

HABIBMETRO



HABIBMETRO

FIRST QUARTER REPORT

MARCH

2023



هَذَا فَضْلُكَ

# OUR VISION

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



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# OUR VALUES

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## **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

Mohsin A. Nathani

#### DIRECTORS

Ali Abbas Sikander

Hamza Habib

Mohomed Bashir

Muhammad H. Habib

Rashid Ahmed Jafer

Tahira Raza

### BOARD COMMITTEES

#### AUDIT

Hamza Habib

Rashid Ahmed Jafer

Tahira Raza

#### HUMAN RESOURCE & REMUNERATION

Mohamedali R. Habib

Mohomed Bashir

Tahira Raza

#### 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

#### INFORMATION TECHNOLOGY

Ali Abbas Sikander

Hamza Habib

Mohsin A. Nathani

#### RISK & COMPLIANCE

Mohsin A. Nathani

Muhammad H. Habib

Rashid Ahmed Jafer

Tahira Raza

#### SHARE REGISTRAR

CDC Share Registrar Services Limited

CDC House, 99-B, Block-B,

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

Karachi - 74400



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## 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 quarter ended 31 March 2023.

During the period under review, Pakistan faced continued deceleration in economic activities along with elevated inflationary pressures and current account deficit albeit narrowing considerably mainly on the back of sizable import containment. The overall balance of payments position continues to remain under stress, with foreign exchange reserves still at low levels.

Inflation continued to rise to 35.4 percent in March 2023, resulting in average inflation of 27.3 percent during Jul-Mar FY23; primarily driven by food and energy prices along with increases in taxes and duties and exchange rate depreciation. In the near-term headline inflation expected to remain high.

Current account deficit amounted to USD 3.4 billion in Jul-Mar FY23 - 25.9 percent lower from the same period last year. This was primarily due to contraction in imports, which continues to outweigh the cumulative decline in remittances and exports. During the period July-Mar FY23, imports declined by 24.1 percent year-on-year to USD 47.2 billion while exports declined by 8.2 percent year to USD 26.6 billion. With cumulative inflow of US\$ 20.5 billion during first nine months of FY23, the remittances decreased by 10.8 percent as compared to the same period last year.

The State Bank of Pakistan raised interest rates by a cumulative 500 bps since 31 December 2022 taking the policy rate to 21.0 percent.

The Rupee depreciated by 25.3 percent since 31 December 2022, from Rs. 226.4 to Rs. 283.8 against US Dollar in March 2023.

By the Grace of Allah, HABIBMETRO posted a profit before tax of Rs. 10,065 million for quarter ended 31 March 2023, an increase of 70.7 percent year-on-year. This translates into after tax earnings per share of Rs. 5.46 per share.

The Bank's net mark-up / interest income amounted to Rs. 13,770 million with a growth of 78.0 percent compared to Rs. 7,736 million in the same period last year, whereas non-mark-up / interest income increased by 18.5 percent amounting to Rs. 3,964 million as compared to Rs. 3,346 million during the same period last year.

Investments stood at Rs. 789,658 million with a growth of 9.1 percent compared to 31 December 2022 whereas net Advances grew by 1.4 percent to Rs. 439,700 million during the period under review. Meanwhile, Deposits increased to Rs. 936,111 million compared to Rs. 880,697 million in 31 December 2022, with a growth of 6.3 percent. The Bank continues to focus on low-cost deposit mobilization, resulting in current deposits increasing by 14.7 percent during the period under review to Rs. 352,058 million with a CA Mix of 37.6 percent.

The Bank's Net Equity stands at Rs. 73,220 million with a capital adequacy level of 14.0 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 500 branches in 194 cities across Pakistan, including 61 Islamic banking branches, and 242 Islamic banking windows. The Bank provides a comprehensive spectrum of banking services and products including specialized trade finance products and digital banking solutions such as secured mobile, web & SMS Banking services, globally accepted Visa Cards, and a nationwide network of ATMs.

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

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

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

On behalf of the Board

**MOHSIN A. NATHANI**

President & Chief Executive Officer

Karachi: 19 April 2023

بینک کی خالص ایکویٹی 14 فیصد کپٹل ایڈیکسی کے ساتھ 73,220 ملین روپے رہی۔

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

حبیب میٹرو پاکستان بھر کے 194 شہروں میں 500 برانچز بشمول 61 اسلامک بینکنگ برانچز اور 242 اسلامک بینکنگ ونڈوز کے ساتھ مصروف عمل ہے۔ بینک خصوصی تجارتی مالیاتی پراڈکٹس اور ڈیجیٹل بینکنگ سولوشنز مثلاً محفوظ موبائل ویب اور ایم ایس بینکنگ سروسز عالی سطح پر قابل قبول ویزا کارڈ اور ای ایم کے ملک گیر نیٹ ورکس کے ساتھ بینکاری کی خدمات اور پراڈکٹس کا جامع مجموعہ فراہم کرتا ہے۔

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

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

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

منجانب بورڈ

محسن اے۔ ناتھانی  
صدر و چیف ایگزیکٹو آفیسر

کراچی: 19 اپریل 2023

## ڈائریکٹرز رپو

میں نہایت مسرت کے ساتھ حبیب میٹرو پولیٹن بینک کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2023 کو ختم ہونے والی پہلی سہ ماہی کیلئے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کر رہا ہوں۔

زیر جائزہ مدت کے دوران درآمدات میں واضح کمی کے باوجود پاکستان کو افراط زر کے دباؤ اور کرنٹ اکاؤنٹ خسارے کے ساتھ اقتصادی سرگرمیوں میں سست روی کا سامنا رہا۔ مجموعی توازن ادائیگی دباؤ کا شکار رہا اور اس کے ساتھ غیر ملکی زر مبادلہ کے ذخائر بدستور چٹائی سطح پر موجود رہے۔

مارچ 2023 میں مہنگائی مستقل طور پر بڑھتے ہوئے 35.4 فیصد ہو گئی جس کے نتیجے میں جولائی۔ مارچ مالی سال 2023 کے دوران اوسطاً افراط زر کی شرح 27.3 فیصد تک جا پہنچی، جس کی بنیادی وجوہات میں فوڈ اور انرجی کے نرخوں میں اضافے سمیت ٹیکسز اور ڈیوٹیز میں اضافہ اور شرح مبادلہ میں کمی شامل ہیں۔ آئندہ قریبی مدت میں مرکزی مہنگائی بلند سطح پر متوقع ہے۔

جولائی۔ مارچ مالی سال 2023 میں کرنٹ اکاؤنٹ خسارے کا حجم 3.4 بلین امریکی ڈالر ہو گیا جو گزشتہ سال کی اسی مدت کے مقابلے میں 25.9 فیصد کم ہے۔ اس کی بنیادی وجہ درآمدات میں نمایاں کمی ہے جس نے زرتریلیات اور برآمدات میں مجموعی کمی کے اثرات کو زائل کرنا جاری رکھا۔ جولائی۔ مارچ مالی سال 2023 کی مدت کے دوران سال بہ سال کے لحاظ سے درآمدات میں 24.1 فیصد کے ساتھ اس کا حجم 47.2 بلین امریکی ڈالر رہا جبکہ سال کے دوران برآمدات 8.2 فیصد کم ہو کر 26.6 بلین امریکی ڈالر رہیں۔ مالی سال 2023 کے پہلے نو ماہ کے دوران 20.5 بلین امریکی ڈالر کے مجموعی ان فلو کے ساتھ زرتریلیات گزشتہ سال کی اسی مدت کے مقابلے میں 10.8 کم ہو گئیں۔

اسٹیٹ بینک آف پاکستان نے 31 دسمبر 2022 سے شرح سود مجموعی طور پر 500 بی پی ایس بڑھا کر پالیسی ریٹ 21.0 فیصد کر دیا۔

