



[Subsidiary of Habib Bank AG Zurich]

Habib Metropolitan Bank Ltd.

[Subsidiary of Habib Bank AG Zurich]

Consolidated Accounts for the quarter
ended 31 March 2024
(Un-audited)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	6	104,981,308	91,467,062
Balances with other banks	7	10,918,562	21,269,948
Lendings to financial institutions	8	5,177,650	5,496,284
Investments	9	893,092,141	920,634,761
Advances	10	457,420,450	433,632,602
Property and equipment	11	16,335,417	15,782,163
Right-of-use assets	12	7,984,977	7,625,010
Intangible assets	13	382,295	368,333
Deferred tax assets	14	4,677,464	5,265,313
Other assets	15	77,402,015	72,121,302
Total Assets		1,578,372,279	1,573,662,778
LIABILITIES			
Bills payable	16	17,627,500	28,352,699
Borrowings	17	287,824,012	335,270,858
Deposits and other accounts	18	1,084,833,696	1,011,485,773
Lease liabilities	19	9,623,087	9,086,176
Sub-ordinated debts		-	-
Deferred tax liabilities		-	-
Other liabilities	20	79,970,824	91,278,065
Total Liabilities		1,479,879,119	1,475,473,571
NET ASSETS		98,493,160	98,189,207
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		32,612,141	31,432,768
Surplus / (deficit) on revaluation of assets	21	4,407,415	4,829,814
Unappropriated profit		46,591,883	47,254,919
		94,089,754	93,995,816
Non-controlling interest		4,403,406	4,193,391
		98,493,160	98,189,207
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.

FUZAIL ABBAS Chief Financial Officer	KHURRAM SHAHZAD KHAN President & Chief Executive Officer	MOHSIN A. NATHANI Director	RASHID AHMED JAFER Director	MOHAMED ALI R. HABIB Chairman
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CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2024

	Note	31 March 2024	31 March 2023
Rupees in '000			
Mark-up / return / interest earned	24	60,064,053	44,847,935
Mark-up / return / interest expensed	25	(43,263,818)	(30,803,625)
Net mark-up / interest income		16,800,235	14,044,310
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	2,475,835	2,159,099
Dividend income		207,119	131,230
Foreign exchange income		1,300,554	1,813,692
Income / (loss) from derivatives		-	-
Gain / (loss) on securities	27	(267,137)	(142,402)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-
Other income	28	26,342	19,624
Total non mark-up / interest income		3,742,713	3,981,243
Total Income		20,542,948	18,025,553
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	7,434,093	6,539,852
Workers' welfare fund		244,476	178,410
Other charges	30	71,777	5
Total non-mark-up / interest expenses		(7,750,346)	(6,718,267)
Profit / (loss) before credit loss allowance		12,792,602	11,307,286
Credit loss allowance and write offs - net	31	(891,572)	(1,050,252)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		11,901,030	10,257,034
Taxation	32	(5,777,365)	(4,400,565)
PROFIT AFTER TAXATION		6,123,665	5,856,469
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the holding company		5,954,276	5,749,929
Non-controlling interest		169,389	106,540
		6,123,665	5,856,469
Rupees			
Basic and diluted earnings per share	33	5.68	5.49

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.

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

FOR THE QUARTER ENDED 31 MARCH 2024

	31 March 2024	31 March 2023
	Rupees in '000	
Profit after taxation for the period	6,123,665	5,856,469
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	(894)	5,265
Movement in deficit on revaluation of available for sale investment - net of tax	-	(3,508,713)
Movement in deficit on revaluation of debt investments through FVOCI - net of tax	(137,686)	-
	(138,580)	(3,503,448)
Items that will not be reclassified to profit and loss in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	(51,153)	(103,001)
Movement in deficit on revaluation of equity investments - net of tax	(18,696)	-
Gain on sale of equity shares - FVOCI	151,789	-
	81,940	(103,001)
Total comprehensive income	6,067,025	2,250,020
Equity shareholders of the holding company	5,857,011	2,141,423
Non-controlling interest	210,015	108,597
	6,067,025	2,250,020

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.

FUZAIL ABBAS Chief Financial Officer	KHURRAM SHAHZAD KHAN President & Chief Executive Officer	MOHSIN A. NATHANI Director	RASHID AHMED JAFER Director	MOHAMEDALIR. HABIB Chairman
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CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED 31 MARCH 2024

	Reserves						Surplus / (deficit) on revaluation			Sub total	Non- controlling interest	Total	
	Share capital	Share premium	Special reserve	Revenue reserve	Merger reserve	Statutory reserve	Exchange translation reserve	Investments	Fixed / non- banking assets				Un- appropriated profit
	Rupees in '000												
Balance as at 1 January 2023	10,478,315	2,550,985	340,361	1,500,000	31,002	21,522,347	4,929	(4,790,637)	6,820,054	36,584,942	75,042,298	3,685,208	78,727,506
Profit after taxation for the period	-	-	-	-	-	-	-	-	-	5,749,929	5,749,929	106,540	5,856,469
Other comprehensive income - net of tax	-	-	-	-	-	-	5,265	(3,507,968)	-	(103,001)	(3,605,704)	2,057	(3,603,647)
Total comprehensive income	-	-	-	-	-	-	5,265	(3,507,968)	-	5,646,928	2,144,225	108,597	2,252,822
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	-	-	-
Transactions with owners, recorded directly in equity													
Final Cash dividend (Rs. 3.00 per share) for the year ended 31 December 2022	-	-	-	-	-	-	-	-	-	(3,405,452)	(3,405,452)	-	(3,405,452)
Balance as at 31 March 2023	10,478,315	2,550,985	340,361	1,500,000	31,002	22,667,309	10,194	(8,298,605)	6,775,292	37,726,218	73,781,071	3,793,805	77,574,876
Profit after taxation for the period	-	-	-	-	-	-	-	-	-	18,806,573	18,806,573	572,851	19,379,424
Other comprehensive income - net of tax	-	-	-	-	-	-	1,115	6,758,885	(288,105)	175,434	6,647,329	14,194	6,661,523
Total comprehensive income	-	-	-	-	-	-	1,115	6,758,885	(288,105)	18,982,007	25,453,902	587,045	26,040,947
Transfer to statutory reserve	-	-	-	-	-	4,331,802	-	-	-	(4,331,802)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(117,653)	117,653	-	-	-
Transactions with owners, recorded directly in equity													
Interim Cash dividend by Habib Metropolitan Bank (Rs. 5.00 per share) for the year ended 31 December 2023	-	-	-	-	-	-	-	-	-	(5,239,157)	(5,239,157)	-	(5,239,157)
Profit distribution by First Habib Modaraba (Rs. 1.00 per certificate) for the period ended 30 June 2023	-	-	-	-	-	-	-	-	-	-	-	(187,459)	(187,459)
Balance as at 31 December 2023	10,478,315	2,550,985	340,361	1,500,000	31,002	26,999,111	11,309	(1,539,720)	6,369,534	47,254,919	93,995,816	4,193,391	98,189,207
Effect of Reclassification on adoption of IFRS 9 (net of tax)	-	-	-	-	-	-	-	(184,901)	-	184,901	-	-	-
Effect of adoption of IFRS 9 - ECL (net of tax)	-	-	-	-	-	-	-	(184,901)	-	184,901	-	-	-
Profit after taxation for the period	-	-	-	-	-	-	-	-	-	5,954,276	5,954,276	169,389	6,123,665
Other comprehensive income - net of tax	-	-	-	-	-	-	(894)	(197,007)	-	100,636	(97,266)	40,626	(56,640)
Total comprehensive income	-	-	-	-	-	-	(894)	(197,007)	-	6,054,912	5,857,011	210,015	6,067,025
Transfer to statutory reserve	-	-	-	-	-	1,180,267	-	-	-	(1,180,267)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(40,491)	40,491	-	-	-
Transactions with owners, recorded directly in equity													
Final Cash dividend (Rs. 5.50 per share) for the year ended 31 December 2023	-	-	-	-	-	-	-	-	-	(5,763,073)	(5,763,073)	-	(5,763,073)
Balance as at 31 March 2024	10,478,315	2,550,985	340,361	1,500,000	31,002	28,179,378	10,415	(1,921,628)	6,329,043	46,591,883	94,089,754	4,403,406	98,493,159

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.

