



[ Subsidiary of Habib Bank AG Zurich ]

# Habib Metropolitan Bank Ltd.

[ Subsidiary of Habib Bank AG Zurich ]

Consolidated Accounts for the nine months  
ended 30 September 2022  
(Un-audited)

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	Note	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	6	61,531,398	83,386,045
Balances with other banks	7	6,941,067	3,203,963
Lendings to financial institutions	8	7,990,039	3,941,284
Investments	9	732,526,577	664,937,053
Advances	10	475,337,805	411,792,976
Fixed assets	11	20,690,229	12,077,475
Intangible assets	12	142,592	163,187
Deferred tax assets	13	3,915,305	3,218,163
Other assets	14	59,429,289	52,471,202
		1,368,504,301	1,235,191,348
LIABILITIES			
Bills payable	15	22,218,121	17,944,644
Borrowings	16	299,887,297	322,779,155
Deposits and other accounts	17	896,252,405	771,649,729
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debts		-	-
Deferred tax liabilities		-	-
Other liabilities	18	73,198,581	55,928,557
		1,291,556,404	1,168,302,085
NET ASSETS		76,947,897	66,889,263
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		25,138,093	22,898,760
Surplus / (deficit) on revaluation of assets - net of tax	19	4,429,465	(357,063)
Unappropriated profit		33,295,186	30,370,219
		73,341,059	63,390,231
Non-controlling interest		3,606,838	3,499,032
		76,947,897	66,889,263
CONTINGENCIES AND COMMITMENTS	20		

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

FUZAIL ABBAS  
Chief Financial Officer

MOHSIN A. NATHANI  
President &  
Chief Executive Officer

MOHOMED BASHIR  
Director

RASHID AHMED JAFER  
Director

MOHAMEDALI R. HABIB  
Chairman

**CONSOLIDATED CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022**

	Note	30 September 2022		30 September 2021	
		Quarter ended	Nine months ended	Quarter ended	Nine months ended
		Rupees in '000			
Mark-up / return / interest earned	22	39,066,385	93,045,411	18,889,975	54,462,149
Mark-up / return / interest expensed	23	(27,429,306)	(64,851,292)	(11,241,068)	(32,075,472)
Net mark-up / interest income		11,637,079	28,194,119	7,648,907	22,386,677
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	24	2,013,502	6,065,822	1,785,087	5,140,249
Dividend income		82,399	231,184	26,026	96,974
Foreign exchange income		1,343,080	4,191,469	1,126,085	2,389,731
Income / (loss) from derivatives		—	—	—	—
Gain / (loss) on securities	25	19,420	277,905	122,853	167,987
Other income	26	15,589	111,645	92,465	268,194
Total non mark-up / interest income		3,473,990	10,878,025	3,152,516	8,063,135
Total Income		15,111,069	39,072,144	10,801,423	30,449,812
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	27	6,051,594	16,009,186	4,329,847	12,036,570
Workers' welfare fund		170,829	438,228	107,085	323,420
Other charges	28	440	40,092	122	14,678
Total non mark-up / interest expenses		(6,222,863)	(16,487,506)	(4,437,054)	(12,374,668)
Profit before provisions		8,888,206	22,584,638	6,364,369	18,075,144
Provisions and write offs - net	29	(1,309,985)	(2,456,731)	(271,267)	(2,068,759)
Extra ordinary / unusual items		—	—	—	—
<b>PROFIT BEFORE TAXATION</b>		7,578,221	20,127,907	6,093,102	16,006,385
Taxation	30	(3,730,016)	(9,313,056)	(2,330,830)	(5,792,525)
<b>PROFIT AFTER TAXATION</b>		3,848,205	10,814,851	3,762,272	10,213,860
<b>PROFIT ATTRIBUTABLE TO:</b>					
Equity shareholders of the holding company		3,739,618	10,354,725	3,689,484	9,959,670
Non-controlling interest		108,587	460,126	72,788	254,190
		3,848,205	10,814,851	3,762,272	10,213,860
<b>Rupees</b>					
<b>Basic and diluted earnings per share</b>	31	3.57	9.88	3.52	9.51

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

**FUZAIL ABBAS**  
Chief Financial Officer

**MOHSIN A. NATHANI**  
President &  
Chief Executive Officer

**MOHOMED BASHIR**  
Director

**RASHID AHMED JAFER**  
Director

**MOHAMEDALI R. HABIB**  
Chairman

**CONSOLIDATED CONDENSED INTERIM  
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022

	Note	30 September 2022		30 September 2021	
		Quarter ended	Nine months ended	Quarter ended	Nine months ended
		Rupees in '000			
Profit after taxation		3,848,205	10,814,851	3,762,272	10,213,860
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		8,942	11,146	957	1,014
Movement in surplus / (deficit) on revaluation of investments - net of tax	19	980,653	(874,024)	(1,244,506)	(2,150,238)
Items that will not be reclassified to profit and loss in subsequent periods:					
Remeasurement (loss) / gain on defined benefit obligations - net of tax		68,550	(8,174)	41,234	(43)
Surplus on revaluation of fixed assets - net of tax	19 & 11.3	–	5,338,110	–	–
Movement in surplus on non-banking assets	19.1	–	201,372	–	(13,661)
<b>Total comprehensive income</b>		<b>4,906,350</b>	<b>15,483,281</b>	<b>2,559,957</b>	<b>8,050,932</b>
Equity share holders of the holding company		4,801,880	15,189,985	2,410,775	7,699,847
Non-controlling interest		104,470	293,296	149,182	351,085
		<b>4,906,350</b>	<b>15,483,281</b>	<b>2,559,957</b>	<b>8,050,932</b>

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

FUZAIL ABBAS  
Chief Financial Officer

MOHSIN A. NATHANI  
President &  
Chief Executive Officer

MOHOMED BASHIR  
Director

RASHID AHMED JAFER  
Director

MOHAMEDALI R. HABIB  
Chairman

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	Reserves					Surplus / (deficit) on revaluation						
	Share capital	Share premium	Special reserve	Revenue reserve	Statutory reserve	Exchange translation reserve	Investments	Fixed/Non-banking assets	Un-appropriated profit	Sub total	Non-controlling interest	Total
	Rupees in '000											
Balance as at 1 January 2021	10,478,315	2,550,985	240,361	1,500,000	15,838,056	113	2,961,171	221,970	24,207,141	57,998,112	3,339,639	61,337,751
Profit after taxation	-	-	-	-	-	-	-	-	9,959,670	9,959,670	254,190	10,213,860
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	1,014	(2,247,133)	(13,661)	(43)	(2,259,823)	96,895	(2,162,928)
Total comprehensive income for the period	-	-	-	-	-	1,014	(2,247,133)	(13,661)	9,959,627	7,699,847	351,085	8,050,932
Transfer to statutory reserve	-	-	-	-	2,056,553	-	-	-	(2,056,553)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(150,354)	150,354	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend (Rs. 2.50 per share) for the year ended 31 December 2020	-	-	-	-	-	-	-	-	(2,619,579)	(2,619,579)	-	(2,619,579)
Interim dividend (Rs. 2.00 per share) for the year ended 31 December 2021	-	-	-	-	-	-	-	-	(2,095,663)	(2,095,663)	-	(2,095,663)
Balance as at 30 September 2021	10,478,315	2,550,985	240,361	1,500,000	17,894,609	1,127	714,038	57,955	27,545,327	60,982,717	3,690,724	64,673,441
Profit after taxation	-	-	-	-	-	-	-	-	3,558,044	3,558,044	90,367	3,648,411
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	634	(2,443,190)	1,314,275	(22,249)	(1,150,530)	(2,443)	(1,174,973)
Total comprehensive income for the period	-	-	-	-	-	634	(2,443,190)	1,314,275	3,535,795	2,407,514	65,924	2,473,438
Transfer to statutory reserve	-	-	-	-	711,044	-	-	-	(711,044)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(141)	141	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Profit distribution by First Habib Modaraba (Rs. 1.40 per certificate) for the period ended 30 June 2021	-	-	-	-	-	-	-	-	-	-	(254,016)	(254,016)
Profit distribution by Habib Metro Modaraba (Rs. 0.40 per certificate) for the period ended 30 June 2021	-	-	-	-	-	-	-	-	-	-	(3,600)	(3,600)
Balance as at 31 December 2021	10,478,315	2,550,985	240,361	1,500,000	18,605,653	1,761	(1,729,152)	1,372,089	30,370,219	63,390,231	3,499,032	66,889,263
Profit after taxation	-	-	-	-	-	-	-	-	10,354,725	10,354,725	460,126	10,814,851
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	11,146	(707,194)	5,539,482	(8,174)	4,835,260	(166,830)	4,668,430
Total comprehensive income for the period	-	-	-	-	-	11,146	(707,194)	5,539,482	10,346,551	15,189,985	293,296	15,483,281
Transfer to statutory reserve	-	-	-	-	2,228,187	-	-	-	(2,228,187)	-	-	-
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)	-	(3,143,494)
Interim dividend (Rs. 2.00 per share) for the year ended 31 December 2022	-	-	-	-	-	-	-	-	(2,095,663)	(2,095,663)	-	(2,095,663)
Profit distribution by First Habib Modaraba (Rs. 1.00 per certificate) for the period ended 30 June 2022	-	-	-	-	-	-	-	-	-	-	(181,440)	(181,440)
Profit distribution by Habib Metro Modaraba (Rs. 0.45 per certificate) for the period ended 30 June 2022	-	-	-	-	-	-	-	-	-	-	(4,050)	(4,050)
Balance as at 30 September 2022	10,478,315	2,550,985	240,361	1,500,000	20,833,840	12,907	(2,436,346)	6,865,811	33,295,186	73,341,059	3,606,838	76,947,897