روپے کی قدر امریکی ڈالر کے مقابلے میں 31 دسمبر 2022 سے اب تک 25.3 فیصد کم ہو چکی ہے جو کہ 226.4 روپے سے کم ہو کر مارچ 2023 میں 283.8 روپے ہو گئی۔

اللہ تعالیٰ کے فضل و کرم سے حبیب میٹرو نے 31 مارچ 2023 کو ختم ہونے والی سہ ماہی میں سال بہ سال 70.7 فیصد اضافے کے ساتھ 10,065 ملین روپے کا منافع قبل از ٹیکس ظاہر کیا۔ اس کے نتیجے میں فی شیئر بعد از ٹیکس آمدنی 5.46 روپے رہی۔

بینک کے خالص مارک اپ کی آمدنی 78 فیصد بڑھ کر 13,770 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت میں 7,736 ملین روپے تھی۔ جبکہ نان مارک اپ کی آمدنی 18.5 فیصد تک بڑھ کر 3,964 ملین روپے ہو گئی جو کہ گزشتہ سال کی اسی مدت کے دوران 3,346 ملین روپے تھی۔

سرمایہ کار یوں کا حجم 31 دسمبر 2022 کے مقابلے میں 9.1 فیصد اضافے کے ساتھ 789,658 ملین روپے ہو گیا جبکہ خالص ایڈوانسز زیر جائزہ مدت کے دوران 1.4 فیصد بڑھ کر 439,700 ملین روپے ہو گئے، اسی دوران ڈپازٹس 6.3 فیصد بڑھ کر 936,111 ملین روپے ہو گئے جو اس کے مقابلے میں 31 دسمبر 2022 کو 880,697 ملین روپے تھے۔ بینک نے اپنی توجہ کم لاگت کے ڈپازٹ بڑھانے پر مرکوز رکھی۔ جس کے نتیجے میں زیر جائزہ مدت کے دوران کرنٹ ڈپازٹس 14.7 فیصد بڑھ کر 37.6 فیصد تناسب کے ساتھ 352,058 ملین روپے ہو گئے۔

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
<hr/> Rupees in '000 <hr/>			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	80,934,612	54,747,065
Balances with other banks	7	25,998,834	22,452,296
Lendings to financial institutions	8	3,902,811	76,331,607
Investments	9	789,658,465	723,578,560
Advances	10	439,699,667	433,502,914
Fixed assets	11	21,443,491	21,663,890
Intangible assets	12	80,125	97,968
Deferred tax assets	13	7,737,628	5,061,251
Other assets	14	62,552,363	60,008,369
		<u>1,432,007,996</u>	<u>1,397,443,920</u>
<b>LIABILITIES</b>			
Bills payable	15	27,292,914	19,538,428
Borrowings	16	309,948,750	343,967,768
Deposits and other accounts	17	936,111,836	880,696,783
Liabilities against assets subject to finance lease		—	—
Sub-ordinated debts		—	—
Deferred tax liabilities		—	—
Other liabilities	18	85,434,261	78,733,617
		<u>1,358,787,761</u>	<u>1,322,936,596</u>
<b>NET ASSETS</b>		<u>73,220,235</u>	<u>74,507,324</u>
<b>REPRESENTED BY</b>			
Share capital		10,478,315	10,478,315
Reserves		26,685,144	25,534,917
Surplus / (deficit) on revaluation of assets - net of tax	19	(1,523,706)	2,029,769
Unappropriated profit		37,580,482	36,464,323
		<u>73,220,235</u>	<u>74,507,324</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	20		

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

<b>FUZAIL ABBAS</b> Chief Financial Officer	<b>MOHSIN A. NATHANI</b> President & Chief Executive Officer	<b>MOHOMED BASHIR</b> Director	<b>RASHID AHMED JAFER</b> Director	<b>MOHAMEDALI R. HABIB</b> Chairman
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## UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2023

	Note	31 March 2023	31 March 2022
		Rupees in '000	
Mark-up / return / interest earned	22	44,193,389	23,380,965
Mark-up / return / interest expensed	23	(30,422,959)	(15,645,195)
Net mark-up / interest income		13,770,430	7,735,770
<b>Non mark-up / interest income</b>			
Fee and commission income	24	2,145,556	1,885,483
Dividend income		127,355	64,558
Foreign exchange income		1,813,692	1,332,040
Income / (loss) from derivatives		—	—
Gain / (loss) on securities - net	25	(142,402)	49,705
Other income	26	20,211	14,375
Total non mark-up / interest income		3,964,412	3,346,161
Total Income		17,734,842	11,081,931
<b>Non mark-up / interest expenses</b>			
Operating expenses	27	6,450,126	4,665,249
Workers' welfare fund		174,779	114,000
Other charges	28	5	20,242
Total non-mark-up / interest expenses		(6,624,910)	(4,799,491)
Profit before provisions		11,109,932	6,282,440
Provision and write offs - net	29	(1,044,696)	(387,244)
Extra ordinary / unusual items		—	—
Profit before taxation		10,065,236	5,895,196
Taxation	30	(4,340,424)	(2,311,057)
Profit after taxation		5,724,812	3,584,139
<b>Basic and diluted earnings per share</b>			
	31	5.46	3.42

The annexed notes 1 to 38 form an integral part of these unconsolidated 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

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

FOR THE QUARTER ENDED 31 MARCH 2023

	31 March 2023	31 March 2022
	Rupees in '000	
Profit after taxation for the period	5,724,812	3,584,139
Other comprehensive income		
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	5,265	328
Movement in surplus / deficit on revaluation of investments - net of tax	(3,508,713)	(504,105)
	(3,503,448)	(503,777)
Items that will not be reclassified to profit and loss in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	(103,001)	(38,231)
Total comprehensive income	2,118,363	3,042,131

The annexed notes 1 to 38 form an integral part of these unconsolidated 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

**UNCONSOLIDATED CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED 31 MARCH 2023**

	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	Total
	Rupees in '000									
<b>Balance as at 1 January 2022</b>	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 for the period	-	-	-	-	-	-	-	-	3,584,139	3,584,139
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	328	(504,105)	-	(38,231)	(542,008)
<b>Total comprehensive income</b>	-	-	-	-	-	328	(504,105)	-	3,545,908	3,042,131
Transfer to statutory reserve	-	-	-	-	716,828	-	-	-	(716,828)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	-	(4,466)	4,466	-
- net of tax	-	-	-	-	-	-	-	-	-	-
<b>Transactions with owners, recorded directly in equity</b>										
Cash dividend (Rs. 3.00 per share) for the year ended 31 December 2021	-	-	-	-	-	-	-	-	(3,143,494)	(3,143,494)
<b>Balance as at 31 March 2022</b>	10,478,315	2,550,985	240,361	1,500,000	19,103,325	2,089	(2,258,030)	1,367,623	29,888,621	62,873,289
Profit after taxation for the period	-	-	-	-	-	-	-	-	10,676,584	10,676,584
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	2,840	(2,532,255)	5,539,482	43,047	3,053,114
<b>Total comprehensive income</b>	-	-	-	-	-	2,840	(2,532,255)	5,539,482	10,719,631	13,729,698
Transfer to statutory reserve	-	-	-	-	2,135,317	-	-	-	(2,135,317)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	-	-	(87,051)	87,051	-
<b>Transactions with owners, recorded directly in equity</b>										
Interim dividend (Rs. 2.00 per share) for the year ended 31 December 2022	-	-	-	-	-	-	-	-	(2,095,663)	(2,095,663)
<b>Balance as at 31 December 2022</b>	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 for the period	-	-	-	-	-	-	-	-	5,724,812	5,724,812
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	5,265	(3,508,713)	-	(103,001)	(3,606,449)
<b>Total comprehensive income</b>	-	-	-	-	-	5,265	(3,508,713)	-	5,621,811	2,118,363
Transfer to statutory reserve	-	-	-	-	1,144,962	-	-	-	(1,144,962)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	-	-	(44,762)	44,762	-
<b>Transactions with owners, recorded directly in equity</b>										
Cash dividend (Rs. 3.25 per share) for the year ended 31 December 2022	-	-	-	-	-	-	-	-	(3,405,452)	(3,405,452)
<b>Balance as at 31 March 2023</b>	10,478,315	2,550,985	240,361	1,500,000	22,383,604	10,194	(8,298,998)	6,775,292	37,580,482	73,220,235

