



[ Subsidiary of Habib Bank AG Zurich ]

# Habib Metropolitan Bank Ltd.

[ Subsidiary of Habib Bank AG Zurich ]

Consolidated Accounts for the half year  
and quarter ended 30 June 2023  
(Un-audited)

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	93,945,728	54,747,439
Balances with other banks	7	33,403,655	22,867,486
Lendings to financial institutions	8	2,959,905	76,331,607
Investments	9	671,852,287	719,303,291
Advances	10	453,873,107	451,471,275
Fixed assets	11	22,666,890	21,710,775
Intangible assets	12	191,230	140,407
Deferred tax assets	13	9,245,111	5,131,055
Other assets	14	80,783,101	60,180,778
		<u>1,368,921,014</u>	<u>1,411,884,113</u>
<b>LIABILITIES</b>			
Bills payable	15	37,972,665	19,538,428
Borrowings	16	196,904,593	354,018,407
Deposits and other accounts	17	944,965,594	879,652,325
Liabilities against assets subject to finance lease		—	—
Sub-ordinated debts		—	—
Deferred tax liabilities		—	—
Other liabilities	18	103,634,371	79,947,447
		<u>1,283,477,223</u>	<u>1,333,156,607</u>
<b>NET ASSETS</b>			
		<u>85,443,791</u>	<u>78,727,506</u>
<b>REPRESENTED BY</b>			
Share capital		10,478,315	10,478,315
Reserves		28,320,024	25,949,624
Surplus / (deficit) on revaluation of assets - net of tax	19	15,759	2,029,417
Unappropriated profit		42,660,966	36,584,942
		<u>81,475,064</u>	<u>75,042,298</u>
Non-controlling interest		3,968,727	3,685,208
		<u>85,443,791</u>	<u>78,727,506</u>

## CONTINGENCIES AND COMMITMENTS

20

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

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

## CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2023

	Note	30 June 2023		30 June 2022	
		Quarter ended	Half year ended	Quarter ended	Half year ended
Rupees in '000					
Mark-up / return / interest earned	22	52,611,203	97,459,138	30,234,855	53,979,026
Mark-up / return / interest expensed	23	(35,035,399)	(65,839,024)	(21,615,038)	(37,421,986)
Net mark-up / interest income		17,575,804	31,620,114	8,619,817	16,557,040
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	24	2,399,779	4,558,878	2,152,765	4,052,320
Dividend income		147,441	278,671	79,695	148,785
Foreign exchange income		1,493,499	3,307,191	1,516,349	2,848,389
Income / (loss) from derivatives		—	—	—	—
Gain / (loss) on securities	25	(68,925)	(211,327)	208,780	258,485
Other income	26	43,101	62,725	81,451	96,056
Total non mark-up / interest income		4,014,895	7,996,138	4,039,040	7,404,035
Total Income		21,590,699	39,616,252	12,658,857	23,961,075
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	27	7,208,840	13,748,692	5,222,713	9,957,592
Workers' welfare fund		362,655	541,065	151,021	267,399
Other charges	28	32,193	32,198	19,410	39,652
Total non mark-up / interest expenses		(7,603,688)	(14,321,955)	(5,393,144)	(10,264,643)
Profit before provisions		13,987,011	25,294,297	7,265,713	13,696,432
Provisions and write offs - net	29	(1,282,630)	(2,332,882)	(738,447)	(1,146,746)
Extra ordinary / unusual items		—	—	—	—
<b>PROFIT BEFORE TAXATION</b>		12,704,381	22,961,415	6,527,266	12,549,686
Taxation	30	(6,419,585)	(10,820,150)	(3,243,231)	(5,583,040)
<b>PROFIT AFTER TAXATION</b>		6,284,796	12,141,265	3,284,035	6,966,646
<b>PROFIT ATTRIBUTABLE TO:</b>					
Equity shareholders of the holding company		6,110,177	11,860,106	3,012,735	6,615,107
Non-controlling interest		174,619	281,159	271,300	351,539
		6,284,796	12,141,265	3,284,035	6,966,646
Rupees					
Basic and diluted earnings per share	31	5.83	11.32	2.88	6.31

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

FUZAIL ABBAS  
Chief Financial Officer

KHURRAM SHAHZAD KHAN  
President &  
Chief Executive Officer

RASHID AHMED JAFER  
Director

MOHSIN A. NATHANI  
Director

MOHAMEDALI R. HABIB  
Chairman

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

FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2023

	Note	30 June 2023		30 June 2022	
		Quarter ended	Half year ended	Quarter ended	Half year ended
		Rupees in '000			
Profit after taxation		6,284,796	12,141,265	3,284,035	6,966,646
Other comprehensive income / (loss)					
Items that may be reclassified to profit and loss in subsequent periods:					
Effect of translation of net investment in an offshore branch		9,001	14,266	1,876	2,204
Movement in surplus / (deficit) on revaluation of investments - net of tax	19	1,863,262	(1,642,649)	(1,347,245)	(1,854,677)
		1,872,263	(1,628,383)	(1,345,369)	(1,852,473)
Items that will not be reclassified to profit and loss in subsequent periods:					
Remeasurement gain / (loss) on defined benefit obligations - net of tax		9,594	(93,407)	(38,578)	(76,724)
Surplus on revaluation of fixed assets - net of tax		(203,449)	(203,449)	5,338,110	5,338,110
Movement in surplus on non-banking asset	19	(94,289)	(94,289)	201,372	201,372
		(288,144)	(391,145)	5,500,904	5,462,758
<b>Total comprehensive income</b>		<b>7,868,915</b>	<b>10,121,737</b>	<b>7,439,570</b>	<b>10,576,931</b>
Equity shareholders of the holding company		7,693,993	9,838,218	7,329,778	10,388,105
Non-controlling interest		174,922	283,519	109,792	188,826
		<b>7,868,915</b>	<b>10,121,737</b>	<b>7,439,570</b>	<b>10,576,931</b>