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

**FUZAIL ABBAS**  
Chief Financial Officer

**MOHSIN A. NATHANI**  
President &  
Chief Executive Officer

**MOHOMED BASHIR**  
Director

**RASHID AHMED JAFER**  
Director

**MOHAMEDALI R. HABIB**  
Chairman

## CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	30 September 2022	30 September 2021
	(Un-Audited)	
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,127,907	16,006,385
Less: Dividend income	(231,184)	(96,974)
	<u>19,896,723</u>	<u>15,909,411</u>
<b>Adjustments:</b>		
Depreciation on fixed assets	1,112,494	898,504
Depreciation on right-of-use assets	866,312	719,809
Depreciation on non-banking assets	277	26,041
Amortization	61,477	51,860
Mark-up/return/interest expensed on lease liability against right-of-use assets	611,514	472,932
Provisions and write offs excluding recovery of written off bad debts	2,513,453	2,070,759
Gain on sale of fixed assets - net	(35,448)	(9,552)
Gain on sale of non-banking assets - net	-	(227,988)
Provision against workers' welfare fund	438,228	323,420
Provision against compensated absences	75,617	45,505
Provision against defined benefit plan	265,988	137,939
	<u>5,909,912</u>	<u>4,509,229</u>
	25,806,635	20,418,640
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(4,048,755)	(2,125,401)
Advances	(65,860,626)	(66,003,952)
Other assets (excluding dividend and non-banking asset)	(10,665,809)	(5,075,421)
	<u>(80,575,190)</u>	<u>(73,204,774)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	4,273,477	4,816,420
Borrowings from financial institutions	(35,108,529)	78,784,507
Deposits and other accounts	124,602,676	69,309,294
Other liabilities (excluding current taxation)	15,652,628	(732,262)
	<u>109,420,252</u>	<u>152,177,959</u>
	54,651,697	99,391,825
Payment against compensated absences	(62,117)	(30,412)
Contribution to the defined benefit plan	(58,327)	(52,611)
Income tax paid	(8,087,530)	(5,625,591)
	<u>46,443,723</u>	<u>93,683,211</u>
<b>Net cash flow generated from operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	115,474,864	(87,252,033)
Net investments in held-to-maturity securities	(184,871,714)	9,508,384
Dividend received	173,528	99,580
Investments in fixed assets	(2,209,247)	(2,446,245)
Proceeds from sale of non-banking assets	-	784,403
Investments in intangibles assets	(40,882)	(80,701)
Proceeds from sale of fixed assets	77,246	12,580
Effect of translation of net investment in Karachi EPZ branch	13,281	1,014
	<u>(71,382,924)</u>	<u>(79,373,018)</u>
<b>Net cash flows generated from investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(4,233,435)	(3,329,152)
Payment of lease against right-of-use assets	(1,161,578)	(991,581)
<b>Net cash flows generated from financing activities</b>	<u>(5,395,013)</u>	<u>(4,320,733)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>	<u>(30,334,214)</u>	<u>9,989,460</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>86,560,259</u>	<u>52,649,776</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>56,226,045</u>	<u>62,639,236</u>

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

<b>FUZAIL ABBAS</b>	<b>MOHSIN A. NATHANI</b>	<b>MOHOMED BASHIR</b>	<b>RASHID AHMED JAFER</b>	<b>MOHAMEDALI R. HABIB</b>
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

## **NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**

**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022**

### **1. STATUS AND NATURE OF BUSINESS**

The Group comprises of Habib Metropolitan Bank Limited (the holding company), Habib Metropolitan Financial Services Limited and Habib Metropolitan Modaraba Management Company (Private) Limited (wholly owned subsidiary companies) and First Habib Modaraba and Habib Metro Modaraba (Managed by Habib Metropolitan Modaraba Management Company (Private) Limited).

#### **Holding Company**

Habib Metropolitan Bank Limited (the holding company) was incorporated in Pakistan on 03 August 1992, as a public limited company, under the Companies Ordinance, 1984 (now Companies Act, 2017) and is engaged in commercial banking and related services. Its shares are listed on the Pakistan Stock Exchange. The holding company operates 498 (31 December 2021: 459) branches, including 56 (31 December 2021: 49) Islamic banking branches, an offshore branch (Karachi Export Processing Zone branch) (31 December 2021: 1) and 1 (31 December 2021: 30) sub branches in Pakistan. The holding company is a subsidiary of Habib Bank AG Zurich - Switzerland (the ultimate parent company with 51% shares in the holding company) which is incorporated in Switzerland.

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

#### **Subsidiary Companies**

##### **Habib Metropolitan Financial Services Limited - 100% holding**

Habib Metropolitan Financial Services Limited was incorporated in Pakistan on 28 September 2007 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Registered Office of the subsidiary company is located at 1st Floor, GPC 2, Block-5, Kehkashan Clifton, Karachi. The subsidiary company is a corporate member of the Pakistan Stock Exchange Limited and engaged in equity brokerage services.

##### **Habib Metropolitan Modaraba Management Company (Private) Limited - 100% holding**

Habib Metropolitan Modaraba Management Company (Private) Limited (Modaraba management company) was incorporated in Pakistan on 01 June 2015 as a private limited under the Companies Ordinance, 1984 (now Companies Act, 2017) and Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The registered office of the subsidiary company is located at 6th Floor, HBZ Plaza, II Chundrigar Road, Karachi.

##### **First Habib Modaraba - 10% holding**

First Habib Modaraba is a perpetual, multi-purpose modaraba having its Registered Office at 6th Floor, HBZ Plaza, II Chundrigar Road, Karachi. It is listed on the Pakistan Stock Exchange and engaged in the business of leasing (Ijarah), Musharaka, Murabaha financing and other related business.

##### **Habib Metro Modaraba - 70% holding**

Habib Metro Modaraba (HMM) which is a perpetual, multi-purpose modaraba having its Registered Office at 3rd Floor, Al-Manzoor Building, II Chundrigar Road, Karachi. HMM's primary business activities are residual value car financing and provision of finance for solar power solutions on the basis of Ijarah / rental / musharaka or any

---

other approved modes of financing. The holding company and the Modaraba Management Company own 60% and 10% of the certificates of HMM respectively.

## 2. BASIS OF PRESENTATION

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

### 2.2 Statement of Compliance

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

- International Accounting Standard (IAS) 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, 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 and the Securities and Exchange Commission of Pakistan.

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

The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O. No. 411(1)/2008 dated 28 April 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning on or after 01 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank. Furthermore, the SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Banks to prepare their annual and



periodical financial statements as per existing prescribed formats issued vide BPRD Circular 2 of 2018, as amended from time to time.

The disclosures made in these consolidated condensed interim financial statements have been 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 consolidated condensed interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

### 3. SIGNIFICANT ACCOUNTING POLICY

The significant accounting policies and method of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2021 except for the change explained in note 3.1 to these consolidated condensed interim financial statements.

#### 3.1 Revaluation of Land and Building

With effect from 30 June 2022, the group has voluntarily changed its accounting policy for land and buildings (freehold and leasehold) from the cost model to the revaluation model, as permitted under IAS 16 'Property, Plant and Equipment' (IAS16). On adoption, these are carried at a revalued amount less accumulated depreciation and accumulated impairment losses (if any), which previously were carried at cost less accumulated depreciation and accumulated impairment losses (if any). The impact of the change in accounting policy has been disclosed in note 11.3.

The management believes that the new accounting policy will result in the financial statements providing more relevant information and a more realistic reflection of the values of these assets.

The change has been dealt in accordance with the requirements of IAS 16, and accordingly, the group has applied the accounting policy prospectively .

Fixed assets other than land and buildings are carried in accordance with the accounting policy consistent to those applied in the preparation of consolidated financial statements for the year ended 31 December 2021.

