

HABIBMETRO



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HABIBMETRO

FIRST QUARTER REPORT
MARCH 2024

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هَذَا فِضَائِي

OUR VISION

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



OUR VALUES

RESPECT

We respect our heritage, our team's dedication, and our customers' faith in us.

INTEGRITY

We set high professional and ethical standards for ourselves and each other.

TEAMWORK

We play to our strengths and build teams that deliver at the local and global levels.

RESPONSIBILITY

We take responsibility for ourselves, our actions, and always give our best.

COMMITMENT

We are committed to responding to the needs of our customers.

TRUST

We safeguard the trust that our customers place in us, and foster the same with passion.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Mohamedali R. Habib

PRESIDENT & CHIEF EXECUTIVE OFFICER

Khurram Shahzad Khan

DIRECTORS

Ali Abbas Sikander

Hamza Habib

Mohomed Bashir

Mohsin A. Nathani

Muhammad H. Habib

Rashid Ahmed Jafer

Tahira Raza

BOARD COMMITTEES

AUDIT

Mohsin A. Nathani

Muhammad H. Habib

Rashid Ahmed Jafer

Tahira Raza

CREDIT

Hamza Habib

Khurram Shahzad Khan

Mohamedali R. Habib

Mohsin A. Nathani

Rashid Ahmed Jafer

HUMAN RESOURCE & REMUNERATION

Mohamedali R. Habib

Mohomed Bashir

Mohsin A. Nathani

Tahira Raza

SHARIAH BOARD

Tan Sri Dr. Mohd. Daud Bakar - Chairman

Mufti Abdul Sattar Laghari - Member

Mufti Khawaja Noor ul Hassan - Resident Member

COMPANY SECRETARY

Ather Ali Khan

REGISTERED OFFICE

Ground Floor, HABIBMETRO Head Office

I I Chundrigar Road,

Karachi - 74200, Pakistan

INFORMATION TECHNOLOGY

Ali Abbas Sikander

Hamza Habib

Khurram Shahzad Khan

Mohamedali R. Habib

RISK & COMPLIANCE

Khurram Shahzad Khan

Mohsin A. Nathani

Muhammad H. Habib

Rashid Ahmed Jafer

Tahira Raza

SHARE REGISTRAR

CDC Share Registrar Services Limited

CDC House, 99-B, Block-B,

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

Karachi - 74400

DIRECTORS' REVIEW

On behalf of the Board of Directors of Habib Metropolitan Bank, I am pleased to present the condensed interim unaudited financial statements for the quarter ended 31 March 2024.

During the first quarter of 2024, Pakistan's economic and financial position continued to improve steadily due to the resumption of funding from multilateral and bilateral partners and prudent policy decisions. The rupee remained stable throughout the period, averaging under Rs. 280/USD. Pakistan successfully concluded the nine-month Stand-by Agreement with the IMF, and discussions are underway for a longer tenure program.

Year-on-year inflation registered at 20.7 percent in March 2024, following a downward trajectory since its peak at 38.0 percent in May 2023. Inflation is expected to maintain a downward trend due to the government's measures to curb inflationary pressure.

The current account posted a deficit of \$508 million in 9MFY24, an improvement from the deficit of \$4,054 million in the same period last year, largely reflecting an improvement in the trade balance and higher workers' remittances. Exports increased by 7.3 percent to \$28.8 billion, while imports declined by 4.3 percent in 9MFY24 due to lower international commodity prices.

The State Bank of Pakistan has maintained the policy rate at 22 percent in its latest monetary policy meeting.

By the Grace of Allah, HABIBMETRO posted a profit before tax of Rs. 11,573 million for the first quarter of 2024, an increase of 15.0 percent year-on-year, translating into after-tax earnings of Rs. 5.63 per share.

Bank deposits increased to Rs. 1,086,684 million compared to Rs. 1,012,303 million as of 31 December 2023, a growth of 7.3 percent. The Bank successfully maintained the current deposits that grew in the last year, closing at Rs. 374,261 million. Investments declined by 2.8 percent to Rs. 899,745 million, whereas net advances increased by 5.5 percent to Rs. 434,568 million during the first quarter.

The Bank's net mark-up/interest income amounted to Rs. 16,345 million, with a growth of 18.7 percent compared to Rs. 13,770 million in the same period last year, whereas non-mark-up/interest income increased to Rs. 3,732 million.

The Bank's Net Equity stands at Rs. 93,361 million with a capital adequacy level of 17.85 percent.

The Bank maintained its Pakistan Credit Rating Agency Limited (PACRA) ratings of AA+ for Long Term and A1+ for Short Term, denoting high credit quality with a low expectation of credit risk, and a strong capacity for timely payment of financial commitments.

HABIBMETRO operates a network of 525 branches in 207 cities across Pakistan, including 208 Islamic banking branches and 187 Islamic banking windows, providing a comprehensive spectrum of banking services and products, including specialized trade finance products and digital banking solutions.

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

Your Bank is also accelerating digital transformation by promoting mobile app, web banking, and debit cards.

In conclusion, we express our sincere gratitude to the Ministry of Finance, the State Bank of Pakistan, and the Securities and Exchange Commission of Pakistan for their continued support. We also thank our valued shareholders and customers for their trust, the Board of Directors for their guidance, and the staff of HABIBMETRO Bank for their dedication, which enables us to grow from strength to strength.

On behalf of the Board

KHURRAM SHAHZAD KHAN

President & Chief Executive Officer

Karachi: 25 April 2024

حبیب میٹرو پاکستان بھر کے 207 شہروں میں 525 برانچز بشمول 208 اسلامک بینکنگ برانچز اور 187 اسلامک بینکنگ ونڈوز کا نیٹ ورک آپریٹ کر رہا ہے جو بینکنگ کی سروسز اور پراڈکٹس کا ایک جامع مجموعہ بشمول تجارتی مالیاتی پراڈکٹس اور ڈیجیٹل بینکنگ کی خدمات فراہم کر رہا ہے۔

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

آپ کا بینک بھی موبائل ایپ، ویب بینکنگ اور ڈی بیٹ کارڈز کے فروغ کے ذریعے تیزی سے ڈیجیٹل ٹرانسفارمیشن کی طرف گامزن ہے۔

اختتامی کلمات کے طور پر ہم وزارت خزانہ، اسٹیٹ بینک آف پاکستان اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مستقل تعاون پر ان کے دلی شکرگزار ہیں۔ ہم اپنے قابل قدر شیئرز، ہولڈرز و کسٹمرز کا بھی ان کے اعتماد، بورڈ آف ڈائریکٹرز کا ان کی رہنمائی اور حبیب میٹرو بینک کے اسٹاف کا ان کی پُر خلوص کاوشوں کے لئے شکر یہ ادا کرتے ہیں جن کی بدولت ہم مستقل طور پر اسٹیج کام کی منزلوں کی جانب رواں دواں ہیں۔

منجانب بورڈ

خرم شہزاد خان

صدر و چیف ایگزیکٹو آفیسر

کراچی: 25 اپریل 2024

ڈائریکٹرز ریویو

میں نہایت مسرت کے ساتھ حبیب میٹرو پولیٹن بینک کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2024 کو ختم ہونے والی پہلی سہ ماہی کیلئے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کر رہے ہیں۔