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

FUZAIL ABBAS  
Chief Financial Officer

KHURRAM SHAHZAD KHAN  
President &  
Chief Executive Officer

RASHID AHMED JAFER  
Director

MOHSIN A. NATHANI  
Director

MOHAMED ALI R. HABIB  
Chairman

**CONSOLIDATED CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED 30 JUNE 2023**

	Reserves						Surplus / (deficit) on revaluation						
	Share capital	Share premium	Special reserve	Revenue reserve	Statutory reserve	Merger 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 2022	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	-	-	-	-	-	-	-	-	-	6,615,107	6,615,107	351,539	6,966,646
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	2,204	(1,691,964)	5,539,482	(76,724)	3,772,998	(162,713)	3,610,285
Total comprehensive income for the period	-	-	-	-	-	-	2,204	(1,691,964)	5,539,482	6,538,383	10,388,105	188,826	10,576,931
Transfer to statutory reserve	-	-	-	-	1,309,928	-	-	-	-	(1,309,928)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(16)	16	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend (Rs. 3.00 per share) for the year ended 31 December 2021	-	-	-	-	-	-	-	-	-	(3,143,494)	(3,143,494)	-	(3,143,494)
Balance as at 30 June 2022	10,478,315	2,550,985	240,361	1,500,000	19,915,581	-	3,965	(3,421,116)	6,911,555	32,455,196	70,634,842	3,687,858	74,322,700
Profit after taxation	-	-	-	-	-	-	-	-	-	7,758,452	7,758,452	199,078	7,957,530
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	964	(1,369,521)	-	82,222	(1,286,335)	14,764	(1,271,571)
Total comprehensive income for the period	-	-	-	-	-	-	964	(1,369,521)	-	7,840,674	6,472,117	213,842	6,685,959
Transfer to statutory reserve	-	-	100,000	-	1,606,766	-	-	-	-	(1,706,766)	-	-	-
Transfer on Amalgamation	-	-	-	-	-	31,002	-	-	-	-	31,002	(31,002)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(91,501)	91,501	-	-	-
Transactions with owners, recorded directly in equity													
Interim dividend by Habib Metropolitan Bank (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 31 December 2022	10,478,315	2,550,985	340,361	1,500,000	21,522,347	31,002	4,929	(4,790,637)	6,820,054	36,584,942	75,042,298	3,685,208	78,727,506
Profit after taxation	-	-	-	-	-	-	-	-	-	11,860,106	11,860,106	281,159	12,141,265
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	14,266	(1,645,009)	(297,738)	(93,407)	(2,021,888)	2,360	(2,019,528)
Total comprehensive income for the period	-	-	-	-	-	-	14,266	(1,645,009)	(297,738)	11,766,699	9,838,218	283,519	10,121,737
Transfer to statutory reserve	-	-	-	-	2,356,134	-	-	-	-	(2,356,134)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(70,911)	70,911	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend (Rs. 3.25 per share) for the year ended 31 December 2022	-	-	-	-	-	-	-	-	-	(3,405,452)	(3,405,452)	-	(3,405,452)
Balance as at 30 June 2023	10,478,315	2,550,985	340,361	1,500,000	23,878,481	31,002	19,195	(6,435,646)	6,451,405	42,660,966	81,475,064	3,968,727	85,443,791

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

**FUZAIL ABBAS**  
Chief Financial Officer

**KHURRAM SHAHZAD KHAN**  
President &  
Chief Executive Officer

**RASHID AHMED JAFER**  
Director

**MOHSIN A. NATHANI**  
Director

**MOHAMEDALI R. HABIB**  
Chairman

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

FOR THE HALF YEAR ENDED 30 JUNE 2023

	Note	30 June 2023	30 June 2022
		(Un-Audited)	
		Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		22,961,415	12,549,686
Less: Dividend income		(278,671)	(148,785)
		<u>22,682,744</u>	<u>12,400,901</u>
<b>Adjustments</b>			
Depreciation on operating fixed assets		926,191	674,289
Depreciation on right-of-use assets		733,506	619,009
Depreciation on non-banking assets		—	201
Amortization		41,013	40,577
Mark-up / return / interest expensed on lease liability against right-of-use assets		480,305	426,877
Provisions and write offs excluding recovery of written off bad debts		2,377,882	1,202,468
Net gain on sale of fixed assets		(18,222)	(31,368)
Provision against workers' welfare fund		541,065	267,399
Provision against compensated absences		47,082	31,825
Provision against defined benefit plan		154,393	196,196
		<u>5,283,215</u>	<u>3,427,473</u>
		<u>27,965,959</u>	<u>15,828,374</u>
<b>Decrease / (increase) in operating assets</b>			
Lendings to financial institutions		73,371,702	(40,402,194)
Advances		(1,718,063)	(55,708,045)
Other assets (excluding dividend and non-banking asset)		(13,623,871)	(11,803,523)
		<u>58,029,768</u>	<u>(107,913,762)</u>
<b>(Decrease) / increase in operating liabilities</b>			
Bills payable		18,434,237	7,502,265
Borrowings from financial institutions		(156,138,986)	(6,487,239)
Deposits and other accounts		65,313,269	102,968,548
Other liabilities (excluding current taxation)		9,318,645	9,473,517
		<u>(63,072,835)</u>	<u>113,457,091</u>
		<u>22,922,892</u>	<u>21,371,703</u>
		<u>(38,082)</u>	<u>(22,825)</u>
		<u>(26,034)</u>	<u>(57,303)</u>
		<u>(8,511,943)</u>	<u>(5,038,054)</u>
<b>Net cash flows from operating activities</b>		<u>14,346,833</u>	<u>16,253,521</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(4,700,432)	46,489,894
Net investments in held-to-maturity securities		47,878,528	(75,876,913)
Dividend received		278,671	109,003
Investment in fixed assets		(1,558,312)	(1,779,304)
Investments in intangibles assets		(91,836)	(27,339)
Proceeds from sale of fixed assets		27,488	71,719
Effect of translation of net investment in an offshore branch		10,547	3,347
<b>Net cash flows from investing activities</b>		<u>41,844,654</u>	<u>(31,009,593)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(4,439,309)	(3,169,064)
Payment of lease against right-of-use assets		(1,042,892)	(846,010)
<b>Net cash flows from financing activities</b>		<u>(5,482,201)</u>	<u>(4,015,074)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>		<u>50,709,286</u>	<u>(18,771,146)</u>
Cash and cash equivalents at beginning of the period		<u>76,276,054</u>	<u>86,560,259</u>
<b>Cash and cash equivalents at end of the period</b>		<u><u>126,985,340</u></u>	<u><u>67,789,113</u></u>

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

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

## **NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE HALF YEAR ENDED 30 JUNE 2023**

### **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 (managed by Habib Metropolitan Modaraba Management Company (Private) Limited).