In view of the above, the revised accounting policy of the group for Properties and Equipment is as follows:

Fixed assets are stated at cost, except for land and buildings which are carried at revalued amounts, less any applicable accumulated depreciation and accumulated impairment losses (if any). Land and capital work-in progress are not depreciated. Other items included in fixed assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions is charged from the day on which the assets are available for use and up to the day in which the assets are disposed off. The useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

Land and buildings are revalued by independent professionally qualified valuers with sufficient regularity to ensure that their net carrying amount does not differ materially from their fair value. If an asset's carrying value increases as a result of revaluation, such increase or surplus arising on revaluation is credited to the

---

surplus on revaluation of land and building account. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, if the increase reverses a deficit on the same asset previously recognized in the profit and loss account, such an increase is also recognized in the profit and loss account to the extent of the previous deficit and thereafter in the surplus on the revaluation of land and building account.

In the case of revalued assets, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the net asset and the net amount restated at the revalued amount of the asset.

Surplus on revaluation of land and building (net of any associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

Surplus on revaluation (net of any deferred tax) realized on disposal of land and building is transferred directly to unappropriated profit.

### 3.2 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 Group for accounting periods beginning on or after 01 January 2022. These are considered either not to be relevant or not to have any significant impact on these condensed interim consolidated financial statements.

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

As per the SBP's BPRD Circular Letter No. 03 dated 05 July 2022, the applicability of IFRS 9, Financial Instruments has been deferred to accounting periods beginning on or after 01 January 2023. Certain requirements of this standard will be applicable from 01 January 2024. The impact of the application of IFRS 9 on the group's financial statements is being assessed.

There are various amendments to existing accounting and reporting standards that are not yet effective. These are not likely to have a material effect on the group's financial statements.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as that applied in the preparation of the audited consolidated financial statements for the year ended 31 December 2021.

## 5. RISK MANAGEMENT

The risk management policies adopted by the Group are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2021.

	Note	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
Rupees in '000			
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		10,032,995	6,711,228
Foreign currencies		1,720,944	580,139
		<u>11,753,939</u>	<u>7,291,367</u>
<b>With State Bank of Pakistan in</b>			
Local currency current accounts		37,928,796	54,589,511
Foreign currencies			
– current accounts		2,020,166	1,347,685
– cash reserve account		5,596,519	5,475,902
– deposit account - special cash reserve	6.1	467,142	10,110,791
		<u>46,012,623</u>	<u>71,523,889</u>
<b>With National Bank of Pakistan in</b>			
Local currency current accounts		3,750,028	4,446,115
<b>Prize Bonds</b>		14,808	124,674
		<u>61,531,398</u>	<u>83,386,045</u>
6.1 The SBP has relaxed maintenance of FCY Special Cash Reserve required to be maintained by the holding company under DMMD Circular No. 8 of 2020 dated 17 April 2020 till 03 November 2022.			
<b>7. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current accounts		264,895	213,855
In deposit accounts		371,916	207,887
		<u>636,811</u>	<u>421,742</u>
<b>Outside Pakistan</b>			
In current accounts		6,304,256	2,782,221
		<u>6,941,067</u>	<u>3,203,963</u>
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		–	441,284
Repurchase agreement lendings (Reverse Repo)	8.1	7,990,039	–
Modaraba placement		–	3,500,000
		<u>7,990,039</u>	<u>3,941,284</u>

8.1 These carry profit / return of 15.75% (31 December 2021: Nil) per annum with maturity upto 03 October 2022.

## 9. INVESTMENTS

### 9.1 Investments by types

	30 September 2022 (Un-Audited)				31 December 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
<b>Available-for-sale securities</b>								
Federal government securities	511,182,961	–	(4,159,506)	507,023,455	629,531,699	–	(2,848,287)	626,683,412
Shares	2,570,002	(554,994)	(48,851)	1,966,157	1,678,034	(380,494)	419,113	1,716,653
Non-government debt securities	12,264,522	(111,634)	(261,183)	11,891,705	11,468,952	(115,554)	(323,605)	11,029,793
Mutual funds	532,336	(11,935)	8,318	528,719	30,140	(10,426)	3,963	23,677
Real estate investment trust	1,331,780	–	170,237	1,502,017	672,739	–	67,969	740,708
	527,881,601	(678,563)	(4,290,985)	522,912,053	643,381,564	(506,474)	(2,680,847)	640,194,243
<b>Held-to-maturity securities</b>								
Federal government securities	209,614,524	–	–	209,614,524	22,742,810	–	–	22,742,810
Non-government debt securities (certificates of investment)	–	–	–	–	2,000,000	–	–	2,000,000
	209,614,524	–	–	209,614,524	24,742,810	–	–	24,742,810
<b>Total Investments</b>	<u>737,496,125</u>	<u>(678,563)</u>	<u>(4,290,985)</u>	<u>732,526,577</u>	<u>668,124,374</u>	<u>(506,474)</u>	<u>(2,680,847)</u>	<u>664,937,053</u>

**30 September**      **31 December**  
**2022**                      **2021**  
**(Un-Audited)**              **(Audited)**  
 ————— Rupees in '000 —————

#### 9.1.1 Investments given as collateral against repo borrowing

The market value of investments given as collateral against repo borrowing is as follows:

##### Federal government securities

Market treasury bills	44,567,010	99,178,412
Pakistan investment bonds	90,320,224	83,891,118
	<u>134,887,234</u>	<u>183,069,530</u>

### 9.2 Provision for diminution in value of investments

Opening balance	506,474	507,587
Charge for the period / year	201,108	3,884
Reversal for the period / year	(3,920)	(4,997)
Net charge / (reversal) for the period / year	197,188	(1,113)
Reversal on disposals for the period / year	(25,099)	–
Closing balance	<u>678,563</u>	<u>506,474</u>

## 9.3 Particulars of provision against debt securities

Category of classification	30 September 2022 (Un-Audited)		31 December 2021 (Audited)	
	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees in '000			
Domestic				
Loss	111,634	111,634	115,554	115,554

9.4 The market value of federal government securities classified as held-to-maturity is Rs. 207,105,608 thousand (31 December 2021: Rs. 21,025,207 thousand).

## 10. ADVANCES

	Performing		Non-Performing		Total	
	30 September 2022 (Un-Audited)	31 December 2021 (Audited)	30 September 2022 (Un-Audited)	31 December 2021 (Audited)	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000					
Loans, cash credits, running finances, etc.	296,861,177	269,326,315	10,708,451	11,128,658	307,569,628	280,454,973
Islamic financing and related assets	125,110,323	92,143,804	874,223	808,210	125,984,546	92,952,014
Bills discounted and purchased	60,315,276	54,518,910	4,762,892	5,036,656	65,078,168	59,555,566
Advances - gross	482,286,776	415,989,029	16,345,566	16,973,524	498,632,342	432,962,553
Provision against non-performing advances						
- specific	-	-	(15,545,704)	(15,986,650)	(15,545,704)	(15,986,650)
- general	(7,748,833)	(5,182,927)	-	-	(7,748,833)	(5,182,927)
	(7,748,833)	(5,182,927)	(15,545,704)	(15,986,650)	(23,294,537)	(21,169,577)
Advances - net of provisions	474,537,943	410,806,102	799,862	986,874	475,337,805	411,792,976

10.1 It includes loans and advances of First Habib Modaraba and Habib Metro Modaraba amounting to Rs. 16,735,339 thousand (31 December 2021: Rs. 13,280,413 thousand) and Rs. 228,419 thousand (31 December 2021: Rs. 303,572 thousand) respectively. Furthermore, it also includes the Islamic banking operations of the holding company amounting to Rs. 109,020,788 thousand (31 December 2021: Rs. 79,368,029 thousand) as disclosed in note 36.3 to these consolidated condensed interim financial statements.