The annexed notes 1 to 38 form an integral part of these unconsolidated 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



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

FOR THE QUARTER ENDED 31 MARCH 2023

	Note	31 March 2023	31 March 2022
		Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation for the period		10,065,236	5,895,196
Less: Dividend income		(127,355)	(64,558)
		<u>9,937,881</u>	<u>5,830,638</u>
<b>Adjustments</b>			
Depreciation on operating fixed assets		439,750	326,863
Depreciation on right-of-use assets		319,863	298,193
Depreciation on non-banking assets		-	14,413
Amortization		17,843	18,935
Lease liability against right-of-use assets		210,337	198,390
Provisions and write offs excluding recovery of written off bad debts	29	1,079,696	413,592
Net gain on sale of fixed assets		(8,803)	(3,118)
Provision against workers' welfare fund		174,779	114,000
Provision against compensated absences		12,450	13,054
Provision against defined benefit plan		74,466	56,001
		<u>2,320,381</u>	<u>1,450,323</u>
		<u>12,258,262</u>	<u>7,280,961</u>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		72,428,796	(26,022,854)
Advances		(7,246,753)	(30,533,264)
Other assets (excluding dividend and non-banking assets)		(5,704,359)	(2,296,440)
		<u>59,477,684</u>	<u>(58,852,558)</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		7,754,486	15,337,461
Borrowings from financial institutions		(33,895,623)	19,067,626
Deposits and other accounts		55,415,053	1,423,030
Other liabilities (excluding current taxation)		7,785,891	1,664,723
		<u>37,059,807</u>	<u>37,492,840</u>
		<u>108,795,753</u>	<u>(14,078,757)</u>
Payment against compensated absences		(7,950)	(7,928)
Income tax paid		(2,556,092)	(2,328,089)
		<u>(2,564,042)</u>	<u>(2,336,017)</u>
<b>Net cash flow (used in) / generated from operating activities</b>		<u>106,231,711</u>	<u>(16,414,774)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(80,110,638)	2,015,260
Net investments in held-to-maturity securities		7,845,401	606,425
Dividend received		129,833	17,512
Investments in fixed assets		(417,092)	(767,297)
Investments in intangible assets		-	(13,177)
Proceeds from sale of fixed assets		13,132	6,369
Effect of translation of net investment in an offshore branch		9,260	538
		<u>(72,530,104)</u>	<u>1,865,630</u>
<b>Net cash flow generated / (used in) from investing activities</b>		<u>(72,530,104)</u>	<u>1,865,630</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(3,405,469)	(3,168,132)
Payment of lease liability against right-of-use assets		(438,658)	(349,580)
		<u>(3,844,127)</u>	<u>(3,517,712)</u>
<b>Net cash used in financing activities</b>		<u>(3,844,127)</u>	<u>(3,517,712)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>		<u>29,857,480</u>	<u>(18,066,856)</u>
Cash and cash equivalents at the beginning of the period		75,860,490	86,351,966
<b>Cash and cash equivalents at the end of the period</b>		<u>105,717,970</u>	<u>68,285,110</u>

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

<b>FUZAIL ABBAS</b> Chief Financial Officer	<b>MOHSIN A. NATHANI</b> President & Chief Executive Officer	<b>MOHOMED BASHIR</b> Director	<b>RASHID AHMED JAFER</b> Director	<b>MOHAMEDALI R. HABIB</b> Chairman
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## **NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED 31 MARCH 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 500 (31 December 2022: 500) branches, including 61 (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 PREPARATION**

**2.1** These unconsolidated 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 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 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 (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 IFRS 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.

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Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated 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 1 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 unconsolidated financial statements of the Bank. 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 02 of 2018, as amended from time to time.

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 1 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 per the SBP's BPRD Circular Letter no. 07 dated 13 April 2023, the applicability of IFRS 9, Financial Instruments has been deferred to accounting periods beginning on or after 1 January 2024.

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 Bank's financial statements.

### 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	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
		Rupees in '000	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		14,492,040	11,785,531
Foreign currencies		1,858,183	1,955,812
		<u>16,350,223</u>	<u>13,741,343</u>
<b>With State Bank of Pakistan in</b>			
Local currency current accounts		37,166,037	31,843,038
Foreign currencies			
- current accounts		4,361,882	2,843,777
- cash reserve account		7,150,867	5,631,918
- deposit account - special cash reserve		13,134,419	564,907
		<u>61,813,205</u>	<u>40,883,640</u>
<b>With National Bank of Pakistan in</b>			
Local currency current account		2,695,381	84,330
<b>Prize Bonds</b>		75,803	37,752
		<u>80,934,612</u>	<u>54,747,065</u>
<b>7. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current accounts		126,269	49,263
In deposit accounts		17,063	552
		<u>143,332</u>	<u>49,815</u>
<b>Outside Pakistan</b>			
In current accounts		25,855,502	22,402,481
		<u>25,998,834</u>	<u>22,452,296</u>
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings	8.2	3,802,811	1,902,020
Repurchase agreement lendings (Reverse Repo)	8.3	100,000	74,429,587
		<u>3,902,811</u>	<u>76,331,607</u>
<b>8.1 Particulars of lendings</b>			
In local currency - secured		100,000	74,429,587
In foreign currency - unsecured		3,802,811	1,902,020
		<u>3,902,811</u>	<u>76,331,607</u>
<b>8.2</b>	These foreign currency lendings carry mark-up rate ranging from 8% to 12.00% (31 December 2022: 11.00%) per annum with maturity upto 27 June 2023 (31 December 2022: 27 March 2023).		

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

	31 March 2023			31 December 2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	Rupees in '000					
Market treasury bills	–	–	–	33,169,690	–	33,169,690
Pakistan investment bonds	100,000	–	100,000	38,644,648	–	38,644,648
	<u>100,000</u>	<u>–</u>	<u>100,000</u>	<u>71,814,338</u>	<u>–</u>	<u>71,814,338</u>

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

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

## 9. INVESTMENTS

### 9.1 Investments by types

	31 March 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							
<b>Available-for-sale securities</b>								
Federal government securities	570,064,699	–	(14,353,955)	555,710,744	490,587,062	–	(8,275,110)	482,311,952
Shares	3,609,503	(483,580)	(109,647)	3,016,276	2,947,348	(474,761)	(27,254)	2,445,333
Non-government debt securities	12,015,439	(90,496)	(248,942)	11,676,001	12,064,982	(90,496)	(255,266)	11,719,220
Mutual funds	16,949	(12,763)	–	4,186	16,949	(12,276)	–	4,673
Real estate investment trust	1,531,779	–	152,899	1,684,678	1,531,780	–	153,621	1,685,401
	<u>587,238,369</u>	<u>(586,839)</u>	<u>(14,559,645)</u>	<u>572,091,885</u>	<u>507,148,121</u>	<u>(577,533)</u>	<u>(8,404,009)</u>	<u>498,166,579</u>
<b>Held-to-maturity securities</b>								
Federal government securities	211,886,580	–	–	211,886,580	220,531,981	–	–	220,531,981
Non-government debt securities	4,850,000	–	–	4,850,000	4,050,000	–	–	4,050,000
	<u>216,736,580</u>	<u>–</u>	<u>–</u>	<u>216,736,580</u>	<u>224,581,981</u>	<u>–</u>	<u>–</u>	<u>224,581,981</u>
Subsidiaries	830,000	–	–	830,000	830,000	–	–	830,000
<b>Total Investments</b>	<u>804,804,949</u>	<u>(586,839)</u>	<u>(14,559,645)</u>	<u>789,658,465</u>	<u>732,560,102</u>	<u>(577,533)</u>	<u>(8,404,009)</u>	<u>723,578,560</u>

