

هَذَا مِنْ فَضْلِ رَبِّي



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<b>Chief Financial Officer</b>	Ashar Husain
<b>Statutory Auditors</b>	KPMG Taseer Hadi & Co. Chartered Accountants
<b>Legal Advisor</b>	LMA Ebrahim Hosain Barristers, Advocates & Corporate Legal Consultants
<b>Registered Office</b>	126-C, Old Bahawalpur Road, Multan
<b>Principal Office</b>	2nd Floor, Mackinnons Building, I.I. Chundrigar Road, Karachi
<b>Share Registrar</b>	CDC Share Registrar Services Limited CDC House 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400.
<b>Website</b>	<a href="http://www.bankalhabib.com">www.bankalhabib.com</a>



## DIRECTORS' REVIEW

It is our pleasure to present the un-audited financial statements of Bank AL Habib Limited along with the un-audited consolidated financial statements of Bank AL Habib Limited and the Bank's Subsidiaries AL Habib Capital Markets (Private) Limited, AL Habib Asset Management Limited, and AL Habib Exchange Company (Private) Limited for the quarter ended March 31, 2024.

By the Grace of Allah, we are pleased to inform you that the "AL Habib Exchange Company (Private) Limited" (a wholly-owned subsidiary of the Bank) has commenced its operations from March 26, 2024.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 2,087.6 billion as compared to Rs. 1,934 billion on December 31, 2023. In the same period, advances decreased to Rs. 809.8 billion from Rs. 869.5 billion, while investments increased to Rs. 1,598.8 billion from Rs. 1,503.9 billion. The pre-tax profit of the Bank for the quarter ended March 31, 2024, was Rs. 19.19 billion as compared to Rs. 16.56 billion during the corresponding period last year. The profit after tax for the quarter ended March 31, 2024, was Rs. 10.01 billion compared with Rs. 10.54 billion during 2023.

Alhamdulillah, the Bank has successfully implemented International Financial Reporting Standards (IFRS) 9 in accordance with the requirements of the State Bank of Pakistan. As a result of this implementation, the impact on equity (net of tax) amounted to Rs. 3.57 billion.

The Board of Directors, in its meeting held on April 25, 2024, has declared an interim cash dividend of 35%, i.e., Rs. 3.50 per share for the quarter ended March 31, 2024.

By the Grace of Allah, the Bank now has a network of 1,139 offices, comprising 1,106 branches, 29 sub-branches, and 4 Representative Offices. Our branch network includes 223 Islamic Banking Branches and 2 Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2024.

Alhamdulillah, Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long term entity and short term entity ratings at **AAA** (Triple A) and **A1+** (A One plus), respectively. This long term credit rating **AAA** (Triple A) denotes the highest credit quality with the lowest expectation of credit risk, and indicates exceptionally strong capacity for timely payment of financial commitments.

The ratings of our unsecured, subordinated Term Finance Certificates (TFCs) are **AAA** (Triple A) for TFC-2018, TFC-2021 and TFC-2022, and **AA+** (Double A plus) for TFC-2017 (perpetual) and TFC-2022 (perpetual). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. Further, the TFC-2022 & the TFC-2022 (perpetual) issued in 2022, were listed on Pakistan Stock Exchange (PSX) pursuant to Chapter 5C of PSX Rule Book.

We wish to thank our customers, for their continued trust and support, local & foreign correspondents for their confidence and cooperation, and the State Bank of Pakistan for their guidance. We also thank all our staff members for their sincerity, dedication, and hard work.

Mansoor Ali Khan  
*Chief Executive*

Abbas D. Habib  
*Chairman*  
*Board of Directors*

Karachi: April 25, 2024



## ڈائریکٹرز کا جائزہ

ہمارے لئے یہ باعث مسرت ہے کہ ہم 31 مارچ 2024 کو ختم ہونے والی سہ ماہی کے لئے بینک الحیب لمیٹڈ کے غیر آڈٹ شدہ مالی حسابات مع بینک الحیب لمیٹڈ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات بشمول بینک کی ذیلی کمپنیز الحیب کینیڈا، الحیب ایٹ مینجٹ لمیٹڈ، الحیب ایٹ مینجٹ لمیٹڈ، اور الحیب ایٹ مینجٹ کینیڈا (پرائیویٹ) لمیٹڈ پیش کریں۔

بفضل باری تعالیٰ، ہمیں آپ کو بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ "الحیب ایٹ مینجٹ کینیڈا (پرائیویٹ) لمیٹڈ" (بینک کا ایک مکمل ملکیتی ذیلی ادارہ) نے 26 مارچ 2024 سے اپنے آپریٹنگز کا آغاز کر دیا ہے۔

الحمد للہ، زیر جائزہ مدت میں بینک کی کارکردگی اطمینان بخش رہی۔ 31 مارچ 2024 کو ختم ہونے والی سہ ماہی میں ڈپازٹس بڑھ کر 2,087.6 بلین روپے ہو گئے، جو کہ 31 دسمبر 2023 کو 1,934 بلین روپے تھے۔ اسی مدت کے دوران ایڈوانسز 869.5 بلین روپے سے کم ہو کر 809.8 بلین روپے ہو گئے اور سرمایہ کاری 1,503.9 بلین روپے سے بڑھ کر 1,598.8 بلین روپے ہو گئی۔ 31 مارچ 2024 کو ختم ہونے والی سہ ماہی کے لئے آپ کے بینک کا قرضہ منافع 19.19 بلین روپے رہا، جبکہ گزشتہ سال اس مدت میں یہ 16.56 بلین روپے تھا۔ بینک کا بعد از ٹیکس منافع 31 مارچ 2024 کو ختم ہونے والی مدت کے لئے 10.1 بلین روپے رہا جبکہ گزشتہ سال یہ 10.54 بلین روپے تھا۔

الحمد للہ، بینک نے اسٹیٹ بینک آف پاکستان کی ہدایت کے مطابق انٹرنیشنل فنانسل رپورٹنگ اسٹینڈرڈز (IFRS) کو کامیابی سے عمل درآمد کر دیا ہے۔ اس عمل درآمد کے نتیجے میں ایکویٹی (بعد از ٹیکس) پر 3.57 بلین روپے کا اثر پڑا۔

بورڈ آف ڈائریکٹرز نے 25 اپریل 2024 کو منعقد ہونے والے اجلاس میں 31 مارچ 2024 کو ختم ہونے والی سہ ماہی کیلئے 35% عبوری نقد منافع منقسم یعنی 3.50 روپے فی شیئر کا اعلان کیا ہے۔

الحمد للہ، پاکستان کرپٹڈ ریٹنگ ایجنسی (PACRA) نے طویل مدت کے لئے بینک کی ریٹنگ AAA (ٹرپل اے) اور مختصر مدت کے لئے A1+ (اے ون پلس) برقرار رکھی ہیں۔ یہ طویل مدتی کرپٹڈ ریٹنگ AAA (ٹرپل اے) بینک کے بہترین کرپٹڈ کے معیار، کم ترین کرپٹڈ رسک کی توقع اور بروقت مالی ذمہ داریوں سے عہدہ براء ہونے کی غیر معمولی صلاحیت کو ظاہر کرتی ہے۔

ہمارے آنسٹیوٹ، سہارڈ بیٹھڈ ٹرم فنانس سرٹیفکیٹس کی ریٹنگ AAA (ٹرپل اے) برائے TFC-2018، TFC-2021 اور TFC-2022 اور AA+ (ڈبل اے پلس) برائے TFC-2017 (پرنسپل) اور TFC-2022 (پرنسپل) ہیں۔ یہ ریٹنگز کرپٹڈ رسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ داریوں سے عہدہ براء ہونے کی بہت مضبوط صلاحیت ہے۔ مزید برآں TFC-2022 اور TFC-2022 (پرنسپل) جو کہ 2022 میں ایٹو ہونے والی ایس ایس ایس رول بک کے باب 5C کے مطابق پاکستان اسٹاک ایکسچینج لمیٹڈ پر لسٹ کئے گئے۔

ہم اپنے کسٹمرز کے مسلسل اعتماد اور تائید، مقامی و غیر ملکی مالیاتی اداروں کے بھروسے اور تعاون، اور اسٹیٹ بینک آف پاکستان کے اُن کی رہنمائی پر، بے حد مشکور ہیں۔ ہم اپنے تمام اسٹاف ممبران کا بھی ان کے خلوص، لگن اور انتھک محنت پر ان کا شکریہ ادا کرتے ہیں۔

عباس ڈی۔ حبیب  
چیئرمین  
بورڈ آف ڈائریکٹرز

منصور علی خان  
چیف ایگزیکٹو

کراچی: ۲۵ اپریل ۲۰۲۳



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2024**

	(Un-audited) 31 March 2024	(Audited) 31 December 2023
Note	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	6 178,256,802	141,815,998
Balances with other banks	7 5,180,234	6,580,672
Lendings to financial institutions	8 6,963,360	1,649,716
Investments	9 1,598,777,632	1,503,895,348
Advances	10 809,780,062	869,458,809
Property and equipment	11 69,590,875	67,602,830
Right-of-use assets	12 12,669,549	11,969,724
Intangible assets	13 71,933	124,462
Deferred tax assets	14 8,153,328	1,792,112
Other assets	15 185,609,659	136,130,442
<b>Total Assets</b>	<b>2,875,053,434</b>	<b>2,741,020,113</b>
<b>LIABILITIES</b>		
Bills payable	17 26,009,715	48,083,103
Borrowings	18 465,310,850	477,438,034
Deposits and other accounts	19 2,087,565,048	1,934,036,510
Lease liabilities	20 15,406,861	14,633,878
Subordinated debt	21 29,984,200	29,985,200
Deferred tax liabilities	—	—
Other liabilities	22 123,924,369	110,236,595
<b>Total Liabilities</b>	<b>2,748,201,043</b>	<b>2,614,413,320</b>
<b>NET ASSETS</b>	<b>126,852,391</b>	<b>126,606,793</b>
<b>REPRESENTED BY</b>		
Share capital	11,114,254	11,114,254
Reserves	29,081,532	28,184,872
Surplus on revaluation of assets	23 14,164,534	14,712,038
Unappropriated profit	72,492,071	72,595,629
	<b>126,852,391</b>	<b>126,606,793</b>
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The annexed notes 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN  
Chief Executive

ASHAR HUSAIN  
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI  
Director

FARHANA MOWJEE KHAN  
Director

ABBAS D. HABIB  
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**

	Note	<b>Three months period ended</b>	
		<b>31 March 2024</b>	<b>31 March 2023</b>
<b>(Rupees in '000)</b>			
Mark-up / return / interest earned	26	<b>119,092,380</b>	74,805,175
Mark-up / return / interest expensed	27	<b>(82,249,060)</b>	(50,180,608)
Net mark-up / interest income		<b>36,843,320</b>	24,624,567
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	28	<b>4,117,493</b>	3,019,268
Dividend income		<b>302,962</b>	313,364
Foreign exchange income		<b>2,487,925</b>	2,698,027
Income / (loss) from derivatives		<b>—</b>	—
Gain on securities - net	29	<b>220,512</b>	24,515
Net gains / (loss) on derecognition of financial assets measured at amortised cost		<b>—</b>	—
Other income	30	<b>463,065</b>	247,150
Total non mark-up / interest income		<b>7,591,957</b>	6,302,324
<b>Total income</b>		<b>44,435,277</b>	30,926,891
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	31	<b>(17,824,936)</b>	(14,984,150)
Workers welfare fund		<b>(420,948)</b>	(337,899)
Other charges	32	<b>(126,218)</b>	(70)
Total non mark-up / interest expenses		<b>(18,372,102)</b>	(15,322,119)
<b>Profit before credit loss allowance</b>		<b>26,063,175</b>	15,604,772
Credit loss allowance / provisions / reversals and write offs - net	33	<b>(6,875,132)</b>	952,285
<b>PROFIT BEFORE TAXATION</b>		<b>19,188,043</b>	16,557,057
Taxation	34	<b>(9,176,966)</b>	(6,017,723)
<b>PROFIT AFTER TAXATION</b>		<b>10,011,077</b>	10,539,334
<b>(Rupees)</b>			
<b>Basic and diluted earnings per share</b>	35	<b>9.01</b>	9.48

The annexed notes 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN  
*Chief Executive*

ASHAR HUSAIN  
*Chief Financial Officer*

MOHAMMAD RAFIQUDDIN MEHKARI  
*Director*

FARHANA MOWJEE KHAN  
*Director*

ABBAS D. HABIB  
*Chairman*



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**

	<b>Three months period ended</b>	
	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>(Rupees in '000)</b>	
<b>Profit after taxation for the period</b>	<b>10,011,077</b>	10,539,334
<b>Other comprehensive income</b>		
<b><i>Items that may be reclassified to profit and loss account in subsequent periods</i></b>		
Effect of translation of net investment in foreign branches	<b>(104,448)</b>	271,346
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	<b>919,660</b>	-
Movement in deficit on revaluation of available for sale investments - net of tax	-	(8,602,637)
	<b>815,212</b>	(8,331,291)
<b><i>Items that will not be reclassified to profit and loss account in subsequent periods</i></b>		
Movement in surplus on revaluation of equity investments through FVOCI-net of tax	<b>(595,275)</b>	-
Loss on sale of equity investments-FVOCI	<b>(826,620)</b>	-
Movement in surplus on revaluation of property and equipment - net of tax	-	(134,018)
Movement in surplus on revaluation of non-banking assets - net of tax	<b>(31,013)</b>	-
	<b>(1,452,908)</b>	(134,018)
<b>Total comprehensive income</b>	<b>9,373,381</b>	2,074,025

The annexed notes 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN  
Chief Executive

ASHAR HUSAIN  
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI  
Director

FARHANA MOWJEE KHAN  
Director

ABBAS D. HABIB  
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of Investments	Property & Equipment / Non Banking Assets	Unappropriated Profit	Total
				Special Reserve	General Reserve				
(Rupees in '000)									
<b>Balance as at 01 January 2023 - audited</b>	11,114,254	19,168,074	4,556,840	126,500	540,000	(5,627,570)	6,525,255	58,838,598	95,241,951
<b>Comprehensive income for the three months period ended 31 March 2023:</b>									
Profit after taxation for the quarter ended 31 March 2023	-	-	271,346	-	-	(8,602,637)	(134,018)	10,539,334	10,539,334
Other comprehensive income	-	-	271,346	-	-	(8,602,637)	(134,018)	-	(8,465,309)
Transfer to statutory reserve	-	1,053,933	-	-	-	-	-	(1,053,933)	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(18,946)	18,946	-
<b>Transaction with owners, recorded directly in equity</b>									
Final cash dividend (Rs. 7.0 per share) - December 2022	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)
<b>Balance as at 31 March 2023-unaudited</b>	11,114,254	20,222,007	4,828,186	126,500	540,000	(14,230,207)	6,372,291	60,562,967	89,555,998
<b>Comprehensive income for the nine months period ended 31 December 2023:</b>									
Profit after taxation for the nine months period ended 31 December 2023	-	-	(9,826)	-	-	15,360,234	7,363,050	24,780,041	24,780,041
Other comprehensive income	-	-	(9,826)	-	-	15,360,234	7,363,050	(419,872)	22,293,586
Transfer to statutory reserve	-	2,478,005	-	-	-	-	-	24,360,169	47,073,627
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(153,330)	(2,478,005)	-
<b>Transaction with owners, recorded directly in equity</b>									
Interim cash dividend (Rs. 4.5 per share) - June 2023	-	-	-	-	-	-	-	(5,001,416)	(5,001,416)
Interim cash dividend (Rs. 4.5 per share) - September 2023	-	-	-	-	-	-	-	(5,001,416)	(5,001,416)
	-	-	-	-	-	-	-	(10,002,832)	(10,002,832)
<b>Balance as at 31 December 2023-audited</b>	11,114,254	22,700,012	4,818,360	126,500	540,000	1,130,027	13,582,011	72,595,629	126,606,793
Effect of adoption of IFRS 9 (net of tax)	-	-	-	-	-	(785,105)	-	(2,785,551)	(3,570,656)
Profit after taxation for the quarter ended 31 March 2024	-	-	-	-	-	-	-	10,011,077	10,011,077
<b>Other comprehensive income for the quarter ended 31 March 2024 - net of tax</b>									
Effect of translation of net investment in foreign branches	-	-	(104,448)	-	-	-	-	-	(104,448)
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	919,660	-	-	919,660
Movement in surplus on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	(595,275)	-	-	(595,275)
Loss on sale of equity investments - FVOCI	-	-	-	-	-	-	-	(826,620)	(826,620)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(31,013)	-	(31,013)
Total other comprehensive income - net of tax	-	-	(104,448)	-	-	324,385	(31,013)	(826,620)	(637,696)
Transfer to statutory reserve	-	1,001,108	-	-	-	-	-	(1,001,108)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(55,771)	55,771	-
<b>Transaction with owners, recorded directly in equity</b>									
Final cash dividend (Rs. 5.0 per share) - December 2023	-	-	-	-	-	-	-	(5,557,127)	(5,557,127)
<b>Balance as at 31 March 2024-unaudited</b>	11,114,254	23,701,120	4,713,912	126,500	540,000	669,307	13,495,227	72,492,071	126,852,391