## 10.2 Particulars of advances - gross

	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
In local currency	433,558,486	382,751,832
In foreign currencies	65,073,856	50,210,721
	498,632,342	432,962,553

- 10.3 Advances include Rs. 16,345,566 thousand (31 December 2021: Rs. 16,973,524 thousand) which have been placed under non-performing status as detailed below:

Category of classification	30 September 2022 (Un-Audited)		31 December 2021 (Audited)	
	Non-performing loans	Provision	Non-performing loans	Provision
Rupees in '000				
Domestic				
Other assets especially mentioned	12,641	–	–	–
Substandard	300,144	6,424	28,740	1,098
Doubtful	364,108	19,402	1,462,928	529,294
Loss	15,668,673	15,519,878	15,481,856	15,456,258
	<u>16,345,566</u>	<u>15,545,704</u>	<u>16,973,524</u>	<u>15,986,650</u>

#### 10.4 Particulars of provision against advances

	30 September 2022 (Un-Audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	15,986,650	5,182,927	21,169,577	16,417,607	3,027,679	19,445,286
Charge for the period / year	861,533	2,565,906	3,427,439	2,444,120	2,155,248	4,599,368
Reversals for the period / year	(1,111,642)	–	(1,111,642)	(2,348,278)	–	(2,348,278)
Net charge for the period / year	(250,109)	2,565,906	2,315,797	95,842	2,155,248	2,251,090
Amount written off	(190,837)	–	(190,837)	(526,799)	–	(526,799)
Closing balance	<u>15,545,704</u>	<u>7,748,833</u>	<u>23,294,537</u>	<u>15,986,650</u>	<u>5,182,927</u>	<u>21,169,577</u>

- 10.4.1 The Group maintains general provision, as a matter of prudence, on account of the management's assessment of credit risk and general banking risk particularly in the current stressed economic condition amounting to Rs. 7,695,184 thousand (31 December 2021: Rs. 5,157,674 thousand). General provision also includes provision of Rs. 53,643 thousand (31 December 2021: Rs. 25,248 thousand) made against consumer portfolio and Rs. 6 thousand (31 December 2021: Rs. 5 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulations issued by the SBP.

#### 10.4.2 Particulars of provision against advances

	30 September 2022 (Un-Audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
In local currency	14,933,465	7,748,833	22,682,298	15,492,074	5,182,927	20,675,001
In foreign currencies	612,239	–	612,239	494,576	–	494,576
	<u>15,545,704</u>	<u>7,748,833</u>	<u>23,294,537</u>	<u>15,986,650</u>	<u>5,182,927</u>	<u>21,169,577</u>

## 10.4.3 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 holding company 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. 351,846 thousand (31 December 2021: Rs. 208,257 thousand) and profit after tax would have been lower by Rs. 179,440 thousand (31 December 2021: Rs. 127,036 thousand). This amount of Rs. 179,440 thousand (31 December 2021: Rs. 127,036 thousand) is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

	Note	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
11. FIXED ASSETS			
Capital work-in-progress	11.1	585,238	185,038
Property and equipment		20,104,991	11,892,437
		20,690,229	12,077,475
11.1 Capital work-in-progress			
Civil works		431,546	90,388
Advance to suppliers		153,692	94,650
		585,238	185,038
Nine months ended			
		30 September 2022	30 September 2021
		(Un-Audited)	
		Rupees in '000	

## 11.2 Additions to fixed assets

The following additions have been made to fixed assets during the period:

Capital work-in-progress additions / (transfer to fixed assets) - net	400,200	(565,717)
<b>Property and equipment</b>		
Freehold land	498,278	1,154,437
Leasehold land	88,667	-
Furniture and fixture	179,544	187,248
Electrical, office and computer equipment	802,797	623,524
Vehicles	80,818	63,581
Lease hold improvement	158,943	983,172
Right-of-use assets	1,625,750	1,359,679
	<u>3,434,797</u>	<u>4,371,641</u>
	<u>3,834,997</u>	<u>3,805,924</u>

11.3 As mentioned in note 3.1 to these condensed interim financial statements, the holding company's land and buildings were revalued by an independent professional valuer, M/s. Iqbal A. Nanjee & Co. (Private) Limited as at 30 June 2022. The valuation was performed by the valuer on the basis of assessment of present market values. The revaluation has resulted in a gross surplus of Rs. 6,715,697 thousand over the book value. Deferred tax liability of Rs. 1,423,338 thousand has also been recorded on the above balance.

	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
11.3.1 Surplus on revaluation of fixed assets are as follows:		
Freehold land	1,070,460	–
Leasehold land	2,335,148	–
Buildings on freehold land	394,100	–
Buildings on leasehold land	2,915,989	–
	<u>6,715,697</u>	<u>–</u>

11.3.2 Had there been no revaluation the carrying amounts of revalued assets would have been as follows:

Freehold land	1,975,330	–
Leasehold land	1,265,242	–
Buildings on freehold land	41,789	–
Buildings on leasehold land	399,516	–

Nine months ended

30 September 2022 (Un-Audited)	30 September 2021
Rupees in '000	

11.4 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Furniture and fixtures	678	940
Electrical, office and computer equipment	88	219
Vehicles	41,032	1,869
	<u>41,798</u>	<u>3,028</u>

30 September 2022 (Un-Audited)	31 December 2021 (Audited)
Rupees in '000	

12. INTANGIBLE ASSETS

Computer Software	100,992	121,587
Management rights	41,600	41,600
	<u>142,592</u>	<u>163,187</u>

Nine months ended

30 September 2022 (Un-Audited)	30 September 2021
Rupees in '000	

12.1 The following additions have been made to intangible assets during the period:

Directly purchased	<u>40,882</u>	<u>80,701</u>
--------------------	---------------	---------------



	Note	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
13. DEFERRED TAX ASSETS			
Deductible temporary differences on			
Provision for diminution in value of investments		291,782	197,524
Provision for non-performing loans and off - balance sheet obligations		3,561,455	2,568,293
Accelerated tax depreciation		316,274	200,837
Deferred liability on defined benefit plan		10,841	21,017
Deferred liability on compensated absences		—	440
Deficit on revaluation of investments		1,837,337	1,101,223
Others		—	7,120
		6,017,689	4,096,454
Taxable temporary differences on			
Surplus on revaluation of non-banking assets		(675,858)	(877,238)
Surplus on revaluation of fixed assets		(1,423,338)	—
Exchange translation reserve		(3,188)	(1,053)
		(2,102,384)	(878,291)
Deferred tax asset - net		3,915,305	3,218,163
14. OTHER ASSETS			
Income / mark-up / profit accrued in local currency - net of provision		20,025,127	11,260,644
Income / mark-up / profit accrued in foreign currencies - net of provision		67,652	92,100
Advances, deposits and other prepayments		630,916	283,056
Non-banking assets acquired in satisfaction of claims		2,297,308	2,297,568
Mark-to-market gain on forward foreign exchange contracts		7,934,183	6,217,789
Acceptances		25,460,460	29,225,097
Receivable from the SBP against encashment of government securities		136,675	20,657
Stationery and stamps on hand		140,744	110,374
Dividend receivable		66,152	8,496
Others		798,306	1,083,170
		57,557,523	50,598,951
Provision against other assets	14.1	(377,544)	(377,076)
Other assets (net of provision)		57,179,979	50,221,875
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	2,249,310	2,249,327
		59,429,289	52,471,202
14.1 Movement in provision held against other assets			
Opening balance		377,076	462,880
Charge for the period / year		468	165,000
Reversal for the period / year		—	(249,619)
		468	(84,619)
Amount written off		—	(1,185)
Closing balance		377,544	377,076
15. BILLS PAYABLE			
In Pakistan		22,126,494	17,856,030
Outside Pakistan		91,627	88,614
		22,218,121	17,944,644

	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
<b>16. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	82,046,825	68,897,225
Long term financing facility - renewable energy scheme	2,247,503	1,592,554
Long term financing facility - locally manufactured plant and machinery scheme	21,598,428	18,184,877
Refinance for payment of wages and salaries	4,872,093	12,662,380
Temporary economic refinance facility	31,255,982	28,219,857
Long term financing facility - for storage of agricultural produce scheme	562,104	639,685
Refinance facility for modernization of SME	118,191	21,228
Refinance facility for combating COVID-19	56,831	67,754
	<u>142,757,957</u>	<u>130,285,560</u>
Repurchase agreement borrowings (Repo)	133,911,143	182,851,203
Due against bills rediscounting	3,277,599	—
	<u>279,946,699</u>	<u>313,136,763</u>
<b>Unsecured</b>		
Certificate of investment	6,968,666	5,863,977
Call borrowing	—	3,000,000
Musharika borrowing	725,512	748,666
Overdrawn nostro accounts	12,246,420	29,749
	<u>19,940,598</u>	<u>9,642,392</u>
	<u>299,887,297</u>	<u>322,779,155</u>