2024 کی پہلی سہ ماہی کے دوران پاکستان کی معاشی اور مالیاتی پوزیشن بتدریج کثیر نوعیتی اور باہمی شراکت کاروں کی جانب سے کی جانے والی فنڈنگ اور مقابلاً پالیسی فیصلوں کی بدولت بہتری کی طرف گامزن رہی۔ روپے کی قدر اس پوری مدت کے دوران مستحکم ہوتی رہی اور اوسطاً امریکی ڈالر 280 روپے کے نیچے رہا۔ پاکستان نے کامیابی کے ساتھ آئی ایم ایف کا نواہ اسٹیٹڈ ہائی ایگریمنٹ کو پورا کیا اور ایک طویل مدتی پروگرام کیلئے مذاکرات ابھی جاری ہیں۔

سال بہ سال مہنگائی کی شرح مارچ 2024 کے دوران 20.7 فیصد رجسٹرڈ کی گئی جو مئی 2023 میں 38.0 فیصد کی اپنی بلند ترین سطح پر جانے کے بعد بتدریج چٹائی سطح پر گامزن رہی تھی، امکان ہے کہ حکومت کی جانب سے مہنگائی میں کمی کے لئے کیے جانے والے اقدامات کے سبب کمی کارجمان برقرار رہے گا۔

مالیاتی سال 2024 کے 9 ماہ کے دوران کرنٹ اکاؤنٹ نے 508 ملین امریکی ڈالر کا خسارہ ظاہر کیا اور گزشتہ سال کی اسی مدت کے مقابلے میں 4,054 ملین امریکی ڈالر کے خسارے سے نمایاں کمی آئی، جو وسیع طور پر تجارتی توازن اور بیرون ملک محنت کشوں کے بلند تر ترسیلات میں بہتری کی عکاسی کرتی ہے۔ برآمدات 7.3 فیصد تک بڑھ کر 28.8 ملین امریکی ڈالر ہو گئیں جبکہ مالیاتی سال 2024 کے نو ماہ کے دوران کم تر بین الاقوامی ایشیائے صرف کے باعث درآمدات میں 4.3 فیصد کمی آئی۔

اسٹیٹ بینک آف پاکستان نے اپنی تازہ ترین ماہیٹی پالیسی مینٹنگ میں پالیسی ریٹ کو 22 فیصد پر برقرار رکھا۔

اللہ تعالیٰ کے فضل و کرم سے حبیب میٹرو نے 2024 کی پہلی سہ ماہی میں سال بہ سال 15 فیصد اضافے کے ساتھ 11,573 ملین روپے کا منافع قبل از ٹیکس ظاہر کیا۔ اس کے نتیجے میں فنڈز کے ذخیرے بعد از ٹیکس آمدنی 5.63 روپے رہی۔

بینک ڈپازٹس بڑھ کر 1,086,684 ملین روپے ہو گئے جو اس کے مقابلے میں 31 دسمبر 2023 کو 1,012,303 ملین روپے تھے اور اس طرح 7.3 فیصد کی گروتھ حاصل ہوئی۔ بینک نے کامیابی کے ساتھ اپنے کرنٹ ڈپازٹس کو 374,261 ملین روپے پر برقرار رکھا جو کہ 31 دسمبر 2023 کی سطح پر رہے۔ سرمایہ کاری 2.8 فیصد تک کم ہو کر 899,745 ملین روپے ہو گئی جبکہ خالص ایڈوائسز پہلی سہ ماہی کے دوران 5.5 فیصد بڑھ کر 434,568 ملین روپے ہو گئے۔

بینک کے خالص مارک آپ کی آمدنی 18.7 فیصد بڑھ کر 16,345 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت میں 13,770 ملین روپے تھی۔ جبکہ نان مارک آپ کی آمدنی بڑھ کر 3,732 ملین روپے ہو گئی۔

بینک کی خالص ایکویٹی 17.85 فیصد کیپٹل ایڈیکوئسی کے ساتھ 93,361 ملین روپے رہی۔

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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	6	104,980,664	91,466,596
Balances with other banks	7	10,811,282	21,123,950
Lendings to financial institutions	8	5,518,159	5,496,284
Investments	9	899,744,624	925,411,965
Advances	10	434,568,174	412,048,924
Property and equipment	11	16,233,095	15,715,033
Right-of-use assets	12	7,959,534	7,601,453
Intangible assets	13	335,003	323,254
Deferred tax assets	14	4,575,656	5,164,164
Other assets	15	77,331,609	72,065,464
Total Assets		<u>1,562,057,800</u>	<u>1,556,417,087</u>
LIABILITIES			
Bills payable	16	17,627,500	28,352,699
Borrowings	17	275,998,897	323,269,590
Deposits and other accounts	18	1,086,683,858	1,012,302,844
Lease liabilities	19	9,592,179	9,051,378
Sub-ordinated debts		-	-
Deferred tax liabilities		-	-
Other liabilities	20	78,794,234	90,165,243
Total Liabilities		<u>1,468,696,668</u>	<u>1,463,141,754</u>
NET ASSETS		<u>93,361,132</u>	<u>93,275,333</u>
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		31,597,434	30,418,061
Surplus / (deficit) on revaluation of assets	21	4,441,176	4,818,771
Unappropriated profit		46,844,207	47,560,186
		<u>93,361,132</u>	<u>93,275,333</u>
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 40 form an integral part of these unconsolidated 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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UNCONSOLIDATED 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	58,906,837	44,193,389
Mark-up / return / interest expensed	25	(42,561,977)	(30,422,959)
Net mark-up / interest income		16,344,860	13,770,430
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	2,466,270	2,145,556
Dividend income		207,119	127,355
Foreign exchange income		1,300,554	1,813,692
Income / (loss) from derivatives		-	-
Gain / (loss) on securities	27	(268,728)	(142,402)
Net gains/(loss) on derecognition of financial assets measured at amortised cost		-	-
Other income	28	26,342	20,211
Total non mark-up / interest income		3,731,557	3,964,412
Total Income		20,076,417	17,734,842
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	7,338,755	6,450,126
Workers' welfare fund		238,477	174,779
Other charges	30	71,777	5
Total non-mark-up / interest expenses		(7,649,009)	(6,624,910)
Profit / (loss) before credit loss allowance		12,427,408	11,109,932
Credit loss allowance and write offs - net Extra ordinary / unusual items	31	(854,824)	(1,044,696)
		-	-
PROFIT BEFORE TAXATION		11,572,583	10,065,236
Taxation	32	(5,671,249)	(4,340,424)
PROFIT AFTER TAXATION		5,901,334	5,724,812
Rupees			
Basic and diluted earnings per share	33	5.63	5.46

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

UNCONSOLIDATED 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	5,901,334	5,724,812
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 surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	(125,603)	(3,508,713)
Others (to be specified)	-	-
	(126,497)	(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 surplus on revaluation of non-banking assets - net of tax	-	-
Movement in surplus on revaluation of fixed assets - net of tax	-	-
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	(26,600)	-
Gain on sale of equity shares - FVOCI - net of tax	151,789	-
	74,035	(103,001)
Total comprehensive income	5,848,872	2,118,363

