

HABIBMETRO



HABIBMETRO

THIRD QUARTER REPORT

SEPTEMBER

2023



هَذَا فَضْلُكَ

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

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 Shahra-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 nine months ended 30 September 2023.

During the third quarter 2023, the economic activity took a slight upward shift, supported by a number of factors including improved agriculture outlook and monetary policy stance, reflecting some deceleration in inflation.

The year-on-year inflation registered at 31.4 percent in September 2023, following a downward trajectory since being at its peak at 38 percent in May 2023. Inflation is expected to decline further from October 2023 and maintain a downward trajectory from thereon. To bring it down to a sustainable medium-term range of 5-7 percent by the end FY25, it is crucial to constantly monitor pertinent risks to inflation outlook and take appropriate measures to achieve price stability.

The current account deficit stood at \$947 million in September 2023 after posting a cumulative surplus in the preceding quarter. Recent ease in import restrictions resulting in import volume hike and reduced remittances proved to be key factors in adversely impacting the current account balances.

Going forward, the unfolding impact of monetary tightening and envisaged fiscal consolidation is expected to lead a growth outlook at moderate levels during FY24.

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

The Rupee depreciated by 27 percent since December 31, 2022, from Rs. 226.4 to Rs. 287.7 against USD in September 2023.

By the Grace of Allah, HABIBMETRO posted a profit before tax of Rs. 37,035 million for the first nine months of 2023, an increase of 90.5 percent year-on-year. This translates into after tax earnings of Rs. 18.31 per share.

The Bank's net mark-up / interest income amounted to Rs. 51,400 million with a growth of 87.1 percent compared to Rs. 27,475 million in the same period last year, whereas non-mark-up / interest income increased to Rs. 10,883 million.

Investments declined by 5.4 percent to Rs. 684,298 million whereas net advances declined by 1.9 percent to Rs. 425,483 million during the nine months period. Meanwhile, deposits increased to Rs. 967,587 million compared to Rs. 880,697 million in 31 December 2022, a growth of 9.9 percent. The Bank continues to focus on low-cost deposit mobilization, resulting in current account deposits increasing by 19.8 percent during the period under review to Rs. 367,660 million with a CA mix of 38 percent.

The Bank's Net Equity stands at Rs. 84,749 million with a capital adequacy level of 17.2 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 524 branches in 207 cities across Pakistan, including 116 Islamic banking branches, and 233 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.

Your Bank is fully committed to fulfil its corporate social responsibilities and continues to make regular contributions to a host of non-profit / social organizations. The Bank also engages its employees in a variety of charitable endeavors and causes, with a major focus on healthcare and education, as part of its efforts to be a socially conscious company.

As business dynamics are changing, we are speeding up the process of digital transformation by promoting 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 seamless financial services, enabling the Bank to grow from strength to strength.

On behalf of the Board

KHURRAM SHAHZAD KHAN

President & Chief Executive Officer

Karachi: 20 October 2023

حبیب میٹرو پاکستان بھر کے 207 شہروں میں 524 برانچز بشمول 116 اسلامک بینکنگ برانچز اور 233 اسلامک 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 اے ٹی ایم کے ملک گیر نیٹ ورکس کے ساتھ بینکاری کی خدمات اور پراڈکٹس کا جامع مجموعہ فراہم کرتا ہے۔

آپ کا بینک اپنی کارپوریٹ سماجی ذمہ داریوں کو پورا کرنے پر عمل کار بند ہے اور غیر منافع بخش/سماجی اداروں کے ساتھ باقاعدگی کے ساتھ شراکت داری کا سلسلہ برقرار رکھے ہوئے ہے۔ بینک سماجی طور پر ایک ذمہ دار کمپنی کی حیثیت سے اپنی کوششوں کے ایک حصے کے طور پر اپنے ملازمین کو بھی مستقل بنیادوں پر مختلف امدادی سرگرمیوں اور مقاصد بالخصوص صحت اور تعلیم کے شعبوں میں خصوصی توجہ کے ساتھ مصروف عمل رکھتا ہے۔

جیسا کہ اب کاروباری سرگرمیاں تبدیل ہو رہی ہیں، تو ہم موبائل ایپ، ویب بینکنگ اور ڈیجیٹل کارڈز کے فروغ کے ذریعے ڈیجیٹل ٹرانسفارمیشن کا عمل بھی بڑھا رہے ہیں تاکہ ملک میں دستیاب مختلف ڈیجیٹل بینکنگ مواقع کو اکٹھا کیا جائے۔

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 شکریہ ادا کرتا ہوں۔ میں اپنے محترم اور قابل قدر شیئر ہولڈرز و کسٹمرز کا بھی ان کے اعتماد اور سہارے پر مشکور ہوں۔ آخر میں، میں حبیب میٹرو بینک کے اسٹاف کی انتھک کاوشوں اور جدوجہد کا اعتراف کرتے ہوئے انہیں خراج تحسین پیش کرتا ہوں جو بینک کے صارفین کو برابر مالیاتی خدمات فراہم کر رہے ہیں اسی وجہ سے بینک مضبوط تر ہوتا جا رہا ہے۔

منجانب بورڈ

خرم شہزاد خان

صدر و چیف ایگزیکٹو آفیسر

کراچی: 20 اکتوبر 2023

ڈائریکٹرز رپورٹ

میں نہایت مسرت کے ساتھ حبیب میٹرو پولیٹن بینک کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2023 کو ختم ہونے والی تیسری سہ ماہی کیلئے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کر رہا ہوں۔

2023 کی تیسری سہ ماہی میں معاشی سرگرمی نے قدرے بہتری کا مظاہرہ کیا جس میں کچھ عناصر بشمول زراعت کے شعبے میں بہتری اور مانیٹری پالیسی کے سلسلے میں کیے جانے والے اقدامات کی معاونت شامل تھی، جس کی وجہ سے مہنگائی میں مستقل اضافے کا سلسلہ کسی حد تک ختم گیا۔

سال بہ سال مہنگائی کی شرح ستمبر 2023 میں 31.4 فیصد ہو گئی اور اس کے گرنے کا سلسلہ جاری رہا جو کہ مئی 2023 میں اپنی بلند ترین سطح 38 فیصد پر تھا۔ مہنگائی کے حوالے سے توقع ہے کہ یہ اکتوبر 2023 سے مزید کم ہو جائے گی اور اس کے چٹائی سطح پر رہنے کا رجحان برقرار رہے گا۔ مالی سال 25 کے اختتام تک اسے 5-7 فیصد کی مستحکم میڈیم ٹرم رینج میں لانے کیلئے یہ لازم ہے کہ مستقل طور پر مہنگائی کے آؤٹ لک کے خطرات کی باریک بینی سے نگرانی کی جائے اور نرخوں کے مستحکم سطح پر رہنے کیلئے موزوں اقدامات بروئے کار لائے جائیں۔

ستمبر 2023 میں کرنٹ اکاؤنٹ خسارہ گزشتہ سہ ماہی میں ایک مجموعی سرپلس ظاہر کرنے کے بعد 947 ملین امریکی ڈالر پر موجود تھا۔ درآمدی پابندیوں میں حالیہ طور پر کمی جانے والی سہولت کے نتیجے میں درآمدی حجم کا بڑھنا اور ترسیلات زر میں کمی یہ ثابت کرتا ہے کہ یہ کرنٹ اکاؤنٹ بیلنس میں مضر اثرات ڈالنے میں کلیدی عنصر رہے۔

