

HABIBMETRO



HABIBMETRO

HALF YEARLY REPORT

JUNE

2023

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

هَذَا فِضْلُكَ

OUR VISION

To be the most respected financial institution
based on trust, service and commitment



OUR VALUES

RESPECT

We respect our heritage, our team's dedication, and our customers' faith in us.

INTEGRITY

We set high professional and ethical standards for ourselves and each other.

TEAMWORK

We play to our strengths and build teams that deliver at the local and global levels.

RESPONSIBILITY

We take responsibility for ourselves, our actions, and always give our best.

COMMITMENT

We are committed to responding to the needs of our customers.

TRUST

We safeguard the trust that our customers place in us, and foster the same with passion.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Mohamedali R. Habib

PRESIDENT & CHIEF EXECUTIVE OFFICER

Khurram Shahzad Khan

DIRECTORS

Ali Abbas Sikander

Hamza Habib

Mohomed Bashir

Mohsin A. Nathani

Muhammad H. Habib

Rashid Ahmed Jafer

Tahira Raza

BOARD COMMITTEES

AUDIT

Mohomed Bashir

Mohsin A. Nathani

Muhammad H. Habib

Rashid Ahmed Jafer

Tahira Raza

HUMAN RESOURCE & REMUNERATION

Mohamedali R. Habib

Mohomed Bashir

Mohsin A. Nathani

Tahira Raza

CREDIT

Hamza Habib

Khurram Shahzad Khan

Mohamedali R. Habib

Mohsin A. Nathani

Rashid Ahmed Jafer

SHARIAH BOARD

Tan Sri Dr. Mohd. Daud Bakar - Chairman

Mufti Abdul Sattar Laghari - Member

Mufti Khawaja Noor ul Hassan - Resident Member

COMPANY SECRETARY

Ather Ali Khan

REGISTERED OFFICE

Ground Floor, HABIBMETRO Head Office

I I Chundrigar Road,

Karachi - 74200, Pakistan

RISK & COMPLIANCE

Khurram Shahzad Khan

Mohsin A. Nathani

Muhammad H. Habib

Rashid Ahmed Jafer

Tahira Raza

INFORMATION TECHNOLOGY

Ali Abbas Sikander

Hamza Habib

Khurram Shahzad Khan

Mohamedali R. Habib

SHARE REGISTRAR

CDC Share Registrar Services Limited

CDC House, 99-B, Block-B,

S.M.C.H.S., Main Shahr-e-Faisal,

Karachi - 74400

DIRECTORS' REVIEW

On behalf of the Board of Directors of Habib Metropolitan Bank, I am pleased to present the condensed interim un-audited financial statements for the half year ended 30 June 2023.

During the first six months of 2023, Pakistan continued to face challenges both on an economic as well as political front. This fueled high inflation and the currency depreciated by more than 25% due to trade imbalances leading to low foreign exchange reserves. In a major development, Pakistan successfully executed the Stand-by Arrangement with the IMF for a nine-month USD 3 billion financing with first tranche of USD 1.3 billion already received. The overall balance of payments position continues to remain under stress, with foreign exchange reserves still at low levels.

Inflation recorded at 29.4 percent in FY23 compared to 12.2 percent in FY22; primarily driven by food and energy prices, along with increases in taxes and duties, and exchange rate depreciation. In the near-term headline inflation is expected to remain high.

Due to import restrictions together with curb on USD outflows, the country managed a Current account surplus for the last four months which resulted in an improved current account deficit of USD 2.4 billion, which is lower than the corresponding figure in FY22. During FY23, imports declined by 28.9 percent year-on-year to USD 60.0 billion while exports declined by 11.1 percent year-on-year to USD 35.2 billion. With a reduction of 13.6 percent, remittances stood at USD 27.0 billion in FY23.

Going forward, continuation of IMF program together with external financing from freindly countries shall be critical in managing the inflationary pressures and currency depreciation. Post elections, securing a larger IMF program along with other structural reforms shall be key challenge for the new government.

The State Bank of Pakistan raised interest rates by a cumulative 600 bps since December 31, 2022 taking the policy rate to 22.0 percent.

The Rupee depreciated by 26.3 percent since December 31, 2022, from Rs. 226.4 to Rs. 285.9 against USD in June 2023.

By the Grace of Allah, HABIBMETRO posted a profit before tax of Rs. 22,462 million for the first six months of 2023, an increase of 86.7 percent year-on-year. This translates into after tax earnings per share of Rs. 11.24 per share.

The Bank's net mark-up / interest income amounted to Rs. 30,833 million with a growth of 91.4 percent compared to Rs. 16,109 million in the same period last year, whereas non-mark-up / interest income increased by 11.8 percent amounting to Rs. 7,934 million as compared to Rs. 7,098 million during the same period last year.

Investments declined by 6.5 percent to Rs. 676,664 million whereas net advances stood at Rs. 434,627 million during the period under review. Meanwhile, deposits increased to Rs. 945,552 million compared to Rs. 880,697 million in 31 December 2022, with a growth of 7.4 percent. The Bank continues to focus on low-cost deposit mobilization, resulting in current deposits increasing by 15.3 percent during the period under review to Rs. 353,658 million with a CA mix of 37.4 percent.

The Bank's Net Equity stands at Rs. 80,862 million with a capital adequacy level of 15.3 percent.

The Bank maintained its Pakistan Credit Rating Agency Limited (PACRA) ratings of AA+ for Long Term, and A1+ rating for Short Term. These ratings denote a high credit quality with a low expectation of credit risk, and a strong capacity for timely payment of financial commitments.

HABIBMETRO operates a network of 521 branches in 207 cities across Pakistan, including 116 Islamic banking branches, and 217 Islamic banking windows. The Bank provides a comprehensive spectrum of banking services and products including specialized trade finance products and digital banking solutions such as secured mobile, web & SMS Banking services, globally accepted Visa Cards and a nationwide network of ATMs.

Being a conscientious corporate citizen, your Bank acknowledges its corporate social responsibilities and continues to make regular contributions to a host of non-profit / social organizations. The Bank also strives to be a socially involved organization by engaging its staff in various philanthropic initiatives and causes with primary focus on healthcare and education.

The Bank continues to promote its digital banking channels; mobile app, web banking, and debit cards, to encapsulate the various digital banking opportunities available in the country.

In conclusion, I would like to place on record our sincere gratitude to the Ministry of Finance, the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their continued support and guidance to the Bank. I would also like to thank our valued shareholders and customers for the trust and patronage that they continue to extend to us. Lastly, I would like to acknowledge the unwavering dedication of the staff of HABIBMETRO Bank, who continue to work tirelessly to provide uninterrupted financial services. Their efforts enable the Bank to grow from strength to strength.

On behalf of the Board

KHURRAM SHAHZAD KHAN

President & Chief Executive Officer

Karachi: 24 August 2023

زیر جائزہ مدت کے دوران سرمایہ کاری 6.5 فیصد کم ہو کر 676,664 ملین روپے ہو گئی جبکہ خالص ایڈوانسز 434,627 ملین روپے پر موجود تھے۔ اسی دوران ڈپازٹس 945,552 ملین روپے تک بڑھ گئے جو اس کے مقابلے میں 31 دسمبر 2022 کو 880,697 ملین روپے پر موجود تھے اور اس طرح 7.4 فیصد کی گروتھ حاصل ہوئی۔ بینک نے کم لاگتی ڈپازٹس میں اضافے پر اپنی توجہ جاری رکھی جس کے نتیجے میں کرنٹ ڈپازٹس زیر جائزہ مدت کے دوران 15.3 فیصد تک بڑھ کر 37.4 فیصد کے کرنٹ اکاؤنٹ کس کے ساتھ 353,658 ملین روپے ہو گئے۔

بینک کی خالص ایکویٹی 15.3 فیصد کیپٹل ایڈیکویٹی کے ساتھ 80,862 ملین روپے رہی۔

بینک نے پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی اپنی لانگ ٹرم کیلئے AA اور شارٹ ٹرم کے لئے A1+ کی ریٹنگز برقرار رکھیں۔ یہ ریٹنگز ایک اعلیٰ کریڈٹ معیار، کریڈٹ رسک کے بہت کم امکان اور مالیاتی وعدوں کی بروقت ادائیگی کی مستحکم صلاحیت کو ظاہر کرتی ہے۔

حبیب میٹرو پاکستان بھر کے 207 شہروں میں 521 برانچز بشمول 116 اسلامی بینکنگ برانچز اور 1217 اسلامی بینکنگ ونڈوز کے ساتھ مصروف عمل ہے۔ بینک خصوصی تجارتی مالیاتی پراڈکٹس اور ڈیجیٹل بینکنگ سولوشنز مثلاً محفوظ موبائل ویب اور ایس ایم ایس بینکنگ سروسز عالی سطح پر قابل قبول ویزا کارڈ اور ای ایم کے ملک گیر نیٹ ورکس کے ساتھ بینکاری کی خدمات اور پراڈکٹس کا جامع مجموعہ فراہم کرتا ہے۔

بحیثیت ایک ذمہ دار اور فعال کارپوریٹ شہری آپ کا بینک اپنی کارپوریٹ سماجی ذمہ داریوں کو بخوبی سمجھتا اور سماجی اداروں کو باقاعدگی کے ساتھ معاونت فراہم کرتا ہے۔ بینک مختلف فلاحی اقدامات بالخصوص صحت عامہ اور تعلیم کے شعبے میں اپنے عملے کی شمولیت کے ذریعے سماجی اقدامات میں شامل ادارہ بننے کے لئے بھی کوشاں ہے۔

بینک نے ملک میں دستیاب مختلف ڈیجیٹل بینکنگ کے مواقع کو سبھا کرنے کی غرض سے اپنے ڈیجیٹل بینکنگ چینلز، موبائل ایپ، ویب بینکنگ اور ڈی بیٹ کارڈ کو فروغ دینے کا سلسلہ جاری رکھا ہوا ہے۔