#### **Holding Company**

Habib Metropolitan Bank Limited (the holding company) 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 holding company operates 521 (31 December 2022: 500) branches, including 116 (31 December 2022: 61) Islamic banking branches, and an offshore branch (Karachi Export Processing Zone branch) and 1 (31 December 2022: 1) sub branch in Pakistan. The holding company is a subsidiary of Habib Bank AG Zurich (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, Khekashan 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 - 15.43% holding**

First Habib Modaraba (FHM) 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.

### **2. BASIS OF PRESENTATION**

- 2.1** These consolidated condensed interim financial statements comprise the financial statements of the holding company and its subsidiary companies. The financial statements of the subsidiary companies have been prepared for the same reporting period as the holding company using consistent accounting policies.

---

## 2.2 Statement of Compliance

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

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

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of the IAS 34, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The disclosures and presentation made in these consolidated 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 consolidated condensed interim financial statements should be read in conjunction with the audited consolidated financial statements of the Bank for the year ended 31 December 2022.

## 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 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 Group for accounting periods beginning on or after 01 January 2023. These are considered either not to be relevant or not to have any significant impact on these condensed interim consolidated financial statements.

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

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



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

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

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

## 4. CRITICAL ACCOUNTING ESTIMATES AND 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 2022.

## 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 2022.

Note	30 June 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	14,638,156	11,785,541
Foreign currencies	2,074,624	1,955,812
	<u>16,712,780</u>	<u>13,741,353</u>
<b>With State Bank of Pakistan in</b>		
Local currency current accounts	46,934,161	31,843,402
Foreign currencies		
- current accounts	4,302,262	2,843,777
- cash reserve account	7,259,174	5,631,918
- deposit account - special cash reserve	13,429,087	564,907
	<u>71,924,684</u>	<u>40,884,004</u>
<b>With National Bank of Pakistan in</b>		
Local currency current accounts	5,243,247	84,330
<b>Prize Bonds</b>	65,017	37,752
	<u>93,945,728</u>	<u>54,747,439</u>

	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
		Rupees in '000	
<b>7. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current accounts		96,858	50,914
In deposit accounts		263,676	414,091
		360,534	465,005
<b>Outside Pakistan</b>			
In current accounts		33,043,121	22,402,481
		33,403,655	22,867,486
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings	8.2	2,859,905	1,902,020
Repurchase agreement lendings (reverse repo)	8.3	100,000	74,429,587
		2,959,905	76,331,607
<b>8.1 Particulars of lendings</b>			
In local currency - secured		100,000	74,429,587
In foreign currency - unsecured		2,859,905	1,902,020
		2,959,905	76,331,607

**8.2** These foreign currency lendings carry mark-up rate ranging from 9.75% to 12.10% (31 December 2022: 11.00%) per annum with maturity upto 27 September 2023 (31 December 2022: 27 March 2023).

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

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

**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

	30 June 2023 (Un-Audited)				31 December 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
<b>Available-for-sale securities</b>								
Federal government securities	494,562,990	–	(12,467,953)	482,095,037	490,685,998	–	(8,275,074)	482,410,924
Shares	3,676,259	(437,583)	(77,271)	3,161,405	2,995,509	(474,761)	(24,018)	2,496,730
Non-government debt securities	12,077,990	(90,496)	(223,558)	11,763,936	12,144,982	(90,496)	(255,266)	11,799,220
Mutual funds	228,776	(12,763)	372	216,385	117,531	(12,276)	–	105,255
Real estate investment trust	1,531,782	–	156,509	1,688,291	1,531,780	–	153,621	1,685,401
	512,077,797	(540,842)	(12,611,901)	498,925,054	507,475,800	(577,533)	(8,400,737)	498,497,530
<b>Held-to-maturity securities</b>								
Federal government securities	172,927,233	–	–	172,927,233	220,805,761	–	–	220,805,761
<b>Total Investments</b>	<u>685,005,030</u>	<u>(540,842)</u>	<u>(12,611,901)</u>	<u>671,852,287</u>	<u>728,281,561</u>	<u>(577,533)</u>	<u>(8,400,737)</u>	<u>719,303,291</u>

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

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

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

##### Federal government securities

Market treasury bills	23,404,070	105,872,299
Pakistan investment bonds	4,549,780	90,133,387
	<u>27,953,850</u>	<u>196,005,686</u>

### 9.2 Provision for diminution in value of investments

Opening balance	577,533	506,474
Charge for the period / year	61,744	240,145
Reversal for the period / year	–	(3,920)
Net (reversal) / charge for the period / year	61,744	236,225
Reversal on disposal for the period / year	(98,435)	(144,028)
Amount written off	–	(21,138)
Closing balance	<u>540,842</u>	<u>577,533</u>

### 9.3 Particulars of provision against debt securities

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

9.4 The market value of federal government securities classified as held-to-maturity is Rs.162,424,949 thousand (31 December 2022: 214,459,687 thousand).

## 10. ADVANCES

	Performing		Non-Performing		Total	
	30 June 2023 (Un-Audited)	31 December 2022 (Audited)	30 June 2023 (Un-Audited)	31 December 2022 (Audited)	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000					
Loans, cash credits, running finances, etc.	271,396,786	282,270,838	16,008,229	11,882,972	287,405,015	294,153,810
Islamic financing and related assets 10.1	133,772,892	124,553,446	1,134,112	737,013	134,907,004	125,290,459
Bills discounted and purchased	49,152,538	44,866,490	3,990,932	9,430,159	53,143,470	54,296,649
Advances - gross	454,322,216	451,690,774	21,133,273	22,050,144	475,455,489	473,740,918
Provision against advances						
- specific	-	-	(17,463,237)	(17,650,138)	(17,463,237)	(17,650,138)
- general	(4,119,145)	(4,619,505)	-	-	(4,119,145)	(4,619,505)
	(4,119,145)	(4,619,505)	(17,463,237)	(17,650,138)	(21,582,382)	(22,269,643)
Advances - net of provision	450,203,071	447,071,269	3,670,036	4,400,006	453,873,107	451,471,275

10.1 It includes loans and advances of First Habib Modaraba amounting to Rs. 19,801,337 thousand (31 December 2022: Rs. 18,368,749 thousand). Furthermore, it includes the Islamic banking operations of the holding company amounting to Rs. 115,105,667 thousand (31 December 2022: Rs. 106,921,710 thousand) as disclosed in note 36.2 to these consolidated financial statements.