	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	

## 9.1.1 Investments given as collateral against repo borrowing

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

### Federal government securities

Market treasury bills	54,180,921	105,872,299
Pakistan investment bonds	124,116,576	90,133,387
	<u>178,297,497</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	29,696	240,145
Reversal for the period / year	—	(3,920)
Net charge for the period / year	29,696	236,225
Reversal on disposal	(20,390)	(144,028)
Investment written off	—	(21,138)
Closing balance	<u>586,839</u>	<u>577,533</u>

## 9.3 Particulars of provision against debt securities

	31 March 2023 (Un-Audited)		31 December 2022 (Audited)	
Category of classification	Non-performing investments	Provision	Non-performing investments	Provision
Domestic				
Loss	<u>90,496</u>	<u>90,496</u>	<u>90,496</u>	<u>90,496</u>

## 9.4 The market value of federal government securities classified as held-to-maturity is Rs. 201,590,240 thousand (31 December 2022: 214,186,517 thousand).

## 10. ADVANCES

	Performing		Non-Performing		Total	
	31 March 2023 (Un-Audited)	31 December 2022 (Audited)	31 March 2023 (Un-Audited)	31 December 2022 (Audited)	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000						
Loans, cash credits, running finances, etc.	288,089,985	282,270,838	12,327,124	11,882,972	300,417,109	294,153,810
Islamic financing and related assets	104,075,974	106,585,085	287,831	336,625	104,363,805	106,921,710
Bills discounted and purchased	47,116,423	44,866,490	10,721,585	9,430,159	57,838,008	54,296,649
Advances - gross	439,282,382	433,722,413	23,336,540	21,649,756	462,618,922	455,372,169
Provision against advances						
- specific	-	-	(18,596,922)	(17,249,750)	(18,596,922)	(17,249,750)
- general	(4,322,333)	(4,619,505)	-	-	(4,322,333)	(4,619,505)
	(4,322,333)	(4,619,505)	(18,596,922)	(17,249,750)	(22,919,255)	(21,869,255)
	434,960,049	429,102,908	4,739,618	4,400,006	439,699,667	433,502,914

### 10.1 Particulars of advances - gross

	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000		
In local currency	397,948,574	398,963,527
In foreign currencies	64,670,348	56,408,642
	462,618,922	455,372,169

10.2 Advances include Rs. 23,336,540 thousand (31 December 2022: Rs.21,649,756 thousand) which have been placed under non-performing status as detailed below:

Category of classification	31 March 2023 (Un-Audited)		31 December 2022 (Audited)	
	Non-performing loans	Provision	Non-performing loans	Provision
Rupees in '000				
Domestic				
Other asset especially mentioned	17,522	-	12,640	-
Substandard	477,750	101,060	533,656	36,601
Doubtful	3,021,596	116,434	2,663,649	103,101
Loss	19,819,672	18,379,428	18,439,811	17,110,048
	23,336,540	18,596,922	21,649,756	17,249,750

### 10.3 Particulars of provision against advances

	31 March 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	1,494,151	–	1,494,151	5,162,335	–	5,162,335
Reversals for the period / year	(146,979)	(297,172)	(444,151)	(1,307,136)	(476,313)	(1,783,449)
Net charge for the period / year	1,347,172	(297,172)	1,050,000	3,855,199	(476,313)	3,378,886
Amount written off	–	–	–	(2,506,279)	–	(2,506,279)
Closing balance	18,596,922	4,322,333	22,919,255	17,249,750	4,619,505	21,869,255

10.3.1 The Bank maintains general provision, as a matter of prudence, on account of the management's assessment of credit risk and general banking risk particularly in the current stressed economic condition amounting to Rs. 4,259,295 thousand (31 December 2022: Rs. 4,560,235 thousand). General provision also includes provision of Rs. 63,031 thousand (31 December 2022: Rs. 59,265 thousand) made against consumer portfolio and Rs. 7 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

	31 March 2023 (Un-Audited)			31 December 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	13,384,740	4,322,333	17,707,073	13,021,100	4,619,505	17,640,605
In foreign currencies	5,212,182	–	5,212,182	4,228,650	–	4,228,650
	18,596,922	4,322,333	22,919,255	17,249,750	4,619,505	21,869,255



#### 10.4 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 SBR, 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. 2,814,390 thousand (31 December 2022: Rs. 2,617,170 thousand) and profit after tax would have been lower by Rs. 1,604,202 thousand (31 December 2022: Rs. 1,334,757 thousand). This amount of Rs. 1,604,202 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	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
		Rupees in '000	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	489,847	340,967
Property and equipment		20,953,644	21,322,923
		<u>21,443,491</u>	<u>21,663,890</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		205,648	100,669
Advance to suppliers		284,199	240,298
		<u>489,847</u>	<u>340,967</u>
		31 March 2023 (Un-Audited)	31 March 2022
		Rupees in '000	
<b>11.2 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress additions / (transfer to fixed assets) - net		148,880	221,617
<b>Property and equipment</b>			
Freehold land		–	243,278
Furniture and fixtures		40,161	36,182
Electrical, office and computer equipment		173,600	207,905
Vehicles		14,839	33,386
Lease hold improvements		33,440	24,122
Right-of-use assets		126,448	304,694
		<u>388,488</u>	<u>849,567</u>
		<u>537,368</u>	<u>1,071,184</u>
<b>11.3 Disposal of fixed assets</b>			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixtures		316	310
Electrical, office and computer equipment		52	50
Vehicles		3,961	2,891
		<u>4,329</u>	<u>3,251</u>

	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
<b>12. INTANGIBLE ASSETS</b>		
Computer Software	80,125	97,968
	31 March 2023 (Un-Audited)	31 March 2022 (Audited)
	Rupees in '000	
<b>12.1 Additions to intangible assets</b>		
Directly purchased - Computer Software	-	13,177
	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
<b>13. DEFERRED TAX ASSETS</b>		
<b>Deductible temporary differences on</b>		
- Provision for diminution in value of investments	252,341	248,338
- Provision for non-performing loans and off-balance sheet obligations	2,843,934	2,924,963
- Accelerated tax depreciation	384,177	335,679
- Deferred liability on defined benefit plan	35,156	6,946
- Deficit on revaluation of investments	6,260,647	3,613,724
	9,776,255	7,129,650
<b>Taxable temporary differences on</b>		
- Surplus on revaluation of non-banking assets	(675,664)	(675,664)
- Surplus on revaluation of property and equipment	(1,355,250)	(1,389,016)
- Exchange translation reserve	(7,713)	(3,719)
	(2,038,627)	(2,068,399)
<b>Net deferred tax assets</b>	7,737,628	5,061,251

	Note	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000			
14. OTHER ASSETS			
Income / mark-up / profit accrued in local currency - net of provision		26,427,320	21,118,836
Income / mark-up / profit accrued in foreign currencies - net of provision		153,555	99,685
Advances, deposits and other prepayments		473,036	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		5,364,691	2,702,151
Acceptances		22,219,852	25,377,732
Receivable from the SBP against encashment of government securities		270,227	16,850
Stationery and stamps on hand		148,884	115,004
Others		3,569,958	6,272,011
		60,832,252	58,288,258
Provision against other assets	14.1	(375,000)	(375,000)
Other assets (net of provision)		60,457,252	57,913,258
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	2,095,111	2,095,111
		62,552,363	60,008,369
14.1 Movement in provision held against other assets			
Opening balance		375,000	375,000
Charge for the period / year		-	-
Reversal for the period / year		-	-
		-	-
Closing balance		375,000	375,000