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

FOR THE QUARTER ENDED 31 MARCH 2024

	Note	31 March 2024	31 March 2023
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the period		11,901,030	10,257,034
Less: Dividend income		(207,119)	(131,230)
		11,693,911	10,125,804
Adjustments			
Depreciation on operating fixed assets		562,442	443,835
Depreciation on right-of-use assets		373,167	321,246
Amortization		42,800	18,041
Markup on Lease liability against right-of-use assets		279,031	211,136
Credit loss allowance and write offs excluding recovery of written off bad debts	31	891,572	1,085,252
Net gain on sale of fixed assets		(15,735)	(9,157)
Provision against workers' welfare fund		244,476	178,410
Unrealized gain FVTPL securities		(44,166)	
Provision against compensated absences		23,716	12,450
Provision against defined benefit plan		82,867	75,366
		2,440,170	2,336,579
		14,134,081	12,462,383
(Increase) / decrease in operating assets			
Securities classified as FVPL		-	-
Lendings to financial institutions		316,823	72,428,796
Advances		(23,786,105)	(7,428,601)
Other assets (excluding dividend and non-banking assets)		(3,438,601)	(5,904,028)
		(26,907,883)	59,096,167
Increase / (decrease) in operating liabilities			
Bills payable		(10,725,199)	7,754,486
Borrowings from financial institutions		(50,341,485)	(35,054,782)
Deposits and other accounts		73,347,923	55,796,425
Other liabilities (excluding current taxation)		(11,240,567)	7,903,335
		1,040,672	36,399,464
		(11,733,130)	107,958,014
Payment against compensated absences		(6,916)	(7,950)
Income tax paid		(7,826,862)	(2,641,484)
Net cash flow (used in) / generated from operating activities		(19,566,908)	105,308,580
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI		27,936,360	(80,114,077)
Net investments in amortized cost securities		(788,228)	8,645,400
Dividend received		207,119	133,708
Investments in fixed assets		(1,129,138)	(429,692)
Investments in intangible assets		(56,760)	(1,700)
Proceeds from sale of fixed assets		27,672	14,496
Effect of translation of net investment in an offshore branch		(894)	9,260
Net cash flow generated / (used in) from investing activities		26,196,131	(71,742,605)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(5,764,049)	(3,406,313)
Payment of lease liability against right-of-use assets		(475,254)	(447,576)
Net cash used in financing activities		(6,239,303)	(3,853,889)
(Decrease) / increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		389,920	29,712,086
		111,848,372	76,276,054
Cash and cash equivalents at the end of the period		112,238,292	105,988,140

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH 2024

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), First Habib Modaraba (managed by Habib Metropolitan Modaraba Management Company (Private) Limited) and Habib Metro Exchange 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 Companies Act, 2017) and is engaged in commercial banking and related services. Its shares are listed on the Pakistan Stock Exchange. The Bank operates 525 (31 December 2023: 525) branches, including 208 (31 December 2023: 117) Islamic banking branches, an offshore branch (Karachi Export Processing Zone branch) and 1 (31 December 2022: 1) sub branches in Pakistan. 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, Kheকাশan 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.

HabibMetro Exchange Services Limited - 100% holding

HabibMetro Exchange Services Limited, a wholly owned subsidiary of Habib Metropolitan Bank Limited, is engaged in currency exchange services. The Company has its registered office at Ground Floor Al Manzoor Building, II Chundrigar Road, Karachi.

2. BASIS OF PREPARATION

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 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 disclosures and presentation made in these consolidated condensed interim financial statements are based on a format prescribed by the SBP vide vide BPRD Circular Letter No. 2 dated 09 February 2023 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2023.

Further as per SBP's BPRD Circular Letter No. 07 of 2023 dated 13 April 2023, the applicability of IFRS - 9 Financial Instruments is effective from 01 January 2024. Accordingly, these financial statements have been prepared to comply with the requirements thereof. Therefore, the requirements of SBP directives that currently provide the accounting framework for the measurement and valuation of investments and provision against non performing financings have been followed till 31 December 2023.

3. MATERIAL ACCOUNTING POLICIES

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 Bank for the year ended 31 December 2023, except for the adoption of IFRS 9 Financial Instruments w.e.f 01 January 2024.

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

3.1.1 Impact of IFRS 9 - Financial Instruments

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

As permitted by the transitional provisions of IFRS 9, the Group has opted for modified retrospective approach and has not restated comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were adjusted from general provision held by the Group without restating the comparative financial information.

3.1.2 Reconciliation of statement of financial position balances from existing local regulations to IFRS 9

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with existing local regulations to their new measurement categories upon transition to IFRS 9 on 01 January 2024.

	Classification under IFRS 9							IFRS 9 carrying amount as at 01 Jan 2024
	Carrying amount as per current accounting policy as at 31 Dec 2023	Recognition of ECL	Adoption of revised classification under IFRS 9	Reclassification to FVOCI - without recycling	Reclassification due to business model and SPPI	Remeasurement	Adjustment from provision held	
	Rupees in '000							
Cash and Balances with banks	112,737,010	(279)	-	-	-	-	-	(112,736,731)
Lendings to financial institutions	5,496,284	(387)	-	-	-	-	-	(5,495,897)
Advances	433,632,602	(25,841,183)	-	-	-	-	26,555,808	434,347,227
Investments in financial assets								
Classified as Available for sale	821,488,128	-	(821,488,128)	-	-	-	-	-
Classified as FVOCI	-	(280,927)	821,488,128	(4,752,312)	(4,320,139)	(219,607)	307,290	812,222,433
Classified as FVOCI - without recycling	-	-	-	4,752,312	-	-	-	4,752,312
Classified as FVTPL	-	-	-	-	4,320,139	-	-	4,320,139
Classified as Held to maturity	99,146,633	-	(99,146,633)	-	-	-	-	-
Classified as Amortised cost	-	(11)	99,146,633	-	-	-	-	99,146,622
Other assets	72,121,302	(33,500)	-	-	-	-	-	72,087,802
Other liabilities	100,364,241	(519,787)	-	-	-	-	32,583	99,877,037
	<u>1,644,986,200</u>	<u>(26,676,074)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(219,607)</u>	<u>26,895,681</u>	<u>1,644,986,200</u>

3.1.3 The following classification changes have been made:

- (i) Debt instruments amounting to Rs. 2,088,546 thousand and Rs. 9,587,800 thousand will be reclassified from AFS to FVTPL and FVOCI respectively.
- (ii) Equity instruments amounting to Rs. 2,000,880 thousand will be reclassified from AFS to FVTPL, whereas equity instruments of Rs. 4,680,023 thousand will be reclassified from AFS to FVOCI
- (iii) Those previously classified as held to maturity are now classified as amortised cost.

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 2023.

5. FINANCIAL 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 2023.

	Note	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
Rupees in '000			
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		15,689,527	11,629,171
Foreign currencies		3,955,237	4,164,225
		<u>19,644,764</u>	<u>15,793,396</u>
With State Bank of Pakistan in			
Local currency current accounts		61,310,377	48,615,882
Foreign currencies			
- current accounts		2,167,319	1,991,420
- cash reserve account		6,633,090	6,308,767
- deposit account - special cash reserve		12,169,206	11,497,335
		<u>82,279,992</u>	<u>68,413,404</u>
With National Bank of Pakistan in			
Local currency current account		3,144,790	7,152,782
National Prize Bonds		28,968	107,480
Less: Credit loss allowance held against cash and balances with treasury banks		(117,206)	-
Cash and balances with treasury banks - net of credit loss allowance		<u>104,981,308</u>	<u>91,467,062</u>
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		130,693	163,751
In deposit accounts		47,100	4,751
		<u>177,793</u>	<u>168,502</u>
Outside Pakistan			
In current accounts		10,745,262	21,101,446
Less: Credit loss allowance held against balances with other banks		(4,493)	-
Balances with other banks - net of credit loss allowance		<u>10,918,562</u>	<u>21,269,948</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.3	5,179,461	5,496,284
Less: Credit loss allowance held against lending to financial institutions		(1,811)	-
Lendings to financial institutions - net of credit loss allowance		<u>5,177,650</u>	<u>5,496,284</u>
8.1 Particulars of lendings			
In local currency - secured		-	-
In foreign currency - unsecured		5,177,650	5,496,284
		<u>5,177,650</u>	<u>5,496,284</u>

		31 March 2024	
		Lending	Credit loss allowance held
8.2 Lending to Fls- Particulars of credit loss allowance			
Performing	Stage 1	5,179,461	1,811
Under performing	Stage 2	-	-
Non-performing	Stage 3	-	-
Substandard		-	-
Doubtful		-	-
Loss		-	-
Total		5,179,461	1,811

8.3 These foreign currency lendings carry mark-up rate ranging from 8.5% to 12.00% (31 December 2023: 9.80% to 12.00%) per annum and are due to mature latest by 14 May 2024 (31 December 2023: 04 April 2024).