The annexed notes 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN  
Chief Executive

MOHAMMAD RAFIQUDDIN MEHKARI  
Director

FARHANA MOWJEE KHAN  
Director

ASHAR HUSAIN  
Chief Financial Officer

ABBAS D. HABIB  
Chairman



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**

	31 March 2024	31 March 2023
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	19,188,043	16,557,057
Less: Dividend income	(302,962)	(313,364)
	<b>18,885,081</b>	<b>16,243,693</b>
<b>Adjustments:</b>		
Depreciation	1,239,949	1,009,289
Depreciation on right-of-use assets	595,938	556,674
Amortisation	52,528	76,587
Credit loss allowance and write-offs-net	6,875,920	(952,276)
Gain on sale of property and equipment-net	(313,060)	(142,356)
Charge for defined benefit plan	300,000	207,000
Gain on securities-net	(220,512)	(24,515)
Charge for compensated absences	105,893	60,790
Finance charges on leased assets	478,524	364,157
	<b>9,115,180</b>	<b>1,155,350</b>
<b>(Increase) / decrease in operating assets</b>	<b>28,000,261</b>	<b>17,399,043</b>
Lendings to financial institutions	(5,314,584)	(89,232,308)
Securities classified as FVTPL	(1,493)	96,639
Advances	44,891,358	(65,788,482)
Other assets	(50,152,971)	(12,174,954)
	<b>(10,577,690)</b>	<b>(167,099,105)</b>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(22,073,388)	(12,882,171)
Borrowings from financial institutions	(14,894,768)	62,295,369
Deposits	153,528,538	158,759,083
Other liabilities (excluding current taxation)	7,137,043	(1,092,225)
	<b>123,697,425</b>	<b>207,080,056</b>
	<b>141,119,996</b>	<b>57,379,994</b>
Income tax paid	(7,221,977)	(8,512,762)
Net cash flow generated from operating activities	<b>133,898,019</b>	<b>48,867,232</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in amortized cost securities	(576,759)	(3,062,147)
Net investments in securities classified as FVOCI	(90,852,425)	12,458,282
Net investments in subsidiaries	(1,000,000)	-
Dividends received	293,314	211,947
Investments in property and equipment	(3,165,466)	(1,589,821)
Proceeds from sale of property and equipment	238,918	149,957
Effect of translation of net investment in foreign branches	(104,448)	271,346
Net cash flow (used in) / generated from investing activities	<b>(95,166,866)</b>	<b>8,439,564</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payments of subordinated debt	(1,000)	(1,000)
Dividend paid	(5,477,518)	(7,637,350)
Payments of lease obligations against right-of-use assets	(976,308)	(939,643)
Net cash flow used in financing activities	<b>(6,454,826)</b>	<b>(8,577,993)</b>
<b>Increase in cash and cash equivalents</b>	<b>32,276,327</b>	<b>48,728,803</b>
Cash and cash equivalents at beginning of the period	<b>147,198,673</b>	<b>108,736,601</b>
Cash and cash equivalents at end of the period	<b>179,475,000</b>	<b>157,465,404</b>

The annexed notes 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN  
Chief Executive

ASHAR HUSAIN  
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI  
Director

FARHANA MOWJEE KHAN  
Director

ABBAS D. HABIB  
Chairman



## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

### 1. STATUS AND NATURE OF BUSINESS

Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 1,106 branches (31 December 2023: 1,084 branches), 29 sub - branches (31 December 2023: 29 sub - branches), 04 representative offices (31 December 2023: 04 representative offices) and 9 booths (31 December 2023: 09 booths). The branch network of the Bank includes 02 overseas branches (31 December 2023: 02 overseas branches) and 223 Islamic Banking branches (31 December 2023: 201 Islamic Banking branches).

### 2. BASIS OF PREPARATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.
- 2.2 Key financial information of the Islamic Banking branches is disclosed in note 41 to these unconsolidated condensed interim financial statements.
- 2.3 These are separate financial statements of the Bank in which investments in subsidiaries and associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

### 2.4 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- IFAS issued by 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 SBP and the Securities and Exchange Commission of Pakistan (SECP).



Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by SBP and 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.

SBP, vide its BPRD Circular No. 02 dated 09 February 2023 issued the revised format for the preparation of the annual / interim financial statements of the banks. New formats are applicable for interim / annual financial statements for period beginning on or after 01 January 2024. The implementation of the revised format has resulted in certain changes to the presentation and disclosures of various elements of the interim financial statements. Right of use assets and corresponding lease liabilities are now presented separately on the face of the statement of financial position. Previously, they were presented under property and equipment and other liabilities.

The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by SBP vide BPRD Circular No. 02, dated 09 February 2023 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. They do not include all the information required in the annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2023 except for adoption of IFRS 9 'Financial Instruments' as described in Note 3.1.1.

SBP has deferred the applicability of IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

SBP vide its BPRD Circular No. 04 dated 25 February 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in the preparation of these unconsolidated condensed interim financial statements.

IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policy information related to preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2023 except for adoption of IFRS 9 'Financial Instruments' as described in Note 3.1.1.



### **3.1 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period**

There are certain new and amended standards that became effective during the period. However, these are considered either not to be relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements except for IFRS 9 'Financial Instruments', as disclosed below:

#### **3.1.1 IFRS 9 - 'Financial Instruments'**

As per BPRD Circular Letter No. 07 of 2023 dated 23 April 2023, the effective date for the implementation of IFRS 9 Financial Instruments is accounting period beginning on or after January 1, 2024. SBP has issued detailed instructions on the application of the Standard, including transitional provisions, impact on the Capital Adequacy Ratio (CAR) calculation and reporting requirements.

The adoption of IFRS 9 has brought fundamental changes to the recognition, classification and measurement of financial assets and financial liabilities. Classification of financial assets is based on assessment of the business model (BM) and contractual cash flow characteristics i.e. solely payment of principal and interest (SPPI) test of the financial assets. IFRS 9 requires that credit losses on financial assets are measured and recognised using the 'Expected Credit Loss' (ECL) approach. Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL framework.

Financial assets under IFRS 9 will be classified into the following three classification categories:

Amortised Cost (AC)

Fair Value through Other Comprehensive Income (FVOCI)

Fair Value through Profit or Loss Account (FVTPL)

A financial asset should be measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows.

A financial asset should be measured at FVOCI, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and also selling on favourable market conditions. On derecognition of debt security, the resulting gain or loss previously recognised in OCI will be reclassified from equity to the profit and loss account. On derecognition of equity security, gains and losses previously recognised in OCI will not be recycled through the profit and loss account but will be transferred directly to retained earnings.

Any financial asset that does not fit any of the above two categories, will be measured at FVTPL.

The Bank has followed modified retrospective approach for restatement and has not restated comparative figures on the initial application. Adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the equity as on 01 January 2024.



The following table illustrates reconciliation of carrying amount of financial assets and financial liabilities from their previous categories to the new categories at the date of transition on 01 January 2024:

	Carrying amount as on 31 December 2023	Fair Value through Profit or Loss Account (FVTPL)	Fair Value through Other Comprehensive Income (FVOCI) - with recycling	Fair Value through Other Comprehensive Income (FVOCI) - without recycling	Amortised Cost (AC)	Adjustments / remeasurements under IFRS 9	Expected Credit Loss (ECL) - Charge	Gross impact	Tax impact	Balances as on 01 January 2024
<b>(Rupees in '000)</b>										
Balances with other Banks (cost)	6,580,672	-	-	-	6,580,672	-	(3,544)	6,577,128	1,737	6,578,865
Lendings to Financial Institutions (cost)	1,649,716	-	-	-	1,649,716	-	(223)	1,649,493	109	1,649,602
Investments										
Held to maturity	366,364,464	-	-	-	366,364,464	-	-	366,364,464	-	366,364,464
Available for sale										
Federal Government Securities	1,108,519,495	-	1,108,519,495	-	-	-	-	1,108,519,495	-	1,108,519,495
Non Government Debt Securities	9,176,783	-	9,176,783	-	-	-	(1,146)	9,175,637	562	9,176,199
Foreign Securities	5,886,195	-	5,886,195	-	-	-	-	5,886,195	-	5,886,195
Shares	4,186,436	-	-	4,186,436	-	1,937,848	-	6,124,284	(949,546)	5,174,738
Units of Mutual Funds	4,264,072	4,264,072	-	-	-	1,539,421	-	5,803,493	(754,316)	5,049,177
Associates	4,614,653	-	-	-	4,614,653	-	(1,661)	4,612,992	814	4,613,806
Subsidiaries	883,250	-	-	-	883,250	-	(318)	882,932	156	883,088
Advances (cost)	869,458,809	-	-	-	869,458,809	8,664,544	(16,517,255)	861,606,098	6,437,114	868,043,212
Other Assets (cost / fair value)	136,130,442	2,322,982	-	-	133,807,460	-	(466,364)	135,664,078	228,518	135,892,596
Other Liabilities (cost / fair value)	110,236,595	2,504,312	-	-	107,732,283	-	(2,904,001)	107,332,584	-	107,332,584
	<u>2,627,951,582</u>	<u>9,091,366</u>	<u>1,123,582,473</u>	<u>4,186,436</u>	<u>1,491,091,307</u>	<u>12,141,813</u>	<u>(19,894,512)</u>	<u>2,620,198,883</u>	<u>4,965,148</u>	<u>2,625,164,031</u>

### 3.2 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that are not effective in the current period. These are considered not to have any significant impact on these unconsolidated condensed interim financial statements.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2023, except for matters related to IFRS 9 adoption.

### 5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2023.



	(Un-audited) 31 March 2024	(Audited) 31 December 2023
	(Rupees in '000)	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand:		
Local currency	40,492,541	30,595,391
Foreign currencies	3,293,735	4,053,352
	<b>43,786,276</b>	<b>34,648,743</b>
In transit:		
Local currency	587,494	42,390
Foreign currencies	15,120	27,017
	<b>602,614</b>	<b>69,407</b>
With State Bank of Pakistan in:		
Local currency current accounts	97,855,980	72,206,674
Local currency current accounts-Islamic Banking	12,490,354	10,539,360
Foreign currency deposit accounts		
Cash reserve account	5,308,792	5,341,260
Cash reserve / special cash reserve account		
- Islamic Banking	1,027,293	995,250
Special cash reserve account	10,617,583	10,682,521
Local collection account	420,422	441,796
	<b>127,720,424</b>	<b>100,206,861</b>
With National Bank of Pakistan in:		
Local currency current accounts	5,952,032	6,585,694
Prize bonds	195,456	305,293
	<b>178,256,802</b>	<b>141,815,998</b>
<b>7. BALANCES WITH OTHER BANKS</b>		
In Pakistan:		
In current accounts	220,206	202,979
In deposit accounts	9,160	8,965
	<b>229,366</b>	<b>211,944</b>
Outside Pakistan:		
In current accounts	4,453,777	6,246,313
In deposit accounts	499,916	122,483
	<b>4,953,693</b>	<b>6,368,796</b>
Less: credit loss allowance	5,183,059	6,580,740
	<b>(2,825)</b>	<b>(68)</b>
	<b>5,180,234</b>	<b>6,580,672</b>
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Repurchase agreements lendings (reverse repo)		
Pakistan Investment Bonds	6,964,300	1,649,716
Less: credit loss allowance	(940)	-
	<b>6,963,360</b>	<b>1,649,716</b>
<b>8.1 Credit Loss Allowance</b>	<b>31 March 2024 (Un-audited)</b>	
	<b>Lendings</b>	<b>Credit loss allowance held</b>
	(Rupees in '000)	
<b>Domestic</b>		
Performing - Stage 1	<b>6,964,300</b>	<b>940</b>



## 9. INVESTMENTS

Note	31 March 2024 (Un-audited)				31 December 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying Value
(Rupees in '000)								
<b>9.1 Investments by type:</b>								
<b>FVTPL</b>								
Units of Mutual Funds	3,126,021	-	1,359,977	4,485,998	-	-	-	-
<b>FVOCI</b>								
Federal Government Securities	1,208,643,045	(4,206,737)	(271,665)	1,204,164,643	-	-	-	-
Shares	374,892	(20,811)	519,692	873,773	-	-	-	-
Non Government Debt Securities	9,244,919	(101,439)	(104,326)	9,039,154	-	-	-	-
Foreign Securities	8,327,440	(2,945,863)	1,168,666	6,550,243	-	-	-	-
	1,226,590,296	(7,274,850)	1,312,367	1,220,627,813	-	-	-	-
<b>Amortised Cost</b>								
Federal Government Securities	367,550,815	(1,096,242)	-	366,454,573	-	-	-	-
Foreign Securities	1,389,736	(675,759)	-	713,977	-	-	-	-
Others	4,481	(4,481)	-	-	-	-	-	-
	368,945,032	(1,776,482)	-	367,168,550	-	-	-	-
<b>Available-for-sale securities</b>								
Federal Government Securities	-	-	-	-	1,113,970,241	(4,536,292)	(914,454)	1,108,519,495
Shares	-	-	-	-	4,458,197	(1,958,659)	1,686,898	4,186,436
Non Government Debt Securities	-	-	-	-	9,385,650	(99,920)	(108,947)	9,176,783
Foreign Securities	-	-	-	-	8,869,880	(2,996,506)	12,821	5,886,195
Units of Mutual Funds	-	-	-	-	3,076,021	(351,370)	1,539,421	4,264,072
	-	-	-	-	1,139,759,989	(9,942,747)	2,215,739	1,132,032,981
<b>Held-to-maturity securities</b>								
Federal Government Securities	-	-	-	-	366,531,501	(1,312,482)	-	365,219,019
Foreign Securities	-	-	-	-	1,832,291	(686,846)	-	1,145,445
Others	-	-	-	-	4,481	(4,481)	-	-
	-	-	-	-	368,368,273	(2,003,809)	-	366,364,464
<b>Associates</b>	4,614,653	(1,869)	-	4,612,784	4,614,653	-	-	4,614,653
<b>Subsidiaries</b>	9.4 1,883,250	(763)	-	1,882,487	883,250	-	-	883,250
<b>Total Investments</b>	<u>1,605,159,252</u>	<u>(9,053,964)</u>	<u>2,672,344</u>	<u>1,598,777,632</u>	<u>1,513,626,165</u>	<u>(11,946,556)</u>	<u>2,215,739</u>	<u>1,503,895,348</u>



	(Un-audited) 31 March 2024	(Audited) 31 December 2023
	(Rupees in '000)	
<b>9.1.1 Investments given as collateral</b>		
Pakistan Investment Bonds	<u>288,561,500</u>	<u>294,417,591</u>
<b>9.2 Credit loss allowance / provision for diminution in value of investments</b>		
Opening balance	11,946,556	12,965,998
Impact of adoption of IFRS 9	(2,286,091)	–
Exchange adjustments	(119,558)	2,633,674
Charge / (reversal):		
ECL reversal for the period / year	(486,943)	(3,807,847)
Charge on diminution of investments for the year	–	237,310
Reversal on disposal during the year	–	(82,579)
	<u>(486,943)</u>	<u>(3,653,116)</u>
Closing Balance	<u>9,053,964</u>	<u>11,946,556</u>

**9.3 Particulars of credit loss allowance / provision of diminution against debt securities**

		31 March 2024 (Un-audited)		31 December 2023 (Audited)	
		Outstanding amount	Credit loss allowance / provision for diminution (Rupees in '000)	Outstanding amount	Credit loss allowance / provision for diminution
<b>Domestic</b>					
Performing	Stage 1	1,549,900,805	2,866	–	–
Under performing	Stage 2	4,840,477	1,066	–	–
Non-performing					
Loss	Stage 3	99,920	99,920	99,920	99,920
<b>Overseas</b>					
Performing	Stage 1	2,053,077	32,469	2,924,573	35,881
Under performing	Stage 2	31,296,070	5,419,638	31,787,370	5,977,307
Non-performing					
Loss	Stage 3	6,965,606	3,470,081	7,068,481	3,518,939
Total		<u>1,595,155,955</u>	<u>9,026,040</u>	<u>41,880,344</u>	<u>9,632,047</u>

**9.4** Includes Rs. 1,000 million invested in wholly owned subsidiary, AL Habib Exchange Company (Private) Limited.

**9.5** The market value of securities classified as amortised cost at 31 March 2024 amounted to Rs. 361,162 million (Held to maturity 31 December 2023: Rs. 360,285 million).