میں آخر میں اس موقع پر وزارت مالیات، اسٹیٹ بینک آف پاکستان اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے بینک کیلئے تعاون اور ہدایات کیلئے شکر گزار ہوں۔ میں اپنے محترم اور قابل قدر شیئر ہولڈرز و کسٹمرز کا بھی ان کے اعتماد اور سرپرستی پر مشکور ہوں۔ آخر میں، میں حبیب میٹرو بینک کے اسٹاف کی انتھک کادشوں اور جدوجہد کا اعتراف کرتے ہوئے انہیں خراج تحسین پیش کرتا ہوں جو بینک کے صارفین کو بلا کاروٹ مالیاتی خدمات فراہم کر رہے ہیں۔ ان ہی کادشوں کی بدولت بینک مضبوط سے مضبوط تر ہوتا جا رہا ہے۔

منجانب بورڈ

خرم شہزاد خان

صدر و چیف ایگزیکٹو آفیسر

کراچی: 24 اگست 2023

ڈائریکٹرز ریویو

میں نہایت مسرت کے ساتھ حبیب میٹرو پولیٹن بینک کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2023 کو ختم ہونے والی ششماہی کیلئے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کر رہے ہیں۔

2023 کی پہلی ششماہی کے دوران پاکستان کو معاشی نیز سیاسی محاذوں پر بحرانوں کا سامنا رہا۔ اس کے ساتھ بلند تر مہنگائی کی شرح اور تجارتی عدم توازن کے باعث کرنسی کی قدر میں 25 فیصد سے زائد کمی کے نتائج غیر ملکی زرمبادلہ کے ذخائر میں بدترین کی صورت میں ظاہر ہوئے۔ ایک اہم پیشرفت آئی ایم ایف کے ساتھ اسٹیٹنڈ بائی آرٹیکل کی صورت میں ہوئی جس کے تحت 9 ماہ کے دوران 3 بلین امریکی ڈالر کی سرمایہ کاری کی پہلی قسط 1.3 بلین امریکی ڈالر میں موصول ہوئی۔ ادائیگیوں کی پوزیشن کا مجموعی ٹیلنس بدستور دباؤ کا شکار رہا اور اس کے ساتھ غیر ملکی زرمبادلہ کے ذخائر نجی سطح پر رہے۔

مالی سال 2023 میں افراط زر کی شرح 29.4 فیصد پر آگئی جو مالی سال 2022 میں 12.2 فیصد پر تھی، جس کی بنیادی وجہ فوڈ اور زرعی کے نرخوں میں بے پناہ اضافے سمیت ٹیکسز اور ڈیوٹیز میں اضافہ اور زرمبادلہ کی شرح میں کمی تھی۔ آئندہ قریبی مدت میں بھی مہنگائی کی شرح بدستور بلند تر رہنے کی توقع ہے۔

درآمدی پابندیوں اور امریکی ڈالر کے اخراج پر قابو پانے کے باعث ملک نے آخری 4 ماہ کے دوران اپنا کرنٹ اکاؤنٹ سرپلس برقرار رکھا جس کے نتیجے میں 2.4 بلین امریکی ڈالر کا بہتر کرنٹ اکاؤنٹ خسارہ حاصل ہوا جو مالی سال 2022 کے حجم سے کم تھا۔ مالی سال 2023 کے دوران درآمدات سال بہ سال 28.9 فیصد کم ہو کر 60.0 بلین امریکی ڈالر پر آگئیں جبکہ برآمدات 11.1 فیصد سالانہ کم ہو کر 35.2 بلین امریکی ڈالر ہو گئیں۔ 13.6 فیصد کمی کے ساتھ مالی سال 2023 میں زریعات مجموعی طور پر 27.0 بلین امریکی ڈالر رہیں۔

مستقبل میں افراط زر کے دباؤ اور کرنسی کی قدر میں کمی سے نمٹنے کے لئے آئی ایم ایف پروگرام کے تسلسل اور دوست ممالک سے ہونے والی بیرونی سرمایہ کاری بہت اہم ہوگی۔ انتخابات کے بعد آئی ایم ایف کا ایک وسیع پروگرام کا حصول بشمول دیگر منتظم اصلاحاتی نئی حکومت کیلئے اہم چیلنجز ثابت ہونگے۔

اسٹیٹ بینک آف پاکستان نے 31 دسمبر 2022 سے شرح سود مجموعی طور پر 600 بی پی ایس بڑھا کر پالیسی ریٹ 22.0 فیصد کر دیا۔

روپے کی قدر امریکی ڈالر کے مقابلے میں 31 دسمبر 2022 سے اب تک 26.3 فیصد کم ہو چکی ہے جو کہ 226.4 روپے سے کم ہو کر جون 2023 میں 285.9 روپے ہو گئی۔

اللہ تعالیٰ کے فضل و کرم سے حبیب میٹرو نے 2023 کی پہلی ششماہی میں سال بہ سال 86.7 فیصد اضافے کے ساتھ 22,462 ملین روپے کا منافع قبل از ٹیکس ظاہر کیا۔ اس کے نتیجے میں فی شیئر بعد از ٹیکس آمدنی 11.24 روپے رہی۔

بینک کے خالص مارک اپ کی آمدنی 91.4 فیصد بڑھ کر 30,833 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت میں 16,109 ملین روپے تھی۔ جبکہ نان مارک اپ کی آمدنی 11.8 فیصد تک بڑھ کر 7,934 ملین روپے ہو گئی جو کہ گزشتہ سال کی اسی مدت کے دوران 7,098 ملین روپے تھی۔

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF HABIB METROPOLITAN BANK LIMITED

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Habib Metropolitan Bank Limited ("the Bank") as at 30 June 2023 and the related unconsolidated condensed interim profit or loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows and notes to the unconsolidated condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matter

The figures for the quarter ended 30 June 2023 in the unconsolidated condensed interim profit or loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Amyn Pirani.

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	6	93,944,764	54,747,065
Balances with other banks	7	33,171,885	22,452,296
Lendings to financial institutions	8	2,959,905	76,331,607
Investments	9	676,664,279	723,578,560
Advances	10	434,627,420	433,502,914
Fixed assets	11	22,590,253	21,663,890
Intangible assets	12	147,512	97,968
Deferred tax assets	13	9,128,382	5,061,251
Other assets	14	80,687,580	60,008,369
		1,353,921,980	1,397,443,920
LIABILITIES			
Bills payable	15	37,972,665	19,538,428
Borrowings	16	187,150,545	343,967,768
Deposits and other accounts	17	945,552,211	880,696,783
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debts		-	-
Deferred tax liabilities		-	-
Other liabilities	18	102,384,623	78,733,617
		1,273,060,044	1,322,936,596
NET ASSETS			
		80,861,936	74,507,324
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		27,905,417	25,534,917
Surplus / (deficit) on revaluation of assets - net of tax	19	16,808	2,029,769
Unappropriated profit		42,461,396	36,464,323
		80,861,936	74,507,324
CONTINGENCIES AND COMMITMENTS			
	20		

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

FUZAIL ABBAS Chief Financial Officer	KHURRAM SHAHZAD KHAN President & Chief Executive Officer	RASHID AHMED JAFER Director	MOHSIN A. NATHANI Director	MOHAMEDALIR. HABIB Chairman
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**UNCONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2023**

	Note	30 June 2023		30 June 2022	
		Quarter ended	Half year ended	Quarter ended	Half year ended
Rupees in '000					
Mark-up / return / interest earned	22	51,665,851	95,859,240	29,768,555	53,149,520
Mark-up / return / interest expensed	23	(34,603,775)	(65,026,734)	(21,395,033)	(37,040,228)
Net mark-up / interest income		17,062,076	30,832,506	8,373,522	16,109,292
NON MARK-UP / INTEREST INCOME					
Fee and commission income	24	2,387,902	4,533,458	2,095,025	3,980,508
Dividend income		138,413	265,768	67,868	132,426
Foreign exchange income		1,493,499	3,307,191	1,516,349	2,848,389
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	25	(68,925)	(211,327)	36,477	86,182
Other income	26	18,414	38,625	36,284	50,659
Total non mark-up / interest income		3,969,303	7,933,715	3,752,003	7,098,164
Total Income		21,031,379	38,766,221	12,125,525	23,207,456
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	27	7,115,980	13,566,106	5,146,157	9,811,406
Workers' welfare fund		357,000	531,779	147,000	261,000
Other charges	28	32,193	32,198	19,410	39,652
Total non-mark-up / interest expenses		(7,505,173)	(14,130,083)	(5,312,567)	(10,112,058)
Profit before provisions		13,526,206	24,636,138	6,812,958	13,095,398
Provisions and write offs - net	29	(1,129,525)	(2,174,221)	(674,694)	(1,061,938)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		12,396,681	22,461,917	6,138,264	12,033,460
Taxation	30	(6,340,323)	(10,680,747)	(3,172,763)	(5,483,820)
PROFIT AFTER TAXATION		6,056,358	11,781,170	2,965,501	6,549,640
Rupees					
Basic and diluted earnings per share	31	5.78	11.24	2.83	6.25

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2023

	Note	30 June 2023		30 June 2022	
		Quarter ended	Half year ended	Quarter ended	Half year ended
Rupees in '000					
Profit after taxation		6,056,358	11,781,170	2,965,501	6,549,640
Other comprehensive income / (loss)					
Items that may be reclassified to profit and loss in subsequent periods:					
Effect of translation of net investment in an offshore branch		9,001	14,266	1,876	2,204
Movement in surplus / (deficit) on revaluation of investments - net of tax	19	1,864,401	(1,644,312)	(1,164,153)	(1,668,258)
		1,873,402	(1,630,046)	(1,162,277)	(1,666,054)
Items that will not be reclassified to profit and loss in subsequent periods:					
Remeasurement gain / (loss) on defined benefit obligations - net of tax		9,679	(93,322)	(38,408)	(76,639)
Surplus on revaluation of fixed assets - net of tax		(203,449)	(203,449)	5,338,110	5,338,110
Movement in surplus on non-banking assets	19	(94,289)	(94,289)	201,372	201,372
		(288,059)	(391,060)	5,501,074	5,462,843
Total comprehensive income		<u>7,641,701</u>	<u>9,760,064</u>	<u>7,304,298</u>	<u>10,346,429</u>