	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
<b>15. BILLS PAYABLE</b>		
In Pakistan	27,173,466	19,445,038
Outside Pakistan	119,448	93,390
	<u>27,292,914</u>	<u>19,538,428</u>
<b>16. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan under		
- Export refinance scheme	66,994,161	80,119,841
- Long term financing facility - renewable energy scheme	2,506,924	2,454,119
- Long term financing facility	21,387,800	21,471,497
- Refinance for payment of wages and salaries	—	2,398,979
- Temporary economic refinance facility	30,878,297	31,169,597
- Long term financing facility - for storage of agricultural produce scheme	686,243	532,962
- Refinance facility for modernization of SME	129,029	123,608
- Refinance facility for combating COVID-19	48,685	51,463
- Refinance and credit guarantee scheme for women entrepreneurs	4,833	—
	<u>122,635,972</u>	<u>138,322,066</u>
Repurchase agreement borrowings (Repo)	179,284,340	197,452,237
Due against bills rediscounting	6,812,962	4,254,594
	<u>308,733,274</u>	<u>340,028,897</u>
<b>Unsecured</b>		
Call borrowing	—	2,600,000
Overdrawn nostro accounts	1,215,476	1,323,711
Overdrawn local bank account	—	15,160
	<u>1,215,476</u>	<u>3,938,871</u>
	<u>309,948,750</u>	<u>343,967,768</u>

## 17. DEPOSITS AND OTHER ACCOUNTS

	31 March 2023 (Un-Audited)			31 December 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
<b>Customers</b>						
Current deposits	290,527,432	55,662,920	346,190,352	261,734,505	42,738,681	304,473,186
Savings deposits	240,526,308	22,978,832	263,505,140	216,746,274	19,820,695	236,566,969
Term deposits	187,112,274	53,328,312	240,440,586	211,585,932	52,733,398	264,319,330
Others	61,679,762	7,546	61,687,308	48,007,631	18,692	48,026,323
	<u>779,845,776</u>	<u>131,977,610</u>	<u>911,823,386</u>	<u>738,074,342</u>	<u>115,311,466</u>	<u>853,385,808</u>
<b>Financial institutions</b>						
Current deposits	5,025,726	841,793	5,867,519	1,483,744	882,797	2,366,541
Savings deposits	17,853,477	—	17,853,477	19,714,760	—	19,714,760
Term deposits	542,403	22,895	565,298	5,222,729	6,945	5,229,674
Others	2,156	—	2,156	—	—	—
	<u>23,423,762</u>	<u>864,688</u>	<u>24,288,450</u>	<u>26,421,233</u>	<u>889,742</u>	<u>27,310,975</u>
	<u>803,269,538</u>	<u>132,842,298</u>	<u>936,111,836</u>	<u>764,495,575</u>	<u>116,201,208</u>	<u>880,696,783</u>

	Note	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000			
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		13,348,247	14,182,495
Mark-up / return / interest payable in foreign currencies		1,270,505	985,955
Unearned commission and income		666,001	529,602
Accrued expenses		2,781,737	2,271,216
Current taxation (provision less payments)		6,633,998	4,844,427
Acceptances		22,219,852	25,377,732
Unclaimed dividend		86,358	86,375
Dividend payable		1,032,890	1,032,890
Branch adjustment account		4,016	2,233
Mark-to-market loss on forward foreign exchange contracts		5,229,618	2,180,854
Provision for compensated absences		273,845	269,345
Payable to defined benefit plan		237,982	32,309
Provision against off-balance sheet obligations	18.1	32,583	32,583
Workers' welfare fund	18.2	2,785,463	2,610,684
Charity fund balance		264	254
Excise duty payable		2,688	3,081
Locker deposits		996,116	980,238
Advance against diminishing musharaka		16,667	66,667
Advance rental for ijarah		21,361	15,872
Security deposits against leases / ijarah		252,745	256,562
Sundry creditors		2,724,167	1,756,937
Lease liability against right-of-use assets		7,701,291	7,803,164
Withholding tax / duties		572,889	450,494
Others	18.3	16,542,978	12,961,648
		85,434,261	78,733,617
18.1 Provision against off-balance sheet obligations			
Opening balance		32,583	32,583
Reversal for the period / year		-	-
		32,583	32,583

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

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

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

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

- 18.3** This includes Rs. 15,273,435 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	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000			
<b>19. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX</b>			
Surplus / (deficit) on revaluation of			
- Available for sale securities	9.1	(14,559,645)	(8,404,009)
- Fixed Assets		6,711,095	6,789,623
- Non-banking assets acquired in satisfaction of claims		2,095,111	2,095,111
		(5,753,439)	480,725
Less: Deferred tax on surplus / (deficit) on revaluation of			
- Available for sale securities		(6,260,647)	(3,613,724)
- Fixed Assets		1,355,250	1,389,016
- Non-banking assets acquired in satisfaction of claims		675,664	675,664
		4,229,733	1,549,044
		(1,523,706)	2,029,769
<b>20. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	20.1	125,555,928	131,519,154
Commitments	20.2	480,002,070	395,110,802
Other contingent liabilities	20.3	3,280,386	2,980,386
		608,838,384	529,610,342
<b>20.1 Guarantees</b>			
Financial guarantees		26,441,645	26,172,591
Performance guarantees		53,009,874	62,206,335
Other guarantees		46,104,409	43,140,228
		125,555,928	131,519,154
<b>20.2 Commitments</b>			
Documentary credits and short-term trade-related transactions:			
Letters of credit		188,061,763	157,455,041
Commitments in respect of:			
Forward foreign exchange contracts	20.2.1	290,554,016	236,024,551
Forward lendings	20.2.2	674,000	1,165,004
Commitments in respect of:			
Acquisition of operating fixed assets		712,291	466,206
		480,002,070	395,110,802
<b>20.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		157,127,444	128,349,072
Sale		133,426,572	107,675,479
		290,554,016	236,024,551

### 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	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
	———— Rupees in '000 ————	————
Commitments in respect of syndicate financing	<u>674,000</u>	<u>1,165,004</u>

### 20.3 Other contingent liabilities

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

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

#### 20.3.2 Foreign exchange repatriation case

While adjudicating foreign exchange repatriation cases of exporters, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has adjudicated penalty of Rs. 106,056 thousand, arbitrarily on the Bank. The Bank has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgment. The Honorable High Court has granted relief to 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 value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "Foreign exchange income". 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 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).