## 10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) 31 March 2024	(Audited) 31 December 2023	(Un-audited) 31 March 2024	(Audited) 31 December 2023	(Un-audited) 31 March 2024	(Audited) 31 December 2023
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	650,543,831	695,176,617	30,011,474	23,670,518	680,555,305	718,847,135
Islamic financing and related assets	112,174,714	114,129,113	857,696	809,154	113,032,410	114,938,267
Bills discounted and purchased	56,770,975	61,542,273	664,706	707,670	57,435,681	62,249,943
Advances - gross	819,489,520	870,848,003	31,533,876	25,187,342	851,023,396	896,035,345
Credit loss allowance / provision against advances						
- Stage 1	4,763,918	-	-	-	4,763,918	-
- Stage 2	9,586,829	-	-	-	9,586,829	-
- Stage 3	-	-	26,892,587	-	26,892,587	-
- Specific	-	-	-	17,830,419	-	17,830,419
- General as per regulations	-	264,544	-	-	-	264,544
- General	-	8,400,000	-	-	-	8,400,000
- As per IFRS 9 overseas branches	-	81,573	-	-	-	81,573
	14,350,747	8,746,117	26,892,587	17,830,419	41,243,334	26,576,536
Advances - net of credit loss allowance / provision	805,138,773	862,101,886	4,641,289	7,356,923	809,780,062	869,458,809



	(Un-audited) 31 March 2024	(Audited) 31 December 2023
	(Rupees in '000)	
<b>10.1 Particulars of advances (Gross)</b>		
In local currency	726,028,516	773,994,517
In foreign currencies	124,994,880	122,040,828
	851,023,396	896,035,345

**10.2** Advances include Rs. 31,533.876 million (31 December 2023: Rs. 25,187.342 million) 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 / provision	Non Performing Loans	Credit loss allowance / provision
	(Rupees in '000)			
<b>Domestic</b>				
Other assets especially mentioned (OAEM)	391,243	298,316	286,295	5,135
Substandard	5,463,894	4,199,060	2,235,618	524,859
Doubtful	11,762,249	9,206,562	9,008,280	4,446,994
Loss	7,392,935	7,367,047	7,039,066	6,947,186
	25,010,321	21,070,985	18,569,259	11,924,174
<b>Overseas</b>				
Loss	6,523,555	5,821,602	6,618,083	5,906,245
Total	31,533,876	26,892,587	25,187,342	17,830,419



### 10.3 Particulars of credit loss allowance against advances

	31 March 2024 (Un-audited)					31 December 2023 (Audited)			
	Stage 3	Stage 2	Stage 1	Specific	General	Total	Specific	General	Total
	(Rupees in '000)								
Opening balance	5,906,246	-	81,573	11,924,173	8,664,544	26,576,536	11,606,594	6,203,173	17,809,767
Impact on adoption of IFRS 9	15,448,809	8,663,207	4,329,412	(11,924,173)	(8,664,544)	7,852,711	-	-	-
Exchange adjustments	(117,594)	-	(1,134)	-	-	(118,728)	1,751,369	9,995	1,761,364
Charge / (reversal) for the period / year									
- ECL charge for the period	5,993,954	2,165,802	1,147,980	-	-	9,307,736	-	-	-
- ECL reversal for the period	(336,965)	(1,242,180)	(793,913)	-	-	(2,373,058)	-	-	-
- Specific provision	-	-	-	-	-	-	6,774,544	-	6,774,544
- General provision as per regulations	-	-	-	-	-	-	-	(146,346)	(146,346)
- General provision	-	-	-	-	-	-	-	2,650,000	2,650,000
- As per IFRS 9 in overseas branches	-	-	-	-	-	-	-	29,295	29,295
- Reversals	-	-	-	-	-	-	(1,645,356)	-	(1,645,356)
	5,656,989	923,622	354,067	-	-	6,934,678	5,129,188	2,532,949	7,662,137
Amounts written off	(1,863)	-	-	-	-	(1,863)	(656,732)	-	(656,732)
Closing balance	26,892,587	9,586,829	4,763,918	-	-	41,243,334	17,830,419	8,746,117	26,576,536

10.3.1 For the purposes of determining provision against domestic non-performing advances, the Bank has not taken into account the Forced Sales Value of pledged stock and mortgaged properties held as collateral against non-performing advances.

### 10.4 Advances - Particulars of credit loss allowance

	31 March 2024 (Un-audited)		
	Stage 1	Stage 2	Stage 3
	(Rupees in '000)		
Opening balance	81,573	-	5,906,246
Impact of adoption of IFRS 9	4,329,412	8,663,207	15,448,809
New advances	1,705,321	2,294,699	1,674,749
Advances derecognised or repaid	(1,225,417)	(1,401,929)	(908,248)
Transfer to stage 1	82,884	249,713	-
Transfer to stage 2	(26,761)	256,530	4,267,024
Transfer to stage 3	-	(97,518)	63,631
	536,027	1,301,495	5,097,156
Amounts written off / charged off	-	-	(1,863)
Exchange adjustment	(1,134)	-	(117,594)
Closing balance	4,945,878	9,964,702	26,332,754



		<b>31 March 2024 (Un-audited)</b>	
	Note	<b>Outstanding amount</b>	<b>Credit loss allowance held</b>
<b>(Rupees in '000)</b>			
<b>10.5 Advances - Category of Classification</b>			
<b>Domestic</b>			
Performing		574,221,320	4,635,729
Under performing		214,555,751	9,586,829
Non-performing		25,010,321	21,070,985
		<b>813,787,392</b>	<b>35,293,543</b>
<b>Overseas</b>			
Performing		30,712,449	128,189
Non-performing		6,523,555	5,821,602
		<b>37,236,004</b>	<b>5,949,791</b>
Total		<b>851,023,396</b>	<b>41,243,334</b>
		<b>(Un-audited)</b>	<b>(Audited)</b>
		<b>31 March</b>	<b>31 December</b>
		<b>2024</b>	<b>2023</b>
<b>(Rupees in '000)</b>			
<b>11. PROPERTY AND EQUIPMENT</b>			
Capital work-in-progress	11.1	5,747,390	4,293,549
Property and equipment		63,843,485	63,309,281
		<b>69,590,875</b>	<b>67,602,830</b>
<b>11.1 Capital work-in-progress</b>			
Civil works		1,843,628	1,756,006
Advance payment for purchase of equipments		649,778	613,294
Advance payment towards suppliers, contractors and property		3,206,981	1,879,756
Consultants' fee and other charges		47,003	44,493
		<b>5,747,390</b>	<b>4,293,549</b>



		(Un-audited)	
		Three months period ended	
		31 March 2024	31 March 2023
		(Rupees in '000)	
<b>11.2</b>	<b>Additions to property and equipment</b>		
	The following additions have been made to property and equipment during the period:		
	<b>Capital work-in-progress</b>	<b>2,514,810</b>	<b>1,171,749</b>
	<b>Property and equipment</b>		
	Leasehold land	567	2,455
	Building on leasehold land	185,172	163,983
	Furniture and fixture	108,145	97,875
	Electrical, office and computer equipment	662,956	370,728
	Vehicles	644,169	530,849
	Improvements to leasehold building	178,818	245,597
		<u>1,779,827</u>	<u>1,411,487</u>
	Total	<u>4,294,637</u>	<u>2,583,236</u>
<b>11.3</b>	<b>Disposal of property and equipment</b>		
	The net book value of property and equipment disposed off during the period is as follows:		
	Furniture and fixture	352	619
	Electrical, office and computer equipment	1,093	1,736
	Vehicles	312	11,928
	Improvements to leasehold building	5,207	5,245
	Total	<u>6,964</u>	<u>19,528</u>
		(Un-audited)	(Audited)
		31 March	31 December
		2024	2023
		(Rupees in '000)	
<b>12.</b>	<b>RIGHT-OF-USE ASSETS</b>		
	At 01 January,		
	Cost	18,288,334	17,549,450
	Accumulated depreciation	(6,318,610)	(5,477,832)
	Net carrying amount	<u>11,969,724</u>	<u>12,071,618</u>
	Additions during the period / year	1,363,610	2,362,122
	Deletions during the period / year	(73,687)	(185,932)
	Depreciation charge for the period / year	(595,938)	(2,298,189)
	Other adjustments / transfers	5,840	20,105
	Net carrying amount at the end of the period / year	<u>12,669,549</u>	<u>11,969,724</u>
<b>13.</b>	<b>INTANGIBLE ASSETS</b>		
	Computer software	<u>71,933</u>	<u>124,462</u>



	(Un-audited) 31 March 2024	(Audited) 31 December 2023
Note	(Rupees in '000)	
<b>14. DEFERRED TAX ASSETS</b>		
<b>Deductible Temporary Differences on</b>		
Credit loss allowance against diminution in the value of investments	3,767,509	5,851,622
Credit loss allowance against loans and advances, off-balance sheet, etc.	13,377,265	5,743,307
Workers' welfare fund	2,854,672	2,648,408
	<b>19,999,446</b>	14,243,337
<b>Taxable Temporary Differences on</b>		
Accelerated tax depreciation	(2,045,132)	(2,130,580)
Deficit on revaluation of securities classified as FVOCI	(643,059)	(1,085,712)
Surplus on revaluation of property and equipment / non-banking assets	(9,157,927)	(9,234,933)
	<b>(11,846,118)</b>	(12,451,225)
	<b>8,153,328</b>	1,792,112
<b>15. OTHER ASSETS</b>		
Income / mark-up accrued in local currency - net of provision	129,051,525	82,921,325
Income / mark-up accrued in foreign currencies - net of provision	2,023,385	1,213,568
Advances, deposits, advance rent and other prepayments	1,992,837	3,390,303
Non-banking assets acquired in satisfaction of claims	3,849,636	3,862,121
Mark to market gain on forward foreign exchange contracts	1,870,078	2,322,982
Acceptances	42,549,473	39,174,104
Stationery and stamps on hand	1,208,107	1,144,768
Others	3,490,020	1,855,903
	<b>186,035,061</b>	135,885,074
Less: Credit loss allowance / provision held against other assets	15.1 (623,284)	(7,815)
Other Assets (net of credit loss allowance / provision)	<b>185,411,777</b>	135,877,259
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	197,882	253,183
Other Assets-total	<b>185,609,659</b>	136,130,442
<b>15.1 Credit loss allowance / provision held against other assets</b>		
Mark-up accrued	615,041	-
Receivable against consumer loans	8,243	7,815
15.1.1	<b>623,284</b>	7,815



	(Un-audited) 31 March 2024	(Audited) 31 December 2023
	(Rupees in '000)	
<b>15.1.1 Movement in credit loss allowance / provision held against other assets</b>		
Opening balance	7,815	8,101
Impact of adoption of IFRS 9	464,364	–
ECL charge for the period	150,677	–
Charge for the period / year	1,017	3,664
Reversals for the period / year	(442)	(3,664)
	151,252	–
Amount written off	(147)	(286)
Closing balance	<u>623,284</u>	<u>7,815</u>
<b>16. CONTINGENT ASSETS</b>		
There were no contingent assets of the Bank as at 31 March 2024 (31 December 2023: Nil).		
	(Un-audited) 31 March 2024	(Audited) 31 December 2023
	(Rupees in '000)	
<b>17. BILLS PAYABLE</b>		
In Pakistan	<u>26,009,715</u>	<u>48,083,103</u>
<b>18. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan		
Export refinance scheme	80,083,151	91,978,556
Renewable energy	17,558,096	17,584,226
Long term financing for imported and locally manufactured plant and machinery	29,494,873	30,917,513
Modernisation of small and medium enterprises	896,651	820,084
Women entrepreneurship	47,475	36,843
Financing facility for storage of agricultural produce	958,699	878,318
Temporary economic refinance facility	35,330,921	36,625,315
Refinance facility for combating COVID-19	128,948	155,920
	164,498,814	178,996,775
Repurchase agreement borrowings	294,850,000	297,246,807
<b>Total secured</b>	<u>459,348,814</u>	<u>476,243,582</u>
<b>Unsecured</b>		
Call borrowings	2,000,000	–
Overdrawn nostro accounts	3,962,036	1,194,452
<b>Total unsecured</b>	<u>5,962,036</u>	<u>1,194,452</u>
	<u>465,310,850</u>	<u>477,438,034</u>



## 19. 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)					
<b>Customers</b>						
Current deposits	664,620,464	56,807,642	721,428,106	595,309,808	56,445,179	651,754,987
Savings deposits	693,185,728	47,192,659	740,378,387	640,708,283	50,248,962	690,957,245
Term deposits	233,745,420	67,195,388	300,940,808	215,403,093	70,650,094	286,053,187
Current deposits-remunerative	229,691,315	5,162,498	234,853,813	187,912,301	5,250,507	193,162,808
Others	22,065,718	21,985,145	44,050,863	29,720,340	18,887,944	48,608,284
	1,843,308,645	198,343,332	2,041,651,977	1,669,053,825	201,482,686	1,870,536,511
<b>Financial institutions</b>						
Current deposits	6,525,668	1,025,798	7,551,466	10,386,373	515,221	10,901,594
Savings deposits	8,459,067	29	8,459,096	14,463,621	29	14,463,650
Term deposits	1,728,000	476,679	2,204,679	1,483,491	449,568	1,933,059
Current deposits-remunerative	25,597,270	2,082,550	27,679,820	35,228,067	955,619	36,183,686
Others	18,010	-	18,010	18,010	-	18,010
	42,328,015	3,585,056	45,913,071	61,579,562	1,920,437	63,499,999
	1,885,636,660	201,928,388	2,087,565,048	1,730,633,387	203,403,123	1,934,036,510

	(Un-audited)	(Audited)
	31 March	31 December
Note	2024	2023
	(Rupees in '000)	

## 20. LEASE LIABILITIES

Opening balance	14,633,878	14,213,811
Additions during the period / year	1,363,610	2,362,122
Lease payments including interest	(976,308)	(3,295,084)
Interest expense	478,524	1,568,789
Disposals during the period / year	(98,647)	(235,905)
Exchange difference	(1,345)	2,745
Other adjustment	7,149	17,400
Closing balance	<u>15,406,861</u>	<u>14,633,878</u>

### 20.1 Liabilities Outstanding

Not later than one year	1,415,273	1,335,632
Later than one year and upto five years	6,248,054	5,587,474
Over five years	7,743,534	7,710,772
Total	<u>15,406,861</u>	<u>14,633,878</u>

## 21. SUBORDINATED DEBT - Unsecured

Term Finance Certificates (TFCs) - VI - (Unquoted)	21.1	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII - (Unquoted)	21.2	3,992,000	3,992,000
Term Finance Certificates (TFCs) - VIII - (Unquoted)	21.3	4,995,000	4,996,000
Term Finance Certificates (TFCs) - IX - (Unquoted)	21.4	7,000,000	7,000,000
Term Finance Certificates (TFCs) - X - (Unquoted)	21.5	6,997,200	6,997,200
		<u>29,984,200</u>	<u>29,985,200</u>



### 21.1 Term Finance Certificates - VI - (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	<b>AA+</b>
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.50% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

### 21.2 Term Finance Certificates-VII (Unquoted)

Issue amount	Rupees 4,000 million
Issue date	December 2018
Maturity date	December 2028
Rating	<b>AAA</b>
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 1.00% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



### 21.3 Term Finance Certificates-VIII (Unquoted)

Issue amount	Rupees 5,000 million
Issue date	September 2021
Maturity date	September 2031
Rating	<b>AAA</b>
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 0.75% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

### 21.4 Term Finance Certificates-IX (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	April 2022
Maturity date	Perpetual
Rating	<b>AA+</b>
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



## 21.5 Term Finance Certificates-X (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2022
Maturity date	December 2032
Rating	<b>AAA</b>
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 1.35% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