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

FUZAIL ABBAS
Chief Financial Officer

KHURRAM SHAHZAD KHAN
President &
Chief Executive Officer

RASHID AHMED JAFER
Director

MOHSIN A. NATHANI
Director

MOHAMEDALIR. HABIB
Chairman

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2023

	Reserves					Surplus / (deficit) on revaluation				Total
	Share capital	Share premium	Special reserve	Revenue reserve	Statutory reserve	Exchange translation reserve	Investments	Fixed/Non-banking assets	Un-appropriated profit	
	Rupees in '000									
Balance as at 1 January 2022	10,478,315	2,550,985	240,361	1,500,000	18,386,497	1,761	(1,753,925)	1,372,089	30,198,569	62,974,652
Profit after taxation	-	-	-	-	-	-	-	-	6,549,640	6,549,640
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	2,204	(1,668,258)	5,539,482	(76,639)	3,796,789
Total comprehensive income for the period	-	-	-	-	-	2,204	(1,668,258)	5,539,482	6,473,001	10,346,429
Transfer to statutory reserve	-	-	-	-	1,309,928	-	-	-	(1,309,928)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(16)	16	-
Transactions with owners, recorded directly in equity										
Cash dividend (Rs. 3.00 per share) for the year ended 31 December 2021	-	-	-	-	-	-	-	-	(3,143,494)	(3,143,494)
Balance as at 30 June 2022	10,478,315	2,550,985	240,361	1,500,000	19,696,425	3,965	(3,422,183)	6,911,555	32,218,164	70,177,587
Profit after taxation	-	-	-	-	-	-	-	-	7,711,083	7,711,083
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	964	(1,368,102)	-	81,455	(1,285,683)
Total comprehensive income for the period	-	-	-	-	-	964	(1,368,102)	-	7,792,538	6,425,400
Transfer to statutory reserve	-	-	-	-	1,542,217	-	-	-	(1,542,217)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(91,501)	91,501	-
Transactions with owners, recorded directly in equity										
Interim dividend (Rs. 2.00 per share) for the year ended 31 December 2022	-	-	-	-	-	-	-	-	(2,095,663)	(2,095,663)
Balance as at 31 December 2022	10,478,315	2,550,985	240,361	1,500,000	21,238,642	4,929	(4,790,285)	6,820,054	36,464,323	74,507,324
Profit after taxation	-	-	-	-	-	-	-	-	11,781,170	11,781,170
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	14,266	(1,644,312)	(297,738)	(93,322)	(2,021,106)
Total comprehensive income for the period	-	-	-	-	-	14,266	(1,644,312)	(297,738)	11,687,848	9,760,064
Transfer to statutory reserve	-	-	-	-	2,356,234	-	-	-	(2,356,234)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(70,911)	70,911	-
Transactions with owners, recorded directly in equity										
Cash dividend (Rs. 3.25 per share) for the year ended 31 December 2022	-	-	-	-	-	-	-	-	(3,405,452)	(3,405,452)
Balance as at 30 June 2023	10,478,315	2,550,985	240,361	1,500,000	23,594,876	19,195	(6,434,597)	6,451,405	42,461,396	80,861,936

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

FUZAIL ABBAS Chief Financial Officer	KHURRAM SHAHZAD KHAN President & Chief Executive Officer	RASHID AHMED JAFER Director	MOHSIN A. NATHANI Director	MOHAMEDALI R. HABIB Chairman
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UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2023

	Note	30 June 2023	30 June 2022
		(Un-Audited)	
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		22,461,917	12,033,460
Less: Dividend income		(265,768)	(132,426)
		22,196,149	11,901,034
Adjustments			
Depreciation on fixed assets		918,305	666,393
Depreciation on right-of-use assets		730,168	616,677
Depreciation on non-banking assets		-	201
Amortization		40,589	40,422
Mark-up / return / interest expensed on lease liability against right-of-use assets		478,351	426,005
Provisions and write offs excluding recovery of written off bad debts		2,219,221	1,117,660
Gain on sale of fixed assets - net		(15,861)	(30,907)
Provision against workers' welfare fund		531,779	261,000
Provision against compensated absences		47,082	31,825
Provision against defined benefit plan		151,954	193,964
		5,101,588	3,323,240
		27,297,737	15,224,274
Decrease / (increase) in operating assets			
Lendings to financial institutions		73,371,702	(40,402,194)
Advances		(281,983)	(52,747,156)
Other assets (excluding dividend and non-banking asset)		(13,700,852)	(11,859,594)
		59,388,867	(105,008,944)
(Decrease) / increase in operating liabilities			
Bills payable		18,434,237	7,502,265
Borrowings from financial institutions		(155,842,395)	(7,335,478)
Deposits and other accounts		64,855,428	102,932,411
Other liabilities (excluding current taxation)		9,452,708	9,471,543
		(63,100,022)	112,570,741
		23,586,582	22,786,071
Payment against compensated absences		(38,082)	(22,825)
Contribution to the defined benefit plan		(20,004)	(50,000)
Income tax paid		(8,475,587)	(4,986,363)
		(15,052,909)	17,726,883
Net cash flows from operating activities		15,052,909	17,726,883
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(4,588,838)	46,383,851
Net investments in held-to-maturity securities		47,228,528	(77,326,913)
Dividend received		265,768	92,644
Investments in fixed assets		(1,535,303)	(1,769,661)
Investments in intangibles assets		(90,134)	(27,339)
Proceeds from sale of fixed assets		23,853	67,607
Effect of translation of net investment in an offshore branch		10,547	3,347
		41,314,421	(32,576,464)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(4,438,367)	(3,168,216)
Payment of lease against right-of-use assets		(1,036,847)	(830,940)
		(5,475,214)	(3,999,156)
Net cash flows from financing activities		(5,475,214)	(3,999,156)
Increase / (decrease) in cash and cash equivalents		50,892,116	(18,848,737)
Cash and cash equivalents at the beginning of the period		75,860,490	86,351,966
Cash and cash equivalents at the end of the period		126,752,606	67,503,229

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

FUZAIL ABBAS	KHURRAM SHAHZAD KHAN	RASHID AHMED JAFER	MOHSIN A. NATHANI	MOHAMEDALIR. HABIB
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2023

1. STATUS AND NATURE OF BUSINESS

Habib Metropolitan Bank Limited (the Bank) was incorporated in Pakistan on 3 August 1992, as a public limited company, under the Companies Ordinance, 1984 (now the Companies Act, 2017) and is engaged in commercial banking and related services. Its shares are listed on the Pakistan Stock Exchange. The Bank operates 521 (31 December 2022: 500) branches, including 116 (31 December 2022: 61) Islamic banking branches, an offshore branch (Karachi Export Processing Zone branch) and 1 (31 December 2022: 1) sub branch in Pakistan. The Bank is a subsidiary of Habib Bank AG Zurich (the holding company with 51% shares in the Bank) which is incorporated in Switzerland.

The registered office of the Bank is situated at HabibMetro Head Office, II Chundrigar Road, Karachi.

2. BASIS OF PRESENTATION

2.1 These unconsolidated condensed interim financial statements represent separate financial statements of the Bank. The consolidated financial statements of the Bank and its subsidiary companies are being separately issued.

2.2 Statement of Compliance

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

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

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 the IAS 34, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The disclosures and presentation made in these unconsolidated condensed interim financial statements are based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated 22 March 2019 and IAS 34, "Interim Financial Reporting". They do not include all the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the audited unconsolidated financial statements of the Bank for the year ended 31 December 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and method of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited unconsolidated financial statements of the Bank for the year ended 31 December 2022.

3.1 Amendments to existing accounting and reporting standards that have become effective in the current period

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after 01 January 2023. These are considered either not to be relevant or not to have any significant impact on these condensed interim unconsolidated financial statements.

3.2 New standards and amendments to existing accounting and reporting standards that are not yet effective

As directed by SBP vide BPRD Circular Letter No. 7 of 2023 dated 13 April 2023, IFRS 9 Financial Instruments application has been deferred and will be effective from 01 January 2024, for banks. SBP has earlier issued the final instructions on IFRS 9 (Application Instructions) vide BPRD Circular Letter No. 3 of 2022 dated 05 July 2022 for ensuring smooth and consistent implementation of the standard across banks and accordingly, the Bank had disclosed the impact of the application of IFRS 9 in Pakistan in its financial statements as at 31 December 2022.

The SBP vide BPRD Circular Letter No. 02 of 2023 dated 09 February 2023, has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the financial statements of the Bank from the first quarter of the year 2024.

Furthermore, following standards, amendments and interpretations of accounting and reporting standards will be effective for the accounting periods as stated below:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of liabilities as current or non-current - amendments to IAS 1	01 January 2024
Non-current liabilities with covenants - amendments to IAS 1	01 January 2024
Lease liability in a sale and leaseback transaction - amendments to IFRS 16	01 January 2024

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as that applied in the preparation of the audited unconsolidated financial statements for the year ended 31 December 2022.

5. RISK MANAGEMENT

The risk management policies adopted by the bank are consistent with those disclosed in the audited unconsolidated financial statements for the year ended 31 December 2022.

	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000			
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		14,638,156	11,785,531
Foreign currencies		2,074,624	1,955,812
		<u>16,712,780</u>	<u>13,741,343</u>
With State Bank of Pakistan in			
Local currency current accounts		46,933,197	31,843,038
Foreign currencies			
- current accounts		4,302,262	2,843,777
- cash reserve account		7,259,174	5,631,918
- deposit account - special cash reserve		13,429,087	564,907
		<u>71,923,720</u>	<u>40,883,640</u>
With National Bank of Pakistan in			
Local currency current accounts		5,243,247	84,330
Prize Bonds		65,017	37,752
		<u>93,944,764</u>	<u>54,747,065</u>
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		93,701	49,263
In deposit accounts		35,063	552
		<u>128,764</u>	<u>49,815</u>
Outside Pakistan			
In current accounts		33,043,121	22,402,481
		<u>33,171,885</u>	<u>22,452,296</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.2	2,859,905	1,902,020
Repurchase agreement lendings (reverse repo)	8.3	100,000	74,429,587
		<u>2,959,905</u>	<u>76,331,607</u>
8.1 Particulars of lendings			
In local currency - secured		100,000	74,429,587
In foreign currency - unsecured		2,859,905	1,902,020
		<u>2,959,905</u>	<u>76,331,607</u>
8.2 These foreign currency lendings carry mark-up rate ranging from 9.75% to 12.10% (31 December 2022: 11.00%) per annum with maturity upto 27 September 2023 (31 December 2022: 27 March 2023).			

