-balance sheet obligations / Provision against off-balance sheet obligations

Opening balance	**202**	202
Impact of adoption of IFRS 9	**2,004**	-
Charge for the period / year	**3,003**	-
Reversals	**-**	-
	3,003	-
Amount written off	**-**	-
Closing balance	**5,209**	202

20.2 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 for the levy of Workers Welfare Fund were not lawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment. These petitions are currently pending with the Supreme Court of Pakistan.

A legal advice has been obtained by the Pakistan Banks Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive or final till the review petitions are decided. Accordingly, the Bank maintains full provision of Rs. 252.638 million in respect of federal WWF law from the date of its levy till December 2013. Further, the Bank maintains gross provision of Rs. 2,136.821 million against Sindh and Punjab WWF laws from the date of its levy till September 30, 2024. The bank along with the banking industry has challenged the Sindh WWF levy which is pending in Court. No notice has been received from Punjab Revenue Authority in respect of its WWF law. However, single member bench of Sindh High Court issued an interim order, whereby all banks are required to comply the order of full bench's order in the similar case. Stay has been obtained against the interim order by the banks, the lawyer also informed that final order of full bench will also decide the fate of banking industry's cases.

21 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	**(Un-audited) September 30, 2024**	(Audited) December 31, 2023
		------------ (Rupees in '000) -----------	
Surplus / (Deficit) on revaluation of:			
- Securities measured at FVOCI-Debt	*10.1*	**3,959,134**	(165,065)
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI-Debt		**(1,939,976)**	80,881
		2,019,158	(84,184)

22 CONTINGENCIES AND COMMITMENTS

	Note		
- Guarantees	*22.1*	**8,731,444**	7,693,596
- Commitments	*22.2*	**426,893,352**	549,978,305
- Other contingent liabilities	*22.3*	**389,689**	395,509
		436,014,485	558,067,410

22.1 Guarantees

Financial guarantees	**350,000**	-
Performance guarantees	**2,047,275**	2,577,716
Other guarantees	**6,334,169**	5,115,880
	8,731,444	7,693,596

22.2 Commitments

	Note	**(Un-audited) September 30, 2024**	(Audited) December 31, 2023
		(Rupees in '000)	
Documentary credits and short-term trade-related transactions			
- Letters of credit		**25,119,162**	28,426,305
Commitments in respect of:			
- Forward foreign exchange contracts	*22.2.1*	**370,844,706**	510,438,875
- Forward government securities transactions	*22.2.2*	**26,882,479**	6,006,906
- Forward lending	*22.2.3*	**-**	1,129,781
- Property and equipment		**714,448**	30,388
Other commitments	*22.2.4*	**3,332,557**	3,946,050
		426,893,352	549,978,305

22.2.1 Commitments in respect of forward foreign exchange contracts

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		(Rupees in '000)	
Purchase		**222,858,588**	250,490,137
Sale		**147,986,118**	259,948,738
		370,844,706	510,438,875

22.2.2 Commitments in respect of forward government securities transactions

Purchase		**24,322,951**	-
Sale		**2,559,528**	6,006,906
		26,882,479	6,006,906

22.2.3 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines	*22.2.3.1*	**-**	1,129,781

22.2.3.1 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.

22.2.4 Other commitments

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		(Rupees in '000)	
Forward placement		**3,332,557**	3,946,050

22.3 Other contingent liabilities

Claims against bank not acknowledged as debt	*22.3.1*	**389,689**	395,509

22.3.1 These are not recognised as debt as the probability of these crystallising against the Bank is considered remote.

22.4 Tax related contingencies are disclosed in note 30 of these condensed interim financial statements.

23 MARK-UP / RETURN / INTEREST EARNED

		(Un-audited)	
		September 30, 2024	September 30, 2023
		(Rupees in '000)	
On:			
a)	Loans and advances	**9,677,510**	6,955,702
b)	Investments	**29,228,620**	23,661,042
c)	Lendings to financial institutions	**2,077,149**	2,039,133
d)	Balances with banks	**812,808**	1,223,094
		41,796,087	33,878,971

23.1 Interest income recognised on:

Financial assets measured at amortised cost	**12,567,467**	-
Financial assets measured at fair value through OCI	**28,013,753**	-
Financial assets measured at fair value through PnL	**1,214,867**	-
	41,796,087	**-**

24 MARK-UP / RETURN / INTEREST EXPENSED

On:			
a)	Deposits	**22,826,495**	16,530,024
b)	Borrowings	**2,744,868**	620,042
		25,571,363	17,150,066