### 10.2 Particulars of advances - gross

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
In local currency	412,392,235	417,332,276
In foreign currencies	63,063,254	56,408,642
	475,455,489	473,740,918

10.3 Advances include Rs. 21,133,273 thousand (31 December 2022 : Rs. 22,050,144 thousand) which have been placed under non-performing status as detailed below:

Category of classification	30 June 2023 (Un-Audited)		31 December 2022 (Audited)	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees in '000			
Domestic				
Other asset especially mentioned	123,850	–	12,640	–
Substandard	157,082	3,398	533,656	36,601
Doubtful	719,786	156,916	2,663,649	103,101
Loss	20,132,555	17,302,923	18,840,199	17,510,436
	<u>21,133,273</u>	<u>17,463,237</u>	<u>22,050,144</u>	<u>17,650,138</u>

#### 10.4 Particulars of provision against advances

	30 June 2023 (Un-Audited)			31 December 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	17,650,138	4,619,505	22,269,643	15,986,650	5,182,927	21,169,577
Charge for the period / year	3,190,067	–	3,190,067	5,476,903	–	5,476,903
Reversals for the period / year	(3,373,476)	(500,360)	(3,873,836)	(1,307,136)	(563,422)	(1,870,558)
Net charge / (reversal) for the period / year	(183,409)	(500,360)	(683,769)	4,169,767	(563,422)	3,606,345
Amount written off	(3,492)	–	(3,492)	(2,506,279)	–	(2,506,279)
Closing balance	<u>17,463,237</u>	<u>4,119,145</u>	<u>21,582,382</u>	<u>17,650,138</u>	<u>4,619,505</u>	<u>22,269,643</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 in the current stressed economic condition amounting to Rs. 4,057,987 thousand (31 December 2022: Rs. 4,560,235 thousand). General provision also includes provision of Rs. 61,152 thousand (31 December 2022: Rs. 59,265 thousand) made against consumer portfolio and Rs. 6 thousand (31 December 2022: Rs. 5 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulations issued by the SBP.

#### 10.4.2 Particulars of provision against advances

	30 June 2023 (Un-Audited)			31 December 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	15,943,095	4,119,145	20,062,240	13,421,488	4,619,505	18,040,993
In foreign currencies	1,520,142	–	1,520,142	4,228,650	–	4,228,650
	<u>17,463,237</u>	<u>4,119,145</u>	<u>21,582,382</u>	<u>17,650,138</u>	<u>4,619,505</u>	<u>22,269,643</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 holding company, the specific provision against non-performing advances would have been higher by Rs. 3,024,563 thousand (31 December 2022: Rs. 2,617,170 thousand) and profit after tax for the six month would have been lower by Rs.1,542,527 thousand (31 December 2022: Rs. 1,334,757 thousand). This amount of Rs. 1,542,527 thousand (31 December 2022: Rs. 1,334,757 thousand) is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
		Rupees in '000	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	546,521	342,467
Property and equipment		22,120,369	21,368,308
		<u>22,666,890</u>	<u>21,710,775</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		83,595	100,669
Advance to suppliers		462,926	241,798
		<u>546,521</u>	<u>342,467</u>
		Half year ended	
		30 June 2023 (Un-Audited)	30 June 2022
		Rupees in '000	
<b>11.2 Additions to fixed assets</b>			
The following additions have been made during the period:			
Capital work-in-progress additions / (transfer to property and equipment) - net		204,054	355,615
<b>Property and equipment</b>			
Freehold land		—	498,278
Leasehold land		—	88,667
Furniture and fixture		126,349	130,165
Electrical office and computer equipment		705,824	570,059
Vehicles		91,921	75,241
Lease hold improvement		423,761	58,022
Right-of-use assets		1,067,074	1,184,979
		<u>2,414,929</u>	<u>2,605,411</u>
		<u>2,618,983</u>	<u>2,961,026</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 fixture		699	605
Electrical office and computer equipment		329	82
Vehicles		8,238	39,664
		<u>9,266</u>	<u>40,351</u>

## 12. INTANGIBLE ASSETS

Computer software  
Management rights

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

149,630	98,807
41,600	41,600
<u>191,230</u>	<u>140,407</u>

### Half year ended

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

12.1 The following addition has been made to intangible assets during the period:

Directly purchased

<u>91,836</u>	<u>27,339</u>
---------------	---------------

Note

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

## 13. DEFERRED TAX ASSETS

### Deductible temporary differences on

Provision for diminution in value of investments  
Provision for non-performing and off - balance sheet obligations  
Accelerated tax depreciation  
Deferred liability on defined benefit plan  
Deficit on revaluation of investments  
Others

265,013	248,338
4,663,942	2,990,927
340,692	336,703
69,130	5,829
6,181,737	3,613,222
—	4,435
<u>11,520,514</u>	<u>7,199,454</u>

### Taxable temporary differences on

Surplus on revaluation of non-banking assets  
Surplus on revaluation of fixed assets  
Exchange translation reserve

(769,953)	(675,664)
(1,505,450)	(1,389,016)
—	(3,719)
<u>(2,275,403)</u>	<u>(2,068,399)</u>
<u>9,245,111</u>	<u>5,131,055</u>

Net deferred tax asset

		30 June 2023 (Un-Audited)	31 December 2022 (Audited)
		Rupees in '000	
<b>14. OTHER ASSETS</b>			
Income / mark-up / profit accrued in local currency - net of provision		31,540,428	21,074,867
Income / mark-up / profit accrued in foreign currencies - net of provision		137,897	99,685
Advances, deposits and other prepayments		687,135	485,332
Non-banking assets acquired in satisfaction of claims	15.1	2,204,729	2,204,729
Branch adjustment account		106	-
Mark-to-market gain on forward foreign exchange contracts		1,416,601	2,702,151
Acceptances		33,586,091	25,377,732
Receivable from the SBP against encashment of government securities		151,771	16,850
Stationery and stamps on hand		151,087	115,334
Clearing and settlement accounts		9,694,748	-
Others		725,106	6,386,789
		80,295,699	58,463,469
Provision against other assets	14.1 & 14.2	(1,607,709)	(377,802)
Other assets (net of provision)		78,687,990	58,085,667
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	2,095,111	2,095,111
		80,783,101	60,180,778
<b>14.1 Movement in provision held against other assets</b>			
Opening balance		377,802	377,076
Charge for the period		1,230,000	726
Reversal for the period		(93)	-
		1,229,907	726
Closing balance		1,607,709	377,802
<b>14.2 Provision against other assets</b>			
Acceptances		1,230,000	-
Others		377,709	377,802
		1,607,709	377,802