آگے بڑھتے ہوئے سخت مالیاتی نگرانی اور تصویر کشی مالیاتی کنسولیڈیشن مالی سال 2024 کے دوران اعتدال پسند سطح کیلئے متوقع گروتھ آؤٹ لک کا تعین کرے گی۔

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 27 فیصد کم ہو چکی ہے جو کہ 226.4 روپے سے کم ہو کر ستمبر 2023 میں 287.7 روپے ہو گئی۔

اللہ تعالیٰ کے فضل و کرم سے حبیب میٹرو نے 2023 کی تیسری سہ ماہی میں سال بہ سال 90.5 فیصد اضافے کے ساتھ 37,035 ملین روپے کا منافع قبل از ٹیکس ظاہر کیا۔ اس کے نتیجے میں فی شیئر بعد از ٹیکس آمدنی 18.31 روپے رہی۔

بینک کے خالص مارک آپ کی آمدنی 87.1 فیصد بڑھ کر 51,400 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت میں 27,475 ملین روپے تھی۔ جبکہ نان مارک آپ کی آمدنی بڑھ کر 10,883 ملین روپے ہو گئی۔

تیسری سہ ماہی کی اس مدت کے دوران سرمایہ کاریاں 5.4 فیصد تک کم ہو کر 684,298 ملین روپے ہو گئیں جبکہ خالص ایڈوانسز 1.9 فیصد کم ہو کر 425,483 ملین روپے ہو گئے۔ اسی دوران ڈپازٹس 967,587 ملین روپے تک بڑھ گئے جو اس کے مقابلے میں 31 دسمبر 2022 کو 880,697 ملین روپے پر موجود تھے اور اس طرح 9.9 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 19.8 فیصد تک بڑھ کر 38 فیصد کے کرنٹ اکاؤنٹ کس کے ساتھ 367,660 ملین روپے ہو گئے۔

بینک کی خالص ایکویٹی 17.2 فیصد کیپٹل ایڈیکویسی کے ساتھ 84,749 ملین روپے رہی۔

بینک نے پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی اپنی لاگ ٹرم کیلئے AA اور شارٹ ٹرم کے لئے A+ 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۔

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	Note	30 September 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	6	83,409,077	54,747,065
Balances with other banks	7	26,038,113	22,452,296
Lendings to financial institutions	8	41,038,301	76,331,607
Investments	9	684,297,878	723,578,560
Advances	10	425,482,682	433,502,914
Fixed assets	11	22,548,519	21,663,890
Intangible assets	12	306,567	97,968
Deferred tax assets	13	6,042,047	5,061,251
Other assets	14	81,009,878	60,008,369
		<u>1,370,173,062</u>	<u>1,397,443,920</u>
LIABILITIES			
Bills payable	15	18,754,484	19,538,428
Borrowings	16	196,825,290	343,967,768
Deposits and other accounts	17	967,586,553	880,696,783
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debts		-	-
Deferred tax liabilities		-	-
Other liabilities	18	102,257,359	78,733,617
		<u>1,285,423,686</u>	<u>1,322,936,596</u>
NET ASSETS		<u>84,749,376</u>	<u>74,507,324</u>
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		29,385,962	25,534,917
Surplus / (deficit) on revaluation of assets - net of tax	19	1,638,199	2,029,769
Unappropriated profit		43,246,900	36,464,323
		<u>84,749,376</u>	<u>74,507,324</u>
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 NINE MONTHS ENDED 30 SEPTEMBER 2023

	Note	30 September 2023		30 September 2022	
		Quarter ended	Nine months ended	Quarter ended	Nine months ended
Rupees in '000					
Mark-up / return / interest earned	22	52,021,411	147,880,651	38,520,840	91,670,360
Mark-up / return / interest expensed	23	(31,453,724)	(96,480,458)	(27,154,760)	(64,194,988)
Net mark-up / interest income		20,567,687	51,400,193	11,366,080	27,475,372
NON MARK-UP / INTEREST INCOME					
Fee and commission income	24	2,509,831	7,043,289	2,001,550	5,982,058
Dividend income		181,164	446,932	82,399	214,825
Foreign exchange income		137,600	3,444,791	1,343,080	4,191,469
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	25	109,097	(102,230)	19,420	105,602
Other income	26	12,038	50,663	10,266	60,925
Total non mark-up / interest income		2,949,730	10,883,445	3,456,715	10,554,879
Total Income		23,517,417	62,283,638	14,822,795	38,030,251
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	27	7,639,518	21,205,624	5,967,941	15,779,347
Workers' welfare fund		250,000	781,779	168,000	429,000
Other charges	28	2,925	35,123	440	40,092
Total non-mark-up / interest expenses		(7,892,443)	(22,022,526)	(6,136,381)	(16,248,439)
Profit before provisions		15,624,974	40,261,112	8,686,414	21,781,812
Provisions and write offs - net	29	(1,051,500)	(3,225,721)	(1,278,528)	(2,340,466)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		14,573,474	37,035,391	7,407,886	19,441,346
Taxation	30	(7,171,565)	(17,852,312)	(3,698,717)	(9,182,537)
PROFIT AFTER TAXATION		7,401,909	19,183,079	3,709,169	10,258,809
Rupees					
Basic and diluted earnings per share	31	7.06	18.31	3.54	9.79

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 NINE MONTHS ENDED 30 SEPTEMBER 2023

	Note	30 September 2023		30 September 2022	
		Quarter ended	Nine months ended	Quarter ended	Nine months ended
Rupees in '000					
Profit after taxation		7,401,909	19,183,079	3,709,169	10,258,809
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 - net of tax		163	14,429	8,942	11,146
Movement in surplus / (deficit) on revaluation of investments - net of tax	19	1,662,327	18,015	985,829	(682,429)
		1,662,490	32,444	994,771	(671,283)
Items that will not be reclassified to profit and loss in subsequent periods:					
Remeasurement gain / (loss) on defined benefit obligations - net of tax		62,198	(31,124)	68,380	(8,259)
Surplus on revaluation of fixed assets - net of tax		-	(203,449)	-	5,338,110
Movement in surplus on non-banking assets	19	-	(94,289)	-	201,372
		62,198	(328,862)	68,380	5,531,223
Total comprehensive income		9,126,597	18,886,661	4,772,320	15,118,749

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 NINE MONTHS ENDED 30 SEPTEMBER 2023**