	(Un-audited) 31 March 2024	(Audited) 31 December 2023
	Note	
	(Rupees in '000)	
<b>22. OTHER LIABILITIES</b>		
Mark-up / return / interest payable in local currency	<b>11,311,640</b>	7,172,666
Mark-up / return / interest payable in foreign currencies	<b>1,414,556</b>	1,064,432
Unearned commission and income on bills discounted	<b>2,227,780</b>	1,706,124
Accrued expenses	<b>4,665,543</b>	4,948,584
Acceptances	<b>42,549,473</b>	39,174,104
Unclaimed / dividends payable	<b>1,001,578</b>	921,969
Mark to market loss on forward foreign exchange contracts	<b>1,670,584</b>	2,504,312
Branch adjustment account	<b>1,975,115</b>	3,625,247
Payable to defined benefit plan	<b>2,500,082</b>	2,200,083
Charity payable	<b>71,816</b>	59,665
Credit loss allowance / provision against off-balance sheet items	22.1 <b>3,406,358</b>	226,549
Security deposits against leases / ijarah	<b>9,794,731</b>	9,423,299
Provision for compensated absences	<b>1,822,916</b>	1,717,463
Other security deposits	<b>1,254,935</b>	1,245,904
Workers' welfare fund	<b>5,825,862</b>	5,404,914
Payable to SBP / NBP	<b>5,520,163</b>	10,851,474
Insurance payable	<b>503,205</b>	543,505
Current taxation	<b>11,450,721</b>	8,565,737
ATM settlement account	<b>3,563,334</b>	2,564,029
Clearing and settlement account	<b>4,147,532</b>	1,585,454
Others	<b>7,246,445</b>	4,731,081
	<b>123,924,369</b>	110,236,595



	(Un-audited) 31 March 2024	(Audited) 31 December 2023
Note	(Rupees in '000)	
<b>22.1 Credit loss allowance / provision against off-balance sheet obligations</b>		
Opening balance	226,549	110,059
Impact of adoption of IFRS 9	2,904,001	-
Exchange adjustment	(406)	1,245
ECL charge for the period / year	317,608	7,905
ECL reversal for the period	(41,394)	-
Charge for the year	-	107,390
Reversal for the year	-	(50)
	<b>276,214</b>	<b>115,245</b>
Closing balance	<b>3,406,358</b>	<b>226,549</b>
<b>23. SURPLUS ON REVALUATION OF ASSETS</b>		
Surplus on revaluation of:		
- Securities measured at FVOCI-Debt	9.1 792,675	-
- Securities measured at FVOCI-Equity	9.1 519,692	-
- Available for sale securities	-	2,215,739
- Property and equipment	22,525,618	22,634,109
- Non-banking assets acquired in satisfaction of claims	197,882	253,183
	<b>24,035,867</b>	<b>25,103,031</b>
Deferred tax on surplus on revaluation of:		
- Securities measured at FVOCI-Debt	388,411	-
- Securities measured at FVOCI-Equity	254,649	-
- Available for sale securities	-	1,085,712
- Property and equipment	9,135,341	9,188,502
- Non-banking assets acquired in satisfaction of claims	92,932	116,779
	<b>9,871,333</b>	<b>10,390,993</b>
	<b>14,164,534</b>	<b>14,712,038</b>
<b>24. CONTINGENCIES AND COMMITMENTS</b>		
Guarantees	24.1 194,652,936	185,470,538
Commitments	24.2 596,342,019	497,808,811
Other contingent liabilities	24.3 4,999,582	5,019,188
	<b>795,994,537</b>	<b>688,298,537</b>
<b>24.1 Guarantees:</b>		
Financial guarantees	31,848,117	28,634,285
Performance guarantees	162,804,819	156,836,253
	<b>194,652,936</b>	<b>185,470,538</b>



	(Un-audited) 31 March 2024	(Audited) 31 December 2023
Note	(Rupees in '000)	
<b>24.2 Commitments:</b>		
Documentary credits and short term trade-related transactions		
- letters of credit	<b>313,224,133</b>	287,964,804
Commitments in respect of:		
- forward foreign exchange contracts	24.2.1 <b>276,539,480</b>	204,174,136
- forward lendings	24.2.2 <b>4,030,926</b>	3,955,661
Commitments for acquisition of:		
- Property and equipment	<b>2,547,480</b>	1,714,210
	<b><u>596,342,019</u></b>	<b><u>497,808,811</u></b>
<b>24.2.1 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	<b>161,978,388</b>	123,771,146
Sale	<b>114,561,092</b>	80,402,990
	<b><u>276,539,480</u></b>	<b><u>204,174,136</u></b>
The maturities of above contracts are spread over the periods upto one year.		
<b>24.2.2 Commitments in respect of forward lending</b>	<b><u>4,030,926</u></b>	<b><u>3,955,661</u></b>
These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
	(Un-audited)	(Audited)
	31 March	31 December
	2024	2023
	(Rupees in '000)	
<b>24.3 Claims against the Bank not acknowledged as debts</b>	<b><u>4,999,582</u></b>	<b><u>5,019,188</u></b>

#### 24.4 Other contingent liabilities

There is no material change in Bank's tax contingences as disclosed in note 22.4 to the annual financial statements for the year ended 31 December 2023 except for Deputy Commissioner Inland Revenue (DCIR) has passed an order against Federal Excise Duty levy on certain items pertaining to accounting year 2020 and 2021. This has resulted in aggregate net tax impact of Rs. 52.403 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned orders.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.



## 25. DERIVATIVE 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 "income from dealing in foreign currencies". Unrealised gains and losses on these contracts are recorded in the statement of financial position under "other assets / other liabilities". These products are offered to the Bank's customers to protect from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter - bank foreign exchange market.

### 25.1 Product Analysis

Counter Parties	31 March 2024 (Un-audited)					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal (Rupees in '000)	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
<b>Banks</b>						
Hedging	31,693,679	69,564	114,094,490	287,886	145,788,169	357,450
<b>Other Entities</b>						
Hedging	130,751,311	(157,956)	-	-	130,751,311	(157,956)
<b>Total</b>						
Hedging	<u>162,444,990</u>	<u>(88,392)</u>	<u>114,094,490</u>	<u>287,886</u>	<u>276,539,480</u>	<u>199,494</u>
	31 December 2023 (Audited)					
	CONTRACT		SWAP		TOTAL	
Counter Parties	Notional Principal	Mark to Market gain / (loss)	Notional Principal (Rupees in '000)	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
Banks						
Hedging	33,947,415	587,431	67,117,360	775,893	101,064,775	1,363,324
Other Entities						
Hedging	103,109,361	(1,544,654)	-	-	103,109,361	(1,544,654)
<b>Total</b>						
Hedging	<u>137,056,776</u>	<u>(957,223)</u>	<u>67,117,360</u>	<u>775,893</u>	<u>204,174,136</u>	<u>(181,330)</u>



## 25.2 Maturity Analysis

	31 March 2024 (Un-audited)				
	Number of contracts	Notional Principal	Mark to Market		
			Negative (Rupees in '000)	Positive	Net
Upto 1 month	419	139,491,924	(757,389)	746,510	(10,879)
1 to 3 months	686	68,628,587	(675,271)	456,932	(218,339)
3 to 6 months	618	62,458,758	(235,355)	616,184	380,829
6 months to 1 year	58	5,960,211	(2,569)	50,452	47,883
	<b>1,781</b>	<b>276,539,480</b>	<b>(1,670,584)</b>	<b>1,870,078</b>	<b>199,494</b>
	31 December 2023 (Audited)				
Upto 1 month	379	83,672,301	(648,268)	1,093,484	445,216
1 to 3 months	568	72,676,016	(1,330,312)	660,930	(669,382)
3 to 6 months	400	41,419,915	(379,053)	465,153	86,100
6 months to 1 year	340	6,405,904	(146,679)	103,415	(43,264)
	<b>1,687</b>	<b>204,174,136</b>	<b>(2,504,312)</b>	<b>2,322,982</b>	<b>(181,330)</b>

(Un-audited)  
**Three months period ended**  
**31 March**      **31 March**  
**2024**            **2023**  
(Rupees in '000)

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

Loans and advances	<b>33,842,348</b>	29,317,795
Investments	<b>84,992,237</b>	44,506,235
Deposits with financial institutions	<b>196,860</b>	559,994
Securities purchased under resale agreements	<b>60,935</b>	421,151
	<b>119,092,380</b>	<b>74,805,175</b>

### 26.1 Interest income recognised on:

Financial assets measured at amortised cost	<b>51,820,630</b>
Financial assets measured at fair value through OCI	<b>67,271,750</b>
	<b>119,092,380</b>

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

Deposits	<b>60,476,872</b>	33,887,987
Borrowings from SBP	<b>2,894,700</b>	2,103,697
Subordinated debt	<b>1,724,275</b>	1,322,621
Cost of foreign currency swaps	<b>1,556,356</b>	1,237,473
Repurchase agreement borrowings	<b>15,063,410</b>	10,866,583
Finance charges on leased assets	<b>478,524</b>	364,157
Other borrowings	<b>54,923</b>	398,090
	<b>82,249,060</b>	<b>50,180,608</b>



		(Un-audited)	
		Three months period ended	
	Note	31 March 2024	31 March 2023
(Rupees in '000)			
<b>28. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		543,264	450,749
Investment banking fees		6,427	16,335
Consumer finance related fees		12,531	12,701
Card related fees (debit and credit cards)		786,837	891,445
Credit related fees		126,409	92,934
Commission on trade		1,855,162	1,174,046
Commission on guarantees		261,971	203,750
Commission on cash management		67,629	65,385
Commission on home remittances		451,493	91,301
Others		5,770	20,622
		<u>4,117,493</u>	<u>3,019,268</u>
<b>29. GAIN ON SECURITIES-NET</b>			
Realised	29.1	48,586	24,515
Unrealised-Measured at FVTPL		171,926	-
		<u>220,512</u>	<u>24,515</u>
<b>29.1 Realised gain on:</b>			
Federal Government Securities		79	156
Shares		-	24,359
Units of Mutual Funds		48,507	-
		<u>48,586</u>	<u>24,515</u>
<b>29.2 Net gain on financial assets measured at FVOCI / FVTPL:</b>			
Net gain on investments in securities designated at FVTPL		220,433	-
Net gain on financial assets measured at FVOCI		79	-
Net gain on available for sale securities		-	24,515
		<u>220,512</u>	<u>24,515</u>
<b>30. OTHER INCOME</b>			
Rent on property		3,413	3,052
Gain on sale of property and equipment - net		313,060	142,356
Recovery of expenses from customers		138,936	94,936
Lockers rent		7,432	5,511
Others		224	1,295
		<u>463,065</u>	<u>247,150</u>



	(Un-audited)	
	Three months period ended	
	31 March 2024	31 March 2023
	(Rupees in '000)	
<b>31. OPERATING EXPENSES</b>		
<b>Total compensation expenses</b>	<b>8,771,820</b>	<b>7,367,247</b>
<b>Property expenses</b>		
Rent and taxes	50,904	58,083
Insurance	3,447	988
Utilities cost	629,687	486,187
Security (including guards)	539,526	426,430
Repair and maintenance (including janitorial charges)	118,374	149,428
Depreciation	969,191	875,223
	<b>2,311,129</b>	<b>1,996,339</b>
<b>Information technology expenses</b>		
Software maintenance	831,606	489,474
Hardware maintenance	158,999	114,913
Depreciation	264,851	207,832
Amortisation	52,528	76,587
Network charges	277,280	168,630
	<b>1,585,264</b>	<b>1,057,436</b>
<b>Other operating expenses</b>		
Directors' fees and allowances	9,880	11,130
Fees and allowances to Shariah Board	7,952	5,760
Insurance	163,308	193,460
Legal and professional charges	140,106	70,326
Outsourced services costs	961,055	877,192
Travelling and conveyance	149,053	98,270
NIFT and other clearing charges	50,076	53,838
Depreciation	601,845	482,908
Repair and maintenance	340,363	508,856
Training and development	20,015	24,252
Postage and courier charges	104,554	89,595
Communication	793,751	264,288
Stationery and printing	371,778	370,225
Marketing, advertisement and publicity	217,177	280,409
Donations	134,750	122,560
Auditors remuneration	5,673	3,725
Commission and brokerage	331,967	251,172
Entertainment and staff refreshment	169,463	132,015
Vehicle running expenses	53,344	52,631
Subscriptions and publications	72,292	89,766
CNIC verification charges	63,823	41,438
Security charges	246,128	139,783
Others	148,370	399,529
	<b>5,156,723</b>	<b>4,563,128</b>
	<b>17,824,936</b>	<b>14,984,150</b>



		<b>(Un-audited)</b>	
		<b>Three months period ended</b>	
		<b>31 March</b>	<b>31 March</b>
		<b>2024</b>	<b>2023</b>
		<b>(Rupees in '000)</b>	
<b>32.</b>	<b>OTHER CHARGES</b>		
	Penalties imposed by the State Bank of Pakistan	<u>126,218</u>	<u>70</u>
<b>33.</b>	<b>CREDIT LOSS ALLOWANCE / PROVISIONS / REVERSALS AND WRITE OFFS-NET</b>		
	Reversal of credit loss allowance / provision of diminution in value of Investments - net	9.2 <b>(486,943)</b>	(972,450)
	Credit loss allowance / provision against loans and advances - net	10.3 <b>6,934,678</b>	19,630
	Credit loss allowance / provision against other assets - net	15.1.1 <b>151,252</b>	361
	Credit loss allowance / provision against off-balance sheet items-net	22.1 <b>276,214</b>	183
	Credit loss allowance against lendings to financial institutions	<b>719</b>	-
	Reversal in credit loss allowance against balance with other banks	<b>(788)</b>	(9)
		<u><b>6,875,132</b></u>	<u>(952,285)</u>
<b>34.</b>	<b>TAXATION</b>		
	Current	<b>10,106,959</b>	6,929,414
	Deferred	<b>(929,993)</b>	(911,691)
		<u><b>9,176,966</b></u>	<u>6,017,723</u>
<b>35.</b>	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>		
	Profit for the period	<u><b>10,011,077</b></u>	<u>10,539,334</u>
		<b>(Number)</b>	
	Weighted average number of ordinary shares	<u><b>1,111,425,416</b></u>	<u>1,111,425,416</u>
		<b>(Rupees)</b>	
	Basic and diluted earnings per share	<u><b>9.01</b></u>	<u>9.48</u>
<b>36.</b>	<b>FAIR VALUE MEASUREMENTS</b>		
	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:		
	Federal Government Securities	PKRV rates (Reuters page)	
	Foreign Securities	Market prices / Mashreqbank PSC	
	Listed Securities	Prices quoted at Pakistan Stock Exchange Limited	
	Mutual Funds	Net asset values declared by respective funds	
	Unlisted Equity Investments	Break - up value as per latest available audited financial statements	



Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non-availability of relevant active market for similar assets and liabilities.

### 36.1 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 liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

There were no transfers between levels 1 and 2 during the period / year.

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:

	31 March 2024 (Un-audited)			Total
	Level 1	Level 2	Level 3	
(Rupees in '000)				
<b>On balance sheet financial instruments</b>				
<b>Financial assets-measured at fair value</b>				
Investments				
Federal Government Securities	-	1,204,164,643	-	1,204,164,643
Shares - Listed	702,382	-	-	702,382
Non-Government Debt Securities	4,988,560	4,050,594	-	9,039,154
Foreign Securities	-	6,550,243	-	6,550,243
Units of Mutual Funds	-	4,485,998	-	4,485,998
<b>Financial assets-disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	359,771,988	-	359,771,988
Non-Government Debt Securities	-	1,389,736	-	1,389,736
Associates				
Mutual Funds	-	4,693,805	-	4,693,805
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange contracts	-	163,848,466	-	163,848,466
Forward sale of foreign exchange contracts	-	112,890,508	-	112,890,508



31 December 2023 (Audited)

Level 1	Level 2	Level 3	Total
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(Rupees in '000)

**On balance sheet financial instruments**

**Financial assets-measured at fair value**

Investments

Federal Government Securities	–	1,108,519,495	–	1,108,519,495
Shares	4,015,046	–	–	4,015,046
Non-Government Debt Securities	4,988,532	4,188,251	–	9,176,783
Foreign Securities	–	5,886,195	–	5,886,195
Units of Mutual Funds	–	4,264,072	–	4,264,072

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

Investments

Federal Government Securities	–	358,464,148	–	358,464,148
Non-Government Debt Securities	–	1,823,596	–	1,823,596
Associates				
Mutual Funds	–	4,685,268	–	4,685,268

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

Forward purchase of foreign exchange contracts	–	122,491,971	–	122,491,971
Forward sale of foreign exchange contracts	–	81,500,835	–	81,500,835

**36.2** Certain fixed assets and non banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuer (level 3 measurement) based on their assessment of the market value.

**36.3** Foreign exchange contracts are valued using exchange rates declared by the State Bank of Pakistan.

**37. TRUST ACTIVITIES**

The Bank is not engaged in any trust activities other than holding investments of individuals and entities in its IPS account maintained with the State Bank of Pakistan.