## 22. MARK-UP / RETURN / INTEREST EARNED

	31 March 2023	31 March 2022
	(Un-Audited)	
	Rupees in '000	
Loans and advances	13,733,235	6,957,870
Investments	29,847,160	16,259,843
Lending with financial institutions	611,110	162,615
Balances with banks	1,884	637
	<u>44,193,389</u>	<u>23,380,965</u>

## 23. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	18,879,834	9,380,601
Borrowings	10,220,823	4,812,127
Foreign currency swap cost	1,111,965	1,254,077
Lease liability against right-of-use assets	210,337	198,390
	<u>30,422,959</u>	<u>15,645,195</u>

## 24. FEE & COMMISSION INCOME

Branch banking customer fees	280,665	190,069
Credit related fees	7,227	5,830
Card related fees	277,073	169,296
Commission on trade	1,237,651	1,273,352
Commission on guarantees	203,128	158,101
Commission on remittances including home remittances	10,557	8,989
Commission on bancassurance	44,015	41,475
Commission on cash management	35,941	25,941
Investment Banking Fee	40,914	4,770
Others	8,385	7,660
	<u>2,145,556</u>	<u>1,885,483</u>

## 25. GAIN / (LOSS) ON SECURITIES - NET

Realised		
Federal government securities - net	(172,210)	18,098
Shares - net	29,808	21,887
Mutual funds - net	-	9,720
	<u>(142,402)</u>	<u>49,705</u>

## 26. OTHER INCOME

Rent on properties	5,925	9,491
Gain on sale of fixed assets - net	8,803	3,118
Gain on sale of ijarah assets - net	5,216	1,571
Staff notice period and other recoveries	267	195
	<u>20,211</u>	<u>14,375</u>



	31 March 2023	31 March 2022
	(Un-Audited)	
	Rupees in '000	
<b>27. OPERATING EXPENSES</b>		
Total compensation expense	2,698,653	2,089,153
<b>Property expense</b>		
Rent & taxes	88,448	30,248
Insurance	1,720	1,171
Utilities cost	256,046	135,703
Security	189,993	156,557
Repair & maintenance	260,334	112,614
Depreciation on owned fixed assets	215,879	135,637
Depreciation on right-of-use assets	319,863	298,193
	1,332,283	870,123
<b>Information technology expenses</b>		
Software maintenance	95,271	60,144
Hardware maintenance	93,696	56,749
Depreciation	73,026	58,601
Amortisation	17,843	18,935
Network charges	132,857	76,619
	412,693	271,048
<b>Other operating expenses</b>		
Directors' fees and allowances	3,288	3,730
Fees and allowances to Shariah Board	9,634	5,480
Legal & professional charges	55,076	52,872
Outsourced services costs	84,765	75,528
Travelling & conveyance	136,230	89,024
NIFT clearing charges	26,381	18,831
Depreciation	150,845	132,625
Depreciation - non-banking assets	-	14,413
Training & development	8,260	5,996
Postage & courier charges	38,516	33,217
Communication	37,052	31,927
Subscription	177,433	79,788
Repair & maintenance	32,324	30,707
Brokerage & commission	42,171	45,712
Stationery & printing	118,717	74,519
Marketing, advertisement & publicity	109,979	76,664
Management fee	407,662	156,719
Insurance	245,472	203,656
Donations	69,043	53,850
Auditor's Remuneration	7,750	2,760
Security	68,571	49,708
Others	177,328	197,199
	2,006,497	1,434,925
	6,450,126	4,665,249

	Note	31 March 2023 (Un-Audited) Rupees in '000	31 March 2022 (Un-Audited) Rupees in '000
<b>28. OTHER CHARGES</b>			
Penalties imposed by the SBP		5	20,242
<b>29. PROVISIONS &amp; WRITE OFFS - NET</b>			
Provision for diminution in value of investments	9.2	29,696	13,592
Provision against loans & advances	10.3	1,050,000	400,000
Recovery of written off bad debts		(35,000)	(26,348)
		<u>1,044,696</u>	<u>387,244</u>
<b>30. TAXATION</b>			
Current		4,345,662	1,965,682
Deferred		(5,238)	345,375
		<u>4,340,424</u>	<u>2,311,057</u>
<b>31. BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit after taxation		<u>5,724,812</u>	<u>3,584,139</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>5.46</u>	<u>3.42</u>

## 32. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than investment 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 equity securities, other than investments in subsidiaries, 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.

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 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

	31 March 2023 (Un-Audited)				
	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
		Rupees in '000			
Financial assets measured at fair value					
- Available-for-sale securities					
Federal government securities	555,710,744	-	555,710,744	-	555,710,744
Sukuk certificates and bonds	7,058,166	-	7,058,166	-	7,058,166
Ordinary shares of listed companies	2,963,618	2,963,618	-	-	2,963,618
Mutual funds - open end	-	-	-	-	-
- close end	4,186	4,186	-	-	4,186
Real estate investment trust	1,684,678	1,684,678	-	-	1,684,678
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	211,886,580	-	201,590,240	-	201,590,240
Certificates of investment	4,850,000	-	-	-	-
- Subsidiaries					
Ordinary shares of listed company	180,000	83,050	-	-	83,050
Ordinary shares of unlisted companies	650,000	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	52,658	-	-	-	-
	<u>789,658,465</u>	<u>4,735,532</u>	<u>768,976,985</u>	<u>-</u>	<u>773,712,517</u>

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

- Forward purchase of foreign exchange contracts	<u>157,127,444</u>	<u>-</u>	<u>161,185,001</u>	<u>-</u>	<u>161,185,001</u>
- Forward sale of foreign exchange contracts	<u>133,426,572</u>	<u>-</u>	<u>129,504,088</u>	<u>-</u>	<u>129,504,088</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 - open end	-	-	-	-	-
- 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
Certificates of investment	4,050,000	-	-	-	-
- Subsidiaries					
Ordinary shares of listed company	180,000	92,700	-	-	92,700
Ordinary shares of unlisted companies	650,000	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	52,658	-	-	-	-
	723,578,560	4,175,449	708,217,689	-	712,393,138
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	128,349,072	-	129,060,889	-	129,060,889
- Forward sale of foreign exchange contracts	107,675,479	-	107,865,999	-	107,865,999

**32.2 Fair value of non-financial assets**

	31 March 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					
- Fixed assets	10,652,741	-	-	10,652,741	10,652,741
- Non-banking assets acquired in satisfaction of claim	4,299,840	-	-	4,299,840	4,299,840
	14,952,581	-	-	14,952,581	14,952,581
	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					
- Fixed assets	10,735,947	-	-	10,735,947	10,735,947
- Non-banking assets acquired in satisfaction of claim	4,299,840	-	-	4,299,840	4,299,840
	15,035,787	-	-	15,035,787	15,035,787

### 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 foreign exchange 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.

### 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	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. 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

	31 March 2023 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
<b>Profit and Loss</b>				
Net mark-up / return / interest / profit	21,897,764	(7,831,758)	(295,576)	13,770,430
Inter segment revenue - net	(19,177,041)	12,169,544	7,007,497	-
Non mark-up / return / interest income	1,806,350	305,325	1,852,737	3,964,412
Total Income	4,527,073	4,643,111	8,564,658	17,734,842
Segment direct expenses	(99,116)	-	-	(99,116)
Inter segment expense allocation	-	(2,023,620)	(4,502,174)	(6,525,794)
Total expenses	(99,116)	(2,023,620)	(4,502,174)	(6,624,910)
Provision	(29,696)	(5,635)	(1,009,365)	(1,044,696)
Profit before tax	4,398,261	2,613,856	3,053,119	10,065,236
<b>Balance Sheet</b>				
Cash and bank balances	25,855,502	35,691,837	45,386,107	106,933,446
Investments - net	789,658,465	-	-	789,658,465
Net inter segment lending	-	389,006,864	224,611,804	613,618,668
Lendings to financial institutions	3,902,811	-	-	3,902,811
Advances - performing	-	15,795,086	423,487,296	439,282,382
Advances - non-performing	-	173,381	23,163,159	23,336,540
Provision against advances	-	(196,969)	(22,722,286)	(22,919,255)
Others	26,828,374	9,054,868	55,930,365	91,813,607
Total assets	846,245,152	449,525,067	749,856,445	2,045,626,664
Borrowings	187,312,778	-	122,635,972	309,948,750
Deposits and other accounts	-	412,821,538	523,290,298	936,111,836
Net inter segment borrowing	613,618,668	-	-	613,618,668
Others	6,527,047	14,874,172	91,325,956	112,727,175
Total liabilities	807,458,493	427,695,710	737,252,226	1,972,406,429
Net Assets	38,786,659	21,829,357	12,604,219	73,220,235
Equity				73,220,235
Contingencies and commitments	290,554,016	20,920	318,263,448	608,838,384