	Share capital	Reserves				Surplus / (deficit) on revaluation			Un-appropriated profit	Total
		Share premium	Special reserve	Revenue reserve	Statutory reserve	Exchange translation reserve	Fixed / Non-banking assets			
	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	-	-	-	-	-	-	-	-	10,258,809	10,258,809
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	11,146	(682,429)	5,539,482	(8,259)	4,859,940
Total comprehensive income for the period	-	-	-	-	-	11,146	(682,429)	5,539,482	10,250,550	15,118,749
Transfer to statutory reserve	-	-	-	-	2,051,762	-	-	-	(2,051,762)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(45,760)	45,760	-
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)
Interim dividend (Rs. 2.00 per share) for the year 2022	-	-	-	-	-	-	-	-	(2,095,663)	(2,095,663)
Balance as at 30 September 2022	10,478,315	2,550,985	240,361	1,500,000	20,438,259	12,907	(2,436,354)	6,865,811	33,203,960	72,854,244
Profit after taxation	-	-	-	-	-	-	-	-	4,001,914	4,001,914
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	(7,978)	(2,353,931)	-	13,075	(2,348,834)
Total comprehensive income for the period	-	-	-	-	-	(7,978)	(2,353,931)	-	4,014,989	1,653,080
Transfer to statutory reserve	-	-	-	-	800,383	-	-	-	(800,383)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(45,757)	45,757	-
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	-	-	-	-	-	-	-	-	19,183,079	19,183,079
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	14,429	18,015	(297,738)	(31,124)	(296,418)
Total comprehensive income for the period	-	-	-	-	-	14,429	18,015	(297,738)	19,151,955	18,886,661
Transfer to statutory reserve	-	-	-	-	3,836,616	-	-	-	(3,836,616)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(111,847)	111,847	-
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)
Interim dividend (Rs. 5.00 per share) for the year 2023	-	-	-	-	-	-	-	-	(5,239,157)	(5,239,157)
Balance as at 30 September 2023	10,478,315	2,550,985	240,361	1,500,000	25,075,258	19,358	(4,772,270)	6,410,469	43,246,900	84,749,376

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

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	30 September 2023	30 September 2022
	(Un-Audited)	
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	37,035,391	19,441,346
Less: Dividend income	(446,932)	(214,825)
	36,588,459	19,226,521
Adjustments		
Depreciation on fixed assets	1,437,490	1,101,242
Depreciation on right-of-use assets	1,069,240	862,814
Depreciation on non-banking assets	-	277
Amortization	84,635	61,244
Mark-up / return / interest expensed on lease liability against right-of-use assets	713,320	610,192
Provisions and write offs excluding recovery of written off bad debts	3,270,721	2,397,188
Gain on sale of fixed assets - net	(21,420)	(34,976)
Provision against workers' welfare fund	781,779	429,000
Provision against compensated absences	96,482	75,617
Provision against defined benefit plan	230,196	262,308
	7,662,443	5,764,906
	44,250,902	24,991,427
Decrease / (increase) in operating assets		
Lendings to financial institutions	35,293,306	(4,048,755)
Advances	4,812,755	(62,480,851)
Other assets (excluding dividend and non-banking asset)	(14,908,736)	(10,632,508)
	25,197,325	(77,162,114)
(Decrease) / increase in operating liabilities		
Bills payable	(783,944)	4,273,477
Borrowings from financial institutions	(145,803,607)	(36,190,064)
Deposits and other accounts	86,889,770	124,778,929
Other liabilities (excluding current taxation)	14,676,421	15,572,412
	(45,021,360)	108,434,754
	24,426,867	56,264,067
Payment against compensated absences	(82,982)	(62,117)
Contribution to the defined benefit plan	(20,000)	(50,000)
Income tax paid	(15,902,696)	(8,011,238)
	(15,902,696)	(8,011,238)
Net cash flows from operating activities	8,421,189	48,140,712
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(106,021,064)	115,369,644
Net investments in held-to-maturity securities	144,285,119	(186,571,714)
Dividend received	406,500	157,169
Investments in fixed assets	(2,057,020)	(2,203,760)
Investments in intangibles assets	(293,234)	(40,882)
Proceeds from sale of fixed assets	32,651	73,415
Effect of translation of net investment in an offshore branch	10,710	13,281
	36,363,662	(73,202,847)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(9,677,657)	(4,232,476)
Payment of lease against right-of-use assets	(1,520,494)	(1,142,843)
	(11,198,151)	(5,375,319)
Net cash flows from financing activities	(11,198,151)	(5,375,319)
Increase / (decrease) in cash and cash equivalents	33,586,700	(30,437,454)
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	109,447,190	55,914,512

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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NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 524 (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 September 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000			
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		11,837,808	11,785,531
Foreign currencies		2,707,948	1,955,812
		<u>14,545,756</u>	<u>13,741,343</u>
With State Bank of Pakistan in			
Local currency current accounts		43,624,922	31,843,038
Foreign currencies			
– current accounts		3,716,019	2,843,777
– cash reserve account		6,440,325	5,631,918
– deposit account - special cash reserve		11,618,132	564,907
		<u>65,399,398</u>	<u>40,883,640</u>
With National Bank of Pakistan in			
Local currency current accounts		3,376,480	84,330
Prize Bonds		87,443	37,752
		<u>83,409,077</u>	<u>54,747,065</u>
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		60,065	49,263
In deposit accounts		758	552
		<u>60,823</u>	<u>49,815</u>
Outside Pakistan			
In current accounts		25,977,290	22,402,481
		<u>26,038,113</u>	<u>22,452,296</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.2	3,884,468	1,902,020
Repurchase agreement lendings (reverse repo)	8.3	37,153,833	74,429,587
		<u>41,038,301</u>	<u>76,331,607</u>
8.1 Particulars of lendings			
In local currency - secured		37,153,833	74,429,587
In foreign currency - unsecured		3,884,468	1,902,020
		<u>41,038,301</u>	<u>76,331,607</u>

8.2 These foreign currency lendings carry mark-up rate ranging from 6.65% to 10.00% (31 December 2022: 11.00%) per annum with maturity upto 04 January 2024 (31 December 2022: 27 March 2023).

8.3 Market value of securities held as collateral against lendings to financial institutions (reverse repo)

	30 September 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	13,435,461	-	13,435,461	33,169,690	-	33,169,690
Pakistan investment bonds	22,960,040	-	22,960,040	38,644,648	-	38,644,648
	<u>36,395,501</u>	<u>-</u>	<u>36,395,501</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 Rs. 14,000,000 thousand (31 December 2022: Rs. 33,950,000 thousand) and Pakistan investment bonds is Rs. 23,800,000 thousand (31 December 2022: Rs. 41,400,000 thousand).

8.3.2 These carry profit / return ranging from 21.95% to 22.90% (31 December 2022: 15.00% to 16.25%) per annum with maturity upto 06 October 2023 (31 December 2022: 06 January 2023).

9. INVESTMENTS

9.1 Investments by types

	30 September 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	595,544,272	-	(9,309,758)	586,234,514	490,587,062	-	(8,275,110)	482,311,952
Shares	3,884,794	(321,389)	(7,552)	3,555,853	2,947,348	(474,761)	(27,254)	2,445,333
Non-government debt securities	11,975,262	(90,496)	(205,916)	11,678,850	12,064,982	(90,496)	(255,266)	11,719,220
Mutual funds	16,949	(12,763)	652	4,838	16,949	(12,276)	-	4,673
Real estate investment trust	1,531,779	-	165,182	1,696,961	1,531,780	-	153,621	1,685,401
	<u>612,953,056</u>	<u>(424,648)</u>	<u>(9,357,392)</u>	<u>603,171,016</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	75,396,862	-	-	75,396,862	220,531,981	-	-	220,531,981
Non-government debt securities (certificates of investment)	4,900,000	-	-	4,900,000	4,050,000	-	-	4,050,000
	<u>80,296,862</u>	<u>-</u>	<u>-</u>	<u>80,296,862</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>694,079,918</u>	<u>(424,648)</u>	<u>(9,357,392)</u>	<u>684,297,878</u>	<u>732,560,102</u>	<u>(577,533)</u>	<u>(8,404,009)</u>	<u>723,578,560</u>

	30 September 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
9.1.1 Market value of investments given as collateral against repo borrowing		
Federal government securities		
Market treasury bills	12,403,886	105,872,299
Pakistan investment bonds	43,299,321	90,133,387
	<u>55,703,207</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	63,244	240,145
Reversal for the period / year	-	(3,920)
Net charge / (reversal) for the period / year	63,244	236,225
Reversal on disposal for the period / year	(216,129)	(144,028)
Amount written off	-	(21,138)
Closing balance	<u>424,648</u>	<u>577,533</u>

9.3 Particulars of provision against debt securities

Category of classification	30 September 2023 (Un-Audited)		31 December 2022 (Audited)	
	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees in '000			
Domestic				
Loss	90,496	90,496	90,496	90,496

9.4 The market value of federal government securities classified as held-to-maturity is Rs. 64,924,050 thousand (31 December 2022: Rs. 214,186,517 thousand).