The annexed notes 1 to 40 form an integral part of these unconsolidated 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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED 31 MARCH 2024

	Reserves					Surplus / (deficit) on revaluation		Un-appropriated profit	Total	
	Share capital	Exchange translation reserve	Share premium	Statutory reserve	Special reserve	Revenue reserve	Investments			Fixed / non-banking assets
Rupees in '000										
Balance as at 1 January 2023	10,478,315	4,929	2,550,985	21,238,642	240,361	1,500,000	(4,790,285)	6,820,054	36,464,323	74,507,324
Profit after taxation for the period	-	-	-	-	-	-	-	-	5,724,812	5,724,812
Other comprehensive income - net of tax	-	5,265	-	-	-	-	(3,508,713)	-	(103,001)	(3,606,449)
Total comprehensive income	-	5,265	-	-	-	-	(3,508,713)	-	5,621,811	2,118,363
Transfer to statutory reserve	-	-	-	1,144,962	-	-	-	-	(1,144,962)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(44,762)	44,762	-
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)
Balance as at 31 March 2023	10,478,315	10,194	2,550,985	22,383,604	240,361	1,500,000	(8,298,998)	6,775,292	37,580,482	73,220,235
Profit after taxation for the period	-	-	-	-	-	-	-	-	18,659,006	18,659,006
Other comprehensive income - net of tax	-	1,115	-	-	-	-	6,748,235	(288,105)	174,004	6,635,249
Total comprehensive income	-	1,115	-	3,731,802	-	-	6,748,235	(288,105)	18,833,010	25,294,255
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
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 (Rs. 5.00 per share) for the year ended 31 December 2023	-	-	-	-	-	-	-	-	(5,239,157)	(5,239,157)
Balance as at 31 December 2023	10,478,315	11,309	2,550,985	26,115,406	240,361	1,500,000	(1,550,763)	6,369,534	47,560,186	93,275,333
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)	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the period	-	-	-	-	-	-	-	-	5,901,334	5,901,334
Other comprehensive income - net of tax	-	(894)	-	-	-	-	(152,203)	-	100,636	(52,462)
Total comprehensive income	-	(894)	-	1,180,267	-	-	(152,203)	-	6,001,970	5,848,872
Transfer to statutory reserve	-	-	-	-	-	-	-	-	(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)
Balance as at 31 March 2024	10,478,315	10,415	2,550,985	27,295,673	240,361	1,500,000	(1,887,867)	6,329,043	46,844,207	93,361,132

The annexed notes 1 to 40 form an integral part of these unconsolidated 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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UNCONSOLIDATED 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		11,572,583	10,065,236
Less: Dividend income		(207,119)	(127,355)
		11,365,464	9,937,881
Adjustments			
Depreciation on operating fixed assets		558,559	439,750
Depreciation on right-of-use assets		371,916	319,863
Amortization		42,436	17,843
Markup on Lease liability against right-of-use assets		278,205	210,337
Credit loss allowance and write offs excluding recovery of written off bad debts	31	854,824	1,079,696
Net gain on sale of fixed assets		(15,735)	(8,803)
Provision against workers' welfare fund		238,477	174,779
Unrealized gain on FVTPL securities		(42,575)	
Provision against compensated absences		23,716	12,450
Provision against defined benefit plan		81,936	74,466
		2,391,759	2,320,381
		13,757,224	12,258,262
(Increase) / decrease in operating assets			
Lendings to financial institutions		(23,686)	72,428,796
Advances		(22,481,194)	(7,246,753)
Other assets (excluding dividend and non-banking assets)		(3,428,979)	(5,704,359)
		(25,933,859)	59,477,684
Increase / (decrease) in operating liabilities			
Bills payable		(10,725,199)	7,754,486
Borrowings from financial institutions		(50,165,332)	(33,895,623)
Deposits and other accounts		74,381,014	55,415,053
Other liabilities (excluding current taxation)		(11,449,714)	7,785,891
		2,040,769	37,059,807
		(10,135,866)	108,795,753
Payment against compensated absences		(6,916)	(7,950)
Income tax paid		(7,545,706)	(2,556,092)
		(17,688,488)	106,231,711
Net cash flow (used in) / generated from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI		27,944,494	(80,110,638)
Net investments in amortized cost securities		(1,688,228)	7,845,401
Investment in new subsidiary		(1,000,000)	
Dividend received		207,119	129,833
Investments in fixed assets		(1,081,949)	(417,092)
Investments in intangible assets		(54,185)	-
Proceeds from sale of fixed assets		21,067	13,132
Effect of translation of net investment in an offshore branch		(894)	9,260
		24,347,424	(72,530,104)
Net cash flow generated / (used in) from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(5,763,077)	(3,405,469)
Payment of lease liability against right-of-use assets		(467,401)	(438,658)
		(6,230,478)	(3,844,127)
Net cash used in financing activities			
(Decrease) / increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		111,701,908	29,857,480
Cash and cash equivalents at the end of the period		112,130,366	75,860,490
			105,717,970

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

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

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH 2024

1. STATUS AND NATURE OF BUSINESS

Habib Metropolitan Bank Limited (the Bank) was incorporated in Pakistan on 3 August 1992, as a public limited company, under the Companies Ordinance, 1984 (now 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 Bank is a subsidiary of Habib Bank AG Zurich - Switzerland (the Holding Company with 51% shares in the Bank) which is incorporated in Switzerland.

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

2. BASIS OF PREPARATION

2.1 These unconsolidated financial statements represent separate financial statements of the Bank. The consolidated financial statements of the Bank and its subsidiary companies are being separately issued.

2.2 Statement of Compliance

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

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

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

The disclosures and presentation made in these unconsolidated condensed interim financial statements are based on a format prescribed by the SBP vide BPRD Circular Letter No. 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 unconsolidated condensed interim financial statements should be read in conjunction with the audited unconsolidated financial statements of the Bank for the year ended 31 December 2023.

Further as per the 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 unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited unconsolidated financial statements of the Bank for the year ended 31 December 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 Bank 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 Bank 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							
	Carrying amount as per current accounting policy as at 31 Dec 2023	Recognition of ECL	Adoption of revised classification under IFRS9	Reclassification to FVOCI- without recycling	Reclassification due to business model and SPPI	Remeasure-ment	Adjustment from provision held	IFRS 9 carrying amount as at 01 Jan 2024
	Rupees in '000							
Cash and Balances with banks	112,590,546	(279)	-	-	-	-	-	112,590,267
Lendings to financial institutions	5,496,284	(387)	-	-	-	-	-	5,495,897
Advances	412,048,924	(25,081,628)	-	-	-	-	25,796,253	412,763,549
Investments in financial assets								
Classified as Available for sale	821,009,112	-	(821,009,112)	-	-	-	-	-
Classified as FVOCI	-	(280,927)	821,009,112	(4,680,023)	(4,089,427)	(219,607)	307,290	812,046,418
Classified as FVOCI-without recycling	-	-	-	4,680,023	-	-	-	4,680,023
Classified as FVTPL	-	-	-	-	4,089,427	-	-	4,089,427
Classified as Held to maturity	103,572,853	-	(103,572,853)	-	-	-	-	-
Classified as Amortised cost	-	(11)	103,572,853	-	-	-	-	103,572,842
Other assets	72,065,464	(33,500)	-	-	-	-	-	72,031,964
Other liabilities	(99,216,621)	(519,787)	-	-	-	-	32,583	(99,703,825)
	1,427,566,562	(25,916,519)	-	-	-	(219,607)	26,136,126	1,427,566,562

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 Bank's financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as that applied in the preparation of the audited unconsolidated financial statements for the year ended 31 December 2023.