25 FEE AND COMMISSION INCOME

Branch banking customer fees	**31,489**	29,744
Card related fees (credit cards)	**3,942**	17,888
Custody related fees	**368,487**	434,960
Commission on trade	**357,333**	194,508
Commission on guarantees	**31,766**	11,912
Commission on cash management	**58,965**	66,381
Commission on remittances including home remittances	**33**	1
Others	**35,293**	19,356
	887,308	774,750

		Note	(Un-audited) September 30, 2024	September 30, 2023
			(Rupees in '000)	
26	**GAIN / (LOSS) ON SECURITIES**			
	Realised	*26.1*	**663,194**	4,037
	Unrealised - measured at FVTPL	*10.1*	**162,093**	(52,112)
			825,287	(48,075)
26.1	Realised gain / (loss) on:			
	Federal Government Securities		**663,194**	4,037
			663,194	4,037
27	**OTHER INCOME**			
	Gain on sale of fixed assets - net		**62**	-
	Gain on sale of non banking assets - net		**3,150**	-
	Incidental Income		**1,354**	-
			4,566	-
28	**OPERATING EXPENSES**			
	Total compensation expense		**1,366,793**	1,222,740
	Property expense			
	Rent and taxes		**28,744**	61,752
	Utilities cost		**63,629**	44,219
	Security (including guards)		**45,915**	51,766
	Repair and maintenance (including janitorial charges)		**137,355**	106,173
	Depreciation		**13,189**	33,883
	Depreciation on right-of-use assets		**162,138**	149,487
	Interest expense on lease liability against right-of-use assets		**90,150**	70,147
			541,120	517,427
	Information technology expenses			
	Software maintenance		**140,522**	**73,045**
	Hardware maintenance		**2,417**	**475**
	Depreciation		**63,708**	**48,476**
	Network charges		**54,951**	**57,339**
	Others		**4,956**	**531**
			266,554	179,866
	Other operating expenses			
	Legal and professional charges		**38,925**	19,027
	Outsourced services costs		**9,104**	2,011
	Travelling and conveyance		**39,665**	36,344
	NIFT clearing charges		**5,127**	-
	Depreciation		**-**	5,673
	Training and development		**85**	113
	Postage and courier charges		**14,106**	16,690
	Communication		**33,844**	38,201
	Head office expenses	*28.1*	**220,450**	182,061
	Stationery and printing		**11,620**	4,463
	Marketing, advertisement and publicity		**2,126**	3,521
	Donations		**1,667**	500
	Auditors remuneration		**6,675**	7,471
	Banking service charges		**102,478**	99,844
	Brokerage and commission paid		**10,120**	17,778
	Card association fees		**(16,529)**	99,793
	Others		**57,346**	95,861
			536,809	629,351
			2,711,276	2,549,384

28.1 Head office expenses are estimated based on head office certificates of prior year and are subject to true ups / actualisation.

29	**CREDIT LOSS ALLOWANCE & WRITE OFFS - NET**	*Note*	**(Un-audited)** **September 30, 2024**	September 30, 2023
			(Rupees in '000)	
	Credit loss allowance against loans & advances - net	*11.3*	**346,038**	39,636
	Reversal against cash and balances with treasury banks -net		**(736)**	-
	Credit loss allowance against balances with other banks - net		**(4,966)**	-
	Reversal against balances with other assets - net		**(844)**	-
	Credit loss allowance against off-balance sheet obligations - net	*20.1*	**3,003**	-
	Recovery of written off / charged off bad debts		**(7,425)**	-
			335,070	39,636

30	**TAXATION**		
	Current	**10,695,064**	10,063,441
	Deferred	**(162,346)**	(86,135)
		10,532,718	9,977,306

30.1 Income Tax return for tax year 2024 (accounting year ended December 31, 2023) was filled by September 30, 2024.

30.2 The income tax authorities issued amended assessment orders for up to tax years 2020 whereby aggregate tax demand of Rs. 667 million (December 31, 2023: Rs. 667 million) was raised. Total demand has been paid except for the tax year 2019, where management had decided to pay 10% against the demand of Rs. 175 million. The total payments in this respect aggregated to Rs. 510 million and Rs.157 million are outstanding. This was done in accordance with the tax opinion from tax advisor in order to obtain stay against demand for the tax year 2019.

The Bank has filed appeals before the appellate forums against these amended assessment orders for all years, where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. On the other hand, where the appellate authorities have not allowed relief, the Bank has filed appeals before higher appellate forums. The management of the Bank, in consultation with its tax advisor, is confident that the appeals will be decided in favour of the Bank.