10. ADVANCES

	Performing		Non-Performing		Total	
	30 September 2023 (Un-Audited)	31 December 2022 (Audited)	30 September 2023 (Un-Audited)	31 December 2022 (Audited)	30 September 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000					
Loans, cash credits, running finances, etc.	270,404,253	282,270,838	16,306,190	11,882,972	286,710,443	294,153,810
Islamic financing and related assets	108,216,948	106,585,085	560,729	336,625	108,777,677	106,921,710
Bills discounted and purchased	48,129,249	44,866,490	6,914,535	9,430,159	55,043,784	54,296,649
Advances - gross	426,750,450	433,722,413	23,781,454	21,649,756	450,531,904	455,372,169
Provision against advances						
- Specific	-	-	(21,012,945)	(17,249,750)	(21,012,945)	(17,249,750)
- General	(4,036,277)	(4,619,505)	-	-	(4,036,277)	(4,619,505)
	(4,036,277)	(4,619,505)	(21,012,945)	(17,249,750)	(25,049,222)	(21,869,255)
Advances - net of provision	422,714,173	429,102,908	2,768,509	4,400,006	425,482,682	433,502,914

10.1 Particulars of advances - gross

	30 September 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
In local currency	384,056,821	398,963,527
In foreign currencies	66,475,083	56,408,642
	450,531,904	455,372,169

10.2 Advances include Rs. 23,781,454 thousand (31 December 2022: Rs. 21,649,756 thousand) which have been placed under non-performing status as detailed below:

Category of classification	30 September 2023 (Un-Audited)		31 December 2022 (Audited)	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees in '000			
Domestic				
Other assets especially mentioned	45,712	-	12,640	-
Substandard	567,821	65,668	533,656	36,601
Doubtful	151,975	51,283	2,663,649	103,101
Loss	23,015,946	20,895,994	18,439,811	17,110,048
	23,781,454	21,012,945	21,649,756	17,249,750

10.3 Particulars of provision against advances

	30 September 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	4,257,449	–	4,257,449	5,162,335	–	5,162,335
Reversal for the period / year	(466,744)	(583,228)	(1,049,972)	(1,307,136)	(476,313)	(1,783,449)
Net charge / (reversal) for the period / year	3,790,705	(583,228)	3,207,477	3,855,199	(476,313)	3,378,886
Amount written off	(27,510)	–	(27,510)	(2,506,279)	–	(2,506,279)
Closing balance	<u>21,012,945</u>	<u>4,036,277</u>	<u>25,049,222</u>	<u>17,249,750</u>	<u>4,619,505</u>	<u>21,869,255</u>

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. 3,973,799 thousand (31 December 2022: Rs. 4,560,235 thousand). General provision also includes provision of Rs. 62,473 thousand (31 December 2022: Rs. 59,265 thousand) made against consumer portfolio and Rs. 5 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 September 2023 (Un-Audited)			31 December 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	19,554,806	4,036,277	23,591,083	13,021,100	4,619,505	17,640,605
In foreign currencies	1,458,139	–	1,458,139	4,228,650	–	4,228,650
	<u>21,012,945</u>	<u>4,036,277</u>	<u>25,049,222</u>	<u>17,249,750</u>	<u>4,619,505</u>	<u>21,869,255</u>

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. 2,220,944 thousand (31 December 2022: Rs. 2,617,170 thousand) and profit after tax for the nine months period ended 30 September 2023 would have been lower by Rs. 1,132,681 thousand (31 December 2022: Rs. 1,334,757 thousand). This amount of Rs. 1,132,681 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 September 2023 (Un-Audited)	31 December 2022 (Audited)
———— Rupees in '000 ————			
11. FIXED ASSETS			
Capital work-in-progress	11.1	350,901	340,967
Property and equipment		<u>22,197,618</u>	<u>21,322,923</u>
		<u>22,548,519</u>	<u>21,663,890</u>
11.1 Capital work-in-progress			
Civil works		123,435	100,669
Advances to suppliers		<u>227,466</u>	<u>240,298</u>
		<u>350,901</u>	<u>340,967</u>
Nine months ended			
		30 September 2023 (Un-Audited)	30 September 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		9,934	402,947
Property and equipment			
Freehold land		67,084	498,278
Leasehold land		—	88,667
Furniture and fixture		159,258	179,295
Electrical, office and computer equipment		1,121,599	799,804
Vehicles		190,702	69,966
Lease hold improvement		501,761	158,883
Right-of-use assets		1,345,570	1,625,750
		<u>3,385,974</u>	<u>3,420,643</u>
		<u>3,395,908</u>	<u>3,823,590</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixtures		923	678
Electrical, office and computer equipment		821	88
Vehicles		<u>9,487</u>	<u>37,673</u>
		<u>11,231</u>	<u>38,439</u>
		<u>30,967</u>	<u>30,967</u>
———— Rupees in '000 ————			
12. INTANGIBLE ASSETS			
Computer Software		<u>306,567</u>	<u>97,968</u>

		Nine months ended	
		30 September 2023	30 September 2022
		(Un-Audited)	
		Rupees in '000	
12.1 The following addition has been made to intangible assets during the period:			
	Directly purchased	293,234	40,882
	Note	30 September 2023	31 December 2022
		(Un-Audited)	(Audited)
		Rupees in '000	
13. DEFERRED TAX ASSETS			
Deductible temporary differences on			
	Provision for diminution in value of investments	208,078	248,338
	Provision for non-performing loans and off - balance sheet obligations	3,104,621	2,924,963
	Accelerated tax depreciation	310,469	335,679
	Deferred liability on defined benefit plan	69,827	6,946
	Deficit on revaluation of investments	4,585,123	3,613,724
		<u>8,278,118</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	(1,466,118)	(1,389,016)
	Exchange translation reserve	-	(3,719)
		<u>(2,236,071)</u>	<u>(2,068,399)</u>
	Net deferred tax asset	<u>6,042,047</u>	<u>5,061,251</u>
14. OTHER ASSETS			
	Income / mark-up / profit accrued in local currency - net of provision	35,015,632	21,118,836
	Income / mark-up / profit accrued in foreign currencies - net of provision	95,699	99,685
	Advances, deposits and other prepayments	613,631	381,260
	Non-banking assets acquired in satisfaction of claims	2,204,729	2,204,729
	Mark-to-market gain on forward foreign exchange contracts	4,603,628	2,702,151
	Acceptances	31,430,073	25,377,732
	Receivable from the SBP against encashment of government securities	101,820	16,850
	Stationery and stamps on hand	192,199	115,004
	Dividend receivable	40,432	-
	Clearing and settlement accounts	4,313,537	-
	Others	678,387	6,272,011
		<u>79,289,767</u>	<u>58,288,258</u>
	Provision against other assets	(375,000)	(375,000)
	Other assets (net of provision)	78,914,767	57,913,258
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	2,095,111
		<u>2,095,111</u>	<u>2,095,111</u>
		<u>81,009,878</u>	<u>60,008,369</u>
15. BILLS PAYABLE			
	In Pakistan	18,646,753	19,445,038
	Outside Pakistan	107,731	93,390
		<u>18,754,484</u>	<u>19,538,428</u>