8.3 Securities held as collateral against lending to financial institutions (Reverse repo)

	30 June 2023			31 December 2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	Rupees in '000					
Market treasury bills	-	-	-	33,169,690	-	33,169,690
Pakistan investment bonds	104,137	-	104,137	38,644,648	-	38,644,648
	<u>104,137</u>	<u>-</u>	<u>104,137</u>	<u>71,814,338</u>	<u>-</u>	<u>71,814,338</u>

8.3.1 Face value in respect of Market treasury bills is Nil (31 December 2022: Rs. 33,950,000 thousand) and Pakistan investment bonds is Rs. 100,000 thousand (31 December 2022: Rs. 41,400,000 thousand).

8.3.2 This carries profit / return of 18.15% (31 December 2022: 15.00% to 16.25%) per annum with maturity on 09 August 2023 (31 December 2022: 06 January 2023).

9. INVESTMENTS

9.1 Investments by types

	30 June 2023 (Un-Audited)				31 December 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Available-for-sale securities								
Federal government securities	494,463,707	-	(12,467,942)	481,995,765	490,587,062	-	(8,275,110)	482,311,952
Shares	3,628,098	(437,583)	(82,237)	3,108,278	2,947,348	(474,761)	(27,254)	2,445,333
Non-government debt securities	11,997,990	(90,496)	(223,558)	11,683,936	12,064,982	(90,496)	(255,266)	11,719,220
Mutual funds	16,947	(12,763)	372	4,556	16,949	(12,276)	-	4,673
Real estate investment trust	1,531,782	-	156,509	1,688,291	1,531,780	-	153,621	1,685,401
	<u>511,638,524</u>	<u>(540,842)</u>	<u>(12,616,856)</u>	<u>498,480,826</u>	<u>507,148,121</u>	<u>(577,533)</u>	<u>(8,404,009)</u>	<u>498,166,579</u>
Held-to-maturity securities								
Federal government securities	172,653,453	-	-	172,653,453	220,531,981	-	-	220,531,981
Non-government debt securities (certificates of investment)	4,700,000	-	-	4,700,000	4,050,000	-	-	4,050,000
	<u>177,353,453</u>	<u>-</u>	<u>-</u>	<u>177,353,453</u>	<u>224,581,981</u>	<u>-</u>	<u>-</u>	<u>224,581,981</u>
Subsidiaries - Ordinary Shares and Modaraba Certificates	830,000	-	-	830,000	830,000	-	-	830,000
Total Investments	<u>689,821,977</u>	<u>(540,842)</u>	<u>(12,616,856)</u>	<u>676,664,279</u>	<u>732,560,102</u>	<u>(577,533)</u>	<u>(8,404,009)</u>	<u>723,578,560</u>

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
9.1.1 Investments given as collateral against repo borrowing		
The market value of investments given as collateral against repo borrowings is as follows:		
Federal government securities		
Market treasury bills	23,404,070	105,872,299
Pakistan investment bonds	4,459,780	90,133,387
	<u>27,863,850</u>	<u>196,005,686</u>
9.2 Provision for diminution in value of investments		
Opening balance	577,533	506,474
Charge for the period / year	61,744	240,145
Reversal for the period / year	-	(3,920)
Net charge / (reversal) for the period / year	61,744	236,225
Reversal on disposal for the period / year	(98,435)	(144,028)
Amount written off	-	(21,138)
Closing balance	<u>540,842</u>	<u>577,533</u>
9.3 Particulars of provision against debt securities		
	<u>30 June 2023 (Un-Audited)</u>	<u>31 December 2022 (Audited)</u>
	Non- performing investments	Non- performing investments
	Provision	Provision
	Rupees in '000	
Category of classification		
Domestic		
Loss	<u>90,496</u>	<u>90,496</u>
	<u>90,496</u>	<u>90,496</u>
9.4 The market value of federal government securities classified as held-to-maturity is Rs. 162,151,984 thousand (31 December 2022: Rs. 214,186,517 thousand).		

10. ADVANCES

	Performing		Non-Performing		Total	
	30 June 2023 (Un-Audited)	31 December 2022 (Audited)	30 June 2023 (Un-Audited)	31 December 2022 (Audited)	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000					
Loans, cash credits, running finances, etc.	271,396,786	282,270,838	16,008,229	11,882,972	287,405,015	294,153,810
Islamic financing and related assets	114,543,398	106,585,085	562,269	336,625	115,105,667	106,921,710
Bills discounted and purchased	49,152,538	44,866,490	3,990,932	9,430,159	53,143,470	54,296,649
Advances - gross	435,092,722	433,722,413	20,561,430	21,649,756	455,654,152	455,372,169
Provision against advances						
- specific	-	-	(16,983,602)	(17,249,750)	(16,983,602)	(17,249,750)
- general	(4,043,130)	(4,619,505)	-	-	(4,043,130)	(4,619,505)
	(4,043,130)	(4,619,505)	(16,983,602)	(17,249,750)	(21,026,732)	(21,869,255)
Advances - net of provision	431,049,592	429,102,908	3,577,828	4,400,006	434,627,420	433,502,914

10.1 Particulars of advances - gross

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
In local currency	392,590,898	398,963,527
In foreign currencies	63,063,254	56,408,642
	455,654,152	455,372,169

10.2 Advances include Rs. 20,561,430 thousand (31 December 2022: Rs. 21,649,756 thousand) which have been placed under non-performing status as detailed below:

	30 June 2023 (Un-Audited)		31 December 2022 (Audited)	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees in '000			
Category of classification				
Domestic				
Other Assets especially mentioned	123,850	-	12,640	-
Substandard	147,016	881	533,656	36,601
Doubtful	557,453	75,750	2,663,649	103,101
Loss	19,733,111	16,906,971	18,439,811	17,110,048
	20,561,430	16,983,602	21,649,756	17,249,750

10.3 Particulars of provision against advances

	30 June 2023 (Un-Audited)			31 December 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	17,249,750	4,619,505	21,869,255	15,900,830	5,095,818	20,996,648
Charge for the period / year	3,107,328	–	3,107,328	5,162,335	–	5,162,335
Reversal for the period / year	(3,373,476)	(576,375)	(3,949,851)	(1,307,136)	(476,313)	(1,783,449)
Net charge / (reversal) for the period / year	(266,148)	(576,375)	(842,523)	3,855,199	(476,313)	3,378,886
Amount written off	–	–	–	(2,506,279)	–	(2,506,279)
Closing balance	16,983,602	4,043,130	21,026,732	17,249,750	4,619,505	21,869,255

10.3.1 The Bank maintains general provision, as a matter of prudence, on account of the management's assessment of credit risk and general banking risk in the current stressed economic condition amounting to Rs. 3,981,972 thousand (31 December 2022: Rs. 4,560,235 thousand). General provision also includes provision of Rs. 61,152 thousand (31 December 2022: Rs. 59,265 thousand) made against consumer portfolio and Rs. 6 thousand (31 December 2022: Rs. 5 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulations issued by the SBP.

10.3.2 Particulars of provision against advances

	30 June 2023 (Un-Audited)			31 December 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	15,463,460	4,043,130	19,506,590	13,021,100	4,619,505	17,640,605
In foreign currencies	1,520,142	–	1,520,142	4,228,650	–	4,228,650
	16,983,602	4,043,130	21,026,732	17,249,750	4,619,505	21,869,255

10.3.3 Consideration of Forced Sales Value (FSV) for the purposes of provisioning against non-performing loans

In accordance with BSD Circular No. 1 of 21 October 2011 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing loans and advances. Had this benefit of FSV not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 3,024,563 thousand (31 December 2022: Rs. 2,617,170 thousand) and profit after tax for the six months period ended 30 June 2023 would have been lower by Rs. 1,542,527 thousand (31 December 2022: Rs. 1,334,757 thousand). This amount of Rs. 1,542,527 thousand (31 December 2022: Rs. 1,334,757 thousand) is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000			
11. FIXED ASSETS			
Capital work-in-progress	11.1	546,521	340,967
Property and equipment		<u>22,043,732</u>	<u>21,322,923</u>
		<u>22,590,253</u>	<u>21,663,890</u>
11.1 Capital work-in-progress			
Civil works		83,595	100,669
Advances to suppliers		<u>462,926</u>	<u>240,298</u>
		<u>546,521</u>	<u>340,967</u>
Half year ended			
		30 June 2023 (Un-Audited)	30 June 2022
Rupees in '000			
11.2 Additions to fixed assets			
The following additions have been made during the period:			
Capital work-in-progress additions / (transfer to property and equipment) - net		205,554	359,862
Property and equipment			
Freehold land		-	498,278
Leasehold land		-	88,667
Furniture and fixture		122,816	129,991
Electrical, office and computer equipment		703,213	567,826
Vehicles		75,429	63,758
Lease hold improvement		421,888	58,022
Right-of-use assets		1,047,525	1,188,501
		<u>2,370,871</u>	<u>2,595,043</u>
		<u>2,576,425</u>	<u>2,954,905</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		666	605
Electrical, office and computer equipment		321	82
Vehicles		7,005	36,013
		<u>7,992</u>	<u>36,700</u>
		30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000			
12. INTANGIBLE ASSETS			
Computer software		<u>147,512</u>	<u>97,968</u>