Rupees in '000

## Net mark-up / return

Net mark-up / return / interest / profit	12,056,663	(4,239,500)	(81,393)	7,735,770
Inter segment revenue - net	(11,304,952)	7,559,419	3,745,533	-
Non mark-up / return / interest income	1,448,163	165,740	1,732,258	3,346,161
Total Income	2,199,874	3,485,659	5,396,398	11,081,931
Segment direct expenses	(62,614)	-	-	(62,614)
Inter segment expense allocation	-	(1,302,636)	(3,434,241)	(4,736,877)
Total expenses	(62,614)	(1,302,636)	(3,434,241)	(4,799,491)
Provisions	(13,592)	(35,861)	(337,791)	(387,244)
Profit before tax	2,123,668	2,147,162	1,624,366	5,895,196

## Cash and bank ba

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

### 34. TRANSACTIONS WITH RELATED PARTIES

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

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

Details of transactions with related parties during the period are as follows:

	31 March 2023 (Un-Audited)						
	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
<b>Balances with other banks</b>							
In current accounts	75,337	-	581,463	-	-	-	656,800
<b>Investments</b>							
Opening balance	-	4,880,000	-	-	-	-	4,880,000
Investment made during the period	-	4,850,000	-	-	-	-	4,850,000
Investment redeemed / disposed off during the period	-	(4,050,000)	-	-	-	-	(4,050,000)
Closing balance	-	5,680,000	-	-	-	-	5,680,000
<b>Advances</b>							
Opening balance	-	-	4,923,312	232,413	-	-	5,155,725
Addition during the period	-	-	19,541,125	44,495	-	-	19,585,620
Repaid during the period	-	-	(19,380,643)	(80,703)	-	-	(19,461,346)
Closing balance	-	-	5,083,794	196,205	-	-	5,279,999
<b>Other Assets</b>							
Mark-up / return / interest receivable	-	68,668	161,843	-	-	-	230,511
Prepayments / advance deposits / other receivables	936	836	61,145	-	-	-	62,917
	936	69,504	222,988	-	-	-	293,428
<b>Deposits and other accounts</b>							
Opening balance	186,031	1,280,231	21,939,773	395,587	703,394	1,139,423	25,644,439
Received during the period	2,240,917	41,850,078	796,812,501	571,365	388,333	1,480,019	843,343,213
Withdrawn during the period	(2,178,432)	(42,345,183)	(786,536,867)	(632,227)	(346,774)	(915,573)	(832,955,056)
Closing balance	248,516	785,126	32,215,407	334,725	744,953	1,703,869	36,032,596
<b>Other Liabilities</b>							
Mark-up / return / interest payable	-	5,430	172,943	1,502	4,116	36,834	220,825
Management fee payable for technical and consultancy services*	809,483	-	-	-	-	-	809,483
Other payables	-	-	654	-	745	237,982	239,381
	809,483	5,430	173,597	1,502	4,861	274,816	1,269,689
<b>Contingencies and commitments</b>							
Transaction-related contingent liabilities	-	-	12,172,069	-	-	-	12,172,069
Trade-related contingent liabilities	-	-	13,791,828	-	-	-	13,791,828
	-	-	25,963,897	-	-	-	25,963,897

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

31 December 2022 (Audited)

	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
<b>Balances with other banks</b>							
In current accounts	466,178	–	486,624	–	–	–	952,802
<b>Investments</b>							
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
<b>Advances</b>							
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
<b>Other Assets</b>							
Mark-up / return / interest receivable	–	54,347	70,410	–	–	–	124,757
Prepayments / advance deposits / other receivables	468	–	54,848	–	–	–	55,316
	468	54,347	125,258	–	–	–	180,073
<b>Deposits and other accounts</b>							
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
<b>Other Liabilities</b>							
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
<b>Contingencies and commitments</b>							
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 31 March 2023 (Un-Audited)						Total
	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000						
<b>Income</b>							
Mark-up / return / interest earned	–	177,098	140,828	3,536	–	–	321,462
Fee and commission income	29	790	53,682	–	40	–	54,541
Rent income	1,404	1,388	2,585	–	–	–	5,377
<b>Expense</b>							
Mark-up / return / interest expensed	–	39,942	525,505	13,119	11,674	82,122	672,362
Commission / brokerage / bank charges paid	35	133	4,215	–	–	–	4,383
Salaries and allowances	–	–	–	231,753	–	–	231,753
Directors' fees and allowances	–	–	–	–	3,288	–	3,288
Charge to defined benefit plan	–	–	–	–	–	74,466	74,466
Contribution to defined contribution plan	–	–	–	–	–	81,323	81,323
Insurance premium expenses	–	–	5,945	–	–	–	5,945
Management fee expense for technical and consultancy services *	407,662	–	–	–	–	–	407,662
Donation	–	–	480	–	–	–	480

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

**Transactions during the period**

	For the period ended 31 March 2022 (Un-Audited)					
	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000					
<b>Income</b>						
Mark-up / return / interest earned	–	83,084	42,478	3,129	–	–
Fee and commission income	407	222	67,143	–	39	–
Rent income	1,404	1,362	2,128	–	–	–
<b>Expenses</b>						
Mark-up / return / interest expensed	–	10,248	266,308	4,745	8,163	17,932
Commission / brokerage / bank charges paid	111	–	131	–	–	–
Salaries and allowances	–	–	–	243,618	–	–
Directors' fees and allowances	–	–	–	–	3,730	–
Charge to defined benefit plan	–	–	–	–	–	56,001
Contribution to defined contribution plan	–	–	–	–	–	69,858
Insurance premium expenses	–	–	5,879	–	–	–
Management fee expense for technical and consultancy services *	156,719	–	–	–	–	–
Donation	–	–	480	–	–	–

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

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

	31 March 2023 (Un-Audited)	31 December 2022 (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	70,208,367	72,103,977
Eligible additional tier 1 (ADT 1) Capital	–	–
Total eligible tier 1 capital	70,208,367	72,103,977
Eligible tier 2 capital	4,332,527	5,234,756
Total eligible capital (tier 1 + tier 2)	74,540,894	77,338,733
<b>Risk Weighted Assets (RWAs):</b>		
Credit risk	446,752,072	441,448,612
Market risk	1,552,049	4,592,034
Operational risk	83,146,710	83,146,710
Total	531,450,831	529,187,356
CET 1 capital adequacy ratio	13.21%	13.63%
Tier 1 capital adequacy ratio	13.21%	13.63%
Total capital adequacy ratio	14.03%	14.61%
<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 Bank 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	70,208,367	72,103,977
Total exposures	1,778,149,210	1,767,075,083
Leverage ratio	3.95%	4.08%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total high quality liquid assets	433,436,355	499,913,538
Total net cash outflow	292,549,139	304,953,563
Liquidity coverage ratio	148%	164%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total available stable funding	893,386,232	838,059,737
Total required stable funding	562,597,523	554,156,981
Net stable funding ratio	159%	151%

### 36. ISLAMIC BANKING BUSINESS

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

	Note	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
		Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		7,913,334	7,799,004
Balances with other banks		—	—
Due from financial institutions		—	—
Investments	36.1	44,990,315	35,039,153
Islamic financing and related assets - net	36.2	104,090,024	106,613,906
Fixed Assets		715,176	791,323
Intangible assets		—	—
Due from Head office		5,457,941	7,364,959
Other assets		8,434,111	6,654,527
		<u>171,600,901</u>	<u>164,262,872</u>
<b>LIABILITIES</b>			
Bills payable		1,650,990	1,690,942
Due to financial institutions		32,806,232	39,190,234
Deposits and other accounts	36.4	121,948,892	107,237,001
Due to Head office		—	—
Subordinated debt		—	—
Other liabilities		5,799,348	5,162,216
		<u>162,205,462</u>	<u>153,280,393</u>
<b>NET ASSETS</b>		<u>9,395,439</u>	<u>10,982,479</u>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		9,007,095	9,005,661
Reserves		—	—
Surplus / (deficit) on revaluation of assets		(542,224)	(627,868)
Unappropriated profit	36.5	930,568	2,604,686
		<u>9,395,439</u>	<u>10,982,479</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		36.6	