	30 September 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	85,144,726	80,119,841
Long term financing facility - renewable energy scheme	2,415,905	2,454,119
Long term financing facility - locally manufactured plant and machinery scheme	19,957,167	21,471,497
Refinance for payment of wages and salaries	-	2,398,979
Temporary economic refinance facility	29,673,341	31,169,597
Long term financing facility - for storage of agricultural produce scheme	647,432	532,962
Refinance facility for modernization of SME	113,704	123,608
Refinance facility for combating COVID-19	40,540	51,463
Refinance and credit guarantee scheme for women entrepreneurs	19,233	-
	<u>138,012,048</u>	<u>138,322,066</u>
Repurchase agreement borrowings (Repo)	55,673,473	197,452,237
Due against bills re-discounting	3,139,769	4,254,594
	<u>196,825,290</u>	<u>340,028,897</u>
Unsecured		
Call borrowing	-	2,600,000
Overdrawn nostro accounts	-	1,323,711
Overdrawn local bank accounts	-	15,160
	-	3,938,871
	<u>196,825,290</u>	<u>343,967,768</u>

17. DEPOSITS AND OTHER ACCOUNTS

	30 September 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	300,927,584	61,343,576	362,271,160	261,734,505	42,738,681	304,473,186
Savings deposits	314,576,520	18,756,776	333,333,296	216,746,274	19,820,695	236,566,969
Term deposits	153,728,988	52,779,083	206,508,071	211,585,932	52,733,398	264,319,330
Others	41,705,994	4,732	41,710,726	48,007,631	18,692	48,026,323
	<u>810,939,086</u>	<u>132,884,167</u>	<u>943,823,253</u>	<u>738,074,342</u>	<u>115,311,466</u>	<u>853,385,808</u>
Financial institutions						
Current deposits	4,280,772	1,108,150	5,388,922	1,483,744	882,797	2,366,541
Savings deposits	17,916,346	-	17,916,346	19,714,760	-	19,714,760
Term deposits	411,153	23,213	434,366	5,222,729	6,945	5,229,674
Others	23,666	-	23,666	-	-	-
	<u>22,631,937</u>	<u>1,131,363</u>	<u>23,763,300</u>	<u>26,421,233</u>	<u>889,742</u>	<u>27,310,975</u>
	<u>833,571,023</u>	<u>134,015,530</u>	<u>967,586,553</u>	<u>764,495,575</u>	<u>116,201,208</u>	<u>880,696,783</u>

	Note	30 September 2023 (Un-Audited)	31 December 2022 (Audited)
———— Rupees in '000 ————			
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		15,595,327	14,182,495
Mark-up / return / interest payable in foreign currencies		1,163,637	985,955
Unearned commission and income on bills discounted		628,690	529,602
Accrued expenses		4,224,275	2,271,216
Income taxation (provision less payments)		7,086,063	4,844,427
Acceptances		31,430,073	25,377,732
Unclaimed dividend		86,217	86,375
Dividend payable		—	1,032,890
Branch adjustment account		4,235	2,233
Mark-to-market loss on forward foreign exchange contracts		7,640,109	2,180,854
Provision for compensated absences		282,845	269,345
Deferred liability on defined benefit plan		285,008	32,309
Provision against off-balance sheet obligations	18.1	32,583	32,583
Workers' welfare fund	18.2	3,392,463	2,610,684
Charity fund		384	254
Excise duty payable		1,909	3,081
Locker deposits		990,177	980,238
Advance against diminishing musharakah		120,006	66,667
Advance rental for ijarah		21,750	15,872
Security deposits against leases / ijarah		245,807	256,562
Sundry creditors		3,238,559	1,756,937
Lease liability against right-of-use assets		8,341,560	7,803,164
Withholding tax / duties		595,187	450,494
Clearing and settlement accounts		1,135,947	705,474
Others	18.3	15,714,548	12,256,174
		<u>102,257,359</u>	<u>78,733,617</u>

18.1 It 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. 15,485,832 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 September 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000			
19. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Fixed assets		6,551,429	6,789,623
- Non-banking assets	14	2,095,111	2,095,111
- Available-for-sale securities	9.1	(9,357,392)	(8,404,009)
		(710,852)	480,725
Less: Deferred tax on surplus / (deficit) on revaluation of			
- Fixed assets		1,466,118	1,389,016
- Non-banking assets		769,953	675,664
- Available-for-sale securities		(4,585,122)	(3,613,724)
		2,349,051	1,549,044
		<u>1,638,199</u>	<u>2,029,769</u>
20. CONTINGENCIES AND COMMITMENTS			
Guarantees	20.1	127,128,659	131,519,154
Commitments	20.2	487,667,936	395,110,802
Other contingent liabilities	20.3	4,224,648	2,980,386
		<u>619,021,243</u>	<u>529,610,342</u>
20.1 Guarantees			
Financial guarantees		27,535,183	26,172,591
Performance guarantees		48,298,393	62,206,335
Other guarantees		51,295,083	43,140,228
		<u>127,128,659</u>	<u>131,519,154</u>
20.2 Commitments			
Documentary credits and short-term trade-related transactions:			
Letters of credit		146,329,353	157,455,041
Commitments in respect of:			
Forward exchange contracts	20.2.1	340,701,006	236,024,551
Forward lendings	20.2.2	332,000	1,165,004
Acquisition of operating fixed assets		305,577	466,206
		341,338,583	237,655,761
		<u>487,667,936</u>	<u>395,110,802</u>
20.2.1 Commitments in respect of forward exchange contracts			
Purchase		182,389,197	128,349,072
Sale		158,311,809	107,675,479
		<u>340,701,006</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 September 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	4,118,592	2,874,330
Foreign exchange repatriation case	20.3.2	<u>106,056</u>	<u>106,056</u>
		<u>4,224,648</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).