In the year 2020, FBR had started proceedings for monitoring of withholding taxes under section 161 of the Income Tax Ordinance 2001 and has passed an order creating demand of Rs. 127 million for the accounting years 2005 and 2006. Penalty amount on alleged short tax payment is Rs. 6.39 million. Surcharge amount for alleged short tax payment, if any, will be in addition to it. Bank has filed appeals and obtained a stay against the demand from the Sindh High Court. Neither the demand is paid nor any provision has been recognised for this demand in the books of accounts as management is of the view that the bank will be able to defend its position in a court of law. Bank’s view is supported by external counsel opinion.

30.3 The Bank received a notice from the tax authorities, whereby the tax authorities have inadvertently intended to levy Federal Excise Duty (FED) on “Income from dealing in foreign currencies” and “other Income” of Rs 308.916 million for the calendar year 2017. As per the tax opinion, the income from dealing in foreign currency does not fall under the ambit of VAT/FED and there is a tribunal judgement in banking industry’s favour. In the light of tax opinion, the notice was challenged in the High Court and stay was obtained. No provision has been recognized as management is of the view that the bank will be able to defend its position in the court of law. Bank’s view is supported by external counsel opinion.

30.4 The Finance Act, 2023 incorporated section 99D of the Income Tax Ordinance, 2001 imposing tax on windfall income, profits and gains. In pursuance of sub-section (2) of said section, the interim Federal Government has issued Notification No. SRO.1588(I)/2023 dated November 21, 2023 imposing 40% tax on foreign exchange income of the Banks and has also specified the criteria for calculation of windfall income and tax liability thereon. In pursuance of the same, the management has recognised a provision of Rs 1.4 billion as a prior year tax charge in 2023 financial statements. The Banking sector in general has filed Constitutional Petition before the High Courts through its external legal counsel; challenging the same on various legal grounds and obtained stay orders.

31 FAIR VALUE MEASUREMENTS

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in principal or, in its absence, the most advantageous market to which the Bank has access at that date.

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.

31.1 Fair value of financial assets

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

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset 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 liabilities that are not based on observable market data (i.e. unobservable inputs).

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

	September 30, 2024 (Un-audited)				
	Carrying / Notional value	**Fair Value**			
		Level 1	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	**245,621,488**	**-**	**245,621,488**	**-**	**245,621,488**
Off-balance sheet financial instruments - measured at fair value					
Forward foreign exchange contracts	**370,844,706**	**-**	**(649,925)**	**-**	**(649,925)**

	December 31, 2023 (Audited)				
	Carrying / Notional Value	Fair Value			
		Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	183,280,541	-	183,280,541	-	183,280,541
Off-balance sheet financial instruments - measured at fair value					
Forward foreign exchange contracts	510,438,875	-	(13,034)	-	(13,034)

31.2 Valuation techniques used in determination of fair valuation of financial instruments within level 2.

Item	Valuation techniques and input used
Pakistan Investment Bonds / Market Treasury Bills	The fair value of Market Treasury Bills and Pakistan Investment Bonds are derived using PKRV rates. Floating rate Pakistan Investment Bonds are revalued using PKFRV rates. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Forward foreign exchange contracts	The fair values have been determined by interpolating the mid rates announced by the State Bank of Pakistan.

32 SEGMENT INFORMATION

32.1 Segment Details with respect to Business Activities

The Chief Operating Decision Maker (CODM) is the Managing Director and Citi Country Officer of the Bank. The segment analysis with respect to business activity presented to the CODM is as follows:

	(Un-audited) For the nine months ended September 30, 2024			
	Corporate Banking & Securities Services	Markets	Inter Segment Allocation	Total
	(Rupees in '000)			
Profit & Loss				
Net mark-up / return / profit	(13,148,985)	29,373,709	-	16,224,724
Inter segment revenue - net	21,124,181	(21,124,181)	-	-
Non mark-up / return / interest income	889,621	3,469,053	-	4,358,674
Total Income	8,864,817	11,718,581	-	20,583,398
Segment direct expenses	2,009,649	1,058,583	-	3,068,232
Total expenses	2,009,649	1,058,583	-	3,068,232
Credit loss allowance	335,070	-	-	335,070
Profit before tax	6,520,098	10,659,998	-	17,180,096