	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
<b>15. BILLS PAYABLE</b>		
In Pakistan	37,858,502	19,445,038
Outside Pakistan	114,163	93,390
	<u>37,972,665</u>	<u>19,538,428</u>
<b>16. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan under:		
- Export refinance scheme	80,719,032	80,119,841
- Long term financing facility - renewable energy scheme	2,427,135	2,454,119
- Long term financing facility - locally manufactured plant and machinery scheme	20,764,749	21,471,497
- Refinance for payment of wages and salaries	-	2,398,979
- Temporary economic refinance facility	30,476,915	31,169,597
- Long term financing facility - for storage of agricultural produce scheme	671,673	532,962
- Refinance facility for modernization of SME	121,550	123,608
- Refinance facility for combating COVID-19	44,024	51,463
- Refinance and credit guarantee scheme for women entrepreneurs	4,583	-
	<u>135,229,661</u>	<u>138,322,066</u>
Repurchase agreement borrowings (Repo)	27,915,318	197,452,237
Due against bills re-discounting	1,641,523	4,254,594
	<u>164,786,502</u>	<u>340,028,897</u>
<b>Unsecured</b>		
Certificate of investment	9,008,381	9,619,699
Call borrowing	-	2,600,000
Musharaka borrowing	22,745,667	430,940
Overdrawn nostro accounts	364,043	1,323,711
Overdrawn local bank accounts	-	15,160
	<u>32,118,091</u>	<u>13,989,510</u>
	<u>196,904,593</u>	<u>354,018,407</u>

## 17. DEPOSITS AND OTHER ACCOUNTS

	30 June 2023 (Un-Audited)			31 December 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
<b>Customers</b>						
Current deposits	290,474,314	60,531,666	351,005,980	261,734,505	42,738,681	304,473,186
Savings deposits	265,433,538	20,146,656	285,580,194	216,746,274	19,820,695	236,566,969
Term deposits	163,841,960	53,521,794	217,363,754	211,585,932	52,733,398	264,319,330
Others	77,901,060	1,807	77,902,867	48,007,631	18,692	48,026,323
	<u>797,650,872</u>	<u>134,201,923</u>	<u>931,852,795</u>	<u>738,074,342</u>	<u>115,311,466</u>	<u>853,385,808</u>
<b>Financial institutions</b>						
Current deposits	1,689,946	910,475	2,600,421	1,298,132	882,797	2,180,929
Savings deposits	9,992,837	–	9,992,837	19,215,914	–	19,215,914
Term deposits	472,803	23,072	495,875	4,862,729	6,945	4,869,674
Others	23,666	–	23,666	–	–	–
	<u>12,179,252</u>	<u>933,547</u>	<u>13,112,799</u>	<u>25,376,775</u>	<u>889,742</u>	<u>26,266,517</u>
	<u>809,830,124</u>	<u>135,135,470</u>	<u>944,965,594</u>	<u>763,451,117</u>	<u>116,201,208</u>	<u>879,652,325</u>

Note

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

## 18. OTHER LIABILITIES

Mark-up / return / interest payable in local currency	17,179,281	14,447,408
Mark-up / return / interest payable in foreign currencies	977,891	985,955
Unearned commission and income on bills discounted	701,278	529,602
Accrued expenses	3,435,405	2,488,743
Income taxation (provision less payments)	8,928,270	4,806,885
Acceptances	33,586,091	25,377,732
Unclaimed dividend	137,830	138,797
Dividend payable	–	1,032,890
Branch adjustment account	–	2,233
Mark to market loss on forward foreign exchange contracts	2,327,424	2,180,854
Provision for compensated absences	278,345	269,345
Deferred liability on defined benefit plan	282,912	35,074
Provision against off-balance sheet obligations	18.1 1,802,583	32,583
Workers' welfare fund	18.2 3,160,473	2,619,408
Charity fund	4,139	3,666
Excise duty payable	1,984	3,081
Locker deposits	985,236	980,238
Advance against diminishing musharakah	247,559	288,675
Advance rental for ijarah	19,392	15,872
Security deposits against leases / ijarah	251,544	256,562
Sundry creditors	3,225,687	2,219,944
Lease liability against right-of-use assets	8,315,157	7,810,670
Withholding tax / duties	461,026	450,494
Clearing and settlement accounts	1,770,330	705,474
Others	18.3 15,554,534	12,265,262
	<u>103,634,371</u>	<u>79,947,447</u>

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

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

- 18.2** Under the Workers' Welfare Ordinance 1971, the holding company is liable to pay workers' welfare fund (WWF) @ 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.

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

	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
		Rupees in '000	
<b>19. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS</b>			
Surplus / (deficit) on revaluation of			
- Fixed assets		6,631,697	6,789,623
- Non-banking assets	14	2,095,111	2,095,111
- Available-for-sale securities	9.1	(12,611,901)	(8,400,737)
		(3,885,093)	483,997
Less: Deferred tax on surplus / (deficit) on revaluation of			
- Fixed assets		1,505,450	1,389,016
- Non-banking assets		769,953	675,664
- Available-for-sale securities		(6,181,736)	(3,613,221)
		3,906,333	1,548,541
		21,240	2,032,538
Less: Surplus pertaining to non-controlling interest		(5,481)	(3,121)
		15,759	2,029,417

	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
		Rupees in '000	
<b>20. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	20.1	126,881,070	131,519,154
Commitments	20.2	482,743,939	396,023,125
Other contingent liabilities	20.3	3,280,386	2,980,386
		<u>612,905,395</u>	<u>530,522,665</u>
<b>20.1 Guarantees</b>			
Financial guarantees		25,044,792	26,172,591
Performance guarantees		53,313,419	62,206,335
Other guarantees		48,522,859	43,140,228
		<u>126,881,070</u>	<u>131,519,154</u>
<b>20.2 Commitments</b>			
Documentary credits and short-term trade-related transactions:			
Letters of credit		243,849,844	157,455,041
Commitments in respect of:			
Forward exchange contracts	20.2.1	237,374,141	236,024,551
Forward lendings	20.2.2	1,258,000	2,077,327
Acquisition of operating fixed assets		261,954	466,206
		<u>238,894,095</u>	<u>238,568,084</u>
		<u>482,743,939</u>	<u>396,023,125</u>
<b>20.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		127,970,008	128,349,072
Sale		109,404,133	107,675,479
		<u>237,374,141</u>	<u>236,024,551</u>

## 20.2.2 Commitments in respect of forward lendings

The 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 June 2023 (Un-Audited)	31 December 2022 (Audited)
	Rupees in '000	
Commitments in respect of syndicate financing	332,000	1,165,004
Commitments in respect of other financing transactions	926,000	912,323
	<u>1,258,000</u>	<u>2,077,327</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	106,056	106,056
		<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 holding company'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).