	Nine months ended	
	30 September 2023	30 September 2022
	(Un-Audited)	
	————— Rupees in '000 —————	
22. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	47,772,739	28,585,357
Investments	95,519,485	60,740,749
Lending with financial institutions	4,583,009	2,340,961
Balances with other banks	5,418	3,293
	<u>147,880,651</u>	<u>91,670,360</u>
23. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	66,695,295	41,492,694
Borrowings	24,442,858	18,567,991
Foreign currency swap cost	4,628,985	3,524,111
Lease liability against right-of-use assets	713,320	610,192
	<u>96,480,458</u>	<u>64,194,988</u>
24. FEE & COMMISSION INCOME		
Branch banking customer fees	920,913	700,774
Credit related fees	27,247	19,062
Card related fees	793,419	565,154
Commission on trade	4,269,074	3,842,032
Commission on guarantees	676,126	549,352
Commission on remittances including home remittances	27,766	25,312
Commission on bancassurance	137,211	132,520
Commission on cash management	111,306	65,768
Investment Banking Fee	53,097	39,264
Others	27,130	42,820
	<u>7,043,289</u>	<u>5,982,058</u>
25. GAIN / (LOSS) ON SECURITIES		
Realised		
Federal government securities	(331,479)	26,525
Mutual funds	-	12,077
Shares	229,249	67,000
	<u>(102,230)</u>	<u>105,602</u>
26. OTHER INCOME		
Rent on properties	17,766	23,623
Gain on sale of fixed assets - net	21,420	34,976
Gain on sale of jjarah assets - net	10,882	1,818
Staff notice period and other recoveries	595	508
	<u>50,663</u>	<u>60,925</u>

	Nine months ended	
	30 September 2023	30 September 2022
	(Un-Audited)	
	Rupees in '000	
27. OPERATING EXPENSES		
Total compensation expense	8,378,955	6,837,471
Property expense		
Rent and taxes	198,675	192,360
Insurance	6,148	5,159
Utilities cost	967,101	667,747
Security (including guards)	594,999	493,771
Repair and maintenance (including janitorial charges)	667,455	413,604
Depreciation on owned fixed assets	689,151	472,539
Depreciation on right-of-use assets	1,069,240	862,814
	<u>4,192,769</u>	<u>3,107,994</u>
Information technology expenses		
Software maintenance	442,676	270,795
Hardware maintenance	328,939	191,524
Depreciation	243,995	200,935
Amortisation	84,635	61,244
Network charges	546,727	271,547
	<u>1,646,972</u>	<u>996,045</u>
Other operating expenses		
Directors' fees and allowances	15,773	9,581
Fees and allowances to Shariah Board	21,399	17,077
Legal and professional charges	206,347	158,180
Outsourced services costs	269,928	225,844
Travelling and conveyance	499,279	333,505
NIFT clearing charges	72,669	60,733
Depreciation	504,344	427,768
Depreciation - non-banking assets	-	277
Training and development	31,435	26,195
Postage and courier charges	128,418	98,990
Communication	122,017	95,849
Subscription	510,784	328,321
Repair and maintenance	190,161	124,577
Brokerage and commission	136,220	120,403
Stationery and printing	393,343	280,081
Marketing, advertisement and publicity	512,244	351,734
Management fee	1,513,465	587,099
Insurance	829,426	728,304
Donations	210,599	161,550
Auditors' Remuneration	16,749	8,849
Security	218,236	169,794
Others	584,092	523,126
	<u>6,986,928</u>	<u>4,837,837</u>
	<u>21,205,624</u>	<u>15,779,347</u>
28. OTHER CHARGES		
Penalties imposed by the SBP	<u>35,123</u>	<u>40,092</u>

	Note	Nine months ended	
		30 September 2023	30 September 2022
		(Un-Audited)	
		Rupees in '000	
29. PROVISIONS AND WRITE OFFS - NET			
Provision for diminution in value of investments - net	9.2	63,244	197,188
Provision against loans and advances - net	10.3	3,207,477	2,200,000
Provision against other assets / off-balance sheet obligations		-	-
Recovery of written off bad debts		(45,000)	(56,722)
		<u>3,225,721</u>	<u>2,340,466</u>
30. TAXATION			
Current		18,144,332	10,400,367
Deferred		(292,020)	(1,217,830)
		<u>17,852,312</u>	<u>9,182,537</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 (ATIR). However, adequate provisions are being held by the Bank.			
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation for the period		<u>19,183,079</u>	<u>10,258,809</u>
		Number in '000	
Weighted average number of ordinary shares		<u>1,047,831</u>	<u>1,047,831</u>
		Rupees	
Basic and diluted earnings per share		<u>18.31</u>	<u>9.79</u>

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 September 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	586,234,514	-	586,234,514	-	586,234,514
Sukuk certificates and bonds	7,061,178	-	7,061,178	-	7,061,178
Ordinary shares of listed companies	3,503,195	3,503,195	-	-	3,503,195
Mutual funds- close end	4,838	4,838	-	-	4,838
Real estate investment trust	1,696,961	1,696,961	-	-	1,696,961
Listed term finance certificates	1,322,672	-	1,322,672	-	1,322,672
Unlisted term finance certificates	3,295,000	-	3,295,000	-	3,295,000
Financial assets - disclosed but not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	75,396,862	-	64,924,050	-	64,924,050
- Subsidiaries					
Ordinary shares of listed companies	180,000	91,478	-	-	91,478
	<u>678,695,220</u>	<u>5,296,472</u>	<u>662,837,414</u>	<u>-</u>	<u>668,133,886</u>
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	<u>182,389,197</u>	<u>-</u>	<u>175,223,085</u>	<u>-</u>	<u>175,223,085</u>
- Forward sale of foreign exchange contracts	<u>158,311,809</u>	<u>-</u>	<u>162,441,441</u>	<u>-</u>	<u>162,441,441</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 September 2023 (Un-Audited)				
	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Non-financial assets measured at fair value					
- Land and buildings	10,539,493	-	-	10,539,493	
- Non-banking assets acquired in satisfaction of claim	4,299,840	-	-	4,299,840	
	<u>14,839,333</u>	<u>-</u>	<u>-</u>	<u>14,839,333</u>	
	31 December 2022 (Audited)				
	Carrying / notional 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	
- Non-banking assets acquired in satisfaction of claim	4,299,840	-	-	4,299,840	
	<u>15,035,787</u>	<u>-</u>	<u>-</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.

32.4 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 September 2023 (Un-Audited)			Total
	Trade & Sales	Retail Banking	Commercial Banking	
	Rupees in '000			
Profit and loss				
Net mark-up / return / profit	82,962,649	(30,921,025)	(641,431)	51,400,193
Inter segment revenue - net	(81,636,337)	52,052,665	29,583,672	-
Non mark-up / interest income	3,812,542	1,064,765	6,006,138	10,883,445
Total Income	5,138,854	22,196,405	34,948,379	62,283,638
Segment direct expenses	(269,528)	-	-	(269,528)
Inter segment expense allocation	-	(7,123,787)	(14,629,211)	(21,752,998)
Total expenses	(269,528)	(7,123,787)	(14,629,211)	(22,022,526)
Provisions	(63,244)	(16,186)	(3,146,291)	(3,225,721)
Profit before tax	4,806,082	15,056,432	17,172,877	37,035,391
Balance sheet				
Cash and bank balances	25,977,290	27,315,249	56,154,651	109,447,190
Investments - net	684,297,878	-	-	684,297,878
Net inter segment lending	-	435,633,158	233,211,686	668,844,844
Lendings to financial institutions	41,038,301	-	-	41,038,301
Advances - performing	-	16,487,673	410,262,777	426,750,450
Advances - non-performing	-	308,701	23,472,753	23,781,454
Provision against advances	-	(198,437)	(24,850,785)	(25,049,222)
Others	30,039,935	8,202,352	71,664,724	109,907,011
Total assets	781,353,404	487,748,696	769,915,806	2,039,017,906
Borrowings	58,813,242	-	138,012,048	196,825,290
Deposits and other accounts	-	447,616,620	519,969,933	967,586,553
Net inter segment borrowing	668,844,844	-	-	668,844,844
Others	8,646,671	14,274,132	98,091,040	121,011,843
Total liabilities	736,304,757	461,890,752	756,073,021	1,954,268,530
Net assets	45,048,647	25,857,944	13,842,785	84,749,376
Equity				84,749,376
Contingencies & commitments	340,701,006	9,000	278,311,237	619,021,243