### 38. SEGMENT INFORMATION

The segment analysis with respect to business activity is as follows:

	Three months period ended 31 March 2024 (Un-audited)		
	Commercial banking	Retail banking (Rupees in '000)	Total
<b>Profit and loss account</b>			
Mark-up / return / profit	114,351,863	4,740,517	119,092,380
Inter segment revenue-net	–	37,233,645	37,233,645
Non mark-up / return / interest income	2,147,803	5,444,154	7,591,957
<b>Total income</b>	<b>116,499,666</b>	<b>47,418,316</b>	<b>163,917,982</b>
Segment direct expenses	(61,980,408)	(38,640,754)	(100,621,162)
Inter segment expense allocation	(37,233,645)	–	(37,233,645)
<b>Total expenses</b>	<b>(99,214,053)</b>	<b>(38,640,754)</b>	<b>(137,854,807)</b>
Credit loss allowance	(6,874,557)	(575)	(6,875,132)
<b>Profit before tax</b>	<b>10,411,056</b>	<b>8,776,987</b>	<b>19,188,043</b>
<b>As at 31 March 2024 (Un-audited)</b>			
<b>Statement of financial position</b>			
Cash and bank balances	175,532,198	7,904,838	183,437,036
Investments	1,598,777,632	–	1,598,777,632
Net inter segment lending	–	1,371,276,952	1,371,276,952
Lendings to financial institutions	6,963,360	–	6,963,360
Advances - performing	770,300,558	34,838,215	805,138,773
- non-performing net of credit loss allowance	4,583,714	57,575	4,641,289
Others	264,332,230	11,763,114	276,095,344
<b>Total assets</b>	<b>2,820,489,692</b>	<b>1,425,840,694</b>	<b>4,246,330,386</b>
Borrowings	465,310,850	–	465,310,850
Subordinated debt	29,984,200	–	29,984,200
Deposits and other accounts	768,887,456	1,318,677,592	2,087,565,048
Net inter segment borrowing	1,371,276,952	–	1,371,276,952
Others	60,898,020	104,442,925	165,340,945
<b>Total liabilities</b>	<b>2,696,357,478</b>	<b>1,423,120,517</b>	<b>4,119,477,995</b>
Equity	124,132,214	2,720,177	126,852,391
<b>Total equity and liabilities</b>	<b>2,820,489,692</b>	<b>1,425,840,694</b>	<b>4,246,330,386</b>
<b>Contingencies and commitments</b>	<b>507,708,369</b>	<b>168,700</b>	<b>507,877,069</b>



Three months period ended 31 March 2023 (Un-audited)

	Commercial banking	Retail banking	Total
	(Rupees in '000)		
<b>Profit and loss account</b>			
Mark-up / return / profit	68,666,012	6,139,163	74,805,175
Inter segment revenue-net	–	14,829,606	14,829,606
Non mark-up / return / interest income	1,305,595	4,996,729	6,302,324
<b>Total income</b>	<b>69,971,607</b>	<b>25,965,498</b>	<b>95,937,105</b>
Segment direct expenses	(47,697,381)	(17,805,346)	(65,502,727)
Inter segment expense allocation	(14,829,606)	–	(14,829,606)
<b>Total expenses</b>	<b>(62,526,987)</b>	<b>(17,805,346)</b>	<b>(80,332,333)</b>
Reversal / (provision)	990,250	(37,965)	952,285
<b>Profit before tax</b>	<b>8,434,870</b>	<b>8,122,187</b>	<b>16,557,057</b>

As at 31 December 2023 (Audited)

<b>Statement of financial position</b>			
Cash and bank balances	139,759,529	8,637,141	148,396,670
Investments	1,503,895,348	–	1,503,895,348
Net inter segment lending	–	1,277,340,122	1,277,340,122
Lendings to financial institutions	1,649,716	–	1,649,716
Advances - performing	811,562,903	50,538,983	862,101,886
- non-performing net of provision	7,290,737	66,186	7,356,923
Others	205,230,834	12,388,736	217,619,570
<b>Total assets</b>	<b>2,669,389,067</b>	<b>1,348,971,168</b>	<b>4,018,360,235</b>
Borrowings	477,438,034	–	477,438,034
Subordinated debt	29,985,200	–	29,985,200
Deposits and other accounts	699,206,208	1,234,830,302	1,934,036,510
Net inter segment borrowing	1,277,340,122	–	1,277,340,122
Others	62,527,369	110,426,207	172,953,576
<b>Total liabilities</b>	<b>2,546,496,933</b>	<b>1,345,256,509</b>	<b>3,891,753,442</b>
Equity	122,892,134	3,714,659	126,606,793
<b>Total equity and liabilities</b>	<b>2,669,389,067</b>	<b>1,348,971,168</b>	<b>4,018,360,235</b>
<b>Contingencies and commitments</b>	<b>473,348,064</b>	<b>87,278</b>	<b>473,435,342</b>

### 39. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise subsidiaries, associates, directors, key management personnel and other related parties.

Transactions with related parties of the Bank are carried out on arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Bank are carried out in accordance with the terms of their employment.



Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

	31 March 2024 (Un-audited)					31 December 2023 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
<b>Investments</b>										
Opening balance	-	-	883,250	4,614,653	654,086	-	-	883,250	4,614,653	386,597
Investment made during the period / year	-	-	1,000,000	-	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	98,296	-	-	-	-	267,489
Credit loss allowance	-	-	(763)	(1,869)	-	-	-	-	-	-
Closing balance	-	-	1,882,487	4,612,784	752,382	-	-	883,250	4,614,653	654,086
<b>Advances</b>										
Opening balance	4,048	345,035	588,969	-	1,680,782	1,310	320,774	265,950	-	1,023,207
Addition during the period / year	2,618	92,949	5,989,637	-	14,249,664	26,499	277,173	32,427,242	-	31,872,765
Repaid during the period / year	(6,406)	(58,830)	(6,231,236)	-	(13,549,243)	(23,761)	(252,912)	(32,104,223)	-	(31,215,190)
Closing balance	260	379,154	347,370	-	2,381,203	4,048	345,035	588,969	-	1,680,782
<b>Right of use assets</b>	-	-	-	-	4,088	-	-	-	-	5,111
<b>Other assets</b>										
Interest / mark-up accrued	-	223	28,136	-	109	-	451	22,170	-	47,832
L/C acceptances	-	-	-	-	160,188	-	-	-	-	207,281
Dividend receivable	-	-	-	8,677	-	-	-	-	11,047	-
Advance for subscription	-	-	-	-	-	-	-	1,000,000	-	-
Other receivable	-	-	82,435	-	-	-	-	25,537	-	-
<b>Subordinated debt</b>										
Opening balance	-	-	-	-	194,000	-	-	-	-	44,000
Issued / purchased during the period / year	-	-	-	-	-	-	-	-	-	150,000
Closing balance	-	-	-	-	194,000	-	-	-	-	194,000
<b>Deposits and other accounts</b>										
Opening balance	771,493	794,349	1,316,547	19,349,124	9,409,202	569,762	691,575	132,421	1,770,411	5,223,723
Received during the period / year	1,938,485	2,449,937	6,286,372	267,285,026	58,607,264	5,549,523	6,766,311	18,745,447	653,642,242	169,329,325
Withdrawn during the period / year	(1,862,127)	(2,325,603)	(6,574,722)	(279,548,200)	(58,275,602)	(5,347,792)	(6,663,537)	(17,561,321)	(636,063,529)	(165,143,846)
Closing balance	847,851	918,683	1,028,197	7,085,950	9,740,864	771,493	794,349	1,316,547	19,349,124	9,409,202
<b>Other liabilities</b>										
Interest / mark-up payable	3,930	10,130	16	-	21,315	921	2,456	-	-	12,008
Payable to staff retirement fund	-	-	-	-	2,500,082	-	-	-	-	2,200,083
Other liabilities	-	29	1,697	-	-	-	540	1,782	-	-
<b>Contingencies and commitments</b>	-	-	-	-	1,800,498	-	-	-	-	1,193,643
<b>Other Transactions - Investor Portfolio Securities</b>										
Opening balance	-	-	45,000	-	18,863,500	-	-	120,000	-	16,314,700
Increased during the period / year	-	-	-	-	509,500	-	-	-	-	20,732,500
Decreased during the period / year	-	-	-	-	(22,000)	-	-	(75,000)	-	(18,183,700)
Closing balance	-	-	45,000	-	19,351,000	-	-	45,000	-	18,863,500



### 39.1 RELATED PARTY TRANSACTIONS

	31 March 2024 (Un-audited)					31 March 2023 (Un-audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
<b>Income</b>										
Mark-up / return / interest earned	–	5,373	28,136	–	47,232	–	4,363	9,921	–	27,649
Fee and commission income	39	118	21	49	1,353	19	122	4	34	3,719
Dividend income	–	–	–	217,426	56,492	–	–	–	165,781	32,954
Rental income	–	–	3,413	–	–	–	–	–	–	–
Other income	–	–	419	–	82	–	–	3,248	–	137
<b>Expense</b>										
Mark-up / return / interest expensed	25,905	36,352	61,310	974,124	478,679	16,187	17,666	5,568	320,054	218,842
Operating expenses	–	–	–	–	1,085	–	–	1,457	–	1,200
Brokerage & commission	–	–	3,452	–	–	–	–	–	–	–
Salaries and allowances	–	282,082	–	–	–	–	284,498	–	–	–
Bonus	–	119,142	–	–	–	–	47,578	–	–	–
Contribution to defined contribution plan	–	12,199	–	–	–	–	8,933	–	–	–
Contribution to defined benefit plan	–	8,766	–	–	–	–	11,247	–	–	–
Staff provident fund	–	–	–	–	264,495	–	–	–	–	224,807
Staff gratuity fund	–	–	–	–	300,000	–	–	–	–	207,000
Directors' fees	9,380	–	–	–	–	10,630	–	–	–	–
Donation	–	–	–	–	6,000	–	–	–	–	3,000
Insurance premium paid	–	–	–	–	103,505	–	–	–	–	196,211
Insurance claims settled	–	–	–	–	52,403	–	–	–	–	13,780



#### 40. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 31 March 2024	(Audited) 31 December 2023
	(Rupees in '000)	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital	11,114,254	11,114,254
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	117,230,173	106,748,559
Eligible Additional Tier 1 (ADT 1) Capital	13,123,021	13,149,415
Total Eligible Tier 1 Capital	130,353,194	119,897,974
Eligible Tier 2 Capital	42,320,259	38,239,758
Total Eligible Capital (Tier 1 + Tier 2)	172,673,453	158,137,732
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	817,425,152	778,517,551
Market Risk	29,575,861	22,589,366
Operational Risk	197,102,489	197,102,489
Total	1,044,103,502	998,209,406
Common Equity Tier 1 Capital Adequacy ratio	11.228%	10.694%
Tier 1 Capital Adequacy Ratio	12.485%	12.011%
Total Capital Adequacy Ratio	16.538%	15.842%
<b>Leverage Ratio (LR):</b>		
Eligible Tier 1 Capital	130,353,194	119,897,974
Total Exposures	3,418,917,890	3,215,463,888
Leverage Ratio	3.813%	3.729%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	1,099,481,572	955,564,193
Total Net Cash Outflow	431,249,868	354,165,673
Liquidity Coverage Ratio	254.952%	269.807%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	2,152,056,084	2,003,648,662
Total Required Stable Funding	1,255,560,348	1,226,057,068
Net Stable Funding Ratio	171.402%	163.422%

The Bank has applied transitional approach under IFRS-9 as permitted by SBP. The Bank's CAR and LR would have been 15.02% & 3.54% respectively, if full impact of IFRS-9 had been applied.



#### 41. ISLAMIC BANKING BUSINESS

The Bank is operating with 223 (31 December 2023: 201) Islamic banking branches and 100 (31 December 2023: 138) Islamic banking windows at the end of the period / year.

STATEMENT OF FINANCIAL POSITION	Note	(Un-audited)	(Audited)
		31 March 2024	31 December 2023
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks		19,834,106	15,978,853
Balances with other banks		8,345	8,166
Due from financial institutions		–	–
Investments	41.1	191,705,317	194,105,585
Islamic financing and related assets - net	41.2	110,689,106	114,115,766
Property and equipment		1,454,362	1,306,410
Right-of-use assets		3,746,260	3,528,398
Intangible assets		–	–
Due from Head Office		–	–
Other assets		23,030,697	17,590,335
<b>Total Assets</b>		<b>350,468,193</b>	<b>346,633,513</b>
<b>LIABILITIES</b>			
Bills payable		521,654	500,279
Due to financial institutions		32,774,377	34,472,018
Deposits and other accounts	41.3	246,413,899	255,291,936
Due to Head Office		7,158,626	1,789,573
Lease liabilities		4,547,389	4,296,489
Subordinated debt		–	–
Other liabilities		13,698,651	8,562,932
		<b>305,114,596</b>	<b>304,913,227</b>
<b>NET ASSETS</b>		<b>45,353,597</b>	<b>41,720,286</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		–	–
Surplus on revaluation of assets		1,396,241	1,825,669
Unappropriated profit	41.4	36,357,356	32,294,617
		<b>45,353,597</b>	<b>41,720,286</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	41.5		



PROFIT AND LOSS ACCOUNT	Note	(Un-audited)	
		Three months period ended	
		31 March 2024	31 March 2023
(Rupees in '000)			
Profit / return earned	41.6	14,534,265	8,314,028
Profit / return expensed	41.7	(7,135,296)	(4,568,710)
<b>Net Profit / return</b>		<b>7,398,969</b>	<b>3,745,318</b>
<b>Other income</b>			
Fee and commission income		361,794	248,769
Dividend income		23,496	13,902
Foreign exchange income		63,789	42,173
Income / (loss) from derivatives		-	-
Loss on securities - net		(490)	-
Other income		27,961	17,470
<b>Total other income</b>		<b>476,550</b>	<b>322,314</b>
<b>Total income</b>		<b>7,875,519</b>	<b>4,067,632</b>
<b>Other expenses</b>			
Operating expenses		(1,984,269)	(1,331,864)
Other charges		(10)	-
<b>Total other expenses</b>		<b>(1,984,279)</b>	<b>(1,331,864)</b>
<b>Profit before credit loss allowance</b>		<b>5,891,240</b>	<b>2,735,768</b>
Credit loss allowance and write offs - net		(162,507)	(319,049)
<b>Profit for the period</b>		<b>5,728,733</b>	<b>2,416,719</b>



31 March 2024 (Un-audited)

31 December 2023 (Audited)

Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
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(Rupees in '000)

**41.1 Investments by segments:**

**FVTPL**

Units of mutual funds	251,021	-	1,339	252,360	-	-	-	-
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**FVOCI**

**Federal Government Securities**

- Ijarah Sukuks	180,101,244	(2,507)	1,400,056	181,498,793	-	-	-	-
- Neelum Jhelum Hydropower Co Ltd. Sukuk	1,443,750	-	15,337	1,459,087	-	-	-	-
- Islamic Naya Pakistan Certificates	3,907,520	-	-	3,907,520	-	-	-	-

**Non Government debt Securities**

- Listed	1,122,000	(275)	1,735	1,123,460	-	-	-	-
- Unlisted	3,285,500	(436)	(20,887)	3,264,177	-	-	-	-
	189,860,014	(3,218)	1,396,241	191,253,037	-	-	-	-

**Available-for-sale securities**

**Federal Government Securities**

- Ijarah Sukuks	-	-	-	-	180,077,410	-	1,781,739	181,859,149
- Neelum Jhelum Hydropower Co Ltd. Sukuk	-	-	-	-	1,443,750	-	13,811	1,457,561
- Islamic Naya Pakistan Certificates	-	-	-	-	5,769,121	-	-	5,769,121
	-	-	-	-	187,290,281	-	1,795,550	189,085,831

**Non Government debt Securities**

- Listed	-	-	-	-	1,122,000	-	1,602	1,123,602
- Unlisted	-	-	-	-	3,363,625	-	(25,374)	3,338,251
	-	-	-	-	4,485,625	-	(23,772)	4,461,853

**Shares**

- Listed Companies	-	-	-	-	17,389	(11,535)	3,938	9,792
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**Units of Mutual Funds**

	-	-	-	-	351,022	(52,866)	49,953	348,109
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**Associates**

- AL Habib Islamic Cash Fund	100,000	(40)	-	99,960	100,000	-	-	100,000
- AL Habib Islamic Savings Fund	100,000	(40)	-	99,960	100,000	-	-	100,000
	200,000	(80)	-	199,920	200,000	-	-	200,000

**Total Investments**

	190,311,035	(3,298)	1,397,580	191,705,317	192,344,317	(64,401)	1,825,669	194,105,585
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**41.1.1 Particulars of credit loss allowance**

31 March 2024 (un-audited)

	State 1	State 2	State 3	Total
	(Rupees in '000)			
Non Government debt securities	2,729	489	-	3,218
Associates	80	-	-	80
	2,809	489	-	3,298



(Un-audited)                      (Audited)  
**31 March**                      31 December  
**2024**                              2023  
(Rupees in '000)

**41.2 Islamic financing and related assets**

Ijarah	3,099,127	3,079,001
Murabaha	18,891,911	17,586,364
Diminishing Musharaka	16,186,553	16,779,105
Istisna	4,360,285	10,282,784
Islamic Long Term Financing Facility (ILTF)	5,034,243	5,241,800
Islamic Refinance for Renewable Energy (IFRE)	2,145,508	2,224,625
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)	6,762,477	6,830,099
Islamic Refinance Facility for Modernization of SMEs (IRFSME)	123,383	52,588
Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)	151,924	157,403
Islamic Export Refinance - Istisna (IERF)	645,967	2,160,467
Musawamah	2,652,231	4,605,689
Islamic Export Refinance - Musawamah	-	6,000
Running Musharaka	5,167,125	2,479,691
Islamic Export Refinance - Running Musharaka	6,958,641	7,166,641
Financing against Bills - Musawamah	5,349,691	5,083,273
Export Finance Scheme (EFS) - Discounting	7,628,985	7,235,359
Staff Financing	2,147,416	2,013,176
Musawamah Inventory	2,543,904	3,076,506
Advance against Istisna	16,216,230	13,554,721
Advance against Istisna-IERF	1,964,499	2,249,152
Advance against Ijarah	165,767	138,636
Advance against Diminishing Musharaka	3,237,290	1,303,776
Advance against IFRE	839,401	666,683
Advance against ITERF	751,795	951,795
Advance against IRFSME	8,057	12,933
Gross Islamic financing and related assets	<b>113,032,410</b>	<b>114,938,267</b>
Less: Credit loss allowance against Islamic financings		
- Stage 1	(541,078)	-
- Stage 2	(972,181)	-
- Stage 3	(830,045)	-
- Specific	-	(772,444)
- General	-	(50,057)
	<b>(2,343,304)</b>	<b>(822,501)</b>
Islamic financing and related assets - net of credit loss allowance	<b>110,689,106</b>	<b>114,115,766</b>





## **41.8 Profit and Loss Distribution and Pool Management**

### **41.8.1 The number and nature of pools maintained by the Islamic Banking Branches along with their key features and risk and reward characteristics**

#### **General Pool PKR (Mudaraba)**

Deposits which assume minimal risk of loss due to diversified assets being tagged thereto are parked in the general pool. In case of loss in general pool, the loss will be borne by the general pool members.