		Half year ended	
		30 June 2023	30 June 2022
		(Un-Audited)	
		Rupees in '000	
<b>22</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		
	Loans and advances	32,616,855	17,723,065
	Investments	63,239,148	35,497,202
	Lending with financial institutions	1,363,476	730,091
	Balance with other banks	239,659	28,668
		<u>97,459,138</u>	<u>53,979,026</u>
<b>23.</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
	Deposits	41,549,568	22,235,470
	Borrowings	20,321,380	11,930,543
	Foreign currency swap cost	3,487,771	2,829,096
	Lease liability against right-of-use assets	480,305	426,877
		<u>65,839,024</u>	<u>37,421,986</u>
<b>24.</b>	<b>FEE &amp; COMMISSION INCOME</b>		
	Branch banking customer fees	603,944	470,295
	Credit related fees	16,378	26,852
	Card related fees	521,312	361,145
	Commission on trade	2,714,494	2,582,292
	Commission on guarantees	427,254	352,514
	Commission on remittances including home remittances	18,288	16,683
	Commission on bancassurance	85,656	84,280
	Commission on cash management	76,781	43,924
	Investment Banking Fee	51,852	18,164
	Others	42,919	96,171
		<u>4,558,878</u>	<u>4,052,320</u>
<b>25.</b>	<b>GAIN / (LOSS) ON SECURITIES</b>		
	Realised		
	Federal government securities	(261,831)	21,810
	Mutual funds	-	11,768
	Shares	50,504	224,907
		<u>(211,327)</u>	<u>258,485</u>
<b>26.</b>	<b>OTHER INCOME</b>		
	Rent on properties	9,051	16,652
	Gain on sale of fixed assets - net	18,222	31,368
	Gain on sale of ijarah assets - net	35,064	47,382
	Staff notice period and other recoveries	388	654
		<u>62,725</u>	<u>96,056</u>

	Half year ended	
	30 June 2023	30 June 2022
	(Un-Audited)	
	Rupees in '000	
<b>27. OPERATING EXPENSES</b>		
Total compensation expense	5,599,188	4,462,900
<b>Property expense</b>		
Rent & taxes	89,844	33,509
Insurance	4,099	2,342
Utilities cost	559,309	338,771
Security (including guards)	387,592	316,804
Repair & maintenance (including janitorial charges)	441,313	253,350
Depreciation on owned fixed assets	450,367	270,345
Depreciation on right-of-use assets	733,506	619,009
	2,666,030	1,834,130
<b>Information technology expenses</b>		
Software maintenance	277,348	165,799
Hardware maintenance	218,467	125,877
Depreciation	151,318	124,140
Amortisation	41,013	40,577
Network charges	283,135	163,593
	971,281	619,986
<b>Other operating expenses</b>		
Directors' fees and allowances	9,433	6,549
Fees and allowances to Shariah Board	15,441	10,425
Legal & professional charges	133,233	117,598
Outsourced services costs	164,859	152,457
Travelling & conveyance	331,467	192,302
NIFT and clearing charges	51,573	38,068
Depreciation	324,506	279,804
Depreciation - non-banking assets	-	201
Training & development	18,922	17,225
Postage & courier charges	81,459	66,426
Communication	81,132	68,557
Subscription	376,431	204,421
Repair & maintenance	111,831	64,961
Brokerage & commission	99,064	90,794
Stationery & printing	268,063	175,689
Marketing, advertisement & publicity	285,333	168,142
Management fee	929,286	331,091
Insurance	536,141	466,379
Donations	138,086	107,700
Auditors' Remuneration	17,664	10,315
Security	141,914	109,053
Others	396,355	362,419
	4,512,193	3,040,576
	13,748,692	9,957,592

	Note	Half year ended	
		30 June 2023	30 June 2022
		(Un-Audited)	
		Rupees in '000	
<b>28. OTHER CHARGES</b>			
Penalties imposed by the SBP		32,198	39,652
<b>29. PROVISIONS &amp; WRITE OFFS - NET</b>			
Provision for diminution in value of investments - net	9.2	61,744	117,660
Provision against loan & advances - net	10.4	(683,769)	1,084,077
Provision against other assets / off-balance sheet obligations		2,999,907	731
Recovery of written off bad debts		(45,000)	(55,722)
		2,332,882	1,146,746
<b>30. TAXATION</b>			
Current		12,633,328	6,334,769
Deferred		(1,813,178)	(751,729)
		10,820,150	5,583,040

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

### 31. BASIC AND DILUTED EARNINGS PER SHARE

Profit attributable to equity shareholders of the holding company	11,860,106	6,615,107
	Number in '000	
Weighted average number of ordinary shares	1,047,831	1,047,831
	Rupees	
Basic and diluted earnings per share	11.32	6.31

### 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 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 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 June 2023 (Un-Audited)				
	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
	Rupees in '000				
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	482,095,037	-	482,095,037	-	482,095,037
Sukuk certificates and bonds	7,147,782	-	7,147,782	-	7,147,782
Ordinary shares of listed companies	3,108,747	3,108,747	-	-	3,108,747
Mutual funds - open end	211,829	-	211,829	-	211,829
- close end	4,556	4,556	-	-	4,556
Real estate investment trust	1,688,291	1,688,291	-	-	1,688,291
Listed term finance certificates	896,314	-	896,314	-	896,314
Unlisted term finance certificates	3,719,840	-	3,719,840	-	3,719,840

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

- Investments					
- Held-to-maturity securities					
Federal government securities	172,927,233	–	162,424,949	–	162,424,949
	671,799,629	4,801,594	656,495,751	–	661,297,345

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

- Forward purchase of foreign exchange contracts	127,970,008	–	127,965,457	–	127,965,457
- Forward sale of foreign exchange contracts	109,404,133	–	110,310,405	–	110,310,405

## 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	482,410,924	-	482,410,924	-	482,410,924
Sukuk certificates and bonds	7,181,385	-	7,181,385	-	7,181,385
Ordinary shares of listed companies	2,444,072	2,444,072	-	-	2,444,072
Mutual funds - open end	100,582	-	100,582	-	100,582
- 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 not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	220,805,761	-	214,459,867	-	214,459,867
	719,250,633	4,134,146	708,770,593	-	712,904,739
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

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

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

Federal government debt securities	The fair value of government securities are valued using PKRV rates.
Debt securities other than federal government securities	The fair value is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Reuters.
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.