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 September 2023 (Un-Audited)						
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Balances with other banks							
In current accounts	454,072	-	205,184	-	-	-	659,256
Investments							
Opening balance	-	4,880,000	-	-	-	-	4,880,000
Investment made during the period	-	14,150,000	-	-	-	-	14,150,000
Investment redeemed / disposed off during the period	-	(13,300,000)	-	-	-	-	(13,300,000)
Closing balance	-	5,730,000	-	-	-	-	5,730,000
Advances							
Opening balance	-	-	4,923,312	232,413	-	-	5,155,725
Addition during the period	-	-	95,283,395	78,862	-	-	95,362,257
Repaid during the period	-	-	(94,057,544)	(99,224)	-	-	(94,156,768)
Closing balance	-	-	6,149,163	212,051	-	-	6,361,214
Other Assets							
Mark-up / return / interest accrued	-	93,486	42,433	-	-	-	135,919
Prepayments / advance deposits / other receivable	1,404	279	65,629	-	-	-	67,312
	1,404	93,765	108,062	-	-	-	203,231
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	13,358,887	124,391,118	1,965,995,579	2,455,101	1,307,509	3,394,827	2,110,903,021
Withdrawn during the period	(13,313,183)	(124,472,892)	(1,969,073,544)	(2,474,758)	(1,147,894)	(3,159,536)	(2,113,641,807)
Closing balance	231,735	1,198,457	18,861,808	375,930	863,009	1,374,714	22,905,653
Other Liabilities							
Mark-up / return / interest payable	-	12,283	259,297	8,010	7,407	99,409	386,406
Management fee payable for technical and consultancy services*	1,675,782	-	-	-	-	-	1,675,782
Other payables	-	-	685	-	995	285,008	286,688
	1,675,782	12,283	259,982	8,010	8,402	384,417	2,348,876
Contingencies & commitments							
Transaction-related contingent liabilities	-	-	10,535,581	-	-	-	10,535,581
Trade-related contingent liabilities	-	-	3,821,471	-	-	-	3,821,471
	-	-	14,357,052	-	-	-	14,357,052

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

31 December 2022 (Audited)

	Holding company	Subsidiaries	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 September 2023 (Un-Audited)						Total
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000						
Income							
Mark-up / return / interest earned	<u>-</u>	<u>668,938</u>	<u>286,450</u>	<u>71,499</u>	<u>-</u>	<u>-</u>	<u>1,026,887</u>
Fee and commission income	<u>86</u>	<u>1,403</u>	<u>259,477</u>	<u>-</u>	<u>112</u>	<u>11</u>	<u>261,089</u>
Rent income	<u>4,211</u>	<u>4,202</u>	<u>7,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,168</u>
Expense							
Mark-up / return / interest expensed	<u>-</u>	<u>112,656</u>	<u>1,703,590</u>	<u>41,791</u>	<u>46,596</u>	<u>271,236</u>	<u>2,175,869</u>
Commission / brokerage / bank charges paid	<u>378</u>	<u>723</u>	<u>13,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,726</u>
Salaries and allowances	<u>-</u>	<u>-</u>	<u>-</u>	<u>564,861</u>	<u>-</u>	<u>-</u>	<u>564,861</u>
Directors' fees and allowances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,773</u>	<u>-</u>	<u>15,773</u>
Charge to defined benefit plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,196</u>	<u>230,196</u>
Contribution to defined contribution plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,127</u>	<u>246,127</u>
Insurance premium expenses	<u>-</u>	<u>-</u>	<u>19,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,887</u>
Management fee expense for technical and consultancy services *	<u>1,513,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,513,465</u>
Donation	<u>-</u>	<u>-</u>	<u>1,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,440</u>

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

Transactions during the period

	For the period ended 30 September 2022 (Un-Audited)						Total
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000						
Income							
Mark-up / return / interest earned	<u>-</u>	<u>353,909</u>	<u>240,042</u>	<u>11,037</u>	<u>-</u>	<u>-</u>	<u>604,988</u>
Fee and commission income	<u>1,222</u>	<u>646</u>	<u>160,569</u>	<u>-</u>	<u>106</u>	<u>-</u>	<u>162,543</u>
Rent income	<u>4,212</u>	<u>4,112</u>	<u>6,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,166</u>
Expense							
Mark-up / return / interest expensed	<u>-</u>	<u>33,926</u>	<u>1,014,182</u>	<u>19,826</u>	<u>13,362</u>	<u>59,988</u>	<u>1,141,284</u>
Commission / brokerage / bank charges paid	<u>319</u>	<u>685</u>	<u>715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,719</u>
Salaries and allowances	<u>-</u>	<u>-</u>	<u>-</u>	<u>528,828</u>	<u>-</u>	<u>-</u>	<u>528,828</u>
Directors' fees and allowances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,581</u>	<u>-</u>	<u>9,581</u>
Charge to defined benefit plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,308</u>	<u>262,308</u>
Contribution to defined contribution plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,116</u>	<u>210,116</u>
Insurance premium expenses	<u>-</u>	<u>-</u>	<u>15,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,477</u>
Management fee expense for technical and consultancy services *	<u>587,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>587,099</u>
Donation	<u>-</u>	<u>-</u>	<u>11,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,440</u>

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

35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	30 September 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	82,617,379	72,103,977
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	82,617,379	72,103,977
Eligible tier 2 capital	4,368,676	5,234,756
Total eligible capital (tier 1 + tier 2)	86,986,055	77,338,733
Risk Weighted Assets (RWAs):		
Credit risk	422,626,741	441,448,612
Market risk	1,415,800	4,592,034
Operational risk	83,146,710	83,146,710
Total	507,189,251	529,187,356
CET1 capital adequacy ratio	16.29%	13.63%
Tier 1 capital adequacy ratio	16.29%	13.63%
Total capital adequacy ratio	17.15%	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	82,617,379	72,103,977
Total exposures	1,714,275,691	1,767,075,083
Leverage ratio	4.82%	4.08%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	538,662,344	499,913,538
Total net cash outflow	311,315,278	304,953,563
Liquidity coverage ratio	173%	164%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	939,234,932	838,059,737
Total required stable funding	486,967,072	554,156,981
Net stable funding ratio	193%	151%

36. ISLAMIC BANKING BUSINESS

The bank is operating 116 (31 December 2022: 61) Islamic banking branches and 233 (31 December 2022: 242) Islamic banking windows at the end of the period.