5. FINANCIAL RISK MANAGEMENT

The risk management policies adopted by the Bank are consistent with those disclosed in the audited unconsolidated financial statements for the year ended 31 December 2023.

	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
	Rupees in '000	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	15,689,322	11,629,146
Foreign currencies	<u>3,955,237</u>	<u>4,164,225</u>
	19,644,559	15,793,371
With State Bank of Pakistan in		
Local currency current accounts	61,309,938	48,615,441
Foreign currencies		
- current accounts	2,167,319	1,991,420
- cash reserve account	6,633,090	6,308,767
- deposit account - special cash reserve	<u>12,169,206</u>	<u>11,497,335</u>
	82,279,553	68,412,963
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	<u>(117,206)</u>	-
Cash and balances with treasury banks - net of credit loss allowance	<u>104,980,664</u>	<u>91,466,596</u>

	Note	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
Rupees in '000			
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		68,353	21,746
In deposit accounts		2,160	758
		<u>70,513</u>	<u>22,504</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>10,811,282</u>	<u>21,123,950</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.3	5,519,970	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>5,518,159</u>	<u>5,496,284</u>
8.1 Particulars of lendings			
In local currency - secured		-	-
In foreign currency - unsecured		5,518,159	5,496,284
		<u>5,518,159</u>	<u>5,496,284</u>
		<u>31 March 2024</u>	
		Lending	Credit loss allowance held
8.2 Lending to FIs- Particulars of credit loss allowance			
Performing	Stage 1	5,519,970	1,811
Under performing	Stage 2	-	-
Non-performing	Stage 3		
Substandard		-	-
Doubtful		-	-
Loss		-	-
		<u>-</u>	<u>-</u>
Total		<u>5,519,970</u>	<u>1,811</u>
8.3			
These foreign currency lendings carry mark-up rate ranging from 8.5% to 12.00% (31 December 2023: 9.80% to 12%) per annum and are due 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	2,097,755	–	(8,589)	2,089,166
Mutual funds	16,949	–	(10,086)	6,863
Real estate investment trust	1,831,780	–	204,193	2,035,973
	3,946,484	–	185,518	4,132,002
FVOCI				
Federal government securities	778,193,532	(193,636)	(4,121,220)	773,878,676
Shares	4,730,515	–	580,680	5,311,195
Non-government debt securities	9,834,723	(341,838)	(161,161)	9,331,724
	792,758,770	(535,474)	(3,701,701)	788,521,595
Amortised Cost				
Federal government securities	99,661,081	–	–	99,661,081
Non-government debt securities	5,600,000	(55)	–	5,599,945
	105,261,081	(55)	–	105,261,026
Subsidiaries	1,830,000	–	–	1,830,000
Total Investments	<u>903,796,335</u>	<u>(535,529)</u>	<u>(3,516,183)</u>	<u>899,744,624</u>
	31 December 2023 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000			
Available-for-sale securities				
Federal government securities	806,507,307	–	(3,855,444)	802,651,863
Shares	4,047,185	(206,844)	839,682	4,680,023
Non-government debt securities	11,953,893	(87,683)	(189,864)	11,676,346
Mutual funds	16,949	(12,763)	4,069	8,255
Real estate investment trust	1,831,780	–	160,845	1,992,625
	824,357,114	(307,290)	(3,040,712)	821,009,112
Held-to-maturity securities				
Federal government securities	98,872,853	–	–	98,872,853
Non-government debt securities	4,700,000	–	–	4,700,000
	<u>103,572,853</u>	<u>–</u>	<u>–</u>	<u>103,572,853</u>
Subsidiaries	830,000	–	–	830,000
Total Investments	<u>928,759,967</u>	<u>(307,290)</u>	<u>(3,040,712)</u>	<u>925,411,965</u>

	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	254,591	63,244
Reversal for the period / year	-	(2,813)
Net (reversal) / charge for the period / year	254,591	60,431
Reversal on disposal	-	(330,674)
Investment written off	-	-
Closing balance	<u>535,529</u>	<u>307,290</u>
	<u>31 March 2024 (Un-Audited)</u>	
	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	15,176,712	84,210
Underperforming Stage 2	3,659,605	193,636
Non-performing Stage 3		
Substandard	-	-
Doubtful	340,000	170,000
Loss	87,683	87,683
	<u>427,683</u>	<u>257,683</u>
Total	<u>19,264,000</u>	<u>535,529</u>
	<u>31 December 2023 (Audited)</u>	
	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. 92,946,156 thousand (31 December 2023: 91,447,864 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	110,662,287	798,746	111,461,033
Bills discounted and purchased	54,374,437	2,844,054	57,218,491
Advances - gross	440,065,508	21,063,832	461,129,340
Credit loss allowance against advances			
Stage 1	(2,427,082)	-	(2,427,082)
Stage 2	(2,716,467)	-	(2,716,467)
Stage 3	-	(20,049,499)	(20,049,499)
General provision	(1,368,118)	-	(1,368,118)
	(6,511,667)	(20,049,499)	(26,561,166)
Advances - net of credit loss allowance	433,553,841	1,014,333	434,568,174

	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	114,143,049	554,851	114,697,900
Bills discounted and purchased	43,580,472	3,120,153	46,700,625
Advances - gross	418,812,529	19,835,617	438,648,146
Provision against advances			
- Specific	–	(19,273,580)	(19,273,580)
- General	(7,325,642)	–	(7,325,642)
	(7,325,642)	(19,273,580)	(26,599,222)
Advances - net of provision	411,486,887	562,037	412,048,924

10.1 Particulars of advances - gross

	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
	Rupees in '000	
In local currency	387,749,782	371,132,659
In foreign currencies	73,379,558	67,515,487
	<u>461,129,340</u>	<u>438,648,146</u>

10.2 Advances include Rs. 21,048,655 thousand (31 December 2023: Rs.19,835,617 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	25,350	–	20,395	–
Substandard Stage 3	69,481	40,573	243,168	58,876
Doubtful Stage 3	2,084,699	1,258,796	485,917	242,959
Loss Stage 3	18,884,302	18,750,130	19,086,137	18,971,745
	<u>21,063,832</u>	<u>20,049,499</u>	<u>19,835,617</u>	<u>19,273,580</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	19,273,580	7,325,642	26,599,222	17,249,750	4,619,505	21,869,255
Impact of adoption of IFRS 9	724,458	(1,439,083)	(714,625)	-	-	-
Charge for the period / year	1,204,421	625,108	1,829,529	6,295,438	2,706,137	9,001,575
Reversals for the period / year	(1,152,960)	-	(1,152,960)	(4,244,098)	-	(4,244,098)
Net charge for the period / year	51,461	625,108	676,569	2,051,340	2,706,137	4,757,477
Amount written off	-	-	-	(27,510)	-	(27,510)
Closing balance	20,049,499	6,511,667	26,561,166	19,273,580	7,325,642	26,599,222