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

Land and buildings and non-banking assets acquired in satisfaction of claim	<p>Land and buildings and non-banking assets are valued by professionally qualified valuers. The valuation is based on their assessment of the market value of the assets. In determining the valuation for land and building the valuer refers to numerous independent market inquiries from local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.</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 June 2023 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
<b>Profit &amp; loss</b>				
Net mark-up/return/profit	50,034,104	(19,311,570)	897,580	31,620,114
Inter segment revenue - net	(48,092,991)	30,426,055	17,666,936	-
Non mark-up / interest income	3,391,408	738,057	3,866,673	7,996,138
Total Income	5,332,521	11,852,542	22,431,189	39,616,252
Segment direct expenses	(235,577)	-	-	(235,577)
Inter segment expense allocation	-	(4,432,625)	(9,653,753)	(14,086,378)
Total expenses	(235,577)	(4,432,625)	(9,653,753)	(14,321,955)
Provisions	(61,651)	(11,054)	(2,260,177)	(2,332,882)
Profit before tax	5,035,293	7,408,863	10,517,259	22,961,415
<b>Balance sheet</b>				
Cash & Bank balances	33,046,233	42,309,050	51,994,100	127,349,383
Investments - net	671,852,287	-	-	671,852,287
Net inter segment lending	-	403,002,100	237,697,206	640,699,306
Lendings to financial institutions	2,959,905	-	-	2,959,905
Advances - performing	-	16,079,890	438,242,326	454,322,216
Advances - non-performing	-	292,142	20,841,131	21,133,273
Provision against advances	-	(197,144)	(21,385,238)	(21,582,382)
Others	25,543,679	11,074,859	76,267,794	112,886,332
Total assets	733,402,104	472,560,897	803,657,319	2,009,620,320
Borrowings	51,920,884	-	144,983,709	196,904,593
Deposits & other accounts	-	425,839,758	519,125,836	944,965,594
Net inter segment borrowing	640,699,306	-	-	640,699,306
Others	2,530,923	22,888,401	116,187,712	141,607,036
Total liabilities	695,151,113	448,728,159	780,297,257	1,924,176,529
Net assets	38,250,991	23,832,738	23,360,062	85,443,791
Equity				85,443,791
Contingencies & commitments	237,374,141	9,000	375,522,254	612,905,395

Trade & Sales	Retail Banking	Commercial Banking	Total
---------------	----------------	--------------------	-------

Net mark-up / return / profit	25,870,760	(9,765,627)	451,907	16,557,040
Inter segment revenue - net	(25,375,204)	16,426,479	8,948,725	-
Non mark-up / interest income	3,144,240	376,357	3,883,438	7,404,035
Total Income	3,639,796	7,037,209	13,284,070	23,961,075
Segment direct expenses	(165,076)	-	-	(165,076)
Inter segment expense allocation	-	(2,658,824)	(7,440,743)	(10,099,567)
Total expenses	(165,076)	(2,658,824)	(7,440,743)	(10,264,643)
Provisions	(118,391)	-	(1,028,355)	(1,146,746)
Profit before tax	3,356,329	4,378,385	4,814,972	12,549,686

Cash & Bank balances	22,397,677	24,181,637	31,035,611	77,614,925
Investments	719,303,291	-	-	719,303,291
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	436,697,008	451,690,774
Advances - non-performing	-	150,844	21,899,300	22,050,144
Provision against advances	-	(191,334)	(22,078,309)	(22,269,643)
Others	17,618,354	9,167,187	60,377,474	87,163,015
Total assets	<u>835,650,929</u>	<u>424,131,299</u>	<u>743,729,106</u>	<u>2,003,511,334</u>
Borrowings	205,645,702	-	148,372,705	354,018,407
Deposits & other accounts	-	389,001,497	490,650,828	879,652,325
Net inter segment borrowing	591,627,221	-	-	591,627,221
Others	2,988,993	12,950,323	83,546,559	99,485,875
Total liabilities	<u>800,261,916</u>	<u>401,951,820</u>	<u>722,570,092</u>	<u>1,924,783,828</u>
Net assets	<u>35,389,013</u>	<u>22,179,479</u>	<u>21,159,014</u>	<u>78,727,506</u>
Equity				<u>78,727,506</u>
Contingencies & commitments	236,024,551	128,334	294,369,780	530,522,665

### 34. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships 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 are as follows:

	30 June 2023 (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	255,222	999,200	-	-	-	1,254,422
<b>Advances</b>						
Opening balance	-	4,923,312	247,128	-	-	5,170,440
Addition during the period	-	70,858,340	47,708	-	-	70,906,048
Repaid during the period	-	(69,485,096)	(103,278)	-	-	(69,588,374)
Closing balance	-	6,296,556	191,558	-	-	6,488,114
<b>Other Assets</b>						
Mark-up / return / interest accrued	-	86,339	-	-	-	86,339
Prepayments / Advance deposits / Other Receivable/Acceptances	936	73,942	-	-	-	74,878
	936	160,281	-	-	-	161,217
<b>Deposits and other accounts</b>						
Opening balance	186,031	21,811,626	395,587	703,394	1,267,570	24,364,208
Received during the period	8,687,834	1,491,637,804	1,321,500	737,263	1,870,695	1,504,255,096
Withdrawn during the period	(8,659,345)	(1,487,933,850)	(1,309,961)	(691,306)	(1,340,959)	(1,499,935,421)
Closing balance	214,520	25,515,580	407,126	749,351	1,797,306	28,683,883
<b>Other Liabilities</b>						
Mark-up / return / interest payable	-	132,642	3,863	5,737	32,172	174,414
Management fee payable for technical and consultancy services*	1,203,024	-	-	-	-	1,203,024
Other payables	-	661	-	720	281,995	283,376
	1,203,024	133,303	3,863	6,457	314,167	1,660,814
<b>Contingencies &amp; commitments</b>						
Transaction-related contingent liabilities	-	11,370,558	-	-	-	11,370,558
Trade-related contingent liabilities	-	12,665,456	-	-	-	12,665,456
	-	24,036,014	-	-	-	24,036,014