		Half year ended	
		30 June 2023	30 June 2022
		(Un-Audited)	
		Rupees in '000	
12.1 The following addition has been made to intangible assets during the period:			
Directly purchased		90,134	27,339
	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
		Rupees in '000	
13. DEFERRED TAX ASSETS			
Deductible temporary differences on			
Provision for diminution in value of investments		265,013	248,338
Provision for non-performing loans and off - balance sheet obligations		4,555,114	2,924,963
Accelerated tax depreciation		332,310	335,679
Deferred liability on defined benefit plan		69,089	6,946
Deficit on revaluation of investments		6,182,259	3,613,724
		<u>11,403,785</u>	<u>7,129,650</u>
Taxable temporary differences on			
Surplus on revaluation of non-banking assets		(769,953)	(675,664)
Surplus on revaluation of fixed assets		(1,505,450)	(1,389,016)
Exchange translation reserve		-	(3,719)
		<u>(2,275,403)</u>	<u>(2,068,399)</u>
Net deferred tax asset		<u>9,128,382</u>	<u>5,061,251</u>
14. OTHER ASSETS			
Income / mark-up / profit accrued in local currency - net of provision		31,610,073	21,118,836
Income / mark-up / profit accrued in foreign currencies - net of provision		137,897	99,685
Advances, deposits and other prepayments		574,621	381,260
Non-banking assets acquired in satisfaction of claims		2,204,729	2,204,729
Branch adjustment account		106	-
Mark-to-market gain on forward foreign exchange contracts		1,416,601	2,702,151
Acceptances		33,586,091	25,377,732
Receivable from the SBP against encashment of government securities		151,771	16,850
Stationery and stamps on hand		150,510	115,004
Clearing and settlement accounts		9,694,748	-
Others		670,322	6,272,011
		<u>80,197,469</u>	<u>58,288,258</u>
Provision against other assets	14.1 & 14.2	<u>(1,605,000)</u>	<u>(375,000)</u>
Other assets (net of provision)		78,592,469	57,913,258
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	<u>2,095,111</u>	<u>2,095,111</u>
		<u>80,687,580</u>	<u>60,008,369</u>

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
14.1 Movement in provision held against other assets		
Opening balance	375,000	375,000
Charge for the period	1,230,000	-
Closing balance	<u>1,605,000</u>	<u>375,000</u>
14.2 Provision against other assets		
Acceptances	1,230,000	-
Others	375,000	375,000
	<u>1,605,000</u>	<u>375,000</u>
15. BILLS PAYABLE		
In Pakistan	37,858,502	19,445,038
Outside Pakistan	114,163	93,390
	<u>37,972,665</u>	<u>19,538,428</u>
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
- Export refinance scheme	80,719,032	80,119,841
- Long term financing facility - renewable energy scheme	2,427,135	2,454,119
- Long term financing facility - locally manufactured plant and machinery scheme	20,764,749	21,471,497
- Refinance for payment of wages and salaries	-	2,398,979
- Temporary economic refinance facility	30,476,915	31,169,597
- Long term financing facility - for storage of agricultural produce scheme	671,673	532,962
- Refinance facility for modernization of SME	121,550	123,608
- Refinance facility for combating COVID-19	44,024	51,463
- Refinance and credit guarantee scheme for women entrepreneurs	4,583	-
	<u>135,229,661</u>	<u>138,322,066</u>
Repurchase agreement borrowings (Repo)	27,915,318	197,452,237
Due against bills re-discounting	1,641,523	4,254,594
	<u>164,786,502</u>	<u>340,028,897</u>
Unsecured		
Call borrowing	-	2,600,000
Musharaka borrowing	22,000,000	-
Overdrawn nostro accounts	364,043	1,323,711
Overdrawn local bank accounts	-	15,160
	<u>22,364,043</u>	<u>3,938,871</u>
	<u>187,150,545</u>	<u>343,967,768</u>

17. DEPOSITS AND OTHER ACCOUNTS

	30 June 2023 (Un-Audited)			31 December 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	290,474,314	60,531,666	351,005,980	261,734,505	42,738,681	304,473,186
Savings deposits	265,433,538	20,146,656	285,580,194	216,746,274	19,820,695	236,566,969
Term deposits	163,841,960	53,521,794	217,363,754	211,585,932	52,733,398	264,319,330
Others	77,901,060	1,807	77,902,867	48,007,631	18,692	48,026,323
	<u>797,650,872</u>	<u>134,201,923</u>	<u>931,852,795</u>	<u>738,074,342</u>	<u>115,311,466</u>	<u>853,385,808</u>
Financial institutions						
Current deposits	1,741,918	910,475	2,652,393	1,483,744	882,797	2,366,541
Savings deposits	10,367,482	-	10,367,482	19,714,760	-	19,714,760
Term deposits	632,803	23,072	655,875	5,222,729	6,945	5,229,674
Others	23,666	-	23,666	-	-	-
	<u>12,765,869</u>	<u>933,547</u>	<u>13,699,416</u>	<u>26,421,233</u>	<u>889,742</u>	<u>27,310,975</u>
	<u>810,416,741</u>	<u>135,135,470</u>	<u>945,552,211</u>	<u>764,495,575</u>	<u>116,201,208</u>	<u>880,696,783</u>

Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	

18. OTHER LIABILITIES

Mark-up / return / interest payable in local currency		16,741,592	14,182,495
Mark-up / return / interest payable in foreign currencies		977,891	985,955
Unearned commission and income on bills discounted		701,278	529,602
Accrued expenses		3,334,071	2,271,216
Income taxation (provision less payments)		8,817,787	4,844,427
Acceptances		33,586,091	25,377,732
Unclaimed dividend		86,350	86,375
Dividend payable		-	1,032,890
Branch adjustment account		-	2,233
Mark-to-market loss on forward foreign exchange contracts		2,327,424	2,180,854
Provision for compensated absences		278,345	269,345
Deferred liability on defined benefit plan		281,995	32,309
Provision against off-balance sheet obligations	18.1	1,802,583	32,583
Workers' welfare fund	18.2	3,142,463	2,610,684
Charity fund		437	254
Excise duty payable		1,984	3,081
Locker deposits		985,236	980,238
Advance against diminishing musharakah		137,567	66,667
Advance rental for ijarah		19,392	15,872
Security deposits against leases / ijarah		251,544	256,562
Sundry creditors		2,832,508	1,756,937
Lease liability against right-of-use assets		8,292,193	7,803,164
Withholding tax / duties		461,026	450,494
Clearing and settlement accounts		1,770,330	705,474
Others	18.3	15,554,536	12,256,174
		<u>102,384,623</u>	<u>78,733,617</u>

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
18.1 Provision against off-balance sheet obligations		
Opening balance	32,583	32,583
Charge for the period	1,770,000	-
Closing balance	<u>1,802,583</u>	<u>32,583</u>

The above represents provision against certain letters of credit and guarantee.

- 18.2** Under the Workers' Welfare Ordinance 1971, the Bank is liable to pay workers' welfare fund (WWF) @ 2% of accounting profit before tax or taxable income, whichever is higher. The Bank has made full provision for WWF based on profit for the respective years.

The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of WWF were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions, the judgement may not currently be treated as conclusive. Accordingly the Bank maintains its provision in respect of WWF.

- 18.3** This includes Rs. 15,391,762 thousand (31 December 2022: Rs. 12,186,315 thousand) received by the Bank from a correspondent bank against standby letter of credit claimed by the customer. The honorable High Court of Sindh has passed interim order restraining the Bank to transfer amount pending arbitration.

Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	

19. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of			
- Fixed assets	14	6,631,697	6,789,623
- Non-banking assets	14	2,095,111	2,095,111
- Available-for-sale securities	9.1	<u>(12,616,856)</u>	<u>(8,404,009)</u>
		(3,890,048)	480,725
Less: Deferred tax on surplus / (deficit) on revaluation of			
- Fixed assets		1,505,450	1,389,016
- Non-banking assets		769,953	675,664
- Available-for-sale securities		<u>(6,182,259)</u>	<u>(3,613,724)</u>
		3,906,856	1,549,044
		<u>16,808</u>	<u>2,029,769</u>

	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000			
20. CONTINGENCIES AND COMMITMENTS			
Guarantees	20.1	126,881,070	131,519,154
Commitments	20.2	481,817,939	395,110,802
Other contingent liabilities	20.3	3,280,386	2,980,386
		<u>611,979,395</u>	<u>529,610,342</u>
20.1 Guarantees			
Financial guarantees		25,044,792	26,172,591
Performance guarantees		53,313,419	62,206,335
Other guarantees		48,522,859	43,140,228
		<u>126,881,070</u>	<u>131,519,154</u>
20.2 Commitments			
Documentary credits and short-term trade-related transactions:			
Letters of credit		243,849,844	157,455,041
Commitments in respect of:			
Forward exchange contracts	20.2.1	237,374,141	236,024,551
Forward lendings	20.2.2	332,000	1,165,004
Acquisition of operating fixed assets		261,954	466,206
		<u>237,968,095</u>	<u>237,655,761</u>
		<u>481,817,939</u>	<u>395,110,802</u>
20.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		127,970,008	128,349,072
Sale		109,404,133	107,675,479
		<u>237,374,141</u>	<u>236,024,551</u>

20.2.2 Commitments in respect of forward lendings

The Bank has made commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn, except for:

	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
		————— Rupees in '000 —————	—————
Commitments in respect of syndicate financing		<u>332,000</u>	<u>1,165,004</u>

20.3 Other contingent liabilities

Claims against bank not acknowledged as debt	20.3.1	<u>3,174,330</u>	<u>2,874,330</u>
Foreign exchange repatriation case	20.3.2	<u>106,056</u>	<u>106,056</u>
		<u>3,280,386</u>	<u>2,980,386</u>

20.3.1 These mainly represent counter claims by borrowers for damages. Based on legal advice and internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these unconsolidated financial statements.

20.3.2 Foreign exchange repatriation case

While adjudicating Foreign Exchange repatriation cases of exporters, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has adjudicated penalty of Rs. 106,056 thousand, arbitrarily on the Bank. The Bank has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgement. The Honorable High Court has granted relief to the Bank by way of interim orders. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Bank and therefore, no provision has been made against the impugned penalty.

21. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business.

As per the Bank's policy, these contracts are reported on their fair values at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Unrealised mark-to-market gains and losses due on these contracts are recorded on the statement of financial position under "other assets / other liabilities".

These products are offered to the Bank's customers to protect from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter-bank foreign exchange market.

These positions are reviewed on a regular basis by the Bank's Asset and Liability Committee (ALCO).