10.3.1 The Bank maintains general provision, as a matter of prudence, on account of the management's assessment of credit risk and general banking risk particularly in the current stressed economic condition. 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	19,998,038
New Advances	1,321,396	381,100	337,033
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)	(771,145)
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	20,049,499

		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	403,753,736	2,427,082
Underperforming	Stage 2	36,311,772	2,716,467
Non-Performing	Stage 3		
Other assets especially mentioned		25,350	-
Substandard		69,481	40,573
Doubtful		2,084,699	1,258,796
Loss		18,884,302	18,750,130
		<u>21,063,832</u>	<u>20,049,499</u>
		<u>461,129,340</u>	<u>25,193,048</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>15,856,135</u>	<u>15,421,914</u>
		<u>16,233,095</u>	<u>15,715,033</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	148,880
Property and equipment			
Furniture and fixtures		43,468	40,161
Electrical, office and computer equipment		834,739	173,600
Vehicles		13,523	14,839
Lease hold improvements		106,765	33,440
		<u>998,495</u>	<u>262,040</u>
		<u>1,082,336</u>	<u>410,920</u>

	31 March 2024	31 March 2023
	(Un-Audited)	
	———— 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	316
Electrical, office and computer equipment	384	52
Vehicles	4,704	3,961
	<u>5,332</u>	<u>4,329</u>
	31 March 2024	31 December 2023
	(Un-Audited) (Audited)	
	———— Rupees in '000 ————	
12. RIGHT-OF-USE ASSETS		
At 01 January 2024		
Cost	12,452,599	10,126,510
Accumulated Depreciation	<u>(4,851,146)</u>	<u>(3,390,917)</u>
Net Carrying amount at 01 January 2024	7,601,453	6,735,593
Additions during the period / year	729,997	2,326,089
Depreciation Charge for the period / year	<u>(371,916)</u>	<u>(1,460,229)</u>
Net Carrying amount at 31 March 2024	<u>7,959,534</u>	<u>7,601,453</u>
13. INTANGIBLE ASSETS		
Computer Software	<u>335,003</u>	<u>323,254</u>
	31 March 2024	31 March 2023
	(Un-Audited)	
	———— Rupees in '000 ————	
13.1 Additions to intangible assets		
Directly purchased - computer software	<u>54,185</u>	<u>80,125</u>
	31 March 2024	31 December 2023
	(Un-Audited) (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	4,253,206	5,419,310
- Accelerated tax depreciation	375,664	315,883
- Deferred liability on defined benefit plan	28,378	(14,810)
- Deficit on revaluation of investments	<u>1,813,834</u>	<u>1,489,949</u>
	6,733,491	7,360,904
Taxable temporary differences on		
- Surplus on revaluation of non-banking assets	(769,953)	(769,953)
- Surplus on revaluation of property and equipment	<u>(1,387,882)</u>	<u>(1,426,787)</u>
	<u>(2,157,835)</u>	<u>(2,196,740)</u>
Net deferred tax assets	<u>4,575,656</u>	<u>5,164,164</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		41,624,880	38,188,932
Income / mark-up / profit accrued in foreign currencies - net of provision		186,649	304,547
Advances, deposits and other prepayments		621,640	575,609
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		282,528	244,084
Receivable from defined benefit plan		-	60,450
Others		764,093	758,056
		<u>75,675,943</u>	<u>70,345,353</u>
Credit loss allowance / provision held against other assets	15.2	(439,445)	(375,000)
Other Assets (net of credit loss allowance)		75,236,498	69,970,353
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	2,095,111	2,095,111
		<u>77,331,609</u>	<u>72,065,464</u>
15.1 Credit loss allowance held against other assets		<u>439,445</u>	<u>375,000</u>
15.2 Movement in Credit loss allowance held against other assets			
Opening balance		375,000	375,000
Impact of adoption of IFRS 9		33,500	-
Charge for the period / year		30,945	-
Reversal for the period / year		-	-
		30,945	-
Closing balance		<u>439,445</u>	<u>375,000</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		
Call borrowing	1,500,000	-
Overdrawn nostro accounts	3,783,277	888,638
	<u>5,283,277</u>	<u>888,638</u>
	<u>275,998,897</u>	<u>323,269,590</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	303,963,253	61,728,384	365,691,637	310,810,460	59,724,307	370,534,767
Savings deposits	364,806,061	16,547,205	381,353,266	341,643,324	16,798,084	358,441,408
Term deposits	202,316,290	69,787,772	272,104,062	175,268,425	50,971,995	226,240,420
Others	35,879,201	8,844	35,888,045	41,503,257	72,458	41,575,715
	<u>906,964,805</u>	<u>148,072,205</u>	<u>1,055,037,010</u>	<u>869,225,466</u>	<u>127,566,844</u>	<u>996,792,310</u>
Financial institutions						
Current deposits	7,462,833	1,106,750	8,569,583	2,327,236	1,030,085	3,357,321
Savings deposits	19,757,968	-	19,757,968	11,868,434	-	11,868,434
Term deposits	3,295,518	22,423	3,317,941	260,684	22,739	283,423
Others	1,356	-	1,356	1,356	-	1,356
	<u>30,517,675</u>	<u>1,129,173</u>	<u>31,646,848</u>	<u>14,457,710</u>	<u>1,052,824</u>	<u>15,510,534</u>
	<u>937,482,480</u>	<u>149,201,378</u>	<u>1,086,683,858</u>	<u>883,683,176</u>	<u>128,619,668</u>	<u>1,012,302,844</u>