	(Un-audited) As at September 30, 2024			
	Corporate Banking & Securities Services	Markets	Inter Segment Allocation	Total
	(Rupees in '000)			
Balance Sheet				
Cash and Bank balances	308,315	23,238,881	-	23,547,196
Investments	-	245,621,488	-	245,621,488
Net inter segment lending	171,881,286	-	(171,881,286)	-
Lendings to financial institutions	-	-	-	-
Advances - performing	57,726,562	-	-	57,726,562
Advances - non-performing net of provision	-	-	-	-
Others	14,883,120	2,547,732	-	17,430,852
Total Assets	244,799,283	271,408,101	(171,881,286)	344,326,098
Borrowings	-	85,421,808	-	85,421,808
Deposits and other accounts	211,655,821	892,207	-	212,548,028
Net inter segment borrowing	-	171,881,288	(171,881,288)	-
Others	26,711,649	2,697,144	-	29,408,793
Total liabilities	238,367,470	260,892,447	(171,881,288)	327,378,629
Equity	6,431,814	10,515,655	-	16,947,469
Total Equity & liabilities	244,799,284	271,408,102	(171,881,288)	344,326,098
Contingencies & Commitments	34,954,743	401,059,742	-	436,014,485

	(Un-audited) For the nine months ended September 30, 2023			
	Corporate Banking & Securities Services	Markets	Inter Segment Allocation	Total
	------------- (Rupees in '000) -------------			
Profit & Loss				
Net mark-up / return / profit	(9,574,322)	26,303,227	-	16,728,905
Inter segment revenue - net	21,336,297	(21,336,297)	-	-
Non mark-up / return / interest income	774,750	5,384,610	-	6,159,360
Total Income	12,536,725	10,351,540	-	22,888,265
Segment direct expenses	2,291,662	661,166	-	2,952,828
Total expenses	2,291,662	661,166	-	2,952,828
Provisions	39,636	-	-	39,636
Profit before tax	10,205,427	9,690,374	-	19,895,801

	(Audited) As at December 31, 2023			
	Corporate Banking & Securities Services	Markets	Inter Segment Allocation	Total
	------------- (Rupees in '000) -------------			
Balance Sheet				
Cash and Bank balances	310,045	49,077,607	-	49,387,652
Investments	-	183,280,541	-	183,280,541
Net inter segment lending	223,969,377	-	(223,969,377)	-
Lendings to financial institutions	-	6,000,000	-	6,000,000
Advances - performing	59,421,581	-	-	59,421,581
Advances - non-performing net of provision	-	-	-	-
Others	7,709,159	3,143,471	-	10,852,630
Total Assets	291,410,162	241,501,619	(223,969,377)	308,942,404
Borrowings	-	-	-	-
Deposits and other accounts	265,886,971	914,483	-	266,801,454
Net inter segment borrowing	-	223,969,377	(223,969,377)	-
Others	12,838,877	3,082,196	-	15,921,073
Total liabilities	278,725,848	227,966,056	(223,969,377)	282,722,527
Equity	12,684,314	13,535,563	-	26,219,877
Total Equity & liabilities	291,410,162	241,501,619	(223,969,377)	308,942,404
Contingencies & Commitments	37,675,579	520,391,831	-	558,067,410

33 RELATED PARTY TRANSACTIONS

Transactions with related parties comprise of transactions in the normal course of business with the Head Office and other branches of Citibank, N.A. outside Pakistan, other direct and indirect subsidiaries of Citigroup, retirement benefit plans and key management personnel of the Bank.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

Contributions to and accruals in respect of staff retirements and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to executives is determined in accordance with the terms of their appointment.

	(Un-audited) September 30, 2024		(Audited) December 31, 2023	
	Head Office	**Branches and other related parties**	Head Office	Branches and other related parties
	(Rupees in '000)			
Balances with other banks				
In current accounts	**530,872**	**930,767**	18,086,138	5,713,557
	530,872	**930,767**	18,086,138	5,713,557
Other Assets				
Unrealised gain on foreign exchange contracts	**-**	**1,480,206**	-	2,074,603
	-	**1,480,206**	-	2,074,603
Borrowings				
Opening balance	**-**	**-**	-	-
Borrowings during the period / year	**-**	**2,423,863,167**	-	496,716,456
Settled during the period / year	**-**	**(2,362,766,285)**	-	(496,716,456)
Closing balance	**-**	**61,096,882**	-	-
Overdrawn Nostros	**-**	**14,259**	-	-
Deposits and other accounts				
Opening balance	**10,394**	**1,032,315**	2,571	1,133,908
Received during the period / year	**97,329**	**3,368,072**	14,109	3,022,379
Withdrawn during the period / year	**(57,397)**	**(3,359,588)**	(6,286)	(3,123,972)
Closing balance	**50,326**	**1,040,799**	10,394	1,032,315
Other Liabilities				
Interest / mark-up payable	**-**	**32,857**	-	-
Unremitted head office expense	**1,458,766**	**-**	1,369,955	-
Unrealised loss on foreign exchange contracts	**-**	**551,650**	-	1,201,049
Payable to defined benefit plan	**-**	**411,548**	-	519,034
Payable for employee benefit and expenses	**678,547**	**560**	656,479	9,747
	2,137,313	**996,615**	2,026,434	1,729,830
Contingencies and Commitments				
Forward exchange contracts				
Purchase	**-**	**76,474,655**	-	119,012,265
Sales	**-**	**76,474,655**	-	119,012,265
Counter guarantees to branches	**426,802**	**500,317**	70,245	337,726
	426,802	**153,449,627**	70,245	238,362,256