## 17. DEPOSITS AND OTHER ACCOUNTS

	30 September 2022 (Un-Audited)			31 December 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
<b>Customers</b>						
Current deposits	253,101,791	44,347,308	297,449,099	228,774,493	36,061,897	264,836,390
Savings deposits	201,596,891	21,996,995	223,593,886	171,147,729	22,694,898	193,842,627
Term deposits	237,932,959	48,723,310	286,656,269	208,829,163	50,892,644	259,721,807
Others	36,834,342	32,423	36,866,765	19,579,290	13,692	19,592,982
	<u>729,465,983</u>	<u>115,100,036</u>	<u>844,566,019</u>	<u>628,330,675</u>	<u>109,663,131</u>	<u>737,993,806</u>
<b>Financial institutions</b>						
Current deposits	1,559,206	1,092,505	2,651,711	1,240,863	1,922,927	3,163,790
Savings deposits	41,405,111	—	41,405,111	26,524,236	—	26,524,236
Term deposits	7,620,400	7,008	7,627,408	3,961,404	5,415	3,966,819
Others	2,156	—	2,156	1,078	—	1,078
	<u>50,586,873</u>	<u>1,099,513</u>	<u>51,686,386</u>	<u>31,727,581</u>	<u>1,928,342</u>	<u>33,655,923</u>
	<u>780,052,856</u>	<u>116,199,549</u>	<u>896,252,405</u>	<u>660,058,256</u>	<u>111,591,473</u>	<u>771,649,729</u>

	Note	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
<b>18. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		14,452,881	6,807,583
Mark-up / return / interest payable in foreign currencies		769,892	429,878
Unearned commission and income on bills discounted		691,375	532,943
Accrued expenses		2,245,958	1,507,731
Current taxation (provision less payments)		4,571,604	2,114,976
Acceptances		25,460,460	29,225,097
Unclaimed dividend		135,576	163,681
Dividend payable		1,219,317	—
Branch adjustment account		1,975	558
Mark-to-market loss on forward foreign exchange contracts		7,626,373	2,939,889
Provision for compensated absences		278,215	264,715
Deferred liability on defined benefit plan		263,405	56,626
Provision against off-balance sheet obligations	18.1	32,583	32,583
Workers' welfare fund	18.2	2,493,415	2,055,242
Charity fund balance		106	4
Excise duty payable		1,745	2,629
Locker deposits		968,989	923,249
Advance against diminishing musharaka		250,418	201,567
Advance rental for ijara		12,833	1,362
Security deposits against leases / ijara		317,026	385,938
Sundry creditors		2,348,539	1,694,627
Lease liability against right-of-use assets		7,263,114	6,187,428
Withholding tax / duties		631,150	365,630
Others		1,161,632	34,621
		<u>73,198,581</u>	<u>55,928,557</u>
<b>18.1 Provision against off-balance sheet obligations</b>			
Opening balance		32,583	113,716
Reversal for the period / year		—	(81,133)
Closing balance		<u>32,583</u>	<u>32,583</u>

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

- 18.2** Under the Workers' Welfare Ordinance 1971, the holding company is liable to pay workers' welfare fund (WWF) at 2% of accounting profit before tax or taxable income, whichever is higher. The holding company 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 holding company maintains its provision in respect of WWF.

	Note	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
19. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Fixed assets	11.3	6,715,697	—
- Non-banking assets	14	2,249,310	2,249,327
- Available-for-sale securities	9.1	(4,290,985)	(2,680,847)
		4,674,022	(431,520)
Less: Deferred tax on surplus / (deficit) on revaluation of			
- Fixed assets		1,423,338	—
- Non-banking assets	19.1	675,858	877,238
- Available-for-sale securities		(1,837,337)	(1,101,223)
		(261,859)	223,985
		4,412,163	(207,535)
Less: Surplus pertaining to non-controlling interest		17,302	(149,528)
		4,429,465	(357,063)
19.1 This includes reversal on account of the change in holding period as per tax laws.			
20. CONTINGENCIES AND COMMITMENTS			
Guarantees	20.1	122,122,189	112,912,689
Commitments	20.2	572,581,541	604,750,338
Other contingent liabilities	20.3	5,972,647	3,078,218
		700,676,377	720,741,245
20.1 Guarantees			
Financial guarantees		24,817,779	44,818,267
Performance guarantees		59,659,844	41,897,915
Other guarantees		37,644,566	26,196,507
		122,122,189	112,912,689
20.2 Commitments			
Documentary credits and short-term trade-related transactions:			
Letters of credit		219,761,380	198,716,273
Commitments in respect of:			
Forward exchange contracts	20.2.1	336,732,362	402,981,660
Forward Government securities transactions	20.2.2	12,639,630	—
Forward lendings	20.2.3	3,098,100	2,916,949
Acquisition of operating fixed assets		350,069	135,456
		352,820,161	406,034,065
		572,581,541	604,750,338
20.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		187,824,769	216,511,732
Sale		148,907,593	186,469,928
		336,732,362	402,981,660

		30 September 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
20.2.2	Commitments in respect of forward government securities transactions		
	Purchase	12,639,630	—
20.2.3	Commitments in respect of forward lending		
	The Group 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 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
	Commitments in respect of syndicate financing	1,820,841	1,902,213
	Commitments in respect of financing transaction	1,277,259	1,014,736
		3,098,100	2,916,949
20.3	Other contingent liabilities		
	Claims against bank not acknowledged as debt	20.3.1 5,866,591	2,972,162
	Foreign exchange repatriation case	20.3.2 106,056	106,056
		5,972,647	3,078,218
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 Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these consolidated 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 holding company. The holding company 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 holding company by way of interim orders. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the holding company and therefore no provision has been made against the impugned penalty.		

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

		Nine months ended	
		30 September 2022	30 September 2021
		(Un-Audited)	
		Rupees in '000	
22.	MARK-UP / RETURN / INTEREST EARNED		
	Loans and advances	30,259,066	15,657,736
	Investments	60,429,563	37,931,792
	Lending to financial institutions	2,340,961	863,671
	Balance with other banks	15,821	8,950
		<u>93,045,411</u>	<u>54,462,149</u>
23.	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	41,416,816	20,086,834
	Borrowings	19,298,851	8,731,489
	Foreign currency swap cost	3,524,111	2,784,217
	Lease liability against right-of-use assets	611,514	472,932
		<u>64,851,292</u>	<u>32,075,472</u>
24.	FEE & COMMISSION INCOME		
	Branch banking customer fees	700,129	428,430
	Credit related fees	19,062	27,705
	Card related fees	565,154	405,165
	Commission on trade	3,842,032	3,459,290
	Commission on guarantees	549,352	512,731
	Commission on remittances including home remittances	25,312	33,071
	Commission on bancassurance	132,520	136,972
	Commission on cash management	65,768	63,970
	Investment banking fee	39,264	7,078
	Others	127,229	65,837
		<u>6,065,822</u>	<u>5,140,249</u>
25.	GAIN / (LOSS) ON SECURITIES		
	Realised		
	Federal government securities	26,525	87,038
	Mutual funds	12,077	77,102
	Shares	239,303	3,847
		<u>277,905</u>	<u>167,987</u>
26.	OTHER INCOME		
	Rent on properties	27,735	12,434
	Gain on sale of fixed assets - net	35,448	9,552
	Gain on sale of non-banking assets	-	227,988
	Gain on sale of ijarah assets - net	47,954	17,639
	Staff notice period and other recoveries	508	581
		<u>111,645</u>	<u>268,194</u>

		Nine months ended	
		30 September 2022	30 September 2021
		(Un-Audited)	
		Rupees in '000	
27.	OPERATING EXPENSES		
	Total compensation expense	6,971,077	5,571,731
	Property expense		
	Rent and taxes	201,318	173,565
	Insurance	5,159	4,699
	Utilities cost	674,143	398,406
	Security (including guards)	493,771	354,162
	Repair and maintenance (including janitorial charges)	417,187	310,169
	Depreciation on owned fixed assets	475,746	365,336
	Depreciation on right-of-use assets	866,312	719,809
		3,133,636	2,326,146
	Information technology expenses		
	Software maintenance	270,795	168,418
	Hardware maintenance	191,769	123,967
	Depreciation	202,655	161,301
	Amortisation	61,477	51,860
	Network charges	271,547	194,432
		998,243	699,978
	Other operating expenses		
	Directors' fees and allowances	9,581	10,536
	Fees and allowances to Shariah Board	17,077	9,405
	Legal & professional charges	173,159	131,547
	Outsourced services costs	225,844	220,413
	Travelling & conveyance	338,159	189,860
	NIFT and clearing charges	60,733	51,771
	Depreciation	434,093	371,867
	Depreciation - non-banking assets	277	26,041
	Training & development	26,623	24,141
	Postage & courier charges	99,464	84,248
	Communication	100,272	92,170
	Subscription	334,747	168,366
	Repair & maintenance	124,873	91,255
	Brokerage & commission	122,106	154,758
	Stationery & printing	283,051	182,669
	Marketing, advertisement & publicity	352,385	91,213
	Management fee	587,099	386,989
	Insurance	729,862	558,222
	Donations	161,550	151,593
	Auditors' Remuneration	13,992	12,337
	Security	169,794	130,697
	Others	541,489	298,617
		4,906,230	3,438,715
		16,009,186	12,036,570
28.	OTHER CHARGES		
	Penalties imposed by the SBP	40,092	14,678

		Nine months ended	
	Note	30 September 2022	30 September 2021
		(Un-Audited)	
		Rupees in '000	
29. PROVISIONS & WRITE OFFS - NET			
Provision for diminution in value of investments - net	9.2	197,188	(735)
Provision against loan & advances - net	10.4	2,315,797	2,377,018
Provision against other assets / off-balance sheet obligations		468	(305,524)
Recovery of written off bad debts		(56,722)	(2,000)
		<u>2,456,731</u>	<u>2,068,759</u>
30. TAXATION			
Current		10,544,158	6,047,010
Deferred		(1,231,102)	(254,485)
		<u>9,313,056</u>	<u>5,792,525</u>
30.1 Income tax assessments of the holding company have been finalised up to the tax year 2021 (corresponding to the accounting year ended 31 December 2020). Certain appeals are pending with the Commissioner of Inland Revenue (Appeal) , Appellate Tribunal Inland Revenue (ATIR) and Sindh High Court. However, adequate provisions are being held by the holding company.			
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit attributable to equity shareholders of the holding company		<u>10,354,725</u>	<u>9,959,670</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>9.88</u>	<u>9.51</u>

### 32. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than 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 equity securities is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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.