#### **Special Pool(s) PKR (Mudaraba)**

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

#### **General Pool FCY (Mudaraba)**

In FCY pool, all FCY deposits and investments are parked to share the return among the FCY deposit holders. In case of loss in a FCY general pool, the loss will be borne by the FCY general pool members.

#### **Special Pool(s) FCY (Mudaraba)**

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

#### **Islamic Export Refinance Scheme (IERS) Pool PKR (Musharaka)**

IERS pool is required by SBP to facilitate the exporters under Islamic Export Refinance Scheme.

#### **Equity Pool**

Investments with relatively higher risks such as investment in shares and mutual funds are tagged to the equity pool in order to safeguard the interest of depositors. The Bank as Mudarib in the general pool is responsible for administrative costs and cost of operating fixed assets, which are financed from equity. Furthermore, subsidised financing to employees are also financed from equity as per SBP guidelines.

#### **Special Mudaraba Financing Facility (SMFF) Pool - Open Market Operations (OMO) Injections**

Special Mudaraba Financing Facility (SMFF) Pool for OMO Injection is created to invest the funds exclusively raised from SBP through Islamic Open Market Operations (OMO) in High Quality Assets including securities that are eligible as approved securities for maintaining Statutory Liquidity Requirement (SLR).

#### **Parameters associated with risk and rewards:**

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules and Shariah clearance.



#### **41.8.2 Avenues / sectors of economy / business where Mudaraba based deposits have been deployed**

The Mudarba based funds have been deployed in the following avenues / sectors / businesses:

- Chemical and pharmaceuticals
- Agribusiness
- Textile
- Sugar
- Shoes and leather garments
- Investment in sukuk
- Production and transmission of energy
- Food and allied except sugar
- Cement
- Financial
- Wheat
- Individuals
- Others (domestic whole sale, engineering goods, plastic product, etc.)

#### **41.8.3 Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components**

The Bank's Islamic Banking Division (IBD) is accepting Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-UI-Maal. The Bank with the prior approval of depositors also commingles its funds with those of depositors.

The funds so generated are invested by the Bank in Shariah compliant modes of financing and investments such as Murabaha, Ijarah, Istisna, Diminishing Musharakah, Running Musharakah, Musawama, Shares, Mutual Funds and Sukuks etc.

The Bank calculates the profit of the pool at every month. Profit is distributed at the Net Income level. Net Income is calculated after deducting direct costs such as Cost of Murabaha, Cost of Takaful, Depreciation on Ijarah Assets, and Amortization of Premium on Sukuks and Loss of Investments directly incurred in deriving that Income.

The net income / loss is being allocated between the Bank's equity and the depositors' fund in proportion to their respective share in pool.

The Bank's profit sharing ratio during the quarter was 50% (2023: 50%) of Net Income and the depositors' profit sharing ratio was 50% (2023: 50%) of Net Income.

After the allocation of Income between the equity holder and depositors the profit is distributed among the account holders on the basis of predetermined weightages, announced by the Bank at the beginning of the month based on their respective category / tiers. In case of loss, Rab-ul-Maal has to bear the loss in the ratio of its investment.

In case of provisioning, the general and specific provisions created against non-performing financing and diminution in the value of investments as under prudential regulations and other SBP directives shall be borne by the IBIs as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.



#### 41.8.4 Mudarib share and HIBA distributed to depositor's pool and specific pool

	31 March 2024 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	8,126,945	3,163,296	38.92%	1,376,145	43.50%
FCY Pool	109,691	91,460	83.38%	13,207	14.44%
	31 March 2023 (Un-audited)				
LCY Pool	4,835,635	1,708,133	35.32%	828,347	48.49%
FCY Pool	36,096	26,608	73.71%	6,672	25.08%

#### 41.8.5 Profit rate earned vs. profit rate distributed to the depositors during the period

	(Un-audited) Three months period ended	
	31 March 2024	31 March 2023
	(Percentage)	
Profit rate earned	19.25%	14.05%
Profit rate distributed	10.56%	8.26%

## 42. GENERAL

42.1 Captions, in respect of which there are no amounts, have not been reproduced in these unconsolidated condensed interim financial statements, except for captions of the statement of financial position and statement of profit and loss account.

42.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

42.3 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 in accordance with the new format prescribed by SBP.

42.4 The Board of Directors, in its meeting held on 25 April 2024, has announced an interim cash dividend of Rs. 3.50 per share (31 March 2023: Nil).

## 43. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 25 April 2024.

MANSOOR ALI KHAN  
Chief Executive

ASHAR HUSAIN  
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI  
Director

FARHANA MOWJEE KHAN  
Director

ABBAS D. HABIB  
Chairman



# **Consolidated Financial Statements**

Bank AL Habib Limited

and

Subsidiary Companies



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2024**

	(Un-audited) 31 March 2024	(Audited) 31 December 2023
Note	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	6 178,488,355	141,816,023
Balances with other banks	7 5,252,233	6,662,922
Lendings to financial institutions	8 6,963,360	1,649,716
Investments	9 1,598,622,417	1,504,488,304
Advances	10 809,432,552	868,868,391
Property and equipment	11 69,636,098	67,614,531
Right-of-use assets	12 12,696,374	11,969,724
Intangible assets	13 159,395	212,691
Deferred tax assets	14 8,145,883	1,790,812
Other assets	15 186,464,425	137,128,649
<b>Total Assets</b>	<b>2,875,861,092</b>	<b>2,742,201,763</b>
<b>LIABILITIES</b>		
Bills payable	17 26,009,715	48,083,103
Borrowings	18 465,310,850	477,438,034
Deposits and other accounts	19 2,086,554,309	1,933,731,281
Lease liabilities	20 15,422,644	14,633,878
Subordinated debt	21 29,984,200	29,985,200
Deferred tax liabilities	—	—
Other liabilities	22 124,388,540	110,603,569
<b>Total Liabilities</b>	<b>2,747,670,258</b>	<b>2,614,475,065</b>
<b>NET ASSETS</b>	<b>128,190,834</b>	<b>127,726,698</b>
<b>REPRESENTED BY</b>		
Share capital	11,114,254	11,114,254
Reserves	29,081,532	28,184,872
Surplus on revaluation of assets	23 14,157,520	14,706,663
Unappropriated profit	73,711,436	73,595,373
<b>Equity attributable to the shareholders of the Holding company</b>	<b>128,064,742</b>	<b>127,601,162</b>
Non-controlling interest	24 126,092	125,536
<b>Total equity</b>	<b>128,190,834</b>	<b>127,726,698</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	25	

The annexed notes 1 to 44 form an integral part of these consolidated condensed interim financial statements.

MANSOOR ALI KHAN  
Chief Executive

ASHAR HUSAIN  
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI  
Director

FARHANA MOWJEE KHAN  
Director

ABBAS D. HABIB  
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**

	Note	<b>Three months period ended</b>	
		<b>31 March 2024</b>	<b>31 March 2023</b>
		<b>(Rupees in '000)</b>	
Mark-up / return / interest earned	27	<b>119,072,376</b>	74,805,273
Mark-up / return / interest expensed	28	<b>(82,195,217)</b>	(50,179,715)
Net mark-up / interest income		<b>36,877,159</b>	24,625,558
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	29	<b>4,432,964</b>	3,134,194
Dividend income		<b>85,536</b>	150,828
Foreign exchange income		<b>2,487,925</b>	2,698,027
Income / (loss) from derivatives		<b>—</b>	—
Gain on securities - net	30	<b>220,512</b>	24,537
Net gains / (loss) on derecognition of financial assets measured at amortised cost		<b>—</b>	—
Share of profit from associates		<b>307,880</b>	193,433
Other income	31	<b>471,972</b>	247,928
Total non mark-up / interest income		<b>8,006,789</b>	6,448,947
<b>Total income</b>		<b>44,883,948</b>	31,074,505
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	32	<b>(17,933,811)</b>	(15,040,833)
Workers welfare fund		<b>(427,090)</b>	(339,955)
Other charges	33	<b>(126,218)</b>	(70)
Total non mark-up / interest expenses		<b>(18,487,119)</b>	(15,380,858)
<b>Profit before credit loss allowance</b>		<b>26,396,829</b>	15,693,647
Credit loss allowance / provisions / reversals and write offs-net	34	<b>(6,874,369)</b>	980,270
<b>PROFIT BEFORE TAXATION</b>		<b>19,522,460</b>	16,673,917
Taxation	35	<b>(9,290,386)</b>	(6,048,049)
<b>PROFIT AFTER TAXATION</b>		<b>10,232,074</b>	10,625,868
<b>Attributable to:</b>			
Shareholders of the Holding Company		<b>10,230,698</b>	10,627,760
Non-controlling interest		<b>1,376</b>	(1,892)
		<b>10,232,074</b>	10,625,868
		<b>(Rupees)</b>	
<b>Basic and diluted earnings per share attributable to the equity holders of the Holding Company</b>	36	<b>9.21</b>	9.56

The annexed notes 1 to 44 form an integral part of these consolidated condensed interim financial statements.

MANSOOR ALI KHAN  
Chief Executive

ASHAR HUSAIN  
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI  
Director

FARHANA MOWJEE KHAN  
Director

ABBAS D. HABIB  
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**

	<b>Three months period ended</b>	
	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>(Rupees in '000)</b>	
<b>Profit after taxation for the period</b>	<b>10,232,074</b>	10,625,868
<b>Other comprehensive income</b>		
<b><i>Items that may be reclassified to profit and loss account in subsequent periods</i></b>		
Effect of translation of net investment in foreign branches	<b>(104,448)</b>	271,346
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	<b>919,561</b>	-
Movement in deficit on revaluation of available for sale investments - net of tax	<b>-</b>	(8,635,396)
	<b>815,113</b>	(8,364,050)
<b><i>Items that will not be reclassified to profit and loss account in subsequent periods</i></b>		
Movement in surplus on revaluation of equity investments through FVOCI-net of tax	<b>(597,635)</b>	-
Loss on sale of equity investments-FVOCI	<b>(826,620)</b>	-
Movement in surplus on revaluation of property and equipment - net of tax	<b>-</b>	(134,018)
Movement in surplus on revaluation of non-banking assets - net of tax	<b>(31,013)</b>	-
	<b>(1,455,268)</b>	(134,018)
<b>Total comprehensive income</b>	<b>9,591,919</b>	2,127,800
<b>Attributable to:</b>		
Shareholders of the Holding Company	<b>9,591,363</b>	2,131,284
Non-controlling interest	<b>556</b>	(3,484)
	<b>9,591,919</b>	2,127,800

The annexed notes 1 to 44 form an integral part of these consolidated condensed interim financial statements.

MANSOOR ALI KHAN  
Chief Executive

ASHAR HUSAIN  
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI  
Director

FARHANA MOWJEE KHAN  
Director

ABBAS D. HABIB  
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**

	Attributable to the shareholders of the Holding Company										
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of		Unappropriated Profit	Sub-total	Non-controlling interest	Total
Special Reserve				General Reserve	Investments	Property & Equipment / Non Banking Assets					
<b>Balance as at 01 January 2023-audited</b>	11,114,254	19,168,074	4,556,840	126,500	540,000	(5,625,680)	6,525,255	59,229,669	95,634,912	113,694	95,748,606
<b>Comprehensive income for the three months period ended 31 March 2023:</b>											
Profit after taxation for the quarter ended 31 March 2023	-	-	271,346	-	-	(8,633,804)	(134,018)	10,627,760	10,627,760	(1,892)	10,625,868
Other comprehensive income	-	-	271,346	-	-	(8,633,804)	(134,018)	-	(8,496,476)	(1,592)	(8,498,068)
Transfer to statutory reserve	-	1,053,933	-	-	-	-	-	(1,053,933)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(18,946)	18,946	-	-	-
<b>Transaction with owners, recorded directly in equity</b>											
Final cash dividend (Rs. 7.0 per share)-December 2022	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)	-	(7,779,978)
<b>Balance as at 31 March 2023-unaudited</b>	11,114,254	20,222,007	4,828,186	126,500	540,000	(14,259,484)	6,372,291	61,042,464	89,986,218	110,210	90,096,428
<b>Comprehensive income for the nine months period ended 31 December 2023:</b>											
Profit after taxation for the nine months period ended 31 December 2023	-	-	-	-	-	-	-	25,300,288	25,300,288	4,166	25,304,454
Other comprehensive income	-	-	(9,826)	-	-	15,384,136	7,363,050	(419,872)	22,317,488	11,160	22,328,648
Transfer to statutory reserve	-	2,478,005	(9,826)	-	-	15,384,136	7,363,050	24,880,416	47,617,776	15,326	47,633,102
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	-	(2,478,005)	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	153,330	153,330	-	-
<b>Transaction with owners, recorded directly in equity</b>											
Interim cash dividend (Rs. 4.5 per share) - June 2023	-	-	-	-	-	-	-	(5,001,416)	(5,001,416)	-	(5,001,416)
Interim cash dividend (Rs. 4.5 per share) - September 2023	-	-	-	-	-	-	-	(5,001,416)	(5,001,416)	-	(5,001,416)
	-	-	-	-	-	-	-	(10,002,832)	(10,002,832)	-	(10,002,832)
<b>Balance as at 31 December 2023-audited</b>	11,114,254	22,700,012	4,818,360	126,500	540,000	1,124,652	13,582,011	73,595,373	127,601,162	125,536	127,726,698
Effect of adoption of IFRS 9 (net of tax)	-	-	-	-	-	-	-	(2,785,551)	(3,570,656)	-	(3,570,656)
Profit after taxation for the quarter ended 31 March 2024	-	-	-	-	-	(785,105)	-	10,230,698	10,230,698	1,376	10,232,074
<b>Other comprehensive income for the quarter ended 31 March 2024 - net of tax</b>											
Effect of translation of net investment in foreign branches	-	-	(104,448)	-	-	-	-	-	(104,448)	-	(104,448)
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	919,594	-	-	919,594	(33)	919,561
Movement in surplus on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	(596,848)	-	-	(596,848)	(787)	(597,635)
Loss on sale of equity investments - FVOCI	-	-	-	-	-	-	-	(826,620)	(826,620)	-	(826,620)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(31,013)	-	(31,013)	-	(31,013)
Total other comprehensive income - net of tax	-	-	(104,448)	-	-	322,746	(31,013)	(826,620)	(639,335)	(820)	(640,155)
Transfer to statutory reserve	-	1,001,108	-	-	-	-	-	(1,001,108)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	-	55,771	55,771	-	-
<b>Transaction with owners, recorded directly in equity</b>											
Final cash dividend (Rs. 5.0 per share) - December 2023	-	-	-	-	-	-	-	(5,557,127)	(5,557,127)	-	(5,557,127)
<b>Balance as at 31 March 2024-unaudited</b>	11,114,254	23,701,120	4,713,912	126,500	540,000	662,293	13,495,227	73,711,436	128,064,742	126,092	128,190,834

The annexed notes 1 to 44 form an integral part of these consolidated condensed interim financial statements.