9. INVESTMENTS

9.1 Investments by types

31 March 2024 (Un-Audited)				
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
Rupees in '000				
FVTPL				
Non-government debt securities	2,177,755	-	(8,589)	2,169,166
Mutual funds	255,682	-	(8,495)	247,187
Real estate investment trust	1,831,780	-	204,193	2,035,973
	4,265,217	-	187,109	4,452,326
FVOCI				
Federal government securities	778,289,423	(193,636)	(4,121,298)	773,974,489
Shares	4,778,677	-	620,064	5,398,741
Non-government debt securities	9,834,723	(341,838)	(161,161)	9,331,724
	792,902,823	(535,474)	(3,662,395)	788,704,954
Amortised Cost				
Federal government securities	99,934,861	-	-	99,934,861
Total Investments	897,102,901	(535,474)	(3,475,286)	893,092,141
31 December 2023 (Audited)				
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees in '000				
Available-for-sale securities				
Federal government securities	806,602,843	-	(3,854,965)	802,747,878
Shares	4,095,589	(206,844)	863,567	4,752,312
Non-government debt securities	12,033,893	(87,683)	(189,864)	11,756,346
Mutual funds	247,661	(12,763)	4,069	238,967
Real estate investment trust	1,831,780	-	160,845	1,992,625
	824,811,766	(307,290)	(3,016,348)	821,488,128
Held-to-maturity securities				
Federal government securities	99,146,633	-	-	99,146,633
Total Investments	923,958,399	(307,290)	(3,016,348)	920,634,761

	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
	Rupees in '000	
9.1.1 Investments given as collateral against repo borrowing		
The market value of investments given as collateral against borrowings is as follows:		
Federal government securities		
Market treasury bills	140,300,059	129,183,999
Pakistan investment bonds	2,674,002	54,741,950
	<u>142,974,061</u>	<u>183,925,949</u>
9.2 Credit loss allowance for diminution in value of investments		
Opening balance	307,290	577,533
Impact of reclassification on adoption of IFRS 9	(219,607)	-
Impact of ECL recognised on adoption of IFRS 9	193,255	-
Charge for the period / year	-	63,244
Reversal for the period / year	254,536	(2,813)
Net (reversal) / charge for the period / year	254,536	60,431
Reversal on disposal	-	(330,674)
Transfers - net	-	-
Investment written off	-	-
Closing balance	<u>535,474</u>	<u>307,290</u>
	31 March 2024 (Un-Audited)	
	Outstanding amount	Credit loss allowance held
	Rupees in '000	
9.3 Particulars of credit loss allowance against debt securities		
Category of classification		
Performing Stage 1	9,440,897	86,076
Underperforming Stage 2	3,659,605	193,636
Non-performing Stage 3		
Substandard	-	-
Doubtful	340,000	170,000
Loss	85,762	85,762
	425,762	255,762
Total	<u>13,526,264</u>	<u>535,474</u>
	31 December 2023 (Audited)	
	Non-performing investments	Provision
	Rupees in '000	
Particulars of provision against debt securities		
Category of classification		
Doubtful	-	-
Loss	87,683	87,683
Total	<u>87,683</u>	<u>87,683</u>

9.4 Summary of financial position and performance of associates and subsidiaries

31 March 2024 (Un-Audited)							
	Country of Incorporation	Holding	Assets	Liabilities	Revenue	Profit / (loss) after tax	Total Comprehensive income for the period
Rupees in '000							
Subsidiaries							
First Habib Modaraba (FHM)	Pakistan	5.43%	24,391,696	19,153,987	1,239,152	200,297	200,247
Habib Metropolitan Modaraba Management Company (Private) Limited	Pakistan	100%	753,636	10,387	33,816	29,508	41,699
Habib Metropolitan Financial Services Limited	Pakistan	100%	380,763	82,223	21,812	(9,107)	(11,175)
HabibMetro Exchange Services Limited	Pakistan	100%	1,003,608	5,481	-	(1,873)	(1,873)
31 December 2023 (Audited)							
	Country of Incorporation	Holding	Assets	Liabilities	Revenue	Profit / (loss) after tax	Total Comprehensive income for the period
Rupees in '000							
Subsidiaries							
First Habib Modaraba (FHM)	Pakistan	5.43%	22,878,502	17,913,536	4,425,279	811,792	816,442
Habib Metropolitan Modaraba Management Company (Private) Limited	Pakistan	100%	723,378	13,465	105,652	105,968	98,208
Habib Metropolitan Financial Services Limited	Pakistan	100%	356,760	46,836	53,857	(20,406)	(16,869)

9.5 The market value of federal government securities classified as amortised cost is Rs. 93,219,506 thousand (31 December 2023: 91,756,989 thousand).

10. ADVANCES

31 March 2024 (Un-Audited)			
	Performing	Non-Performing	Total
Rupees in '000			
Loans, cash credits, running finances, etc.	275,028,784	17,421,032	292,449,816
Islamic financing and related assets	133,329,508	1,779,669	135,109,177
Bills discounted and purchased	54,374,437	2,844,054	57,218,491
Advances - gross	462,732,729	22,044,755	484,777,484
Credit loss allowance against advances			
Stage 1	-	-	-
Stage 2	-	-	-
Stage 3	-	(20,846,699)	(20,846,699)
General provision	(6,510,335)	-	(6,510,335)
	(6,510,335)	(20,846,699)	(27,357,034)
Advances - net of credit loss allowance	456,222,394	1,198,056	457,420,450

	31 December 2023 (Audited)		
	Performing	Non-Performing	Total
	Rupees in '000		
Loans, cash credits, running finances, etc.	261,089,008	16,160,613	277,249,621
Islamic financing and related assets	135,548,542	1,492,591	137,041,133
Bills discounted and purchased	43,580,472	3,120,153	46,700,625
Advances - gross	440,218,022	20,773,357	460,991,379
Provision against advances			
- Specific	-	(20,033,135)	(20,033,135)
- General	(7,325,642)	-	(7,325,642)
	(7,325,642)	(20,033,135)	(27,358,777)
Advances - net of provision	432,892,380	740,222	433,632,602

10.1 Particulars of advances - gross

	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
	Rupees in '000	
In local currency	411,397,926	393,475,892
In foreign currencies	73,379,558	67,515,487
	<u>484,777,484</u>	<u>460,991,379</u>

10.2 Advances include Rs. 22,029,579 thousand (31 December 2023 : Rs. 20,773,357 thousand) which have been placed under non-performing / Stage 3 status as detailed below:

Category of classification	31 March 2024 (Un-Audited)		31 December 2023 (Audited)	
	Non-performing loans	Credit loss allowance	Non-performing loans	Provision
	Rupees in '000			
Domestic				
Other asset especially mentioned Stage 3	38,092	3,161	32,575	-
Substandard Stage 3	69,481	40,573	243,168	61,969
Doubtful Stage 3	2,592,013	1,669,163	970,898	546,569
Loss Stage 3	19,345,169	19,133,802	19,526,716	19,424,597
	<u>22,044,755</u>	<u>20,846,699</u>	<u>20,773,357</u>	<u>20,033,135</u>

10.3 Particulars of credit loss allowance against advances

	31 March 2024 (Un-Audited)			31 December 2023 (Audited)		
	Stage 3	Stage 1 & 2+ General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	20,033,135	7,325,642	27,358,777	17,650,138	4,619,505	22,269,643
Impact of adoption of IFRS 9	724,458	(1,439,083)	(714,625)	-	-	-
Charge for the period / year	1,421,893	623,776	2,045,669	7,040,617	2,706,137	9,746,754
Reversals for the period / year	(1,332,787)	-	(1,332,787)	(4,626,567)	-	(4,626,567)
Net charge for the period / year	89,106	623,776	712,882	2,414,050	2,706,137	5,120,187
Amount written off	-	-	-	(31,053)	-	(31,053)
Closing balance	20,846,699	6,510,335	27,357,034	20,033,135	7,325,642	27,358,777

10.3.1 The Group maintains general provision, as a matter of prudence, on account of the management's assessment of credit risk and general banking risk particularly in the current stressed economic condition. General provision also includes provision of Rs. 60,845 thousand (31 December 2023: Rs. 60,609 thousand) made against consumer portfolio and Rs. 20 thousand (31 December 2023: Rs. 23 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulations issued by the SBP.