#### 32.1 Fair value of financial assets

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

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

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

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



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

## On balance sheet financial instruments

		30 September 2022 (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	507,023,455	-	507,023,455	-	507,023,455	
Sukuk certificates and bonds	7,214,050	-	7,214,050	-	7,214,050	
Ordinary shares of listed companies	1,913,499	1,913,499	-	-	1,913,499	
Mutual funds - open end	523,559	-	523,559	-	523,559	
- close end	5,160	5,160	-	-	5,160	
Real estate investment trust	1,502,017	1,502,017	-	-	1,502,017	
Listed term finance certificates	952,655	-	952,655	-	952,655	
Unlisted term finance certificates	3,725,000	-	3,725,000	-	3,725,000	

## Financial assets - disclosed but not measured at fair value

- Investments					
- Held-to-maturity securities					
Federal government securities	209,614,524	-	207,105,608	-	207,105,608
- Available-for-sale securities					
Ordinary shares of unlisted companies	52,658	-	-	-	-
	<u>732,526,577</u>	<u>3,420,676</u>	<u>726,544,327</u>	<u>-</u>	<u>729,965,003</u>

## Off-balance sheet financial instruments - measured at fair value

- Forward purchase of foreign exchange contracts	<u>187,824,769</u>	<u>-</u>	<u>189,920,018</u>	<u>-</u>	<u>189,920,018</u>
- Forward sale of foreign exchange contracts	<u>148,907,593</u>	<u>-</u>	<u>147,120,154</u>	<u>-</u>	<u>147,120,154</u>

On balance sheet financial instruments

31 December 2021 (Audited)					
	Carrying / notional value	Fair value			
		Level 1	Level 2	Level 3	Total
Rupees in '000					
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	626,683,412	-	626,683,412	-	626,683,412
Sukuk certificates and bonds	7,507,221	-	7,507,221	-	7,507,221
Ordinary shares of listed companies	1,663,995	1,663,995	-	-	1,663,995
Mutual funds - open end	17,154	-	17,154	-	17,154
- close end	6,523	6,523	-	-	6,523
Real estate investment trust	740,708	740,708	-	-	740,708
Listed term finance certificates	1,097,572	-	1,097,572	-	1,097,572
Unlisted term finance certificates	2,425,000	-	2,425,000	-	2,425,000
Financial assets - disclosed but not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	22,742,810	-	21,025,207	-	21,025,207
Certificates of investments	2,000,000	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	52,658	-	-	-	-
	664,937,053	2,411,226	658,755,566	-	661,166,792
Off-balance sheet financial instruments - measured at fair value					
- Forward purchase of foreign exchange contracts	216,511,732	-	221,433,072	-	221,433,072
- Forward sale of foreign exchange contracts	186,469,928	-	184,826,488	-	184,826,488

### 32.2 Fair value of non-financial assets

30 September 2022 (Un-Audited)					
	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Non-financial assets measured at fair value					
- Fixed assets	10,397,574	-	-	10,488,384	10,488,384
- Non-banking assets acquired in satisfaction of claim	4,546,618	-	-	4,546,895	4,546,895
	14,944,192	-	-	15,035,279	15,035,279
31 December 2021 (Audited)					
	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Non-financial assets measured at fair value					
- Fixed assets	-	-	-	-	-
- Non-banking assets acquired in satisfaction of claim	4,546,895	-	-	4,546,895	4,546,895
	4,546,895	-	-	4,546,895	4,546,895

### 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.
Forward contracts	The fair values are derived using forward exchange rates applicable to their respective remaining maturities.
Mutual funds	The fair value is determined based on the net asset values published at the close of each business day.

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

Fixed assets and non-banking assets acquired in satisfaction of claim	<p>Fixed assets 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.</p> <p>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.</p>
---	---

### 33. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	30 September 2022 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
<b>Profit &amp; Loss</b>				
Net mark-up / return / profit	46,473,061	(18,536,948)	258,006	28,194,119
Inter segment revenue - net	(45,140,788)	28,929,239	16,211,549	-
Non mark-up / return / interest income	4,607,287	597,808	5,672,930	10,878,025
Total Income	5,939,560	10,990,099	22,142,485	39,072,144
Segment direct expenses	(290,952)	-	(240,202)	(531,154)
Inter segment expense allocation	-	(4,584,638)	(11,371,714)	(15,956,352)
Total expenses	(290,952)	(4,584,638)	(11,611,916)	(16,487,506)
Provisions	(197,656)	(22,586)	(2,236,489)	(2,456,731)
Profit before tax	5,450,952	6,382,875	8,294,080	20,127,907
<b>Balance sheet</b>				
Cash & Bank balances	6,305,795	25,881,636	36,285,034	68,472,465
Investments	732,526,577	-	-	732,526,577
Net inter segment lending	-	364,564,340	208,549,789	573,114,129
Lendings to financial institutions	7,990,039	-	-	7,990,039
Advances - performing	-	13,680,501	468,606,275	482,286,776
Advances - non-performing	-	10,410	16,335,156	16,345,566
Provision against advances	-	(64,053)	(23,230,484)	(23,294,537)
Others	20,328,529	9,061,709	54,787,177	84,177,415
Total assets	767,150,940	413,134,543	761,332,947	1,941,618,430
Borrowings	149,435,162	-	150,452,135	299,887,297
Deposits & other accounts	-	377,329,621	518,922,784	896,252,405
Net inter segment borrowing	573,114,129	-	-	573,114,129
Others	10,886,652	14,070,823	70,459,227	95,416,702
Total liabilities	733,435,943	391,400,444	739,834,146	1,864,670,533
Net Assets	33,714,997	21,734,099	21,498,801	76,947,897
Equity				76,947,897
Contingencies & commitments	349,371,992	650,655	350,653,730	700,676,377

	30 September 2021 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Profit & Loss				
Net mark-up / return / profit	31,589,885	(9,184,867)	(18,341)	22,386,677
Inter segment revenue - net	(25,092,710)	15,200,253	9,892,457	-
Non mark-up / return / interest income	2,691,675	389,672	4,981,788	8,063,135
Total Income	9,188,850	6,405,058	14,855,904	30,449,812
Segment direct expenses	(278,018)	-	(192,400)	(470,418)
Inter segment expense allocation	-	(3,339,403)	(8,564,847)	(11,904,250)
Total expenses	(278,018)	(3,339,403)	(8,757,247)	(12,374,668)
Provisions	1,126	(23,025)	(2,046,860)	(2,068,759)
Profit before tax	8,911,958	3,042,630	4,051,797	16,006,385
	31 December 2021 (Audited)			
Balance sheet				
Cash & Bank balances	2,654,519	34,684,524	49,250,965	86,590,008
Investments	664,937,053	-	-	664,937,053
Net inter segment lending	-	305,348,808	160,736,933	466,085,741
Lendings to financial institutions	3,941,284	-	-	3,941,284
Advances - performing	-	7,405,032	408,583,997	415,989,029
Advances - non-performing	-	46,465	16,927,059	16,973,524
Provision against advances	-	(67,479)	(21,102,098)	(21,169,577)
Others	14,284,585	3,400,723	50,244,719	67,930,027
Total Assets	685,817,441	350,818,073	664,641,575	1,701,277,089
Borrowings	185,880,952	-	136,898,203	322,779,155
Deposits & other accounts	-	321,412,476	450,237,253	771,649,729
Net inter segment borrowing	466,085,741	-	-	466,085,741
Others	3,302,064	10,164,454	60,406,683	73,873,201
Total liabilities	655,268,757	331,576,930	647,542,139	1,634,387,826
Net assets	30,548,684	19,241,143	17,099,436	66,889,263
Equity				66,889,263
Contingencies & commitments	402,981,660	10,555,599	307,203,986	720,741,245

### 34. RELATED PARTIES TRANSACTIONS

The Group has related party transactions with its ultimate parent company, associates, companies with common directorship, key management personnel, directors and employees' retirement benefit plans.