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Chief Executive

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Director

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Director

ABBAS D. HABIB  
Chairman



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**

	31 March 2024	31 March 2023
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	19,522,460	16,673,917
Less: Dividend income	(85,536)	(150,828)
	<b>19,436,924</b>	<b>16,523,089</b>
<b>Adjustments:</b>		
Depreciation	1,241,898	1,010,596
Depreciation on right-of-use assets	599,749	556,674
Amortisation	53,346	77,147
Credit loss allowance and write offs-net	6,875,157	(980,261)
Gain on sale of property and equipment-net	(313,060)	(142,356)
Charge for defined benefit plan	300,000	207,000
Gain on securities-net	(220,512)	(24,537)
Share of profit from associates	(307,880)	(193,433)
Charge for compensated absences	105,893	60,790
Finance charges on leased assets	479,413	364,157
	<b>8,814,004</b>	<b>935,777</b>
<b>(Increase) / decrease in operating assets</b>	<b>28,250,928</b>	<b>17,458,866</b>
Lendings to financial institutions	(5,314,584)	(89,232,308)
Securities classified as FVTPL	(1,493)	96,639
Advances	44,648,450	(65,687,287)
Other assets	(50,009,530)	(12,289,853)
	<b>(10,677,157)</b>	<b>(167,112,809)</b>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(22,073,388)	(12,882,171)
Borrowings from financial institutions	(14,894,768)	62,295,369
Deposits	152,823,028	158,736,487
Other liabilities (excluding current taxation)	7,198,575	(1,105,627)
	<b>123,053,447</b>	<b>207,044,058</b>
Income tax paid	140,627,218	57,390,115
	<b>(7,294,236)</b>	<b>(8,521,329)</b>
Net cash flow generated from operating activities	<b>133,332,982</b>	<b>48,868,786</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in amortized cost securities	(576,759)	(3,062,147)
Net investments in securities classified as FVOCI	(90,853,430)	12,487,740
Net investments in associates	55,358	96,780
Dividends received	75,888	48,869
Investments in property and equipment	(3,200,560)	(1,591,121)
Proceeds from sale of property and equipment	239,141	149,957
Effect of translation of net investment in foreign branches	(104,448)	271,346
Net cash flow (used in) / generated from investing activities	<b>(94,364,810)</b>	<b>8,401,424</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payments of subordinated debt	(1,000)	(1,000)
Dividend paid	(5,477,518)	(7,637,350)
Payment of lease obligations against right-of-use assets	(992,050)	(939,643)
Net cash flow used in financing activities	<b>(6,470,568)</b>	<b>(8,577,993)</b>
<b>Increase in cash and cash equivalents</b>	<b>32,497,604</b>	<b>48,692,217</b>
Cash and cash equivalents at beginning of the period	<b>147,280,948</b>	<b>108,774,793</b>
Cash and cash equivalents at end of the period	<b>179,778,552</b>	<b>157,467,010</b>

The annexed notes 1 to 44 form an integral part of these consolidated condensed interim financial statements.

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Chief Executive

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Chief Financial Officer

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Director

FARHANA MOWJEE KHAN  
Director

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Chairman



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**

**1. STATUS AND NATURE OF BUSINESS**

1.1 The Group comprises of:

**Holding Company**

- Bank AL Habib Limited

**Subsidiaries**

- AL Habib Capital Markets (Private) Limited
- AL Habib Asset Management Limited
- AL Habib Exchange Company (Private) Limited

1.2 Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 1,106 branches (31 December 2023: 1,084 branches), 29 sub - branches (31 December 2023: 29 sub - branches), 04 representative offices (31 December 2023: 04 representative offices) and 09 booths (31 December 2023: 09 booths). The branch network of the Bank includes 02 overseas branches (31 December 2023: 02 overseas branches) and 223 Islamic Banking branches (31 December 2023: 201 Islamic Banking branches).

1.3 The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. The Company was incorporated in Pakistan on 23 August 2005 as a private limited company under repealed Companies Ordinance, 1984. The company is a corporate member of the Pakistan Stock Exchange Limited and is engaged in equity, money market and foreign exchange brokerage services, equity research, corporate financial advisory and consultancy services.

1.4 The Bank has invested in 100% shares of AL Habib Asset Management Limited (formerly Habib Asset Management Limited). The Company was incorporated in Pakistan on 30 September 2005 as an unquoted public limited company under repealed Companies Ordinance, 1984. The Company has been issued a license by the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services as a Non-Banking Finance Company. The principal business of the Company is to provide Investment Advisory Services and Asset Management Services.

The Company is managing following funds:

- AL Habib Cash Fund
- AL Habib Money Market Fund
- AL Habib Fixed Return Fund Plan 6
- AL Habib Fixed Return Fund Plan 8
- AL Habib Government Securities Fund
- AL Habib Income Fund
- AL Habib Asset Allocation Fund
- AL Habib Stock Fund
- AL Habib Islamic Munafa Fund Plan 2
- AL Habib Islamic Cash Fund
- AL Habib Islamic Income Fund
- AL Habib Islamic Savings Fund
- AL Habib Islamic Stock Fund
- AL Habib Fixed Return Fund Plan 9
- AL Habib Fixed Return Fund Plan 10
- AL Habib Fixed Return Fund Plan 11



- AL Habib Islamic Munafa Fund P-3
- AL Habib Pension Fund - Equity Sub Fund
- AL Habib Pension Fund - Debt Sub Fund
- AL Habib Pension Fund - Money Market Sub Fund
- AL Habib Islamic Pension Fund - Equity Sub Fund
- AL Habib Islamic Pension Fund - Debt Sub Fund
- AL Habib Islamic Pension Fund - Money Market Sub
- AL Habib GoKP Pension Money Market
- AL Habib Islamic GoKP Money Market

**1.5** The Bank has invested in 100% shares of AL Habib Exchange Company (Private) Limited. The Company was incorporated in Pakistan on 24 November 2023 as a private limited company under Companies Act, 2017. The Company has been issued a license by the State Bank of Pakistan to undertake currency exchange services. The principal business of the Company is to provide foreign exchange services.

## **2. BASIS OF PRESENTATION**

**2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.

**2.2** Key financial information of the Islamic Banking branches is disclosed in note 42 to these consolidated condensed interim financial statements.

### **2.3 Statement of Compliance**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- IFAS issued by 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 SBP and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by SBP and 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.

SBP, vide its BPRD Circular No. 02 dated 09 February 2023 issued the revised format for the preparation of the annual / interim financial statements of the banks. New formats are applicable for interim / annual financial statements for period beginning on or after 01 January 2024. The implementation of the revised format has resulted in certain changes to the presentation and disclosures of various elements of the interim financial statements. Right of use assets and corresponding lease liabilities are now presented separately on the face of the statement of financial position. Previously, they were presented under property and equipment and other liabilities.



The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by SBP vide BPRD Circular No. 02, dated 09 February 2023 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. They do not include all the information required in the annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2023 except for adoption of IFRS 9 'Financial Instruments' as described in Note 3.1.1.

SBP has deferred the applicability of IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.

SBP vide its BPRD Circular No. 04 dated 25 February 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in the preparation of these consolidated condensed interim financial statements.

IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policy information related to preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2023 except for adoption of IFRS 9 'Financial Instruments' as described in Note 3.1.1.

#### **3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period**

There are certain new and amended standards that became effective during the period. However, these are considered either not to be relevant or not to have any significant impact on the Group's consolidated condensed interim financial statements except for IFRS 9 'Financial Instruments', as disclosed below:

##### **3.1.1 IFRS 9 - 'Financial Instruments'**

As per BPRD Circular Letter No. 07 of 2023 dated 23 April 2023, the effective date for the implementation of IFRS 9 Financial Instruments is accounting period beginning on or after January 1, 2024. SBP has issued detailed instructions on the application of the Standard, including transitional provisions, impact on the Capital Adequacy Ratio (CAR) calculation and reporting requirements.



The adoption of IFRS 9 has brought fundamental changes to the recognition, classification and measurement of financial assets and financial liabilities. Classification of financial assets is based on assessment of the business model (BM) and contractual cash flow characteristics i.e. solely payment of principal and interest (SPPI) test of the financial assets. IFRS 9 requires that credit losses on financial assets are measured and recognised using the 'Expected Credit Loss' (ECL) approach. Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL framework.

Financial assets under IFRS 9 will be classified into the following three classification categories:

Amortised Cost (AC)

Fair Value through Other Comprehensive Income (FVOCI)

Fair Value through Profit or Loss Account (FVTPL)

A financial asset should be measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows.

A financial asset should be measured at FVOCI, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and also selling on favorable market conditions. On derecognition of debt security, the resulting gain or loss previously recognised in OCI will be reclassified from equity to the profit and loss account. On derecognition of equity security, gains and losses previously recognised in OCI will not be recycled through the profit and loss account but will be transferred directly to retained earnings.

Any financial asset that does not fit any of the above two categories, will be measured at FVTPL.

The Bank has followed modified retrospective approach for restatement and has not restated comparative figures on the initial application. Adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the equity as on 01 January 2024.



The following table illustrates reconciliation of carrying amount of financial assets and financial liabilities from their previous categories to the new categories at the date of transition on 01 January 2024:

	Carrying amount as on 31 December 2023	Fair Value through Profit or Loss Account (FVTPL)	Fair Value through Other Comprehensive Income (FVOCI) - with recycling	Fair Value through Other Comprehensive Income (FVOCI) - without recycling	Amortised Cost (AC)	Adjustments / remeasurement under IFRS 9	Expected Credit Loss (ECL) - Charge	Gross impact	Tax impact	Balances as on 01 January 2024
(Rupees in '000)										
Balance with other Banks (cost)	6,662,922	-	-	-	6,662,922	-	(3,544)	6,659,378	1,737	6,661,115
Lendings to Financial Institutions (cost)	1,649,716	-	-	-	1,649,716	-	(223)	1,649,493	109	1,649,602
Investments										
Held to maturity	366,364,464	-	-	-	366,364,464	-	-	366,364,464	-	366,364,464
Available for sale										
Federal Government Securities	1,108,601,004	-	1,108,601,004	-	-	-	-	1,108,601,004	-	1,108,601,004
Non Government Debt Securities	9,176,783	-	9,176,783	-	-	-	(1,146)	9,175,637	562	9,176,199
Foreign Securities	5,886,195	-	5,886,195	-	-	-	-	5,886,195	-	5,886,195
Shares	4,197,679	-	-	4,197,679	-	1,937,848	-	6,135,527	(949,546)	5,185,981
Units of Mutual Funds	4,264,072	4,264,072	-	-	-	1,539,421	-	5,803,493	(754,316)	5,049,177
Associates	5,998,107	-	-	-	5,998,107	-	(1,979)	5,996,128	970	5,997,098
Advances (cost)	869,868,391	-	-	-	868,868,391	8,664,544	(16,517,255)	861,015,680	6,437,114	867,452,794
Other Assets (cost / fair value)	137,128,649	2,322,982	-	-	134,805,667	-	(466,364)	136,662,285	228,518	136,890,803
Other Liabilities (cost / fair value)	125,237,447	2,504,312	-	-	122,733,135	-	(2,904,001)	122,333,446	-	122,333,446
	<u>2,644,035,429</u>	<u>9,091,366</u>	<u>1,123,663,982</u>	<u>4,197,679</u>	<u>1,507,082,402</u>	<u>12,141,813</u>	<u>(19,894,512)</u>	<u>2,636,282,730</u>	<u>4,965,148</u>	<u>2,641,247,878</u>

### 3.2 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that are not effective in the current period. These are considered not to have any significant impact on these consolidated condensed interim financial statements.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated annual financial statements of the Group for the year ended 31 December 2023, except for matters related to IFRS 9 adoption.

### 5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2023.



	(Un-audited) 31 March 2024	(Audited) 31 December 2023
	(Rupees in '000)	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand:		
Local currency	40,498,750	30,595,416
Foreign currencies	3,369,079	4,053,352
	<b>43,867,829</b>	34,648,768
In transit:		
Local currency	587,494	42,390
Foreign currencies	15,120	27,017
	<b>602,614</b>	69,407
With State Bank of Pakistan in:		
Local currency current accounts	98,005,980	72,206,674
Local currency current accounts-Islamic Banking	12,490,354	10,539,360
Foreign currency deposit accounts		
Cash reserve account	5,308,792	5,341,260
Cash reserve / special cash reserve account - Islamic Banking	1,027,293	995,250
Special cash reserve account	10,617,583	10,682,521
Local collection account	420,422	441,796
	<b>127,870,424</b>	100,206,861
With National Bank of Pakistan in:		
Local currency current accounts	5,952,032	6,585,694
Prize bonds	195,456	305,293
	<b>178,488,355</b>	141,816,023
<b>7. BALANCES WITH OTHER BANKS</b>		
In Pakistan:		
In current accounts	220,849	211,983
In deposit accounts	80,516	82,211
	<b>301,365</b>	294,194
Outside Pakistan:		
In current accounts	4,453,777	6,246,313
In deposit accounts	499,916	122,483
	<b>4,953,693</b>	6,368,796
	<b>5,255,058</b>	6,662,990
Less: credit loss allowance	(2,825)	(68)
	<b>5,252,233</b>	6,662,922
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Repurchase agreements lendings (reverse repo)		
Pakistan Investment Bonds	6,964,300	1,649,716
Less: credit loss allowance	(940)	-
	<b>6,963,360</b>	1,649,716
<b>8.1 Credit Loss Allowance</b>	<b>31 March 2024 (Un-audited)</b>	
	<b>Lendings</b>	<b>Credit loss allowance held</b>
	<b>(Rupees in '000)</b>	
<b>Domestic</b>		
Performing - Stage 1	<b>6,964,300</b>	<b>940</b>



## 9. INVESTMENTS

	31 March 2024 (Un-audited)				31 December 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying Value
	(Rupees in '000)							
<b>9.1 Investments by type:</b>								
<b>FVTPL</b>								
Units of Mutual Funds	3,126,021	-	1,359,977	4,485,998	-	-	-	-
<b>FVOCI</b>								
Federal Government Securities	1,208,735,672	(4,206,737)	(281,879)	1,204,247,056	-	-	-	-
Shares	388,870	(24,003)	517,789	882,656	-	-	-	-
Non Government Debt Securities	9,244,919	(101,439)	(104,326)	9,039,154	-	-	-	-
Foreign Securities	8,327,440	(2,945,863)	1,168,666	6,550,243	-	-	-	-
	1,226,696,901	(7,278,042)	1,300,250	1,220,719,109	-	-	-	-
<b>Amortised Cost</b>								
Federal Government Securities	367,550,815	(1,096,242)	-	366,454,573	-	-	-	-
Foreign Securities	1,389,736	(675,759)	-	713,977	-	-	-	-
Others	4,481	(4,481)	-	-	-	-	-	-
	368,945,032	(1,776,482)	-	367,168,550	-	-	-	-
<b>Available-for-sale securities</b>								
Federal Government Securities	-	-	-	-	1,114,061,865	(4,536,292)	(924,569)	1,108,601,004
Shares	-	-	-	-	4,472,175	(1,961,851)	1,687,355	4,197,679
Non Government Debt Securities	-	-	-	-	9,385,650	(99,920)	(108,947)	9,176,783
Foreign Securities	-	-	-	-	8,869,880	(2,996,506)	12,821	5,886,195
Units of Mutual Funds	-	-	-	-	3,076,021	(351,370)	1,539,421	4,264,072
	-	-	-	-	1,139,865,591	(9,945,939)	2,206,081	1,132,125,733
<b>Held-to-maturity securities</b>								
Federal Government Securities	-	-	-	-	366,531,501	(1,312,482)	-	365,219,019
Foreign Securities	-	-	-	-	1,832,291	(686,846)	-	1,145,445
Others	-	-	-	-	4,481	(4,481)	-	-
	-	-	-	-	368,368,273	(2,003,809)	-	366,364,464
<b>Associates</b>	6,250,629	(1,869)	-	6,248,760	5,998,107	-	-	5,998,107
<b>Total Investments</b>	<b>1,605,018,583</b>	<b>(9,056,393)</b>	<b>2,660,227</b>	<b>1,598,622,417</b>	<b>1,514,231,971</b>	<b>(11,949,748)</b>	<b>2,206,081</b>	<b>1,504,488,304</b>



	(Un-audited) 31 March 2024	(Audited) 31 December 2023
	(Rupees in '000)	
<b>9.1.1 Investments given as collateral</b>		
Pakistan Investment Bonds	<b>288,561,500</b>	294,417,591
<b>9.2 Credit loss allowance for diminution in value of investments</b>		
Opening balance	<b>11,949,748</b>	12,993,983
Impact of adoption of IFRS 9	<b>(2,286,091)</b>	–
Exchange adjustments	<b>(119,558)</b>	2,633,674
Charge / (reversal):		
ECL reversal for the period / year	<b>(487,706)</b>	(3,807,847)
Charge on diminution of investments for the year	–	240,502
Reversal on disposal during the year	–	(110,564)
	<b>(487,706)</b>	(3,677,909)
Closing Balance	<b>9,056,393</b>	11,949,748

### 9.3 Particulars of credit loss allowance against debt securities

		31 March 2024 (Un-audited)		31 December 2023 (Audited)	
		Outstanding amount	Credit loss allowance / provision for diminution	Outstanding amount	Credit loss allowance / provision for diminution
<b>Domestic</b>					
Performing	Stage 1	1,549,993,432	2,866	–	–
Under performing	Stage 2	4,840,477	1,066	–	–
Non-performing					
Loss	Stage 3	99,920	99,920	99,920	99,920
<b>Overseas</b>					
Performing	Stage 1	2,053,077	32,469	2,924,573	35,881
Under performing	Stage 2	31,296,070	5,419,638	31,787,370	5,977,307
Non-performing					
Loss	Stage 3	6,965,606	3,470,081	7,068,481	3,518,939
Total		<b>1,595,248,582</b>	<b>9,026,040</b>	41,880,344	9,632,047

9.4 The market value of securities classified as amortised cost at 31 March 2024 amounted to Rs. 361,162 million (Held to maturity 31 December 2023: Rs. 360,285 million).