	(Un-audited) for the half year ended			
	September 30, 2024		September 30, 2023	
	Head Office	**Branches and other related parties**	Head Office	Branches and other related parties
	(Rupees in '000)			
Income				
Mark-up / return / interest earned	**602,216**	**85,767**	959,022	137,493
Fee and commission income	**12,431**	**70,232**	10,080	37,505
Net (loss) on sale of securities	**-**	**(353)**	-	(22)
Foreign Exchange Income / (loss)	**-**	**55,002**	-	(1,969,545)
Expense				
Mark-up / return / interest paid	**2,188**	**1,267,391**	923	11,238
Regional expenses for support services	**6,014**	**(4,587)**	9,333	1,483
Head office expenses	**220,450**	**-**	182,061	-
Share based payments expense	**22,068**	**-**	159,893	-
Contribution to staff retirement benefit funds	**-**	**236,586**	-	76,164
Remuneration of Key Management Personnel	**-**	**337,584**		161,398

34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**6,812,671**	6,812,671
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**15,376,594**	26,219,877
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**15,376,594**	26,219,877
Eligible Tier 2 Capital	**2,068,967**	-
Total Eligible Capital (Tier 1 + Tier 2)	**17,445,561**	26,219,877
Risk Weighted Assets (RWAs):		
Credit Risk	**23,233,666**	29,875,846
Market Risk	**14,199,680**	12,383,078
Operational Risk	**34,942,860**	34,942,860
Total	**72,376,206**	77,201,784
Common Equity Tier 1 Capital Adequacy Ratio	**21.25%**	33.96%
Tier 1 Capital Adequacy Ratio	**21.25%**	33.96%
Total Capital Adequacy Ratio	**24.10%**	33.96%

The State Bank of Pakistan through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of losses) for Banks / Development Finance Institutions to be raised to Rs. 10 billion by the year ended December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.10 billion capital (net of losses) from the end of the financial year 2013 onwards. However, branches of foreign banks operating in Pakistan whose head office holds paid-up capital (free of losses) of atleast US$ 300 million, have a CAR of 8% or minimum prescribed by the home regulator and have prescribed number of branches, are allowed to maintain lower amount with prior approval of SBP. In this regard the Bank is maintaining higher capital to support business requirements.

The Head office capital account of the Bank as at June 30, 2024 stands at Rs 6.813 billion and is in compliance with the SBP requirement for the said period. In addition, the banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 11.50% of the risk weighted exposures of the Bank as of June 30, 2024. The Bank's CAR as at September 30, 2024 was 24.10% of its risk weighted exposure.

In order to dampen the effects of COVID - 19, SBP via BPRD Circular Letter No. 12 dated 26 March 2020 has given regulatory relief and reduced the Capital Conservation Buffer (CCB) as prescribed vide BPRD Circular No. 6 of 15 August 2013, for the time being, from its existing level of 2.50% to 1.50%, till further instructions.

A framework for Domestic Systemically Important Bank – (D-SIB) was issued by State Bank of Pakistan in April 2018. Under the framework, the Bank is required to hold additional CET 1 capital on its risk weighted assets in Pakistan at the rate applicable on G-SIB. Accordingly, bank hold additional 2% (December 2023: 3.5%) under Pillar 1 capital requirement.

The capital to risk weighted assets ratio, is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**15,376,594**	26,219,877
Total Exposure	**401,121,172**	359,802,425
Leverage Ratio	**3.83%**	7.29%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**208,866,063**	191,460,635
Total Net Cash Outflow	**73,378,549**	45,112,353
Liquidity Coverage Ratio	**284.64%**	424.41%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**224,720,816**	268,377,554
Total Required Stable Funding	**65,137,974**	81,824,930
Net Stable Funding Ratio	**344.99%**	327.99%

35 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 30, 2024 by the management of the Bank.

36 GENERAL

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

36.2 There have been no events after the balance sheet date that would have a material impact or require adjustment or disclosure in these condensed interim financial statements of the Bank.

AHMED BOZAI **Managing Director and** **Citi Country Officer**	**IMAD HASSAN KHAN** **Country Finance Officer**