10.4 Advances - Particulars of credit loss allowance

	31 March 2024 (Un-Audited)		
	Stage 1	Stage 2	Stage 3
	Rupees in '000		
10.4.1 Opening balance	1,446,710	3,636,880	20,757,593
New Advances	1,321,396	381,100	374,678
Advances derecognised or repaid	(256,425)	(754,418)	(1,123,248)
Transfer to stage 1	192,604	(192,604)	-
Transfer to stage 2	(276,697)	306,410	(29,713)
Transfer to stage 3	(506)	(44,277)	44,782
	980,373	(303,789)	(733,500)
Amounts written off / charged off	-	-	-
Changes in risk parameters	-	(616,624)	822,605
Other changes (to be specific)	-	-	-
Closing balance	2,427,082	2,716,467	20,846,699

		31 March 2024 (Un-Audited)	
		Outstanding amount	Credit loss allowance held
		Rupees in '000	
10.4.2 Advances - Category of classification			
Domestic			
Performing	Stage 1	403,801,766	2,427,082
Underperforming	Stage 2	36,311,772	2,716,467
Non-Performing	Stage 3	-	-
Other asset especially mentationed		38,092	3,161
Substandard		69,481	40,573
Doubtful		2,592,013	1,669,163
Loss		19,345,169	19,133,802
		<u>22,044,755</u>	<u>20,846,699</u>
		<u>462,158,293</u>	<u>25,990,248</u>
	Note	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
		Rupees in '000	
11. PROPERTY AND EQUIPMENT			
Capital work-in-progress	11.1	376,960	293,119
Property and equipment		<u>15,958,457</u>	<u>15,489,044</u>
		<u>16,335,417</u>	<u>15,782,163</u>
11.1 Capital work-in-progress			
Civil works		176,003	79,056
Advance to suppliers		<u>200,957</u>	<u>214,063</u>
		<u>376,960</u>	<u>293,119</u>
11.1.1 This represents advance against renovation being carried out at various locations.			
		31 March 2024 (Un-Audited)	31 March 2023
		Rupees in '000	
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress - additions / (transfer to fixed assets) - net		83,841	155,302
Property and equipment			
Furniture and fixtures		43,739	43,755
Electrical, office and computer equipment		850,178	175,139
Vehicles		35,926	14,839
Lease hold improvements		115,841	34,485
		<u>1,045,684</u>	<u>268,218</u>
		<u>1,129,525</u>	<u>423,520</u>

	31 March 2024 (Un-Audited)	31 March 2023
	Rupees in '000	
11.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Furniture and fixtures	244	349
Electrical, office and computer equipment	384	60
Vehicles	11,309	4,930
	<u>11,937</u>	<u>5,339</u>
	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
	Rupees in '000	
12. RIGHT-OF-USE ASSETS		
At 01 January 2024		
Cost	12,479,390	10,130,149
Accumulated Depreciation	(4,854,380)	(3,386,731)
Net Carrying amount at 01 January 2024	7,625,010	6,743,418
Additions during the period / year	733,134	2,349,241
Depreciation Charge for the period / year	(373,167)	(1,467,649)
Net Carrying amount at 31 March 2024	<u>7,984,977</u>	<u>7,625,010</u>
13. INTANGIBLE ASSETS		
Computer Software	340,695	326,733
Management rights	41,600	41,600
	<u>382,295</u>	<u>368,333</u>
	31 March 2024 (Un-Audited)	31 March 2023
	Rupees in '000	
13.1 Additions to intangible assets		
Directly purchased - Computer Software	56,760	1,700
	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
	Rupees in '000	
14. DEFERRED TAX ASSETS		
Deductible temporary differences on		
- Credit loss allowance for diminution in value of investments	262,409	150,572
- Credit loss allowance against advances and off balance sheet	4,357,281	5,523,386
- Accelerated tax depreciation	380,802	317,308
- Deferred liability on defined benefit plan	29,068	(14,780)
- Deficit on revaluation of investments	1,808,250	1,489,809
- Others	(2,511)	(4,242)
	<u>6,835,299</u>	<u>7,462,053</u>
Taxable temporary differences on		
- Surplus on revaluation of non-banking assets	(769,953)	(769,953)
- Surplus on revaluation of property and equipment	(1,387,882)	(1,426,787)
- Exchange translation reserve	-	-
	<u>(2,157,835)</u>	<u>(2,196,740)</u>
Net deferred tax assets	<u>4,677,464</u>	<u>5,265,313</u>

	Note	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
Rupees in '000			
15. OTHER ASSETS			
Income / mark-up / profit accrued in local currency - net of provision		41,518,816	38,133,593
Income / mark-up / profit accrued in foreign currencies - net of provision		186,649	304,547
Advances, deposits and other prepayments		729,966	670,226
Non-banking assets acquired in satisfaction of claims	15.1	2,204,729	2,204,729
Branch adjustment account		5,034	-
Mark-to-market gain on forward foreign exchange contracts		2,920,676	2,888,760
Acceptances		27,038,738	25,076,677
Receivable from the SBP against encashment of government securities		26,976	43,509
Stationery and stamps on hand		283,555	245,121
Receivable from defined benefit plan		-	55,014
Others		834,542	781,857
		<u>75,749,681</u>	<u>70,404,033</u>
Credit loss allowance / provision held against other assets	15.2	(442,777)	(377,842)
Other Assets (net of credit loss allowance)		<u>75,306,904</u>	<u>70,026,191</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	2,095,111	2,095,111
		<u>77,402,015</u>	<u>72,121,302</u>
15.1 Credit loss allowance held against other assets		<u>442,777</u>	<u>377,842</u>
15.2 Movement in Credit loss allowance held against other assets			
Opening balance		377,842	377,802
Impact of adoption of IFRS 9		33,500	-
Charge for the period / year		31,534	40
Reversal for the period / year		(99)	-
		<u>31,435</u>	<u>40</u>
Closing balance		<u>442,777</u>	<u>377,842</u>

	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
	Rupees in '000	
16. BILLS PAYABLE		
In Pakistan	17,530,544	28,254,056
Outside Pakistan	96,956	98,643
	<u>17,627,500</u>	<u>28,352,699</u>
17. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under		
- Export refinance scheme	76,631,704	85,990,034
- Long term financing facility - renewable energy scheme	2,332,664	2,327,108
- Long term financing facility	18,245,476	19,057,928
- Temporary economic refinance facility	27,781,314	28,797,755
- Long term financing facility - for storage of agricultural produce scheme	594,605	621,700
- Refinance facility for modernization of SME	134,012	105,858
- Refinance facility for combating COVID-19	32,394	35,878
- Refinance and credit guarantee scheme for women entrepreneurs	36,633	23,208
	<u>125,788,802</u>	<u>136,959,469</u>
Repurchase agreement borrowings (Repo)	142,693,171	184,947,267
Due against bills rediscounting	2,233,647	474,216
	<u>270,715,620</u>	<u>322,380,952</u>
Unsecured		
Certificate of investment	13,325,115	9,505,606
Musharka borrowing	-	2,495,662
Overdrawn nostro accounts	3,783,277	888,638
	<u>17,108,392</u>	<u>12,889,906</u>
	<u>287,824,012</u>	<u>335,270,858</u>

18. DEPOSITS AND OTHER ACCOUNTS

	31 March 2024 (Un-Audited)			31 December 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	306,400,360	61,993,341	368,393,701	310,637,089	59,724,307	370,361,396
Savings deposits	370,028,493	16,547,205	386,575,698	341,134,624	16,798,084	357,932,708
Term deposits	201,751,464	69,787,300	271,538,764	175,133,425	50,971,995	226,105,420
Others	35,878,401	8,844	35,887,245	41,503,257	72,458	41,575,715
	<u>914,058,718</u>	<u>148,336,690</u>	<u>1,062,395,408</u>	<u>868,408,395</u>	<u>127,566,844</u>	<u>995,975,239</u>
Financial institutions						
Current deposits	4,947,946	841,793	5,789,739	2,327,236	1,030,085	3,357,321
Savings deposits	16,081,095	-	16,081,095	11,868,434	-	11,868,434
Term deposits	542,403	22,895	565,298	260,684	22,739	283,423
Others	2,156	-	2,156	1,356	-	1,356
	<u>21,573,600</u>	<u>864,688</u>	<u>22,438,288</u>	<u>14,457,710</u>	<u>1,052,824</u>	<u>15,510,534</u>
	<u>935,632,318</u>	<u>149,201,378</u>	<u>1,084,833,696</u>	<u>882,866,105</u>	<u>128,619,668</u>	<u>1,011,485,773</u>