	Note	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
Rupees in '000			
19. LEASE LIABILITIES			
Opening Balance		9,051,378	7,803,164
Addition during the period / year		729,997	2,326,089
Lease payments including interest		(467,401)	(2,041,743)
Interest expense		278,205	963,868
Closing balance		<u>9,592,179</u>	<u>9,051,378</u>
19.1 Liabilities Outstanding			
Not later than one year		923,686	853,561
Later than one year and upto five years		4,603,981	4,278,203
Over five years		4,064,512	3,919,614
Total		<u>9,592,179</u>	<u>9,051,378</u>
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		16,672,208	19,323,624
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		4,482,801	4,349,843
Current taxation (provision less payments)		7,611,778	10,078,741
Acceptances		27,038,738	25,076,677
Unclaimed dividend		85,644	85,648
Branch adjustment account		-	3,719
Mark-to-market loss on forward foreign exchange contracts		4,252,205	4,203,701
Provision for compensated absences		342,677	325,877
Deferred liability on defined benefit plan		115,827	-
Credit loss allowance against off-balance sheet obligations	20.1	289,663	32,583
Workers' welfare fund	20.2	3,950,923	3,712,446
Charity fund		125	402
Excise duty payable		2,357	2,263
Locker deposits		964,521	989,676
Advance rental for ijarah		22,127	19,440
Security deposits against leases / ijarah		237,943	244,813
Sundry creditors		3,847,834	3,283,612
Withholding tax / duties		832,217	224,649
Others		5,883,889	16,801,843
		<u>78,794,234</u>	<u>90,165,243</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		(230,124)	-
Net charge for the period / year		(230,124)	-
Closing balance		<u>289,663</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	(4,282,381)
- Securities measured at FVOCI-Equity	9.1	580,680
- Fixed Assets		6,391,767
- Non-banking assets acquired in satisfaction of claims		2,095,111
		4,785,177
Less: Deferred tax on surplus / (deficit) on revaluation of		
- Securities measured at FVOCI-Debt		(2,098,367)
- Securities measured at FVOCI-Equity		284,533
- Fixed Assets		1,387,882
- Non-banking assets acquired in satisfaction of claims		769,953
		(344,001)
		4,441,176
		31 December 2023 (Audited) —Rupees in '000—
Surplus / (deficit) on revaluation of		
- Available for sale securities		(3,040,712)
- Fixed Assets		6,471,163
- Non-banking assets acquired in satisfaction of claims		2,095,111
		5,525,562
Less: Deferred tax on surplus / (deficit) on revaluation of		
- Available for sale securities		(1,489,949)
- Fixed Assets		1,426,787
- Non-banking assets acquired in satisfaction of claims		769,953
		(706,791)
		4,818,771

	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	754,621,823	499,761,681
Other contingent liabilities	22.3	3,031,594	3,024,648
		<u>879,011,906</u>	<u>640,105,721</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	281,000	1,093,000
Commitments in respect of:			
Acquisition of operating fixed assets		676,000	303,084
		<u>754,621,823</u>	<u>499,761,681</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 Bank has made commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn, except for:			
		31 March 2024 (Un-Audited)	31 December 2023 (Audited)
Rupees in '000			
Commitments in respect of syndicate financing		<u>281,000</u>	<u>1,093,000</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	2,925,538	2,918,592
Foreign Exchange repatriation case	22.3.2	106,056	106,056
		<u>3,031,594</u>	<u>3,024,648</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 Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these unconsolidated 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 Bank deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business.

As per the Bank's policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "Foreign exchange income". Unrealised mark to market gains and losses on these contracts are recorded on the statement of financial position under "other assets / other liabilities".

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

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

24. MARK-UP / RETURN / INTEREST EARNED

	Note	31 March 2024	31 March 2023
		(Un-Audited)	
		Rupees in '000	
Loans and advances		17,918,159	13,733,235
Investments		40,255,390	29,847,160
Lendings to financial institutions		731,926	611,110
Balances with banks		1,362	1,884
		<u>58,906,837</u>	<u>44,193,389</u>

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

Financial assets measured at amortised cost;	3,508,938	-
Financial assets measured at fair value through P&L	610,318	-
Financial assets measured at fair value through OCI	36,136,134	-
	<u>40,255,390</u>	<u>-</u>

25. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	29,712,650	18,879,834
Borrowings	11,192,597	10,220,823
Foreign currency swap cost	1,378,525	1,111,965
Lease liability against right-of-use assets	278,205	210,337
	<u>42,561,977</u>	<u>30,422,959</u>

26. FEE & COMMISSION INCOME

Branch banking customer fees	317,382	280,665
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	5,181	49,299
	<u>2,466,270</u>	<u>2,145,556</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	9.1	42,575	-
		<u>(268,728)</u>	<u>(142,402)</u>
27.1 Realised gain on:			
Federal government securities - net		(311,303)	(172,210)
Shares - net		-	29,808
Mutual funds - net		-	-
		<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		42,575	-
	9.1	185,518	-
Net gain / (loss) on financial assets / liabilities measured at amortised cost		-	-
Net gain / (loss) on financial assets measured at FVOCI		(4,282,381)	-
Net gain / (loss) on investments in equity instruments designated at FVOCI		580,680	-
	9.1	<u>(3,701,701)</u>	<u>-</u>
		<u>(3,516,183)</u>	<u>-</u>
28. OTHER INCOME			
Rent on properties		7,335	5,925
Gain on sale of fixed assets - net		15,735	8,803
Gain on sale of ijarah assets - net		3,014	5,216
Staff notice period and other recoveries		258	267
		<u>26,342</u>	<u>20,211</u>

	31 March 2024	31 March 2023
	(Un-Audited)	
	————— Rupees in '000 —————	
29. OPERATING EXPENSES		
Total compensation expense	2,963,035	2,698,653
Property expense		
Rent & taxes	44,319	88,448
Insurance	6,421	1,720
Utilities cost	371,959	256,046
Security	256,901	189,993
Repair & maintenance	218,927	260,334
Depreciation on owned fixed assets	241,979	215,879
Depreciation on right-of-use assets	371,916	319,863
	1,512,422	1,332,283
Information technology expenses		
Software maintenance	179,390	95,271
Hardware maintenance	107,840	93,696
Depreciation	119,135	73,026
Amortisation	42,436	17,843
Network charges	178,942	132,857
	627,743	412,693
Other operating expenses		
Directors' fees and allowances	4,600	3,288
Fees and allowances to Shariah Board	9,018	9,634
Legal & professional charges	90,436	55,076
Outsourced services costs	87,055	84,765
Travelling & conveyance	201,844	136,230
NIFT clearing charges	24,050	26,381
Depreciation	197,445	150,845
Training & development	7,853	8,260
Postage & courier charges	49,297	38,516
Communication	38,734	37,052
Subscription	205,548	177,433
Repair & maintenance	78,568	32,324
Brokerage & commission	31,195	42,171
Stationery & printing	153,350	118,717
Marketing, advertisement & publicity	231,293	109,979
Management fee	135,902	407,662
Insurance	286,958	245,472
Donations	140,688	69,043
Auditors' Remuneration	9,000	7,750
Security	105,362	68,571
Others	147,359	177,328
	2,235,555	2,006,497
	<u>7,338,755</u>	<u>6,450,126</u>

	Note	31 March 2024	31 March 2023
		(Un-Audited)	
		Rupees in '000	
30. OTHER CHARGES			
Penalties imposed by the SBP		71,777	5
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	254,591	29,696
Credit loss allowance against loans & advances	10.3	676,569	1,050,000
Credit loss allowance against other assets		30,945	-
Reversal of credit loss allowance against other liabilities		(230,124)	-
Recovery of written off / charged off bad debts		-	(35,000)
		854,824	1,044,696
32. TAXATION			
Current		5,078,743	4,345,662
Deferred		592,506	(5,238)
		5,671,249	4,340,424
33. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation		5,901,334	5,724,812
		Number in '000	
Weighted average number of ordinary shares		1,047,831	1,047,831
		Rupees	
Basic and diluted earnings per share		5.63	5.46