	Half year ended	
	30 June 2023	30 June 2022
	(Un-Audited)	
	Rupees in '000	
22. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	30,664,689	16,724,100
Investments	63,602,647	35,694,153
Lending with financial institutions	1,363,476	730,091
Balances with other banks	228,428	1,176
	<u>95,859,240</u>	<u>53,149,520</u>
23. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	41,625,896	22,255,111
Borrowings	19,434,716	11,530,016
Foreign currency swap cost	3,487,771	2,829,096
Lease liability against right-of-use assets	478,351	426,005
	<u>65,026,734</u>	<u>37,040,228</u>
24. FEE & COMMISSION INCOME		
Branch banking customer fees	604,318	470,352
Credit related fees	16,378	26,852
Card related fees	521,312	361,145
Commission on trade	2,714,494	2,582,292
Commission on guarantees	427,254	352,514
Commission on remittances including home remittances	18,288	16,683
Commission on bancassurance	85,656	84,280
Commission on cash management	76,781	43,924
Investment Banking Fee	51,852	18,164
Others	17,125	24,302
	<u>4,533,458</u>	<u>3,980,508</u>
25. GAIN / (LOSS) ON SECURITIES		
Realised		
Federal government securities	(261,831)	21,810
Mutual funds	-	11,768
Shares	50,504	52,604
	<u>(211,327)</u>	<u>86,182</u>
26. OTHER INCOME		
Rent on properties	11,828	17,712
Gain on sale of fixed assets - net	15,861	30,907
Gain on sale of ijarah assets - net	10,548	1,806
Staff notice period and other recoveries	388	234
	<u>38,625</u>	<u>50,659</u>

	Half year ended	
	30 June 2023	30 June 2022
	(Un-Audited)	
	Rupees in '000	
27. OPERATING EXPENSES		
Total compensation expense	5,489,582	4,379,938
Property expense		
Rent and taxes	89,617	33,357
Insurance	4,099	2,342
Utilities cost	553,889	334,652
Security (including guards)	387,592	316,596
Repair and maintenance (including janitorial charges)	435,195	250,969
Depreciation on owned fixed assets	448,709	268,208
Depreciation on right-of-use assets	730,168	616,677
	<u>2,649,269</u>	<u>1,822,801</u>
Information technology expenses		
Software maintenance	277,348	165,626
Hardware maintenance	218,467	125,877
Depreciation	151,064	124,140
Amortisation	40,589	40,422
Network charges	283,135	163,593
	<u>970,603</u>	<u>619,658</u>
Other operating expenses		
Directors' fees and allowances	9,433	6,549
Fees and allowances to Shariah Board	15,441	10,425
Legal and professional charges	126,108	103,771
Outsourced services costs	164,859	152,457
Travelling and conveyance	327,108	189,484
NIFT clearing charges	51,573	38,068
Depreciation	318,532	274,045
Depreciation - non-banking assets	-	201
Training and development	18,755	16,876
Postage and courier charges	80,977	66,009
Communication	77,434	65,792
Subscription	371,937	198,911
Repair and maintenance	111,831	64,865
Brokerage and commission	97,940	90,945
Stationery and printing	264,165	174,054
Marketing, advertisement and publicity	284,799	168,142
Management fee	929,286	330,862
Insurance	533,556	465,605
Donations	138,086	107,700
Auditors' Remuneration	12,249	6,089
Security	141,696	109,053
Others	380,887	349,106
	<u>4,456,652</u>	<u>2,989,009</u>
	<u>13,566,106</u>	<u>9,811,406</u>

	Note	Half year ended	
		30 June 2023	30 June 2022
		(Un-Audited)	
		Rupees in '000	
28. OTHER CHARGES			
Penalties imposed by the SBP		32,198	39,652
29. PROVISIONS AND WRITE OFFS - NET			
Provision for diminution in value of investments - net	9.2	61,744	117,660
Provision against loans and advances - net	10.3	(842,523)	1,000,000
Provision against other assets / off-balance sheet obligations		3,000,000	-
Recovery of written off bad debts		(45,000)	(55,722)
		<u>2,174,221</u>	<u>1,061,938</u>
30. TAXATION			
Current		12,448,947	6,227,284
Deferred		(1,768,200)	(743,464)
		<u>10,680,747</u>	<u>5,483,820</u>

30.1 Income tax assessments of the Bank have been finalised up to the tax year 2022 (corresponding to the accounting year ended 31 December 2021). Certain appeals are pending with the Commissioner of Inland Revenue (Appeal) and Appellate Tribunal Inland Revenue (ATR). However, adequate provisions are being held by the Bank.

31. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation		11,781,170	6,549,640
		Number in '000	
Weighted average number of ordinary shares		1,047,831	1,047,831
		Rupees	
Basic and diluted earnings per share		11.24	6.25

32. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than investments in subsidiaries and those classified as held-to-maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost.

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.

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

32.1 Fair value of financial assets

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

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

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

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

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

On balance sheet financial instruments

	30 June 2023 (Un-Audited)				
	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	481,995,765	-	481,995,765	-	481,995,765
Sukuk certificates and bonds	7,067,782	-	7,067,782	-	7,067,782
Ordinary shares of listed companies	3,055,620	3,055,620	-	-	3,055,620
Mutual funds- close end	4,556	4,556	-	-	4,556
Real estate investment trust	1,688,291	1,688,291	-	-	1,688,291
Listed term finance certificates	896,314	-	896,314	-	896,314
Unlisted term finance certificates	3,719,840	-	3,719,840	-	3,719,840
Financial assets - disclosed but not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	172,653,453	-	162,151,984	-	162,151,984
- Subsidiaries					
Ordinary shares of listed companies	180,000	87,747	-	-	87,747
	<u>671,261,621</u>	<u>4,836,214</u>	<u>655,831,685</u>	<u>-</u>	<u>660,667,899</u>
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	<u>127,970,008</u>	<u>-</u>	<u>127,965,457</u>	<u>-</u>	<u>127,965,457</u>
- Forward sale of foreign exchange contracts	<u>109,404,133</u>	<u>-</u>	<u>110,310,405</u>	<u>-</u>	<u>110,310,405</u>

On balance sheet financial instruments

	31 December 2022 (Audited)				
	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
	Rupees in '000				
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	482,311,952	-	482,311,952	-	482,311,952
Sukuk certificates and bonds	7,101,385	-	7,101,385	-	7,101,385
Ordinary shares of listed companies	2,392,675	2,392,675	-	-	2,392,675
Mutual funds - close end	4,673	4,673	-	-	4,673
Real estate investment trust	1,685,401	1,685,401	-	-	1,685,401
Listed term finance certificates	692,835	-	692,835	-	692,835
Unlisted term finance certificates	3,925,000	-	3,925,000	-	3,925,000
Financial assets - disclosed but not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	220,531,981	-	214,186,517	-	214,186,517
- Subsidiaries					
Ordinary shares of listed company	180,000	92,700	-	-	92,700
	<u>718,825,902</u>	<u>4,175,449</u>	<u>708,217,689</u>	<u>-</u>	<u>712,393,138</u>
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	<u>128,349,072</u>	<u>-</u>	<u>129,060,889</u>	<u>-</u>	<u>129,060,889</u>
- Forward sale of foreign exchange contracts	<u>107,675,479</u>	<u>-</u>	<u>107,865,999</u>	<u>-</u>	<u>107,865,999</u>

32.2 Fair value of non-financial assets

	30 June 2023 (Un-Audited)				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Non-financial assets measured at fair value					
- Land and buildings	10,563,058	-	-	10,563,058	10,563,058
- Non-banking assets acquired in satisfaction of claim	4,299,840	-	-	4,299,840	4,299,840
	<u>14,862,898</u>	<u>-</u>	<u>-</u>	<u>14,862,898</u>	<u>14,862,898</u>
	31 December 2022 (Audited)				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Non-financial assets measured at fair value					
- Land and buildings	10,735,947	-	-	10,735,947	10,735,947
- Non-banking assets acquired in satisfaction of claim	4,299,840	-	-	4,299,840	4,299,840
	<u>15,035,787</u>	<u>-</u>	<u>-</u>	<u>15,035,787</u>	<u>15,035,787</u>

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

Federal government debt securities	The fair value of government securities are valued using PKRV rates.
Debt securities other than federal government securities	The fair value is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Reuters website.
Forward contracts	The fair values are derived using forward exchange rates applicable to their respective remaining maturities.

Valuation techniques used in determination of fair values of non-financial assets within level 3

Land and buildings and non-banking assets acquired in satisfaction of claim	Land and buildings and non-banking assets are valued by professionally qualified valuers. The valuation is based on their assessment of the market value of the assets. In determining the valuation for land and building the valuer refers to numerous independent market inquiries from local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets. The fair value is subject to change owing to changes in input. However, management does not expect there to be a material sensitivity to the fair value arising from the non-observable inputs.
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33. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	30 June 2023 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Profit and loss				
Net mark-up / return / profit	49,975,311	(19,311,570)	168,765	30,832,506
Inter segment revenue - net	(48,092,991)	30,426,055	17,666,936	-
Non mark-up / interest income	3,378,988	738,057	3,816,670	7,933,715
Total Income	5,261,308	11,852,542	21,652,371	38,766,221
Segment direct expenses	(188,832)	-	-	(188,832)
Inter segment expense allocation	-	(4,432,625)	(9,508,626)	(13,941,251)
Total expenses	(188,832)	(4,432,625)	(9,508,626)	(14,130,083)
Provisions	(61,744)	(11,054)	(2,101,423)	(2,174,221)
Profit before tax	5,010,732	7,408,863	10,042,322	22,461,917
Balance sheet				
Cash and bank balances	33,043,121	42,309,050	51,764,478	127,116,649
Investments - net	676,664,279	-	-	676,664,279
Net inter segment lending	-	403,002,100	237,697,206	640,699,306
Lendings to financial institutions	2,959,905	-	-	2,959,905
Advances - performing	-	16,079,890	419,012,832	435,092,722
Advances - non-performing	-	292,142	20,269,288	20,561,430
Provision against advances	-	(197,144)	(20,829,588)	(21,026,732)
Others	25,391,051	11,074,859	76,087,817	112,553,727
Total assets	738,058,356	472,560,897	784,002,033	1,994,621,286
Borrowings	51,920,884	-	135,229,661	187,150,545
Deposits and other accounts	-	425,839,758	519,712,453	945,552,211
Net inter segment borrowing	640,699,306	-	-	640,699,306
Others	2,465,902	22,888,401	115,002,985	140,357,288
Total liabilities	695,086,092	448,728,159	769,945,099	1,913,759,350
Net assets	42,972,264	23,832,738	14,056,934	80,861,936
Equity				80,861,936
Contingencies & commitments	237,374,141	9,000	374,596,254	611,979,395