	Note	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
Rupees in '000			
19. LEASE LIABILITIES			
Opening Balance		9,086,176	7,803,164
Addition during the period / year		733,134	2,349,241
Lease payments including interest		(475,254)	(2,035,353)
Interest expense		279,031	969,124
Closing balance		<u>9,623,087</u>	<u>9,086,176</u>
19.1. Liabilities Outstanding			
Not later than one year		923,686	887,259
Later than one year and upto five years		4,603,981	4,279,303
Over five years		4,095,420	3,919,614
Total		<u>9,623,087</u>	<u>9,086,176</u>
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		16,622,834	19,657,456
Mark-up / return / interest payable in foreign currencies		1,381,295	684,315
Unearned commission and income on bills discounted		779,462	721,371
Accrued expenses		5,254,140	4,461,216
Current taxation (provision less payments)		7,458,789	10,045,748
Acceptances		27,038,738	25,076,677
Unclaimed dividend		138,780	85,648
Dividend payable		-	54,108
Branch adjustment account		-	3,719
Mark-to-market loss on forward foreign exchange contracts		4,252,205	4,203,701
Provision for compensated absences	20.1	342,677	325,877
Deferred liability on defined benefit plan	20.2	120,773	-
Credit loss allowance against off-balance sheet obligations		289,662	32,583
Workers' welfare fund		3,953,484	3,764,458
Charity fund		125	402
Excise duty payable		2,357	2,263
Locker deposits		964,521	989,676
Advance against diminishing musharaka		87,489	58,716
Advance rental for ijarah		22,127	19,440
Security deposits against leases / ijarah		237,943	244,813
Sundry creditors		4,260,574	3,674,016
Withholding tax / duties		831,754	315,255
Others		5,931,095	16,856,607
		<u>79,970,824</u>	<u>91,278,065</u>
20.1 Credit loss allowance against off-balance sheet obligations			
Opening balance		32,583	32,583
Impact of adoption of IFRS 9		487,204	-
Charge for the period / year		-	-
Reversal for the period / year		(230,125)	-
Net charge for the period / year		(230,125)	-
Closing balance		<u>289,662</u>	<u>32,583</u>

20.2 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.

	Note	31 March 2024 (Un-Audited) – Rupees in '000 –
21. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of		
- Securities measured at FVOCI-Debt	9.1	(4,282,459)
- Securities measured at FVOCI-Equity	9.1	620,064
- Fixed Assets		6,391,767
- Non-banking assets acquired in satisfaction of claims		2,095,111
		4,824,483
Less: Deferred tax on surplus / (deficit) on revaluation of		
- Securities measured at FVOCI-Debt		(2,098,405)
- Securities measured at FVOCI-Equity		303,831
- Fixed Assets		1,387,882
- Non-banking assets acquired in satisfaction of claims		769,953
		(363,261)
Less : Surplus pertaining to non-controlling interest		(53,807)
		<u>4,407,415</u>
		31 December 2023 (Audited) – Rupees in '000 –
Surplus / (deficit) on revaluation of		
- Available for sale securities		(3,016,348)
- Fixed Assets		6,471,163
- Non-banking assets acquired in satisfaction of claims		2,095,111
		5,549,926
Less: Deferred tax on surplus / (deficit) on revaluation of		
- Available for sale securities		(1,489,809)
- Fixed Assets		1,426,787
- Non-banking assets acquired in satisfaction of claims		769,953
		(706,931)
Less : Surplus pertaining to non-controlling interest		(13,181)
		<u>4,829,814</u>

	Note	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
Rupees in '000			
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	121,358,489	137,319,392
Commitments	22.2	755,908,823	500,787,681
Other contingent liabilities	22.3	3,947,987	3,941,041
		<u>881,215,299</u>	<u>642,048,114</u>
22.1 Guarantees			
Financial guarantees		30,009,649	29,705,918
Performance guarantees		36,875,243	55,811,913
Other guarantees		54,473,598	51,801,561
		<u>121,358,489</u>	<u>137,319,392</u>
22.2 Commitments			
Documentary credits and short-term trade-related transactions:			
Letters of credit		192,797,905	132,975,536
Commitments in respect of:			
Forward foreign exchange contracts	22.2.1	560,866,918	365,390,061
Forward lendings	22.2.2	1,568,000	2,119,000
Commitments in respect of:			
Acquisition of operating fixed assets		676,000	303,084
		<u>755,908,823</u>	<u>500,787,681</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		294,058,000	190,089,104
Sale		266,808,918	175,300,957
		<u>560,866,918</u>	<u>365,390,061</u>
22.2.2 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:			
		31 March 2024 (Un-Audited)	31 December 2023 (Audited)
Rupees in '000			
Commitments in respect of syndicate financing		281,000	1,093,000
Commitments in respect of other financing transactions		1,287,000	1,026,000
		<u>1,568,000</u>	<u>2,119,000</u>

	Note	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
Rupees in '000			
22.3 Other contingent liabilities			
Claims against bank not acknowledged as debt	22.3.1	3,841,931	3,834,985
Foreign Exchange repatriation case	22.3.2	106,056	106,056
		<u>3,947,987</u>	<u>3,941,041</u>

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

22.3.2 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.

23. 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 "Foreign exchange income". 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 unfavorable 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).

24. MARK-UP / RETURN / INTEREST EARNED

	Note	31 March 2024	31 March 2023
		(Un-Audited)	
		Rupees in '000	
Loans and advances	24.1	19,188,965	14,536,864
Investments		40,126,497	29,689,569
Lendings to financial institutions		731,926	611,110
Balances with banks		16,665	10,392
		<u>60,064,053</u>	<u>44,847,935</u>

24.1 Interest income (calculated using effective interest rate method) recognised on:

Financial assets measured at amortised cost;	3,380,045	-
Financial assets measured at fair value through P&L	610,318	-
Financial assets measured at fair value through OCI	36,136,134	-
	<u>40,126,497</u>	<u>-</u>

25. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	29,685,368	18,839,748
Borrowings	11,920,894	10,640,776
Foreign currency swap cost	1,378,525	1,111,965
Lease liability against right-of-use assets	279,031	211,136
	<u>43,263,818</u>	<u>30,803,625</u>

26. FEE & COMMISSION INCOME

Branch banking customer fees	317,382	280,499
Credit related fees	12,204	7,227
Card related fees	275,289	277,073
Commission on trade	1,524,172	1,237,651
Commission on guarantees	237,568	203,128
Commission on remittances including home remittances	12,518	10,557
Commission on bancassurance	40,461	44,015
Commission on cash management	41,495	35,941
Others	14,746	63,008
	<u>2,475,835</u>	<u>2,159,099</u>

	Note	31 March 2024 (Un-Audited)	31 March 2023
Rupees in '000			
27. GAIN / (LOSS) ON SECURITIES - NET			
Realised	27.1	(311,303)	(142,402)
Unrealised - measured at FVPL	27.2	44,166	-
		<u>(267,137)</u>	<u>(142,402)</u>
27.1 Realised gain on:			
Federal government securities - net		(311,303)	(172,210)
Shares - net		-	20,088
Mutual funds - net		-	29,808
		<u>(311,303)</u>	<u>(142,402)</u>
27.2 Net gain / loss on financial assets / liabilities measured at FVPL:			
Designated upon initial recognition		142,943	-
Mandatorily measured at FVPL		44,166	-
	9.1	187,109	-
Net gain / (loss) on financial assets / liabilities measured at amortised cost		-	-
Net gain / (loss) on financial assets measured at FVOCI		(4,282,459)	-
Net gain / (loss) on investments in equity instruments designated at FVOCI		620,064	-
	9.1	<u>(3,662,395)</u>	<u>-</u>
		<u>(3,475,286)</u>	<u>-</u>
28. OTHER INCOME			
Rent on properties		7,335	4,537
Gain on sale of fixed assets - net		15,735	9,157
Gain on sale of ijarah assets - net		3,014	5,663
Staff notice period and other recoveries		258	267
		<u>26,342</u>	<u>19,624</u>