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 amortised 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	773,878,676	-	773,878,676	-	773,878,676
Sukuk certificates and bonds	7,064,005	-	7,064,005	-	7,064,005
Ordinary shares of listed companies	5,258,537	5,258,537	-	-	5,258,537
Mutual funds - open end	-	-	-	-	-
- 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	99,661,081	-	92,946,156	-	92,946,156
Certificates of investment	5,599,945	-	-	-	-
- Subsidiaries					
Ordinary shares of listed company	180,000	92,679	-	-	92,679
Ordinary shares of unlisted companies	1,650,000	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	52,658	-	-	-	-
	<u>899,744,624</u>	<u>7,394,052</u>	<u>878,245,722</u>	<u>-</u>	<u>885,639,774</u>
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	<u>294,058,000</u>	<u>-</u>	<u>290,117,994</u>	<u>-</u>	<u>290,117,994</u>
- Forward sale of foreign exchange contracts	<u>266,808,918</u>	<u>-</u>	<u>269,417,395</u>	<u>-</u>	<u>269,417,395</u>

On balance sheet financial instruments

31 December 2023 (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	802,651,863	-	802,651,863	-	802,651,863
Sukuk certificates and bonds	7,063,865	-	7,063,865	-	7,063,865
Ordinary shares of listed companies	4,627,365	4,627,365	-	-	4,627,365
Mutual funds - open end	-	-	-	-	-
- close end	8,255	8,255	-	-	8,255
Real estate investment trust	1,992,625	992,625	-	1,000,000	1,992,625
Listed term finance certificates	1,317,481	-	1,317,481	-	1,317,481
Unlisted term finance certificates	3,295,000	-	3,295,000	-	3,295,000
Financial assets - disclosed but not measured at fair value					
Investments					
- Held-to-maturity securities					
Federal government securities	98,872,853	-	91,477,864	-	91,477,864
Certificates of investment	4,700,000	-	-	-	-
- Subsidiaries					
Ordinary shares of listed company	180,000	86,062	-	-	86,062
Ordinary shares of unlisted companies	650,000	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	52,658	-	-	-	-
	<u>925,411,965</u>	<u>5,714,307</u>	<u>905,806,073</u>	<u>1,000,000</u>	<u>912,520,380</u>
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	190,089,104	-	187,821,748	-	187,821,748
- Forward sale of foreign exchange contracts	175,300,957	-	107,865,999	-	107,865,999

34.2 Fair value of non-financial assets

31 March 2024 (Un-Audited)

	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Non-financial assets measured at fair value					
- Fixed assets	10,513,293	-	-	10,513,293	10,513,293
- Non-banking assets acquired in satisfaction of claim	4,299,840	-	-	4,299,840	4,299,840
	<u>14,813,133</u>	<u>-</u>	<u>-</u>	<u>14,813,133</u>	<u>14,813,133</u>

31 December 2023 (Audited)

	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Non-financial assets measured at fair value					
- Fixed assets	10,375,530	-	-	10,375,530	10,375,530
- Non-banking assets acquired in satisfaction of claim	4,299,840	-	-	4,299,840	4,299,840
	<u>14,675,370</u>	<u>-</u>	<u>-</u>	<u>14,675,370</u>	<u>14,675,370</u>

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)			Total
	Trade & Sales	Retail Banking	Commercial Banking	
	Rupees in '000			
Profit and Loss				
Net mark-up / return / interest / profit	32,806,996	(13,428,436)	(3,033,700)	16,344,860
Inter segment revenue - net	(35,787,462)	21,755,192	14,032,270	-
Non mark-up / return / interest income	1,238,957	297,331	2,195,269	3,731,557
Total Income	(1,741,509)	8,624,087	13,193,839	20,076,417
Segment direct expenses	(100,920)	-	-	(100,920)
Inter segment expense allocation	-	(2,349,594)	(5,198,495)	(7,548,089)
Total expenses	(100,920)	(2,349,594)	(5,198,495)	(7,649,009)
Credit loss allowance	(130,599)	(236)	(723,989)	(854,824)
Profit before tax	(1,973,028)	6,274,257	7,271,355	11,572,584
Balance Sheet				
Cash and bank balances	10,815,775	32,717,522	72,258,649	115,791,946
Investments - net	899,744,624	-	-	899,744,624
Net inter segment lending	-	447,673,188	295,816,016	743,489,204
Lendings to financial institutions	5,518,159	-	-	5,518,159
Advances - performing	-	16,022,430	424,043,078	440,065,508
Advances - non-performing	-	236,711	20,827,121	21,063,832
Credit loss allowance against advances	-	(105,277)	(26,455,889)	(26,561,166)
Others	31,816,981	8,741,412	65,876,504	106,434,897
Total assets	947,895,539	505,285,986	852,365,479	2,305,547,004
Borrowings	150,210,095	-	125,788,802	275,998,897
Subordinated debt	-	-	-	-
Deposits and other accounts	-	465,519,081	621,164,777	1,086,683,858
Net inter segment borrowing	743,489,204	-	-	743,489,204
Others	4,923,972	13,438,861	87,651,080	106,013,913
Total liabilities	898,623,271	478,957,942	834,604,659	2,212,185,872
Net Assets	49,272,268	26,328,044	17,760,820	93,361,132
Equity				93,361,132
Contingencies and commitments	560,866,918	2,000	318,142,988	879,011,906

	31 March 2023 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Profit and Loss				
Net mark-up / return / interest / profit	21,897,764	(7,831,758)	(295,576)	13,770,430
Inter segment revenue - net	(19,177,041)	12,169,544	7,007,497	-
Non mark-up / return / interest income	1,806,350	305,325	1,852,737	3,964,412
Total Income	4,527,073	4,643,111	8,564,658	17,734,842
Segment direct expenses	(99,116)	-	-	(99,116)
Inter segment expense allocation	-	(2,023,620)	(4,502,174)	(6,525,794)
Total expenses	(99,116)	(2,023,620)	(4,502,174)	(6,624,910)
Provisions	(29,696)	(5,635)	(1,009,365)	(1,044,696)
Profit before tax	4,398,261	2,613,856	3,053,119	10,065,236
Balance Sheet				
31 December 2023 (Audited)				
Cash and bank balances	21,123,950	30,296,185	61,170,411	112,590,546
Investments - net	925,411,965	-	-	925,411,965
Net inter segment lending	-	453,622,274	285,526,668	739,148,942
Lendings to financial institutions	5,496,284	-	-	5,496,284
Advances - performing	-	16,829,682	401,982,847	418,812,529
Advances - non-performing	-	330,126	19,505,491	19,835,617
Provisions against advances	-	(201,087)	(26,398,135)	(26,599,222)
Others	28,135,172	8,747,161	63,987,035	100,869,368
Total assets	980,167,371	509,624,341	805,774,317	2,295,566,029
Borrowings	186,310,121	-	136,959,469	323,269,590
Deposits and other accounts	-	463,433,999	548,868,845	1,012,302,844
Net inter segment borrowing	739,148,942	-	-	739,148,942
Others	5,000,244	19,300,734	103,268,342	127,569,320
Total liabilities	930,459,307	482,734,733	789,096,656	2,202,290,696
Net Assets	49,708,064	26,889,608	16,677,661	93,275,333
Equity				93,275,333
Contingencies and commitments	365,390,061	9,000	274,706,660	640,105,721