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions 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 during the period are as follows:

	30 September 2022 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
<b>Balances with other banks</b>						
In current accounts	132,037	301,144	-	-	-	433,181
<b>Advances</b>						
Opening balance	-	5,288,310	195,796	-	-	5,484,106
Addition during the period	-	68,584,303	109,809	-	-	68,694,112
Repaid during the period	-	(67,968,085)	(78,968)	-	-	(68,047,053)
Closing balance	-	5,904,528	226,637	-	-	6,131,165
<b>Other Assets</b>						
Mark-up / return / interest accrued	-	17,150	-	-	-	17,150
Prepayments / advance deposits / other receivable	1,404	60,314	-	-	-	61,718
	1,404	77,464	-	-	-	78,868
<b>Deposits and other accounts</b>						
Opening balance	174,007	25,154,287	313,576	813,302	1,810,988	28,266,160
Received during the period	6,657,958	1,730,387,728	2,077,651	2,493,604	4,045,117	1,745,662,058
Withdrawn during the period	(6,628,466)	(1,726,629,349)	(2,040,642)	(2,516,091)	(4,749,903)	(1,742,564,451)
Closing balance	203,499	28,912,666	350,585	790,815	1,106,202	31,363,767
<b>Other Liabilities</b>						
Mark-up / return / interest payable	-	204,710	2,702	4,583	39,963	251,958
Management fee payable for technical and consultancy services*	380,173	-	-	-	-	380,173
Other Payables	-	689	-	3,180	263,405	267,274
	380,173	205,399	2,702	7,763	303,368	899,405
<b>Contingencies &amp; commitments</b>						
Transaction-related contingent Liabilities	-	10,715,096	-	-	-	10,715,096
Trade-related contingent Liabilities	-	7,272,901	-	-	-	7,272,901
	-	17,987,997	-	-	-	17,987,997

\* Management fee is as per the agreement with the ultimate parent company .

	31 December 2021 (Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
<b>Balances with other banks</b>						
In current accounts	184,060	217,741	–	–	–	401,801
<b>Advances</b>						
Opening balance	–	4,639,385	195,938	–	–	4,835,323
Addition during the year	–	50,576,167	72,882	–	–	50,649,049
Repaid during the year	–	(49,927,242)	(73,024)	–	–	(50,000,266)
Closing balance	–	5,288,310	195,796	–	–	5,484,106
<b>Other Assets</b>						
Mark-up / return / interest accrued	–	12,176	–	–	–	12,176
Prepayments / advance deposits / other receivable	468	53,123	–	–	–	53,591
	468	65,299	–	–	–	65,767
<b>Deposits</b>						
Opening balance	213,306	8,573,734	282,595	661,230	1,626,592	11,357,457
Received during the year	16,783,470	2,471,954,097	2,073,559	4,685,345	6,995,634	2,502,492,105
Withdrawn during the year	(16,822,769)	(2,455,373,544)	(2,042,578)	(4,533,273)	(6,811,238)	(2,485,583,402)
Closing balance	174,007	25,154,287	313,576	813,302	1,810,988	28,266,160
<b>Other Liabilities</b>						
Mark-up / return / interest payable	–	140,001	1,977	3,248	10,626	155,852
Management fee payable for technical and consultancy services *	76,826	–	–	–	–	76,826
Other Payables	–	470	–	670	56,626	57,766
	76,826	140,471	1,977	3,918	67,252	290,444
<b>Contingencies &amp; commitments</b>						
Transaction-related contingent Liabilities	–	7,353,818	–	–	–	7,353,818
Trade-related contingent Liabilities	–	3,929,204	–	–	–	3,929,204
	–	11,283,022	–	–	–	11,283,022

\* Management fee is as per the agreement with the ultimate parent company.

## Transactions during the period

	For the period ended 30 September 2022 (Un-Audited)				
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000				
<b>Income</b>					
Mark-up / return / interest earned	<u>-</u>	<u>242,289</u>	<u>11,037</u>	<u>-</u>	<u>253,326</u>
Fee and commission income	<u>1,222</u>	<u>160,569</u>	<u>-</u>	<u>106</u>	<u>161,897</u>
Rent income	<u>4,212</u>	<u>6,842</u>	<u>-</u>	<u>-</u>	<u>11,054</u>
<b>Expense</b>					
Mark-up / return / interest expensed	<u>-</u>	<u>1,010,116</u>	<u>19,826</u>	<u>13,362</u>	<u>1,107,358</u>
Commission / brokerage / bank charges paid	<u>319</u>	<u>715</u>	<u>-</u>	<u>-</u>	<u>1,034</u>
Salaries and allowances	<u>-</u>	<u>-</u>	<u>528,828</u>	<u>-</u>	<u>528,828</u>
Directors' fees and allowances	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,581</u>	<u>9,581</u>
Charge to defined benefit plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,988</u>
Contribution to defined contribution plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,731</u>
Insurance premium expenses	<u>-</u>	<u>15,477</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>587,099</u>
Donation	<u>-</u>	<u>11,440</u>	<u>-</u>	<u>-</u>	<u>11,440</u>

\* Management fee is as per the agreement with the ultimate parent company.



**Transactions during the period**

	For the period ended 30 September 2021 (Un-Audited)				
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000				
Income					
Mark-up / return / interest earned	<u>–</u>	<u>31,675</u>	<u>7,891</u>	<u>–</u>	<u>39,566</u>
Fee and commission income	<u>1,632</u>	<u>175,640</u>	<u>–</u>	<u>57</u>	<u>177,329</u>
Rent income	<u>4,212</u>	<u>5,549</u>	<u>–</u>	<u>–</u>	<u>9,761</u>
Expenses					
Mark-up / return / interest expensed	<u>–</u>	<u>602,793</u>	<u>11,021</u>	<u>20,989</u>	<u>749,350</u>
Commission / brokerage / bank charges paid	<u>976</u>	<u>1,690</u>	<u>–</u>	<u>–</u>	<u>2,666</u>
Salaries and allowances	<u>–</u>	<u>–</u>	<u>464,191</u>	<u>–</u>	<u>464,191</u>
Directors' fees and allowances	<u>–</u>	<u>–</u>	<u>–</u>	<u>10,536</u>	<u>10,536</u>
Charge to defined benefit plan	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>137,939</u>
Contribution to defined contribution plan	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>188,139</u>
Insurance premium expenses	<u>–</u>	<u>9,296</u>	<u>–</u>	<u>–</u>	<u>9,296</u>
Management fee expense for technical and consultancy services *	<u>391,121</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>391,121</u>
Donation	<u>–</u>	<u>26,440</u>	<u>–</u>	<u>–</u>	<u>26,440</u>

\* Management fee is as per the agreement with the ultimate parent company.

### 35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	10,478,315	10,478,315
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible common equity tier 1 (CET 1) capital	69,310,684	62,494,114
Eligible additional tier 1 (ADT 1) capital	175,657	150,253
Total eligible tier 1 capital	69,486,341	62,644,367
Eligible tier 2 capital	8,891,684	5,332,119
Total eligible capital (Tier 1 + Tier 2)	78,378,025	67,976,486
<b>Risk Weighted Assets (RWAs):</b>		
Credit risk	461,168,668	406,395,001
Market risk	4,506,355	7,211,352
Operational risk	66,887,787	66,887,787
Total	532,562,810	480,494,140
CET 1 capital adequacy ratio	13.01%	13.01%
Tier 1 capital adequacy ratio	13.05%	13.04%
Total capital adequacy ratio	14.72%	14.15%
<b>Minimum capital requirements prescribed by SBP</b>		
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 Group use simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.

<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 capital	69,486,341	62,644,367
Total exposures	1,720,926,631	1,586,376,608
Leverage ratio	4.04%	3.95%

## 36. ISLAMIC BANKING BUSINESS

The holding company is operating 56 (31 December 2021: 49) Islamic banking branches and 232 (31 December 2021: 218) Islamic banking windows at the end of the period.