	31 March 2024	31 March 2023
	(Un-Audited)	
	————— Rupees in '000 —————	
29. OPERATING EXPENSES		
Total compensation expense	3,031,783	2,752,934
Property expense		
Rent & taxes	45,775	89,924
Insurance	6,421	1,720
Utilities cost	375,278	258,258
Security	256,901	190,101
Repair & maintenance	221,807	262,895
Depreciation on owned fixed assets	241,979	216,888
Depreciation on right-of-use assets	373,167	321,246
	1,521,328	1,341,032
Information technology expenses		
Software maintenance	179,390	96,196
Hardware maintenance	107,840	93,696
Depreciation	119,511	73,153
Amortisation	42,800	18,041
Network charges	178,942	132,857
	628,483	413,943
Other operating expenses		
Directors' fees and allowances	6,657	3,288
Fees and allowances to Shariah Board	9,018	9,634
Legal & professional charges	91,822	58,900
Outsourced services costs	87,055	84,765
Travelling & conveyance	204,019	138,149
NIFT clearing charges	24,050	26,381
Depreciation	200,952	153,794
Training & development	7,963	8,497
Postage & courier charges	49,525	38,679
Communication	40,773	38,514
Subscription	208,473	179,741
Repair & maintenance	78,568	33,373
Brokerage & commission	20,382	44,096
Stationery & printing	156,058	120,805
Marketing, advertisement & publicity	231,479	110,431
Management fee	135,902	407,662
Insurance	284,217	246,466
Donations	140,688	69,043
Auditors' Remuneration	11,222	10,701
Security	105,362	68,571
Others	158,314	180,453
	2,252,499	2,031,943
	<u>7,434,093</u>	<u>6,539,852</u>

	Note	31 March 2024	31 March 2023
		(Un-Audited)	
		Rupees in '000	
30. OTHER CHARGES			
Penalties imposed by the SBP		<u>71,777</u>	<u>5</u>
31. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET			
Credit loss allowance against Cash and balances with banks		121,420	-
Credit loss allowance against lending to financial institutions		1,424	-
Credit loss allowance for diminution in value of investments	9.2	254,536	29,696
Credit loss allowance against loans & advances	10.3	712,882	1,055,649
Credit loss allowance against other assets		31,435	(93)
Reversal of credit loss allowance against off balance sheet obligations		(230,125)	-
Recovery of written off / charged off bad debts		-	(35,000)
		<u>891,572</u>	<u>1,050,252</u>
32. TAXATION			
Current		5,184,453	4,404,717
Deferred		592,912	(4,152)
		<u>5,777,365</u>	<u>4,400,565</u>
33. BASIC AND DILUTED EARNINGS PER SHARE			
Profit attributable to equity shareholders of the holding company		<u>5,954,276</u>	<u>5,749,929</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>5.68</u>	<u>5.49</u>

34. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than investment in subsidiaries and those classified as amortised cost / held to maturity, is based on quoted market price. Quoted securities classified as amortised cost / 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.

34.1 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 2024 (Un-Audited)				
	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Financial assets measured at fair value					
- FVTPL & FVOCI					
Federal government securities	773,974,489	-	773,974,489	-	773,974,489
Sukuk certificates and bonds	7,144,005	-	7,144,005	-	7,144,005
Ordinary shares of listed companies	5,346,083	5,346,083	-	-	5,346,083
Ordinary shares of unlisted companies	52,658	-	-	-	-
Mutual funds - open end	240,324	240,324	-	-	240,324
- close end	6,863	6,863	-	-	6,863
Real estate investment trust	2,035,973	2,035,973	-	-	2,035,973
Listed term finance certificates	1,317,961	-	1,317,961	-	1,317,961
Unlisted term finance certificates	3,038,924	-	3,038,924	-	3,038,924
Financial assets - disclosed but not measured at fair value					
- Investments					
- Amortised cost					
Federal government securities	99,934,861	-	93,219,506	-	93,219,506
	<u>893,092,141</u>	<u>7,629,243</u>	<u>878,694,885</u>	<u>-</u>	<u>886,324,128</u>
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	294,058,000	-	290,117,994	-	290,117,994
- Forward sale of foreign exchange contracts	266,808,918	-	269,417,395	-	269,417,395

34.3 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 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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35. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	31 March 2024 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Profit and Loss				
Net mark-up / return / interest / profit	32,817,996	(13,428,436)	(2,589,325)	16,800,235
Inter segment revenue - net	(35,787,462)	21,755,192	14,032,270	-
Non mark-up / return / interest income	1,240,548	297,331	2,204,834	3,742,713
Total income	(1,728,918)	8,624,087	13,647,779	20,542,948
Segment direct expenses	(113,098)	-	(89,159)	(202,257)
Inter segment expense allocation	-	(2,349,594)	(5,198,495)	(7,548,089)
Total expenses	(113,098)	(2,349,594)	(5,287,654)	(7,750,346)
Credit loss allowance	(255,960)	(236)	(635,376)	(891,572)
Profit before tax	(2,097,976)	6,274,257	8,069,465	11,901,303
Balance Sheet				
Cash and bank balances	11,783,826	32,717,522	71,398,522	115,899,870
Investments - net	893,092,141	-	-	893,092,141
Net inter segment lending	-	447,673,188	295,816,016	743,489,204
Lendings to financial institutions	5,177,650	-	-	5,177,650
Advances - performing	-	16,022,430	446,710,299	462,732,729
Advances - non-performing	-	236,711	21,808,044	22,044,755
Credit loss allowance against advances	-	(105,277)	(27,251,757)	(27,357,034)
Others	32,057,476	8,741,412	65,983,280	106,782,168
Total assets	942,111,093	505,285,986	874,464,406	2,321,861,483
Borrowings	150,210,095	-	137,613,917	287,824,012
Subordinated debt	-	-	-	-
Deposits and other accounts	-	465,519,081	619,314,615	1,084,833,696
Net inter segment borrowing	743,489,204	-	-	743,489,204
Others	5,005,621	13,438,861	88,776,929	107,221,411
Total liabilities	898,704,920	478,957,942	845,705,461	2,223,368,323
Net Assets	43,406,173	26,328,044	28,757,945	98,493,160
Equity				98,680,694
Contingencies and commitments	560,866,918	2,000	320,346,381	881,215,299

	31 March 2023 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Profit and Loss				
Net mark-up / return / interest / profit	21,904,537	(7,831,758)	(28,469)	14,044,310
Inter segment revenue - net	(19,177,041)	12,169,544	7,007,497	-
Non mark-up / return / interest income	1,814,449	305,325	1,861,469	3,981,243
Total Income	4,541,945	4,643,111	8,840,497	18,025,553
Segment direct expenses	(121,608)	-	(92,457)	(214,065)
Inter segment expense allocation	-	(2,023,620)	(4,480,582)	(6,504,202)
Total expenses	(121,608)	(2,023,620)	(4,573,039)	(6,718,267)
Provision	(29,603)	(5,635)	(1,015,014)	(1,050,252)
Profit before tax	4,390,734	2,613,856	3,252,444	10,257,034
Balance Sheet				
31 December 2023 (Audited)				
Cash and bank balances	21,270,067	29,853,257	61,613,686	112,737,010
Investments - net	920,634,761	-	-	920,634,761
Net inter segment lending	-	456,265,123	263,545,211	719,810,334
Lendings to financial institutions	5,496,284	-	-	5,496,284
Advances - performing	-	16,829,682	423,388,340	440,218,022
Advances - non-performing	-	330,126	20,443,231	20,773,357
Provision against advances	-	(201,087)	(27,157,690)	(27,358,777)
Others	28,147,337	8,678,456	64,336,328	101,162,121
Total assets	975,548,449	511,755,557	806,169,106	2,293,473,112
Borrowings	198,311,389	-	136,959,469	335,270,858
Deposits and other accounts	-	463,433,999	548,051,774	1,011,485,773
Net inter segment borrowing	719,810,334	-	-	719,810,334
Others	5,000,244	19,316,073	104,400,623	128,716,940
Total liabilities	923,121,967	482,750,072	789,411,866	2,195,283,905
Net Assets	52,426,482	29,005,485	16,757,240	98,189,207
Equity				98,189,207
Contingencies and commitments	365,390,061	9,000	281,201,314	642,048,114

36. 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 during the period are as follows:

	31 March 2024 (Un-Audited)					Total
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000					
Balances with other banks						
In current accounts	947,179	614,886	-	-	-	1,562,065
Advances						
Opening balance	-	5,709,339	290,151	-	-	5,999,490
Addition during the period	-	39,669,908	3,940	-	-	39,673,848
Repaid during the period	-	(38,385,064)	14,688	-	-	(38,370,376)
Closing balance	-	6,994,183	308,779	-	-	7,302,962
Credit loss allowance held against advances	-	-	-	-	-	-
Other Assets						
Mark-up / return / interest receivable	-	42,889	-	-	-	42,889
Prepayments / advance deposits / other receivables	936	74,092	-	-	-	75,028
	936	116,981	-	-	-	117,917
Credit loss allowance against other assets	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	242,044	25,121,296	319,529	822,094	1,579,293	28,084,256
Received during the period	995,367	686,432,451	299,419	526,922	1,754,749	690,008,908
Withdrawn during the period	(945,764)	(685,034,927)	(307,160)	(519,531)	(1,934,867)	(688,742,249)
Closing balance	291,647	26,518,820	311,788	829,485	1,399,175	29,350,915
Other Liabilities						
Mark-up / return / interest payable	-	345,150	2,872	7,641	45,971	401,634
Management fee payable for technical and consultancy services*	1,800,233	-	-	-	-	1,800,233
Other payables	-	630	-	995	115,827	117,452
	1,800,233	345,780	2,872	8,636	161,798	2,319,319
Contingencies and commitments						
Transaction-related contingent liabilities	-	11,002,942	-	-	-	11,002,942
Trade-related contingent liabilities	-	5,205,563	-	-	-	5,205,563
	-	16,208,505	-	-	-	16,208,505