The profit and loss account of the Bank's Islamic banking branches for the period ended 31 March 2023 is as follows:

	Note	31 March 2023 (Un-Audited)	31 March 2022
		Rupees in '000	
Profit / return earned	36.7	4,523,523	2,069,216
Profit / return expensed	36.8	(2,669,014)	(1,173,466)
<b>Net Profit / return</b>		<b>1,854,509</b>	<b>895,750</b>
<b>Other income</b>			
Fee and commission income		148,766	114,132
Dividend income		—	—
Foreign exchange income		25,442	28,827
Income / (loss) from derivatives		—	—
Gain / (loss) on securities - net		—	(11)
Other income		5,360	1,577
<b>Total other income</b>		<b>179,568</b>	<b>144,525</b>
<b>Total Income</b>		<b>2,034,077</b>	<b>1,040,275</b>
<b>Other expenses</b>			
Operating expenses		434,494	296,808
Workers' welfare fund		—	—
Other charges		1,030	—
<b>Total other expenses</b>		<b>435,524</b>	<b>296,808</b>
<b>Profit before provisions</b>		<b>1,598,553</b>	<b>743,467</b>
Provisions and write offs - net		34,023	29,291
Profit before taxation		1,632,576	772,758
Taxation		702,008	301,376
<b>Profit / (loss) after taxation</b>		<b>930,568</b>	<b>471,382</b>

### 36.1 Investments by segments

	31 March 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							
<b>Federal Government Securities:</b>								
Ijarah Sukuk	26,272,593	—	(293,282)	25,979,311	19,579,161	—	(372,602)	19,206,559
Islamic naya Pakistan certificate mudaraba investment pool	7,102,838	—	—	7,102,838	4,681,209	—	—	4,681,209
	33,375,431	—	(293,282)	33,082,149	24,260,370	—	(372,602)	23,887,768
<b>Non Government Debt Securities</b>								
Listed	6,833,614	—	(248,942)	6,584,672	6,876,651	—	(255,266)	6,621,385
Unlisted	5,323,494	—	—	5,323,494	4,530,000	—	—	4,530,000
	12,157,108	—	(248,942)	11,908,166	11,406,651	—	(255,266)	11,151,385
<b>Total investments</b>	<b>45,532,539</b>	<b>—</b>	<b>(542,224)</b>	<b>44,990,315</b>	<b>35,667,021</b>	<b>—</b>	<b>(627,868)</b>	<b>35,039,153</b>

### 36.2 Islamic financing and related assets - net

	31 March 2023 (Un-Audited)				31 December 2022 (Audited)			
	Financing	Advances	Inventory	Total	Financing	Advances	Inventory	Total
	Rupees in '000							
Ijarah	826,443	20,621	-	847,064	875,565	17,577	-	893,142
Ijarah - islamic long term financing facility	33,347	-	-	33,347	37,887	-	-	37,887
Murabaha	5,951,549	851,800	-	6,803,349	5,812,875	124,591	-	5,937,466
Working capital musharaka	32,264,707	-	-	32,264,707	31,411,281	-	-	31,411,281
Diminishing musharaka	17,475,766	1,882,460	-	19,358,226	15,714,076	1,392,381	-	17,106,457
Salam	22,000	-	28,000	50,000	22,000	53,000	-	75,000
Istisna	4,673,688	3,654,611	624,668	8,952,967	6,446,156	4,748,356	65	11,194,577
Al-bai	252,482	-	286,506	538,988	570,156	-	-	570,156
Diminishing musharaka:								
- islamic long term financing facility	3,641,921	631,007	-	4,272,928	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	538,676	187,668	-	726,344	541,619	187,668	-	729,287
- Islamic temporary economic refinance facility	11,725,986	1,859,720	-	13,585,706	11,652,266	2,026,743	-	13,679,009
- Islamic financing facility for renewable energy	283,723	370,554	-	654,277	295,833	370,554	-	666,387
Islamic Export Refinance								
- Murabaha	134,000	-	-	134,000	152,000	32,000	-	184,000
- Working capital musharaka	9,352,106	-	-	9,352,106	12,188,026	-	-	12,188,026
- Salam	75,000	-	-	75,000	-	75,000	-	75,000
- Istisna	723,962	5,489,765	31,519	6,245,246	865,116	6,470,395	-	7,335,511
- Al-bai	-	-	376,016	376,016	36,602	-	559,457	596,059
Gross Islamic financing and related assets	87,975,356	15,041,740	1,346,709	104,363,805	90,283,375	16,078,813	559,522	106,921,710
Provision against non-performing Islamic financings								
- Specific	(260,783)	-	-	(260,783)	(295,151)	-	-	(295,151)
- General	(12,998)	-	-	(12,998)	(12,653)	-	-	(12,653)
	(273,781)	-	-	(273,781)	(307,804)	-	-	(307,804)
Islamic financing and related assets - net of provision	87,701,575	15,041,740	1,346,709	104,090,024	89,975,571	16,078,813	559,522	106,613,906

### 36.3 Fixed assets and other liabilities

At 31 March 2023, fixed asset include right-of-use assets of Rs. 581,442 thousand (31 December 2022: 615,872 thousand) and other liabilities include related lease liability of Rs. 694,411 thousand (31 December 2022: 710,395 thousand).

### 36.4 Deposits

	31 March 2023 (Un-Audited)			31 December 2022 (Audited)		
	Customers	Financial Institutions	Total	Customers	Financial Institutions	Total
	Rupees in '000					
Current deposits	42,719,443	105,310	42,824,753	34,665,872	118,426	34,784,298
Savings deposits	42,114,109	2,226,587	44,340,696	37,916,080	1,650,927	39,567,007
Term deposits	27,262,579	215,000	27,477,579	28,873,205	1,538,000	30,411,205
Others	7,305,864	–	7,305,864	2,474,491	–	2,474,491
	<u>119,401,995</u>	<u>2,546,897</u>	<u>121,948,892</u>	<u>103,929,648</u>	<u>3,307,353</u>	<u>107,237,001</u>

### 36.5 Unappropriated profit

	31 March 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	930,568	2,604,686
Less: taxation	–	–
Less: reserves	–	–
Less: transferred to head office	(2,604,686)	(1,481,222)
Closing balance	<u>930,568</u>	<u>2,604,686</u>

### 36.6 Contingencies and commitments

Guarantees	11,363,423	9,539,409
Commitments	<u>24,762,473</u>	<u>18,607,004</u>
	<u>36,125,896</u>	<u>28,146,413</u>

	31 March 2023	31 March 2022
	(Un-Audited)	
	Rupees in '000	
<b>36.7 Profit / return earned of financing, investments and placement</b>		
Financing	3,120,609	1,383,929
Investments	1,325,068	597,459
Placements	77,846	87,828
	<u>4,523,523</u>	<u>2,069,216</u>
<b>36.8 Profit / return on deposits and other dues expensed</b>		
Deposits and other accounts	2,264,701	1,010,166
Due to financial institutions	386,993	146,853
Discount expense on lease liability against right-of-use assets	17,320	16,447
	<u>2,669,014</u>	<u>1,173,466</u>

## 37. GENERAL

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

37.2 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation. However, no major reclassification have been made.

## 38. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on 19 April 2023 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