36. TRANSACTIONS WITH RELATED PARTIES

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

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

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

	31 March 2024 (Un-Audited)						
	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Balances with other banks							
In current accounts	947,179	-	614,886	-	-	-	1,562,065
Investments							
Opening balance	-	5,530,000	-	-	-	-	5,530,000
Investment made during the period	-	5,600,000	-	-	-	-	5,600,000
Investment redeemed / disposed off during the period	-	(4,700,000)	-	-	-	-	(4,700,000)
Closing balance	-	6,430,000	-	-	-	-	6,430,000
Advances							
Opening balance	-	-	5,709,339	283,415	-	-	5,992,754
Addition during the period	-	-	39,669,908	3,940	-	-	39,673,848
Repaid during the period	-	-	(38,385,064)	19,740	-	-	(38,365,324)
Closing balance	-	-	6,994,183	307,095	-	-	7,301,278
Other Assets							
Mark-up / return / interest receivable	-	137,373	42,889	-	-	-	180,262
Prepayments / advance deposits / other receivables	936	836	74,092	-	-	-	75,864
	936	138,209	116,981	-	-	-	256,126
Deposits and other accounts							
Opening balance	242,044	1,522,026	25,278,888	319,529	822,094	1,421,701	29,606,282
Received during the period	995,367	48,429,624	686,522,919	299,419	526,922	1,664,281	738,438,532
Withdrawn during the period	(945,764)	(48,106,481)	(685,119,263)	(307,160)	(519,531)	(1,850,531)	(736,848,730)
Closing balance	291,647	1,845,169	26,682,544	311,788	829,485	1,235,451	31,196,084
Other Liabilities							
Mark-up / return / interest payable	-	26,422	346,563	2,872	7,641	44,558	428,056
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	26,422	347,193	2,872	8,636	160,385	2,345,741
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 December 2023 (Audited)

	Holding company	Subsidiary companies	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
Investments							
Opening balance	-	4,880,000	-	-	-	-	4,880,000
Investment made during the year	-	18,850,000	-	-	-	-	18,850,000
Investment redeemed / disposed off during the year	-	(18,200,000)	-	-	-	-	(18,200,000)
Closing balance	-	5,530,000	-	-	-	-	5,530,000
Advances							
Opening balance	-	-	4,923,312	232,413	-	-	5,155,725
Addition during the year	-	-	107,246,311	144,741	-	-	107,391,052
Repaid during the year	-	-	(106,460,284)	(93,739)	-	-	(106,554,023)
Closing balance	-	-	5,709,339	283,415	-	-	5,992,754
Other Assets							
Mark-up / return / interest receivable	-	84,162	88,690	-	-	-	172,852
Prepayments / advance deposits / other receivables	468	-	59,669	-	-	60,450	120,587
	468	84,162	148,359	-	-	60,450	293,439
Deposits and other accounts							
Opening balance	186,031	1,280,231	21,939,773	395,587	703,394	1,139,423	25,644,439
Received during the year	25,230,932	170,548,261	2,458,537,439	3,199,802	1,710,093	5,370,804	2,664,597,331
Withdrawn during the year	(25,174,919)	(170,306,466)	(2,455,198,324)	(3,275,860)	(1,591,393)	(5,088,526)	(2,660,635,488)
Closing balance	242,044	1,522,026	25,278,888	319,529	822,094	1,421,701	29,606,282
Other Liabilities							
Mark-up / return / interest payable	-	17,211	259,087	8,517	8,523	100,731	394,069
Management fee payable for technical and consultancy services*	1,850,085	-	-	-	-	-	1,850,085
Other payables	-	-	630	-	995	-	1,625
	1,850,085	17,211	259,717	8,517	9,518	100,731	2,245,779
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
	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000						
Income							
Mark-up / return / interest earned	-	313,509	18,405	3,940	-	-	335,854
Fee and commission income	41	812	204,152	-	58	7	205,070
Rent income	1,404	3,054	2,585	-	-	-	7,043
Expense							
Mark-up / return / interest expensed	-	51,964	919,867	13,183	19,150	56,364	1,060,528
Commission / brokerage / bank charges paid	54	889	717	-	-	-	1,660
Salaries and allowances	-	-	-	215,407	-	-	215,407
Directors' fees and allowances	-	-	-	-	6,657	-	6,657
Charge to defined benefit plan	-	-	-	-	-	81,936	81,936
Contribution to defined contribution plan	-	-	-	-	-	93,656	93,656
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)

	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Income							
Mark-up / return / interest earned	-	177,098	140,828	3,536	-	-	321,462
Fee and commission income	29	790	53,682	-	40	-	54,541
Rent income	1,404	1,388	2,585	-	-	-	5,377
Expenses							
Mark-up / return / interest expensed	-	39,942	525,505	13,119	11,674	82,122	672,362
Commission / brokerage / bank charges paid	35	133	4,215	-	-	-	4,383
Salaries and allowances	-	-	-	231,753	-	-	231,753
Directors' fees and allowances	-	-	-	-	3,288	-	3,288
Charge to defined benefit plan	-	-	-	-	-	74,466	74,466
Contribution to defined contribution plan	-	-	-	-	-	81,323	81,323
Insurance premium expenses	-	-	5,945	-	-	-	5,945
Management fee expense for technical and consultancy services *	407,662	-	-	-	-	-	407,662
Donation	-	-	480	-	-	-	480

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

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>88,572,506</u>	<u>88,120,035</u>
Eligible additional tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total eligible tier 1 capital	<u>88,572,506</u>	<u>88,120,035</u>
Eligible tier 2 capital	<u>8,473,747</u>	<u>8,686,109</u>
Total eligible capital (tier 1 + tier 2)	<u>97,046,253</u>	<u>96,806,144</u>
Risk Weighted Assets (RWAs):		
Credit risk	<u>427,785,150</u>	<u>414,494,946</u>
Market risk	<u>2,509,448</u>	<u>2,228,918</u>
Operational risk	<u>113,309,274</u>	<u>113,309,274</u>
Total	<u>543,603,872</u>	<u>530,033,138</u>
CET 1 capital adequacy ratio	<u>16.29%</u>	<u>16.63%</u>
Tier 1 capital adequacy ratio	<u>16.29%</u>	<u>16.63%</u>
Total capital adequacy ratio	<u>17.85%</u>	<u>18.26%</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 Bank 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	88,572,506	88,120,035
Total exposures	1,907,764,581	1,843,597,631
Leverage ratio	<u>4.64%</u>	<u>4.78%</u>
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	729,459,070	582,822,433
Total net cash outflow	343,740,256	315,797,792
Liquidity coverage ratio	<u>212%</u>	<u>185%</u>
Net Stable Funding Ratio (NSFR):		
Total available stable funding	1,012,903,937	987,276,461
Total required stable funding	523,042,946	504,533,465
Net stable funding ratio	<u>194%</u>	<u>196%</u>

38. ISLAMIC BANKING BUSINESS

The bank 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	<u>(4,720,817)</u>	<u>(2,604,686)</u>
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	<u>22,424,091</u>	<u>17,509,845</u>
	<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 unconsolidated 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 unconsolidated 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	MOHAMED ALI R. HABIB Chairman
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