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

31 March 2023 (Un-Audited)

	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Balances with other banks						
In current accounts	680,649	186,957	-	-	-	867,606
Advances						
Opening balance	-	4,923,312	247,128	-	-	5,170,440
Addition during the year	-	107,246,311	144,741	-	-	107,391,052
Repaid during the year	-	(106,460,284)	(101,718)	-	-	(106,562,002)
Closing balance	-	5,709,339	290,151	-	-	5,999,490
Provision against advances	-	-	-	-	-	-
Other Assets						
Mark-up / return / interest receivable	-	88,690	-	-	-	88,690
Prepayments / advance deposits / other receivables	468	59,669	-	-	60,450	120,587
	468	148,359	-	-	60,450	209,277
Provision against other assets	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	186,031	21,811,626	395,587	703,394	1,267,570	24,364,208
Received during the year	25,230,932	2,458,473,253	3,199,802	1,710,093	5,434,990	2,494,049,070
Withdrawn during the year	(25,174,919)	(2,455,163,584)	(3,275,860)	(1,591,393)	(5,123,266)	(2,490,329,022)
Closing balance	242,044	25,121,296	319,529	822,094	1,579,293	28,084,256
Other Liabilities						
Mark-up / return / interest payable	-	254,878	8,517	8,523	104,940	376,858
Management fee payable for technical and consultancy services *	1,850,085	-	-	-	-	1,850,085
Other payables	-	630	-	995	-	1,625
	1,850,085	255,508	8,517	9,518	104,940	2,228,568
Contingencies and commitments						
Transaction-related contingent liabilities	-	10,950,031	-	-	-	10,950,031
Trade-related contingent liabilities	-	1,920,863	-	-	-	1,920,863
	-	12,870,894	-	-	-	12,870,894

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

Transactions during the period

	For the period ended 31 March 2024 (Un-Audited)					Total
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000					
Income						
Mark-up / return / interest earned	-	18,405	3,940	-	-	22,345
Fee and commission income	41	204,152	-	58	-	204,251
Rent income	1,404	2,585	-	-	-	3,989
Expense						
Mark-up / return / interest expensed	-	914,314	13,183	19,150	61,917	1,008,564
Commission / brokerage / bank charges paid	54	717	-	-	-	771
Salaries and allowances	-	-	255,718	-	-	255,718
Directors' fees and allowances	-	-	-	6,657	-	6,657
Charge to defined benefit plan	-	-	-	-	83,162	83,162
Contribution to defined contribution plan	-	-	-	-	94,805	94,805
Insurance premium expenses	-	20,464	-	-	-	20,464
Management fee expense for technical and consultancy services *	135,902	-	-	-	-	135,902
Donation	-	480	-	-	-	480

* 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
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000					
Income						
Mark-up / return / interest earned	<u>-</u>	<u>140,828</u>	<u>3,536</u>	<u>-</u>	<u>-</u>	<u>144,364</u>
Fee and commission income	<u>29</u>	<u>53,682</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>53,751</u>
Rent income	<u>1,404</u>	<u>2,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,989</u>
Expenses						
Mark-up / return / interest expensed	<u>-</u>	<u>523,227</u>	<u>13,119</u>	<u>11,674</u>	<u>84,400</u>	<u>632,420</u>
Commission / brokerage / bank charges paid	<u>35</u>	<u>4,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,250</u>
Salaries and allowances	<u>-</u>	<u>-</u>	<u>231,753</u>	<u>-</u>	<u>-</u>	<u>231,753</u>
Directors' fees and allowances	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,288</u>	<u>-</u>	<u>3,288</u>
Charge to defined benefit plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,366</u>	<u>75,366</u>
Contribution to defined contribution plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,353</u>	<u>82,353</u>
Insurance premium expenses	<u>-</u>	<u>5,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,945</u>
Management fee expense for technical and consultancy services *	<u>407,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>407,662</u>
Donation	<u>-</u>	<u>480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>480</u>

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

37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>10,478,315</u>	<u>10,478,315</u>
Capital Adequacy Ratio (CAR):		
Eligible common equity Tier 1 (CET 1) Capital	<u>89,513,699</u>	<u>89,001,463</u>
Eligible additional Tier 1 (ADT 1) Capital	<u>39,314</u>	<u>38,306</u>
Total eligible Tier 1 capital	<u>89,553,013</u>	<u>89,039,769</u>
Eligible Tier 2 capital	<u>8,766,820</u>	<u>8,940,628</u>
Total eligible capital (Tier 1 + tier 2)	<u>98,319,833</u>	<u>97,980,397</u>
Risk Weighted Assets (RWAs):		
Credit risk	<u>440,000,890</u>	<u>428,865,561</u>
Market risk	<u>2,990,096</u>	<u>2,408,671</u>
Operational risk	<u>115,752,384</u>	<u>115,752,388</u>
Total	<u>558,743,370</u>	<u>547,026,620</u>
CET 1 capital adequacy ratio	<u>16.02%</u>	<u>16.27%</u>
Tier 1 capital adequacy ratio	<u>16.03%</u>	<u>16.28%</u>
Total capital adequacy ratio	<u>17.60%</u>	<u>17.91%</u>
Minimum capital requirements prescribed by SBP		
CET 1 capital adequacy ratio	6.00%	6.00%
Tier 1 capital adequacy ratio	7.50%	7.50%
Total capital adequacy ratio	11.50%	11.50%

The Group use simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.

Leverage Ratio (LR):

Eligible Tier-1 capital	89,553,013	89,039,769
Total exposures	1,923,557,625	1,860,804,377
Leverage ratio	<u>4.66%</u>	<u>4.79%</u>

38. ISLAMIC BANKING BUSINESS

The Holding Company is operating 208 (31 December 2023: 117) Islamic banking branches and 187 (31 December 2023: 233) Islamic banking windows at the end of the period.

	Note	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		17,720,154	11,119,511
Balances with other banks		2,915	2,956
Due from financial institutions		-	-
Investments	38.1	91,619,117	77,555,576
Islamic financing and related assets - net	38.2	109,029,746	114,142,245
Property and equipment		589,929	318,450
Right-of-use assets'		2,976,325	2,026,102
Intangible assets		-	-
Due from head office		9,381,398	-
Other assets		14,387,946	11,007,766
		<u>245,707,531</u>	<u>216,172,606</u>
LIABILITIES			
Bills payable		3,705,254	1,707,901
Due to financial institutions		30,230,883	35,303,574
Deposits and other accounts	38.3	190,374,274	147,905,702
Due to head office		-	4,644,318
Lease liabilities		3,325,961	2,143,764
Subordinated debt		-	-
Other liabilities		5,335,953	9,337,227
		<u>232,972,325</u>	<u>201,042,486</u>
NET ASSETS		<u>12,735,206</u>	<u>15,130,120</u>
REPRESENTED BY			
Islamic Banking Fund		11,006,949	10,007,047
Reserves		-	-
Surplus / (deficit) on revaluation of assets		282,077	402,256
Unappropriated profit	38.4	1,446,180	4,720,817
		<u>12,735,206</u>	<u>15,130,120</u>
CONTINGENCIES AND COMMITMENTS	38.5		

The profit and loss account of the Bank's Islamic banking branches for the period ended 31 March 2024 is as follows:

	Note	31 March 2024 (Un-Audited) Rupees in '000	31 March 2023
Profit / return earned	38.6	8,873,413	4,523,523
Profit / return expensed	38.7	(5,396,301)	(2,669,014)
Net Profit / return		3,477,112	1,854,509
Other income			
Fee and commission income		210,429	148,766
Dividend income		-	-
Foreign exchange income		30,396	25,442
Income / (loss) from derivatives		-	-
Gain / (loss) on securities - net		(81,303)	-
Other income		3,702	5,360
Total other income		163,224	179,568
Total Income		3,640,336	2,034,077
Other expenses			
Operating expenses		1,355,384	434,494
Workers' welfare fund		-	-
Other charges		100	1,030
Total other expenses		1,355,484	435,524
Profit before credit loss allowance		2,284,852	1,598,553
Credit loss allowance and write offs - net		550,795	34,023
Profit before taxation		2,835,647	1,632,576
Taxation		1,389,467	702,008
Profit / (loss) after taxation		1,446,180	930,568