	Note	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		10,611,045	8,065,686
Balances with other banks		—	—
Due from financial institutions	36.1	—	3,500,000
Investments	36.2	35,064,700	30,384,762
Islamic financing and related assets - net	36.3	108,366,468	78,657,185
Fixed assets	36.4	610,668	635,471
Intangible assets		—	—
Due from head office		—	5,125,784
Other assets		7,014,447	3,017,036
<b>Total Assets</b>		<b>161,667,328</b>	<b>129,385,924</b>
<b>LIABILITIES</b>			
Bills payable		1,713,781	1,445,125
Due to financial institutions		38,319,262	32,048,365
Deposits and other accounts	36.5	104,762,449	83,953,361
Due to head office		734,350	—
Subordinated debt		—	—
Other liabilities	36.4	4,373,640	2,731,703
		<b>149,903,482</b>	<b>120,178,554</b>
<b>NET ASSETS</b>		<b>11,763,846</b>	<b>9,207,370</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		9,005,711	7,504,413
Reserves		—	—
Deficit on revaluation of assets		(580,729)	(725,275)
Unappropriated profit	36.9	3,338,864	2,428,232
		<b>11,763,846</b>	<b>9,207,370</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	36.6		

The profit and loss account of the holding company's Islamic banking branches for the period ended 30 September 2022 is as follows:

		Nine months ended	
	Note	30 September 2022	30 September 2021
		(Un-Audited)	
		Rupees in '000	
PROFIT AND LOSS ACCOUNT			
Profit / return earned	36.7	8,926,622	4,829,000
Profit / return expensed	36.8	(5,150,641)	(2,981,054)
Net Profit / return		3,775,981	1,847,946
Other income			
Fee and commission income		368,078	260,299
Dividend income		–	279
Foreign exchange income		91,849	75,009
Gain / (loss) on securities		(16)	56,862
Other income		1,886	2,692
Total other income		461,797	395,141
Total Income		4,237,778	2,243,087
Other expenses			
Operating expenses		954,948	671,277
Workers' welfare fund		–	–
Other charges		490	609
Total other expenses		955,438	671,886
Profit before provisions		3,282,340	1,571,201
Reversal of provisions and write offs - net		56,524	64,006
Profit before taxation		3,338,864	1,635,207

### 36.1 Due from financial institutions

	30 September 2022 (Un-Audited)			31 December 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Unsecured						
Mudaraba placements	-	-	-	3,500,000	-	3,500,000

### 36.2 Investments by segments:

	30 September 2022 (Un-Audited)				31 December 2021 (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	19,577,342	-	(309,025)	19,268,317	19,523,163	-	(396,332)	19,126,831
- Islamic naya Pakistan certificate mudaraba investment pool	3,862,333	-	-	3,862,333	730,711	-	-	730,711
	23,439,675	-	(309,025)	23,130,650	20,253,874	-	(396,332)	19,857,542
Non-Government Debt Securities								
Listed	6,925,754	-	(271,704)	6,654,050	7,076,163	-	(336,554)	6,739,609
Unlisted	5,280,000	-	-	5,280,000	3,780,000	-	7,611	3,787,611
	12,205,754	-	(271,704)	11,934,050	10,856,163	-	(328,943)	10,527,220
Total investments	35,645,429	-	(580,729)	35,064,700	31,110,037	-	(725,275)	30,384,762

### 36.3 Islamic financing and related assets - net

	30 September 2022 (Un-Audited)				31 December 2021 (Audited)			
	Financing	Advances	Inventory	Total	Financing	Advances	Inventory	Total
	Rupees in '000							
Ijarah	889,419	31,017	-	920,436	583,298	128,997	-	712,295
Ijarah - Islamic long term financing facility	42,427	-	-	42,427	74,207	-	-	74,207
Murabaha	6,929,873	876,826	-	7,806,699	6,105,881	563,205	-	6,669,086
Working capital musharaka	30,734,867	-	-	30,734,867	21,050,328	-	-	21,050,328
Diminishing musharaka	14,123,681	3,608,283	-	17,731,964	11,736,112	377,959	-	12,114,071
Salam	-	25,000	-	25,000	128,000	-	-	128,000
Istisna	6,503,164	4,304,036	40,088	10,847,288	2,677,387	3,040,426	-	5,717,813
Al-bai	422,262	-	46,001	468,263	536,632	-	16,961	553,593
Diminishing musharaka:								
Islamic long term financing facility	3,705,725	506,650	-	4,212,375	863,436	1,528,029	-	2,391,465
Islamic refinance scheme for payment of wages and salaries	411,715	93,534	-	505,249	1,046,640	93,534	-	1,140,174
Islamic financing facility for storage of agricultural produce	-	598,035	-	598,035	-	598,035	-	598,035
Islamic temporary economic refinance facility	8,617,311	5,082,220	-	13,699,531	422,229	13,064,204	-	13,486,433
Islamic financing facility for renewable energy	282,685	285,990	-	568,675	-	250,848	-	250,848
Islamic Export Refinance								
Murabaha	199,791	50,000	-	249,791	760,819	-	-	760,819
Working capital musharaka	12,422,747	-	-	12,422,747	10,257,000	-	-	10,257,000
Salam	-	60,000	-	60,000	60,000	61,920	-	121,920
Istisna	1,223,093	6,253,678	13,771	7,490,542	2,259,110	1,075,000	-	3,334,110
Al-bai	24,521	-	612,378	636,899	7,832	-	-	7,832
Gross Islamic financing and related assets	86,533,281	21,775,269	712,238	109,020,788	58,568,911	20,782,157	16,961	79,368,029
Provision against non-performing Islamic financings								
- Specific	(643,148)	-	-	(643,148)	(704,654)	-	-	(704,654)
- General	(11,172)	-	-	(11,172)	(6,190)	-	-	(6,190)
	(654,320)	-	-	(654,320)	(710,844)	-	-	(710,844)
Islamic financing and related assets - net of provision	85,878,961	21,775,269	712,238	108,366,468	57,858,067	20,782,157	16,961	78,657,185

### 36.4 Fixed assets and other liabilities

At 30 September 2022, fixed asset include right-of-use assets of Rs. 487,659 thousand (31 December 2021: Rs. 545,830 thousand) and other liabilities include related lease liability of Rs. 588,235 thousand (31 December 2021: Rs. 615,776 thousand).

### 36.5 Deposits

	30 September 2022 (Unaudited)			31 December 2021 (Audited)		
	Customers	Financial Institutions	Total	Customers	Financial Institutions	Total
	Rupees in '000					
Current deposits	34,095,267	209,751	34,305,018	27,676,595	67,307	27,743,902
Savings deposits	37,615,383	9,826,965	47,442,348	31,155,998	5,875,671	37,031,669
Term deposits	19,225,944	1,017,000	20,242,944	17,285,722	217,000	17,502,722
Others	2,772,139	–	2,772,139	1,675,068	–	1,675,068
	<u>93,708,733</u>	<u>11,053,716</u>	<u>104,762,449</u>	<u>77,793,383</u>	<u>6,159,978</u>	<u>83,953,361</u>

### 36.6 Contingencies and commitments

	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
Guarantees	9,298,668	8,252,346
Commitments	<u>21,397,123</u>	<u>22,215,654</u>
	<u>30,695,791</u>	<u>30,468,000</u>
	Nine months ended	
	30 September 2022 (Un-Audited)	30 September 2021
	Rupees in '000	

### 36.7 Profit / return earned of financing, investments and placement

#### Profit earned on:

Financing	6,157,740	3,121,817
Investments	2,659,190	1,557,010
Placements	<u>109,692</u>	<u>150,173</u>
	<u>8,926,622</u>	<u>4,829,000</u>

### 36.8 Profit on deposits and other dues expensed

Deposits and other accounts	4,468,570	2,640,838
Due to financial institutions	623,323	295,723
Discount expense on lease liability against right-of-use assets	<u>58,748</u>	<u>44,493</u>
	<u>5,150,641</u>	<u>2,981,054</u>

---

	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
	———— Rupees in '000 ————	————
36.9 Islamic banking business unappropriated profits		
Opening balance	2,428,232	1,367,552
Add: Islamic banking profit for the period / year	3,338,864	2,428,232
Less: Transferred to head office	<u>(2,428,232)</u>	<u>(1,367,552)</u>
Closing balance	<u>3,338,864</u>	<u>2,428,232</u>

### 37. GENERAL

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

37.2 Corresponding figures have been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation.

### 38. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on 21 October 2022 by the Board of Directors of the Bank.

FUZAIL ABBAS  
Chief Financial Officer

MOHSIN A. NATHANI  
President &  
Chief Executive Officer

MOHOMED BASHIR  
Director

RASHID AHMED JAFER  
Director

MOHAMEDALI R. HABIB  
Chairman



This page intentionally left blank



HABIB METROPOLITAN BANK LTD.  
HABIBMETRO HEAD OFFICE  
I.I. CHUNDRIGAR ROAD  
KARACHI, PAKISTAN

111-1-HABIB(42242) | STAY AHEAD  
[www.habibmetro.com](http://www.habibmetro.com)