30 June 2022 (Un-Audited)

	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Profit and loss				
Net mark-up / return / profit	25,858,467	(9,765,627)	16,452	16,109,292
Inter segment revenue - net	(25,375,204)	16,426,479	8,948,725	-
Non mark-up / interest income	3,126,622	376,357	3,595,185	7,098,164
Total income	3,609,885	7,037,209	12,560,362	23,207,456
Segment direct expenses	(167,482)	-	-	(167,482)
Inter segment expense allocation	-	(2,658,824)	(7,285,752)	(9,944,576)
Total expenses	(167,482)	(2,658,824)	(7,285,752)	(10,112,058)
Provisions	(117,660)	-	(944,278)	(1,061,938)
Profit before tax	3,324,743	4,378,385	4,330,332	12,033,460

31 December 2022 (Audited)

	Trade & Sales	Retail Banking	Commercial Banking	Total
Balance sheet				
Cash and bank balances	22,394,553	24,181,637	30,623,171	77,199,361
Investments - net	723,578,560	-	-	723,578,560
Net inter segment lending	-	375,829,199	215,798,022	591,627,221
Lendings to financial institutions	76,331,607	-	-	76,331,607
Advances - performing	-	14,993,766	418,728,647	433,722,413
Advances - non-performing	-	150,844	21,498,912	21,649,756
Provision against advances	-	(191,334)	(21,677,921)	(21,869,255)
Others	17,425,602	9,167,187	60,238,689	86,831,478
Total assets	839,730,322	424,131,299	725,209,520	1,989,071,141
Borrowings	205,645,702	-	138,322,066	343,967,768
Deposits and other accounts	-	389,001,497	491,695,286	880,696,783
Net inter segment borrowing	591,627,221	-	-	591,627,221
Others	2,870,186	12,950,323	82,451,536	98,272,045
Total liabilities	800,143,109	401,951,820	712,468,888	1,914,563,817
Net assets	39,587,213	22,179,479	12,740,632	74,507,324
Equity				74,507,324
Contingencies and commitments	236,024,551	61,978	293,523,813	529,610,342

34. TRANSACTIONS WITH RELATED PARTIES

The Bank has related party relationships with its holding company, subsidiaries, associates, companies with common directorship, key management personnel, directors and employees' retirement benefit plans.

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions in respect of charge for employees' retirement benefits are made in accordance with actuarial valuation and terms of contribution plan. Salaries and allowances of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

Details of transactions with related parties are as follows:

	30 June 2023 (Un-Audited)						
	Holding company	Subsidiaries companies	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Balances with other banks							
In current accounts	255,222	-	999,200	-	-	-	1,254,422
Investments							
Opening balance	-	4,880,000	-	-	-	-	4,880,000
Investment made during the period	-	9,250,000	-	-	-	-	9,250,000
Investment redeemed / disposed off during the period	-	(8,600,000)	-	-	-	-	(8,600,000)
Closing balance	-	5,530,000	-	-	-	-	5,530,000
Advances							
Opening balance	-	-	4,923,312	232,413	-	-	5,155,725
Addition during the period	-	-	70,858,340	47,708	-	-	70,906,048
Repaid during the period	-	-	(69,485,096)	(89,453)	-	-	(69,574,549)
Closing balance	-	-	6,296,556	190,668	-	-	6,487,224
Other Assets							
Mark-up / return / interest accrued	-	85,304	86,339	-	-	-	171,643
Prepayments / advance deposits / other receivable	936	-	73,942	-	-	-	74,878
	936	85,304	160,281	-	-	-	246,521
Deposits and other accounts							
Opening balance	186,031	1,280,231	21,939,773	395,587	703,394	1,139,423	25,644,439
Received during the period	8,687,834	85,862,761	1,491,669,148	1,321,500	737,263	1,839,351	1,590,117,857
Withdrawn during the period	(8,659,345)	(86,386,559)	(1,487,955,232)	(1,309,961)	(691,306)	(1,319,577)	(1,586,321,980)
Closing balance	214,520	756,433	25,653,689	407,126	749,351	1,659,197	29,440,316
Other Liabilities							
Mark-up / return / interest payable	-	12,322	135,037	3,863	5,737	29,777	186,736
Management fee payable for technical and consultancy services *	1,203,024	-	-	-	-	-	1,203,024
Other payables	-	-	661	-	720	281,995	283,376
	1,203,024	12,322	135,698	3,863	6,457	311,772	1,673,136
Contingencies and commitments							
Transaction-related contingent liabilities	-	-	11,370,558	-	-	-	11,370,558
Trade-related contingent liabilities	-	-	12,665,456	-	-	-	12,665,456
	-	-	24,036,014	-	-	-	24,036,014

* Management fee is as per the agreement with the holding company.

31 December 2022 (Audited)

	Holding company	Subsidiaries companies	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Balances with other banks							
In current accounts	466,178	-	486,624	-	-	-	952,802
Investments							
Opening balance	-	3,930,000	-	-	-	-	3,930,000
Investment made during the year	-	18,200,000	-	-	-	-	18,200,000
Investment redeemed / disposed off during the year	-	(17,250,000)	-	-	-	-	(17,250,000)
Closing balance	-	4,880,000	-	-	-	-	4,880,000
Advances							
Opening balance	-	-	5,272,235	195,796	-	-	5,468,031
Addition during the year	-	-	90,501,046	119,557	-	-	90,620,603
Repaid during the year	-	-	(90,849,969)	(82,940)	-	-	(90,932,909)
Closing balance	-	-	4,923,312	232,413	-	-	5,155,725
Other Assets							
Mark-up / return / interest accrued	-	54,347	70,410	-	-	-	124,757
Prepayments / advance deposits / other receivable	468	-	54,848	-	-	-	55,316
	468	54,347	125,258	-	-	-	180,073
Deposits and other accounts							
Opening balance	174,007	786,214	25,194,705	313,576	813,302	1,770,568	29,052,372
Received during the year	8,400,291	156,565,186	2,316,963,650	2,682,881	3,310,088	5,387,239	2,493,309,335
Withdrawn during the year	(8,388,267)	(156,071,169)	(2,320,218,582)	(2,600,870)	(3,419,996)	(6,018,384)	(2,496,717,268)
Closing balance	186,031	1,280,231	21,939,773	395,587	703,394	1,139,423	25,644,439
Other Liabilities							
Mark-up / return / interest payable	-	12,269	133,672	5,911	5,245	11,889	168,986
Management fee payable for technical and consultancy services*	504,927	-	-	-	-	-	504,927
Other payables	-	-	611	-	745	32,309	33,665
	504,927	12,269	134,283	5,911	5,990	44,198	707,578
Contingencies and commitments							
Transaction-related contingent liabilities	-	-	16,461,354	-	-	-	16,461,354
Trade-related contingent liabilities	-	-	7,564,523	-	-	-	7,564,523
	-	-	24,025,877	-	-	-	24,025,877

* Management fee is as per the agreement with the holding company.

Transactions during the period

	For the period ended 30 June 2023 (Un-Audited)						Total
	Holding company	Subsidiaries companies	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000						
Income							
Mark-up / return / interest earned	-	410,645	222,074	46,305	-	-	679,024
Fee and commission income	53	466	142,700	-	78	-	143,297
Rent income	2,808	2,777	5,170	-	-	-	10,755
Expense							
Mark-up / return / interest expensed	-	74,665	1,329,114	21,568	26,569	131,652	1,583,568
Commission / brokerage / bank charges paid	49	302	4,919	-	-	-	5,270
Salaries and allowances	-	-	-	402,175	-	-	402,175
Directors' fees and allowances	-	-	-	-	9,433	-	9,433
Charge to defined benefit plan	-	-	-	-	-	151,954	151,954
Contribution to defined contribution plan	-	-	-	-	-	164,312	164,312
Insurance premium expenses	-	-	12,221	-	-	-	12,221
Management fee expense for technical and consultancy services *	929,286	-	-	-	-	-	929,286
Donation	-	-	960	-	-	-	960

* Management fee is as per the agreement with the holding company.

Transactions during the period

For the period ended 30 June 2022 (Un-Audited)

	Holding company	Subsidiaries companies	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Income							
Mark-up / return / interest earned	<u>-</u>	<u>215,805</u>	<u>202,925</u>	<u>6,744</u>	<u>-</u>	<u>-</u>	<u>425,474</u>
Fee and commission income	<u>1,092</u>	<u>436</u>	<u>136,197</u>	<u>-</u>	<u>83</u>	<u>-</u>	<u>137,808</u>
Rent income	<u>2,808</u>	<u>2,724</u>	<u>4,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,789</u>
Expenses							
Mark-up / return / interest expensed	<u>-</u>	<u>25,090</u>	<u>556,058</u>	<u>9,872</u>	<u>11,912</u>	<u>37,079</u>	<u>640,011</u>
Commission / brokerage / bank charges paid	<u>213</u>	<u>-</u>	<u>321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>534</u>
Salaries and allowances	<u>-</u>	<u>-</u>	<u>-</u>	<u>404,786</u>	<u>-</u>	<u>-</u>	<u>404,786</u>
Directors' fees and allowances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,549</u>	<u>-</u>	<u>6,549</u>
Charge to defined benefit plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,964</u>	<u>193,964</u>
Contribution to defined contribution plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,344</u>	<u>140,344</u>
Insurance premium expenses	<u>-</u>	<u>-</u>	<u>9,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,345</u>
Management fee expense for technical and consultancy services *	<u>330,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,862</u>
Donation	<u>-</u>	<u>-</u>	<u>10,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,960</u>

* Management fee is as per the agreement with the holding company .