38.1 Investments by segments

	31 March 2024 (Un-Audited)			
	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000			
Debt Instruments				
Measured at amortised cost				
Federal government securities				
– Ijarah Sukuk	2,966,781	–	–	2,966,781
Certificate of investment	5,600,000	(55)	–	5,599,945
	<u>8,566,781</u>	<u>(55)</u>	<u>–</u>	<u>8,566,726</u>
Measured at FVOCI				
Federal government securities				
– Ijarah Sukuk	72,222,210	–	447,033	72,669,243
– Islamic Naya Pakistan Certificate	3,682,779	(193,636)	–	3,489,143
Non Government Debt Securities	6,748,961	(170,000)	(161,161)	6,417,800
	<u>82,653,950</u>	<u>(363,636)</u>	<u>285,872</u>	<u>82,576,186</u>
Instruments mandatory classified / measured at FVPL	<u>480,000</u>	<u>–</u>	<u>(3,795)</u>	<u>476,205</u>
Total investments	<u>91,700,731</u>	<u>(363,691)</u>	<u>282,077</u>	<u>91,619,117</u>

	31 December 2023 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000			
Federal Government Securities				
– Ijarah Sukuk	59,720,420	–	586,847	60,307,267
– Islamic naya Pakistan certificate mudaraba investment pool	5,484,444	–	–	5,484,444
	<u>65,204,864</u>	<u>–</u>	<u>586,847</u>	<u>65,791,711</u>
Non Government Debt Securities				
– Listed	6,768,455	–	(180,655)	6,587,800
– Unlisted	5,180,000	–	(3,935)	5,176,065
	<u>11,948,455</u>	<u>–</u>	<u>(184,590)</u>	<u>11,763,865</u>
Total investments	<u>77,153,319</u>	<u>–</u>	<u>402,257</u>	<u>77,555,576</u>

38.1.1 Particulars of credit loss allowance

	31 March 2024 (Un-Audited)			
	Stage 3	Stage 2	Stage 1	Total
	Rupees in '000			
Certificate of investment				
– Islamic Naya Pakistan Certificate	–	–	55	55
Non Government Debt Securities	170,000	193,636	–	193,636
	<u>170,000</u>	<u>193,636</u>	<u>55</u>	<u>363,691</u>

38.2 Islamic financing and related assets - net

	31 March 2024 (Un-Audited)			Total
	Financing	Advances	Inventory	
	Rupees in '000			
Ijarah	734,387	25,057	-	759,444
Ijarah - islamic long term financing facility	17,871	-	-	17,871
Murabaha	4,446,076	577,052	-	5,023,128
Working capital musharaka	39,055,307	-	-	39,055,307
Diminishing musharaka	18,045,292	1,497,982	-	19,543,274
Salam	-	-	-	-
Istisna	2,178,145	7,190,168	1,238,809	10,607,122
Al-bai	1,507,127	-	532,565	2,039,692
Diminishing musharaka:				
- Islamic long term financing facility	3,780,416	-	-	3,780,416
- Islamic refinance scheme for payment of wages and salaries	-	93,534	-	93,534
- Islamic financing facility for storage of agricultural produce	604,287	-	-	604,287
- Islamic temporary economic refinance facility	12,116,344	-	-	12,116,344
- Islamic financing facility for renewable energy	539,051	-	-	539,051
Islamic export refinance				
- Murabaha	-	-	-	-
- Working capital musharaka	10,827,319	-	-	10,827,319
- Salam	-	-	-	-
- Istisna	594,669	3,835,801	183,963	4,614,433
- Al-bai	105,198	-	1,734,613	1,839,811
Gross islamic financing and related assets	94,551,489	13,219,594	3,689,950	111,461,033
Less: Credit loss allowance against Islamic financings				
- Stage 1	(337,470)	(22,151)	(9,631)	(369,253)
- Stage 2	(1,306,167)	(51,625)	(14,409)	(1,372,201)
- Stage 3	(689,833)	-	-	(689,833)
	(2,431,287)	(73,776)	(24,040)	(2,431,287)
Islamic financing and related assets - net of credit loss allowance	92,120,202	13,145,818	3,689,950	109,029,746

31 December 2023 (Audited)

	Financing	Advances	Inventory	Total
	Rupees in '000			
Ijarah	753,507	29,589	-	783,096
Ijarah - islamic long term financing facility	19,727	-	-	19,727
Murabaha	4,061,236	58,969	-	4,120,205
Working capital musharaka	41,790,198	-	-	41,790,198
Diminishing musharaka	18,051,336	493,346	-	18,544,682
Salam	-	-	-	-
Istisna	4,702,421	3,617,508	720,628	9,040,557
Al-bai	2,796,402	-	1,800,750	4,597,152
Diminishing musharaka:				
- Islamic long term financing facility	3,895,893	-	-	3,895,893
- Islamic refinance scheme for payment of wages and salaries	-	93,534	-	93,534
- Islamic financing facility for storage of agricultural produce	614,449	-	-	614,449
- Islamic temporary economic refinance facility	12,564,438	-	-	12,564,438
- Islamic financing facility for renewable energy	565,892	-	-	565,892
Islamic export refinance				
- Murabaha	-	-	-	-
- Working capital musharaka	10,344,359	-	-	10,344,359
- Salam	-	-	-	-
- Istisna	(175,888)	5,971,218	87,822	5,883,152
- Al-bai	-	-	1,840,566	1,840,566
Gross islamic financing and related assets	99,983,970	10,264,164	4,449,766	114,697,900
Provision against non-performing islamic financings				
- Specific	(542,991)	-	-	(542,991)
- General	(12,664)	-	-	(12,664)
	(555,655)	-	-	(555,655)
Islamic financing and related assets - net of provision	99,428,315	10,264,164	4,449,766	114,142,245

38.3 Deposits

	31 March 2024 (Un-Audited)			31 December 2023 (Audited)		
	Customers	Financial Institutions	Total	Customers	Financial Institutions	Total
	Rupees in '000					
Current deposits	83,243,371	73,839	83,317,210	58,112,522	61,371	58,173,893
Savings deposits	63,669,598	969,058	64,638,656	52,685,225	1,716,548	54,401,773
Term deposits	37,439,843	135,000	37,574,843	31,990,623	135,000	32,125,623
Others	4,843,565	-	4,843,565	3,204,413	-	3,204,413
	189,196,377	1,177,897	190,374,274	145,992,783	1,912,919	147,905,702

	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
	Rupees in '000	
38.4 Unappropriated profit		
Opening balance	4,720,817	2,604,686
Add: islamic banking profit for the period	2,835,647	9,256,503
Less: taxation	(1,389,467)	(4,535,686)
Less: transferred to head office	(4,720,817)	(2,604,686)
Closing balance	<u>1,446,180</u>	<u>4,720,817</u>
38.5 Contingencies and commitments		
Guarantees	13,526,850	13,819,209
Commitments	22,424,091	17,509,845
	<u>35,950,941</u>	<u>31,329,054</u>
	31 March 2024 (Un-Audited)	31 March 2023
	Rupees in '000	
38.6 Profit / return earned of financing, investments and placement		
Financing	5,002,172	3,120,609
Investments	3,860,883	1,325,068
Placements	10,358	77,846
	<u>8,873,413</u>	<u>4,523,523</u>
38.7 Profit / return on deposits and other dues expensed		
Deposits and other accounts	4,132,177	2,264,701
Due to financial institutions	1,200,151	386,993
Discount expense on lease liability against right-of-use assets	63,973	17,320
	<u>5,396,301</u>	<u>2,669,014</u>

39. GENERAL

- 39.1 The figures have been rounded off to nearest thousand rupees, unless otherwise stated.
- 39.2 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation. However, no major reclassification have been made, except for the classification for IFRS-9.

40. DATE OF AUTHORISATION FOR ISSUE

- 40.1 The Board of Directors in its meeting held on 25 April 2024 has approved an interim cash dividend of Rs. 2.5 per share (2023: Nil).
- 40.2 These consolidated condensed interim financial statements were authorised for issue on 25 April 2024 by the Board of Directors of the Bank.

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