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

	31 December 2022 (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	466,178	486,624	–	–	–	952,802
<b>Advances</b>						
Opening balance	–	5,288,310	195,796	–	–	5,484,106
Addition during the year	–	90,501,046	134,557	–	–	90,635,603
Repaid during the year	–	(90,866,044)	(83,225)	–	–	(90,949,269)
Closing balance	–	4,923,312	247,128	–	–	5,170,440
<b>Other Assets</b>						
Mark-up / return / interest accrued	–	70,410	–	–	–	70,410
Prepayments / Advance deposits / Other Receivable	468	54,848	–	–	–	55,316
	468	125,258	–	–	–	125,726
<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 year	8,400,291	2,316,846,344	2,682,881	3,304,632	5,504,545	2,336,738,693
Withdrawn during the year	(8,388,267)	(2,320,189,005)	(2,600,870)	(3,414,540)	(6,047,963)	(2,340,640,645)
Closing balance	186,031	21,811,626	395,587	703,394	1,267,570	24,364,208
<b>Other Liabilities</b>						
Mark-up / return / interest payable	–	131,037	5,911	5,245	14,524	156,717
Management fee payable for technical and consultancy services *	504,927	–	–	–	–	504,927
Other payables	–	611	–	745	32,309	33,665
	504,927	131,648	5,911	5,990	46,833	695,309
<b>Contingencies &amp; 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 ultimate parent company.

## Transactions during the period

	For the period ended 30 June 2023 (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>222,074</u>	<u>46,305</u>	<u>–</u>	<u>268,379</u>
Fee and commission income	<u>53</u>	<u>142,700</u>	<u>–</u>	<u>78</u>	<u>142,831</u>
Rent income	<u>2,808</u>	<u>5,170</u>	<u>–</u>	<u>–</u>	<u>7,978</u>
<b>Expense</b>					
Mark-up / return / interest expensed	<u>–</u>	<u>1,321,194</u>	<u>21,568</u>	<u>26,569</u>	<u>1,508,903</u>
Commission / Brokerage / Bank charges paid	<u>49</u>	<u>4,919</u>	<u>–</u>	<u>–</u>	<u>4,968</u>
Salaries and allowances	<u>–</u>	<u>–</u>	<u>421,875</u>	<u>–</u>	<u>421,875</u>
Directors' fees and allowances	<u>–</u>	<u>–</u>	<u>–</u>	<u>9,433</u>	<u>9,433</u>
Charge to defined benefit plan	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>154,391</u>
Contribution to defined contribution plan	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>166,381</u>
Insurance premium expenses	<u>–</u>	<u>12,221</u>	<u>–</u>	<u>–</u>	<u>12,221</u>
Management fee expense for technical and consultancy services *	<u>929,286</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>929,286</u>
Donation	<u>–</u>	<u>960</u>	<u>–</u>	<u>–</u>	<u>960</u>

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



**Transactions during the period**

	For the period ended 30 June 2022 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Income						
Mark-up / return / interest earned	<u>–</u>	<u>202,925</u>	<u>6,744</u>	<u>–</u>	<u>–</u>	<u>209,669</u>
Fee and commission income	<u>1,092</u>	<u>136,197</u>	<u>–</u>	<u>83</u>	<u>–</u>	<u>137,372</u>
Rent income	<u>2,808</u>	<u>4,257</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,065</u>
Expense						
Mark-up / return / interest expensed	<u>–</u>	<u>553,117</u>	<u>9,872</u>	<u>11,912</u>	<u>40,020</u>	<u>614,921</u>
Commission / Brokerage / Bank charges paid	<u>213</u>	<u>321</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>534</u>
Salaries and allowances	<u>–</u>	<u>–</u>	<u>404,786</u>	<u>–</u>	<u>–</u>	<u>404,786</u>
Directors' fees and allowances	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,549</u>	<u>–</u>	<u>6,549</u>
Charge to defined benefit plan	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>196,196</u>	<u>196,196</u>
Contribution to defined contribution plan	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>142,939</u>	<u>142,939</u>
Insurance premium expenses	<u>–</u>	<u>9,345</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>9,345</u>
Management fee expense for technical and consultancy services *	<u>330,862</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>330,862</u>
Donation	<u>–</u>	<u>10,960</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>10,960</u>

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

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

	30 June 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	77,660,472	73,656,954
Eligible additional tier 1 (ADT 1) capital	34,252	187,075
Total eligible tier 1 capital	77,694,724	73,844,029
Eligible tier 2 capital	4,195,427	5,546,196
Total eligible capital (tier 1 + tier 2)	81,890,151	79,390,225
<b>Risk Weighted Assets (RWAs):</b>		
Credit risk	457,685,252	453,494,099
Market risk	2,627,144	4,610,137
Operational risk	84,852,996	84,852,996
Total	545,165,392	542,957,232
CET 1 capital adequacy ratio	14.25%	13.57%
Tier 1 capital adequacy ratio	14.25%	13.60%
Total capital adequacy ratio	15.02%	14.62%
<b>Minimum capital requirements prescribed by the 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	77,694,724	73,844,029
Total exposures	1,848,927,113	1,782,075,424
Leverage ratio	4.20%	4.14%

### 36. ISLAMIC BANKING BUSINESS

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

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

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

### 36.1 Investments by segments:

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

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

### 36.3 Fixed assets and other liabilities

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

### 36.4 Deposits

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

### 36.5 Unappropriated profit

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

### 36.6 Contingencies and commitments

Guarantees	12,495,469	9,539,409
Commitments	<u>37,157,919</u>	<u>18,607,004</u>
	<u>49,653,388</u>	<u>28,146,413</u>

	Half year ended	
	30 June 2023	30 June 2022
	(Un-Audited)	
	Rupees in '000	
<b>36.7 Profit / return earned</b>		
Financing	7,587,772	3,716,946
Investments	4,518,450	1,500,432
Placements	126,073	87,687
	<u>12,232,295</u>	<u>5,305,065</u>
<b>36.8 Profit / return expensed</b>		
Deposits and other accounts	5,523,502	2,406,438
Due to financial institutions	1,171,195	354,297
Lease liability against right-of-use assets	32,880	32,117
	<u>6,727,577</u>	<u>2,792,852</u>

## 37. GENERAL

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

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

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



# HABIBMETRO

## **Registered Address**

**Head Office Building, I.I. Chundrigar Road, Karachi, Pakistan**

**Tel: (92-21)111-14-14-14**

**Call Center: 111-1-HABIB(42242)**

**Fax: (92-21) 2630404**

## **For Complaints & Feedback**

**Complaint Resolution Unit, Habib Metropolitan Bank Ltd,  
Al-Manzoor Building, 1st Floor, Dr. Ziauddin Ahmed Road, Karachi-74200.  
Email us at: [complaints@habibmetro.com](mailto:complaints@habibmetro.com)**