	Note	30 September 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000			
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Cash and balances with treasury banks		11,270,701	7,799,004
Balances with other banks		144	-
Due from financial institutions		-	-
Investments	36.1	70,537,373	35,039,153
Islamic financing and related assets - net	36.2	108,217,402	106,613,906
Fixed assets		1,649,992	791,323
Intangible assets		-	-
Due from head office		357,705	7,364,959
Other assets		14,021,807	6,654,527
Total Assets		206,055,124	164,262,872
LIABILITIES			
Bills payable		1,579,550	1,690,942
Due to financial institutions		35,571,613	39,190,234
Deposits and other accounts	36.4	143,638,691	107,237,001
Due to head office		-	-
Subordinated debt		-	-
Other liabilities		11,184,919	5,162,216
		191,974,773	153,280,393
NET ASSETS		14,080,351	10,982,479
REPRESENTED BY			
Islamic banking fund		10,007,193	9,005,661
Reserves		-	-
Surplus / (deficit) on revaluation of assets		(50,070)	(627,868)
Unappropriated profit	36.5	4,123,228	2,604,686
		14,080,351	10,982,479
CONTINGENCIES AND COMMITMENTS	36.6		

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

	Note	Nine months ended	
		30 September 2023	30 September 2022
		(Un-Audited)	
		Rupees in '000	
PROFIT AND LOSS ACCOUNT			
Profit / return earned	36.7	20,916,423	8,926,622
Profit / return expensed	36.8	(11,009,385)	(5,150,641)
Net Profit / return		9,907,038	3,775,981
Other income			
Fee and commission income		487,905	368,078
Dividend income		-	-
Foreign exchange income		88,746	91,849
Gain / (loss) on securities		(105,304)	(16)
Other income		12,169	1,886
Total other income		483,516	461,797
Total Income		10,390,554	4,237,778
Other expenses			
Operating expenses		2,052,162	954,948
Workers' welfare fund		-	-
Other charges		1,160	490
Total other expenses		2,053,322	955,438
Profit before provisions		8,337,232	3,282,340
Provisions and write offs - net		(252,471)	56,524
Profit before taxation		8,084,761	3,338,864
Taxation		(3,961,533)	(1,576,945)
Profit / (loss) after taxation		4,123,228	1,761,919

36.1 Investments by segments:

	30 September 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							
Federal Government Securities								
- Ijarah Sukuk	51,675,790	-	155,724	51,831,514	19,579,161	-	(372,602)	19,206,559
- Islamic naya Pakistan certificate mudaraba investment pool	6,744,681	-	-	6,744,681	4,681,209	-	-	4,681,209
	58,420,471	-	155,724	58,576,195	24,260,370	-	(372,602)	23,887,768
Non Government Debt Securities								
- Listed	6,587,002	-	(205,794)	6,381,208	6,876,651	-	(255,266)	6,621,385
- Unlisted	5,579,970	-	-	5,579,970	4,530,000	-	-	4,530,000
	12,166,972	-	(205,794)	11,961,178	11,406,651	-	(255,266)	11,151,385
Total investments	70,587,443	-	(50,070)	70,537,373	35,667,021	-	(627,868)	35,039,153

36.2 Islamic financing and related assets - net

	30 September 2023 (Un-Audited)				31 December 2022 (Audited)			
	Financing	Advances	Inventory	Total	Financing	Advances	Inventory	Total
	Rupees in '000							
Ijarah	779,872	38,782	-	818,654	875,565	17,577	-	893,142
Ijarah - islamic long term financing facility	24,267	-	-	24,267	37,887	-	-	37,887
Murabaha	4,500,486	721,137	-	5,221,623	5,812,875	124,591	-	5,937,466
Working capital musharaka	36,219,433	-	-	36,219,433	31,411,281	-	-	31,411,281
Diminishing musharaka	17,247,097	1,855,867	-	19,102,964	15,714,076	1,392,381	-	17,106,457
Salam	-	-	-	-	22,000	53,000	-	75,000
Itisna	3,064,066	5,878,763	457,350	9,400,179	6,446,156	4,748,356	65	11,194,577
Al-bai	773,761	-	920,855	1,694,616	570,156	-	-	570,156
Diminishing musharaka:								
- Islamic long term financing facility	3,985,354	62,357	-	4,047,711	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	483,997	187,668	-	671,665	541,619	187,668	-	729,287
- Islamic temporary economic refinance facility	11,701,184	1,359,720	-	13,060,904	11,652,266	2,026,743	-	13,679,009
- Islamic financing facility for renewable energy	579,872	14,792	-	594,664	295,833	370,554	-	666,387
Islamic export refinance								
- Murabaha	-	-	-	-	152,000	32,000	-	184,000
- Working capital musharaka	9,893,159	-	-	9,893,159	12,188,026	-	-	12,188,026
- Salam	-	-	-	-	-	75,000	-	75,000
- Itisna	1,227,398	4,956,913	161,769	6,346,080	865,116	6,470,395	-	7,335,511
- Al-bai	-	-	1,588,224	1,588,224	36,602	-	559,457	596,059
Gross Islamic financing and related assets	90,479,946	15,169,533	3,128,198	108,777,677	90,283,375	16,078,813	559,522	106,921,710
Provision against Islamic financings								
- Specific	(547,108)	-	-	(547,108)	(295,151)	-	-	(295,151)
- General	(13,167)	-	-	(13,167)	(12,653)	-	-	(12,653)
	(560,275)	-	-	(560,275)	(307,804)	-	-	(307,804)
Islamic financing and related assets - net of provision	89,919,671	15,169,533	3,128,198	108,217,402	89,975,571	16,078,813	559,522	106,613,906

36.3 Fixed assets and other liabilities

At 30 September 2023, fixed asset include right-of-use assets of Rs. 1,365,630 thousand (31 December 2022: Rs. 615,872 thousand) and other liabilities include related lease liability of Rs. 1,391,415 thousand (31 December 2022: Rs. 710,395 thousand).

36.4 Deposits

	30 September 2023 (Unaudited)			31 December 2022 (Audited)		
	Customers	Financial Institutions	Total	Customers	Financial Institutions	Total
	Rupees in '000					
Current deposits	51,539,441	31,985	51,571,426	34,665,872	118,426	34,784,298
Savings deposits	49,309,575	6,259,063	55,568,638	37,916,080	1,650,927	39,567,007
Term deposits	30,296,264	135,000	30,431,264	28,873,205	1,538,000	30,411,205
Others	6,067,363	-	6,067,363	2,474,491	-	2,474,491
	<u>137,212,643</u>	<u>6,426,048</u>	<u>143,638,691</u>	<u>103,929,648</u>	<u>3,307,353</u>	<u>107,237,001</u>

36.5 Unappropriated profit

	30 September 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	4,123,228	2,604,686
Less: Transferred to head office	<u>(2,604,686)</u>	<u>(1,481,222)</u>
Closing balance	<u>4,123,228</u>	<u>2,604,686</u>

36.6 Contingencies and commitments

Guarantees	11,909,605	9,539,409
Commitments	26,053,924	18,607,004
	<u>37,963,529</u>	<u>28,146,413</u>

36.7 Profit / return earned

	30 September 2023 (Un-Audited)	30 September 2022
	Rupees in '000	
Financing	12,578,332	6,157,740
Investments	8,176,835	2,659,190
Placements	161,256	109,692
	<u>20,916,423</u>	<u>8,926,622</u>

	Nine months ended	
	30 September 2023	30 September 2022
	(Un-Audited)	
	Rupees in '000	
36.8 Profit / return expensed		
Deposits and other accounts	8,866,342	4,468,570
Due to financial institutions	2,100,065	623,323
Lease liability against right-of-use assets	42,978	58,748
	<u>11,009,385</u>	<u>5,150,641</u>

37. GENERAL

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

38. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on 20 October 2023 by the Board of Directors of the Bank.