35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,478,315	10,478,315
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	77,254,717	72,103,977
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	77,254,717	72,103,977
Eligible tier 2 capital	4,062,325	5,234,756
Total eligible capital (tier 1 + tier 2)	81,317,042	77,338,733
Risk Weighted Assets (RWAs):		
Credit risk	445,182,492	441,448,612
Market risk	2,203,484	4,592,034
Operational risk	83,146,710	83,146,710
Total	530,532,686	529,187,356
CET1 capital adequacy ratio	14.56%	13.63%
Tier 1 capital adequacy ratio	14.56%	13.63%
Total capital adequacy ratio	15.33%	14.61%
Minimum capital requirements prescribed by the SBP		
CET 1 capital adequacy ratio	6.00%	6.00%
Tier 1 capital adequacy ratio	7.50%	7.50%
Total capital adequacy ratio	11.50%	11.50%
The Bank uses simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.		
Leverage Ratio (LR):		
Eligible tier-1 capital	77,254,717	72,103,977
Total exposures	1,834,527,700	1,767,075,083
Leverage ratio	4.21%	4.08%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	481,691,594	499,913,538
Total net cash outflow	312,776,409	304,953,563
Liquidity coverage ratio	154%	164%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	934,935,069	838,059,737
Total required stable funding	547,601,554	554,156,981
Net stable funding ratio	171%	151%

36. ISLAMIC BANKING BUSINESS

The bank is operating 116 (31 December 2022: 61) Islamic banking branches and 217 (31 December 2022: 242) Islamic banking windows at the end of the period.

STATEMENT OF FINANCIAL POSITION	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		11,498,002	7,799,004
Balances with other banks		-	-
Due from financial institutions		-	-
Investments	36.1	73,647,971	35,039,153
Islamic financing and related assets - net	36.2	114,556,205	106,613,906
Fixed assets		1,647,495	791,323
Intangible assets		-	-
Due from head office		1,753,574	7,364,959
Other assets		9,798,312	6,654,527
		<u>212,901,559</u>	<u>164,262,872</u>
LIABILITIES			
Bills payable		2,255,646	1,690,942
Due to financial institutions		58,181,260	39,190,234
Deposits and other accounts	36.4	131,910,420	107,237,001
Due to head office		-	-
Subordinated debt		-	-
Other liabilities		8,658,852	5,162,216
		<u>201,006,178</u>	<u>153,280,393</u>
NET ASSETS		<u>11,895,381</u>	<u>10,982,479</u>
REPRESENTED BY			
Islamic banking fund		10,007,150	9,005,661
Reserves		-	-
Surplus / (deficit) on revaluation of assets		(348,466)	(627,868)
Unappropriated profit	36.5	2,236,697	2,604,686
		<u>11,895,381</u>	<u>10,982,479</u>
CONTINGENCIES AND COMMITMENTS	36.6		

The profit and loss account of the Bank's Islamic banking branches for the period ended 30 June 2023 is as follows:

	Note	Half year ended	
		30 June 2023	30 June 2022
(Un-Audited)			
Rupees in '000			
PROFIT AND LOSS ACCOUNT			
Profit / return earned	36.7	12,232,295	5,305,065
Profit / return expensed	36.8	(6,727,577)	(2,792,852)
Net Profit / return		5,504,718	2,512,213
Other income			
Fee and commission income		319,798	256,001
Dividend income		-	-
Foreign exchange income		55,900	57,389
Gain / (loss) on securities		-	(11)
Other income		11,280	1,864
Total other income		386,978	315,243
Total Income		5,891,696	2,827,456
Other expenses			
Operating expenses		1,263,217	625,048
Workers' welfare fund		-	-
Other charges		1,140	485
Total other expenses		1,264,357	625,533
Profit before provisions		4,627,339	2,201,923
Provisions and write offs - net		(241,658)	53,944
Profit before taxation		4,385,681	2,255,867
Taxation		(2,148,984)	(1,105,375)
Profit / (loss) after taxation		2,236,697	1,150,492

36.1 Investments by segments:

	30 June 2023 (Unaudited)				31 December 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees in '000								
Federal Government Securities:								
Jarah Sukuk	54,626,330	-	(126,550)	54,499,780	19,579,161	-	(372,602)	19,206,559
Islamic naya Pakistan certificate mudaraba investment pool								
	7,380,409	-	-	7,380,409	4,681,209	-	-	4,681,209
	62,006,739	-	(126,550)	61,880,189	24,260,370	-	(372,602)	23,887,768
Non Government Debt Securities								
Listed	6,812,099	-	(221,917)	6,590,182	6,876,651	-	(255,266)	6,621,385
Unlisted	5,177,600	-	-	5,177,600	4,530,000	-	-	4,530,000
	11,989,699	-	(221,917)	11,767,782	11,406,651	-	(255,266)	11,151,385
Total investments	73,996,438	-	(348,467)	73,647,971	35,667,021	-	(627,868)	35,039,153

36.2 Islamic financing and related assets - net

	30 June 2023 (Un-Audited)				31 December 2022 (Audited)			
	Financing	Advances	Inventory	Total	Financing	Advances	Inventory	Total
	Rupees in '000							
Ijarah	806,651	22,481	-	829,132	875,565	17,577	-	893,142
Ijarah - islamic long term financing facility	28,807	-	-	28,807	37,887	-	-	37,887
Murabaha	5,678,879	427,607	-	6,106,486	5,812,875	124,591	-	5,937,466
Working capital musharaka	42,315,520	-	-	42,315,520	31,411,281	-	-	31,411,281
Diminishing musharaka	17,669,302	1,345,386	-	19,014,688	15,714,076	1,392,381	-	17,106,457
Salam	-	-	-	-	22,000	53,000	-	75,000
Istisna	3,396,334	3,927,010	1,455,757	8,779,101	6,446,156	4,748,356	65	11,194,577
Al-bai	431,357	-	973,024	1,404,381	570,156	-	-	570,156
Diminishing musharaka:								
- Islamic long term financing facility	3,768,579	394,072	-	4,162,651	3,647,937	487,014	-	4,134,951
- Islamic refinance scheme for payment of wages and salaries	-	93,534	-	93,534	13,980	93,534	-	107,514
- Islamic financing facility for storage of agricultural produce	488,678	187,668	-	676,346	541,619	187,668	-	729,287
- Islamic temporary economic refinance facility	11,566,766	1,859,720	-	13,426,486	11,652,266	2,026,743	-	13,679,009
- Islamic financing facility for renewable energy	351,377	288,098	-	639,475	295,833	370,554	-	666,387
Islamic export refinance:								
- Murabaha	28,000	-	-	28,000	152,000	32,000	-	184,000
- Working capital musharaka	9,650,774	-	-	9,650,774	12,188,026	-	-	12,188,026
- Salam	-	-	-	-	-	75,000	-	75,000
- Istisna	75,820	7,055,600	33,626	7,165,046	865,116	6,470,395	-	7,335,511
- Al-bai	-	-	785,240	785,240	36,602	-	559,457	596,059
Gross Islamic financing and related assets	96,256,844	15,601,176	3,247,647	115,105,667	90,283,375	16,078,813	559,522	106,921,710
Provision against Islamic financings								
- Specific	(536,036)	-	-	(536,036)	(295,151)	-	-	(295,151)
- General	(13,426)	-	-	(13,426)	(12,653)	-	-	(12,653)
	(549,462)	-	-	(549,462)	(307,804)	-	-	(307,804)
Islamic financing and related assets - net of provision	95,707,382	15,601,176	3,247,647	114,556,205	89,975,571	16,078,813	559,522	106,613,906

36.3 Fixed assets and other liabilities

At 30 June 2023, fixed asset include right-of-use assets of Rs.1,376,389 thousand (31 December 2022: Rs. 615,872 thousand) and other liabilities include related lease liability of Rs. 1,421,001 thousand (31 December 2022: Rs. 710,395 thousand).

36.4 Deposits

	30 June 2023 (Un-Audited)			31 December 2022 (Audited)		
	Customers	Financial Institutions	Total	Customers	Financial Institutions	Total
	Rupees in '000					
Current deposits	50,186,027	188,957	50,374,984	34,665,872	118,426	34,784,298
Savings deposits	45,062,899	1,740,293	46,803,192	37,916,080	1,650,927	39,567,007
Term deposits	26,621,830	160,000	26,781,830	28,873,205	1,538,000	30,411,205
Others	7,950,414	-	7,950,414	2,474,491	-	2,474,491
	<u>129,821,170</u>	<u>2,089,250</u>	<u>131,910,420</u>	<u>103,929,648</u>	<u>3,307,353</u>	<u>107,237,001</u>

36.5 Unappropriated profit

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
Opening balance	2,604,686	1,481,222
Add: Islamic banking profit for the period	2,236,697	2,604,686
Less: Transferred to head office	<u>(2,604,686)</u>	<u>(1,481,222)</u>
Closing balance	<u>2,236,697</u>	<u>2,604,686</u>

36.6 Contingencies and commitments

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
Guarantees	12,495,469	9,539,409
Commitments	<u>37,157,919</u>	<u>18,607,004</u>
	<u>49,653,388</u>	<u>28,146,413</u>

36.7 Profit / return earned

	30 June 2023 (Un-Audited)	30 June 2022 (Audited)
	Rupees in '000	
Financing	7,587,772	3,716,946
Investments	4,518,450	1,500,432
Placements	<u>126,073</u>	<u>87,687</u>
	<u>12,232,295</u>	<u>5,305,065</u>

	Half year ended	
	30 June 2023	30 June 2022
	(Un-Audited)	
	Rupees in '000	
36.8 Profit / return expensed		
Deposits and other accounts	5,523,502	2,406,438
Due to financial institutions	1,171,195	354,297
Lease liability against right-of-use assets	32,880	32,117
	6,727,577	2,792,852

37. GENERAL

The figures have been rounded off to nearest thousand rupees, unless otherwise stated.

38. NON ADJUSTING EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE / DATE OF AUTHORISATION FOR ISSUE

- 38.1** The Board of Directors in its meeting held on 24 August 2023 has approved an interim cash dividend of Rs. 5 per share (2022: interim cash dividend of Rs. 2 per share).
- 38.2** These unconsolidated condensed interim financial statements were authorised for issue on 24 August 2023 by the Board of Directors of the Bank.