## 10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) 31 March 2024	(Audited) 31 December 2023	(Un-audited) 31 March 2024	(Audited) 31 December 2023	(Un-audited) 31 March 2024	(Audited) 31 December 2023
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	650,196,321	694,586,199	30,011,474	23,670,518	680,207,795	718,256,717
Islamic financing and related assets	112,174,714	114,129,113	857,696	809,154	113,032,410	114,938,267
Bills discounted and purchased	56,770,975	61,542,273	664,706	707,670	57,435,681	62,249,943
Advances - gross	819,142,010	870,257,585	31,533,876	25,187,342	850,675,886	895,444,927
Credit loss allowance / provision against advances						
- Stage 1	4,763,918	-	-	-	4,763,918	-
- Stage 2	9,586,829	-	-	-	9,586,829	-
- Stage 3	-	-	26,892,587	-	26,892,587	-
- Specific	-	-	-	17,830,419	-	17,830,419
- General as per regulations	-	264,544	-	-	-	264,544
- General	-	8,400,000	-	-	-	8,400,000
- As per IFRS 9 in overseas branches	-	81,573	-	-	-	81,573
	14,350,747	8,746,117	26,892,587	17,830,419	41,243,334	26,576,536
Advances - net of credit loss allowance / provision	804,791,263	861,511,468	4,641,289	7,356,923	809,432,552	868,868,391



	<b>(Un-audited)</b> <b>31 March</b> <b>2024</b>	<b>(Audited)</b> <b>31 December</b> <b>2023</b>
	<b>(Rupees in '000)</b>	
<b>10.1 Particulars of advances (Gross)</b>		
In local currency	<b>725,681,006</b>	773,404,099
In foreign currencies	<b>124,994,880</b>	122,040,828
	<b><u>850,675,886</u></b>	<u>895,444,927</u>

**10.2** Advances include Rs. 31,533.876 million (31 December 2023: Rs. 25,187.342 million) which have been placed under non-performing / Stage 3 status as detailed below:

<b>Category of classification</b>	<b>31 March 2024 (Un-audited)</b>		<b>31 December 2023 (Audited)</b>	
	<b>Non Performing Loans</b>	<b>Credit loss allowance / provision</b>	<b>Non Performing Loans</b>	<b>Credit loss allowance / provision</b>
	<b>(Rupees in '000)</b>			
<b>Domestic</b>				
Other assets especially mentioned (OAEM)	<b>391,243</b>	<b>298,316</b>	286,295	5,135
Substandard	<b>5,463,894</b>	<b>4,199,060</b>	2,235,618	524,859
Doubtful	<b>11,762,249</b>	<b>9,206,562</b>	9,008,280	4,446,994
Loss	<b>7,392,935</b>	<b>7,367,047</b>	7,039,066	6,947,186
	<b><u>25,010,321</u></b>	<b><u>21,070,985</u></b>	<u>18,569,259</u>	<u>11,924,174</u>
<b>Overseas</b>				
Loss	<b>6,523,555</b>	<b>5,821,602</b>	6,618,083	5,906,245
<b>Total</b>	<b><u>31,533,876</u></b>	<b><u>26,892,587</u></b>	<u>25,187,342</u>	<u>17,830,419</u>



### 10.3 Particulars of credit loss allowance against advances

	31 March 2024 (Un-audited)					31 December 2023 (Audited)			
	Stage 3	Stage 2	Stage 1	Specific	General	Total	Specific	General	Total
	(Rupees in '000)								
Opening balance	5,906,246	-	81,573	11,924,173	8,664,544	26,576,536	11,606,594	6,203,173	17,809,767
Impact on adoption of IFRS 9	15,448,809	8,663,207	4,329,412	(11,924,173)	(8,664,544)	7,852,711	-	-	-
Exchange adjustments	(117,594)	-	(1,134)	-	-	(118,728)	1,751,369	9,995	1,761,364
Charge / (reversal) for the period / year									
- ECL charge for the period	5,993,954	2,165,802	1,147,980	-	-	9,307,736	-	-	-
- ECL reversal for the period	(336,965)	(1,242,180)	(793,913)	-	-	(2,373,058)	-	-	-
- Specific provision	-	-	-	-	-	-	6,774,544	-	6,774,544
- General provision as per regulations	-	-	-	-	-	-	-	(146,346)	(146,346)
- General provision	-	-	-	-	-	-	-	2,650,000	2,650,000
- As per IFRS 9 in overseas branches	-	-	-	-	-	-	-	29,295	29,295
- Reversals	-	-	-	-	-	-	(1,645,356)	-	(1,645,356)
	5,656,989	923,622	354,067	-	-	6,934,678	5,129,188	2,532,949	7,662,137
Amounts written off	(1,863)	-	-	-	-	(1,863)	(656,732)	-	(656,732)
Closing balance	<u>26,892,587</u>	<u>9,586,829</u>	<u>4,763,918</u>	<u>-</u>	<u>-</u>	<u>41,243,334</u>	<u>17,830,419</u>	<u>8,746,117</u>	<u>26,576,536</u>

10.3.1 For the purposes of determining provision against domestic non-performing advances, the Bank has not taken into account the Forced Sales Value of pledged stock and mortgaged properties held as collateral against non-performing advances.

### 10.4 Advances - Particulars of credit loss allowance

	31 March 2024 (Un-audited)		
	Stage 1	Stage 2	Stage 3
	(Rupees in '000)		
Opening balance	81,573	-	5,906,246
Impact of adoption of IFRS 9	4,329,412	8,663,207	15,448,809
New advances	1,705,321	2,294,699	1,674,749
Advances derecognised or repaid	(1,225,417)	(1,401,929)	(908,248)
Transfer to stage 1	82,884	249,713	-
Transfer to stage 2	(26,761)	256,530	4,267,024
Transfer to stage 3	-	(97,518)	63,631
	536,027	1,301,495	5,097,156
Amounts written off / charged off	-	-	(1,863)
Exchange adjustment	(1,134)	-	(117,594)
Closing balance	<u>4,945,878</u>	<u>9,964,702</u>	<u>26,332,754</u>



		<b>31 March 2024 (Un-audited)</b>	
		<b>Outstanding amount</b>	<b>Credit loss allowance held</b>
		<b>(Rupees in '000)</b>	
<b>10.5</b>	<b>Advances - Category of Classification</b>		
	<b>Domestic</b>		
	Performing	573,873,810	4,635,729
	Under performing	214,555,751	9,586,829
	Non-performing	25,010,321	21,070,985
		<b>813,439,882</b>	<b>35,293,543</b>
	<b>Overseas</b>		
	Performing	30,712,449	128,189
	Non-performing	6,523,555	5,821,602
		<b>37,236,004</b>	<b>5,949,791</b>
	<b>Total</b>	<b>850,675,886</b>	<b>41,243,334</b>
		<b>(Un-audited)</b>	<b>(Audited)</b>
		<b>31 March</b>	<b>31 December</b>
		<b>2024</b>	<b>2023</b>
		<b>(Rupees in '000)</b>	
<b>11.</b>	<b>PROPERTY AND EQUIPMENT</b>		
	Capital work-in-progress	5,753,352	4,293,549
	Property and equipment	63,882,746	63,320,982
		<b>69,636,098</b>	<b>67,614,531</b>
<b>11.1</b>	<b>Capital work-in-progress</b>		
	Civil works	1,843,628	1,756,006
	Advance payment for purchase of equipments	649,778	613,294
	Advance payment towards suppliers, contractors and property	3,212,943	1,879,756
	Consultants' fee and other charges	47,003	44,493
		<b>5,753,352</b>	<b>4,293,549</b>



		(Un-audited)	
		Three months period ended	
		31 March 2024	31 March 2023
		(Rupees in '000)	
<b>11.2</b>	<b>Additions to property and equipment</b>		
	The following additions have been made to property and equipment during the period:		
	<b>Capital work-in-progress</b>	2,520,772	1,171,749
	<b>Property and equipment</b>		
	Leasehold land	567	2,455
	Building on leasehold land	185,172	163,983
	Furniture and fixture	112,150	97,875
	Electrical, office and computer equipment	674,249	371,720
	Vehicles	644,169	530,958
	Improvements to leasehold building	192,652	245,597
		<u>1,808,959</u>	<u>1,412,588</u>
	Total	<u>4,329,731</u>	<u>2,584,337</u>
<b>11.3</b>	<b>Disposal of property and equipment</b>		
	The net book value of property and equipment disposed off during the period is as follows:		
	Furniture and fixture	352	619
	Electrical, office and computer equipment	1,316	1,736
	Vehicles	312	11,928
	Improvements to leasehold building	5,207	5,245
	Total	<u>7,187</u>	<u>19,528</u>
		(Un-audited)	(Audited)
		31 March 2024	31 December 2023
		(Rupees in '000)	
<b>12.</b>	<b>RIGHT-OF-USE ASSETS</b>		
	At 01 January,		
	Cost	18,288,334	17,549,450
	Accumulated depreciation	(6,318,610)	(5,477,832)
	Net carrying amount	<u>11,969,724</u>	<u>12,071,618</u>
	Additions during the period / year	1,394,246	2,362,122
	Deletions during the period / year	(73,687)	(185,932)
	Depreciation charge for the period / year	(599,749)	(2,298,189)
	Other adjustments / transfers	5,840	20,105
	Net carrying amount at the end of the period / year	<u>12,696,374</u>	<u>11,969,724</u>
<b>13.</b>	<b>INTANGIBLE ASSETS</b>		
	Computer software	76,225	129,521
	TRE certificates	2,500	2,500
	Management rights	80,670	80,670
		<u>159,395</u>	<u>212,691</u>



		(Un-audited)	
		Three months period ended	
		31 March 2024	31 March 2023
		(Rupees in '000)	
<b>13.1</b>	<b>Additions to intangible assets</b>		
	Computer software - directly purchased	-	200
		(Un-audited)	(Audited)
		31 March	31 December
		2024	2023
		(Rupees in '000)	
<b>14.</b>	<b>DEFERRED TAX ASSETS</b>		
	<b>Deductible Temporary Differences on</b>		
	Credit loss allowance against diminution in the value of investments	3,767,509	5,851,622
	Credit loss allowance against loans and advances, off-balance sheet, etc.	13,377,265	5,743,307
	Workers' welfare fund	2,854,672	2,648,408
		19,999,446	14,243,337
	<b>Taxable Temporary Differences on</b>		
	Accelerated tax depreciation	(2,046,508)	(2,130,590)
	Surplus on revaluation of securities classified as FVOCI	(643,059)	(1,085,712)
	Surplus on revaluation of property and equipment / non-banking assets	(9,157,927)	(9,234,933)
	Others	(6,069)	(1,290)
		(11,853,563)	(12,452,525)
		8,145,883	1,790,812
<b>15.</b>	<b>OTHER ASSETS</b>		
	Income / mark-up accrued in local currency - net of provision	129,026,694	82,900,496
	Income / mark-up accrued in foreign currencies - net of provision	2,023,385	1,213,568
	Advances, deposits, advance rent and other prepayments	2,043,725	3,428,437
	Non-banking assets acquired in satisfaction of claims	3,849,636	3,862,121
	Mark to market gain on forward foreign exchange contracts	1,870,078	2,322,982
	Acceptances	42,549,473	39,174,104
	Stationery and stamps on hand	1,208,107	1,144,768
	Others	4,318,729	2,836,805
		186,889,827	136,883,281
	Less: Credit loss allowance / provision held against other assets	(623,284)	(7,815)
	Other Assets (net of credit loss allowance / provision)	186,266,543	136,875,466
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	197,882	253,183
	Other Assets-total	186,464,425	137,128,649
<b>15.1</b>	<b>Credit loss allowance / provision held against other assets</b>		
	Mark-up accrued	615,041	-
	Receivable against consumer loans	8,243	7,815
		623,284	7,815



	(Un-audited) 31 March 2024 (Rupees in '000)	(Audited) 31 December 2023
<b>15.1.1 Movement in credit loss allowance / provision held against other assets</b>		
Opening balance	7,815	8,101
Impact of adoption of IFRS 9	464,364	–
ECL charge for the period	150,677	–
Charge for the period / year	1,017	3,664
Reversals for the period / year	(442)	(3,664)
	151,252	–
Amount written off	(147)	(286)
Closing balance	<u>623,284</u>	<u>7,815</u>
<b>16. CONTINGENT ASSETS</b>		
There were no contingent assets of the Group as at 31 March 2024 (31 December 2023: Nil).		
	(Un-audited) 31 March 2024 (Rupees in '000)	(Audited) 31 December 2023
<b>17. BILLS PAYABLE</b>		
In Pakistan	<u>26,009,715</u>	<u>48,083,103</u>
<b>18. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan		
Export refinance scheme	80,083,151	91,978,556
Renewable energy	17,558,096	17,584,226
Long term financing for imported and locally manufactured plant and machinery	29,494,873	30,917,513
Modernisation of small and medium enterprises	896,651	820,084
Women entrepreneurship	47,475	36,843
Financing facility for storage of agricultural produce	958,699	878,318
Temporary economic refinance facility	35,330,921	36,625,315
Refinance facility for combating COVID-19	128,948	155,920
	164,498,814	178,996,775
Repurchase agreement borrowings	294,850,000	297,246,807
<b>Total secured</b>	<u>459,348,814</u>	<u>476,243,582</u>
<b>Unsecured</b>		
Call borrowings	2,000,000	–
Overdrawn nostro accounts	3,962,036	1,194,452
<b>Total unsecured</b>	<u>5,962,036</u>	<u>1,194,452</u>
	<u>465,310,850</u>	<u>477,438,034</u>



## 19. DEPOSITS AND OTHER ACCOUNTS

	31 March 2024 (Un-audited)			31 December 2023 (Audited)		
	In local currency	In foreign currencies	Total (Rupees in '000)	In local currency	In foreign currencies	Total
<b>Customers</b>						
Current deposits	664,620,464	56,807,642	721,428,106	595,309,808	56,445,179	651,754,987
Savings deposits	693,185,728	47,192,659	740,378,387	640,708,283	50,248,962	690,957,245
Term deposits	233,745,420	67,195,388	300,940,808	215,403,093	70,650,094	286,053,187
Current deposits-remunerative	229,691,315	5,162,498	234,853,813	187,912,301	5,250,507	193,162,808
Others	22,065,718	21,985,145	44,050,863	29,720,340	18,887,944	48,608,284
	1,843,308,645	198,343,332	2,041,651,977	1,669,053,825	201,482,686	1,870,536,511
<b>Financial institutions</b>						
Current deposits	6,523,828	1,006,264	7,530,092	10,386,373	515,221	10,901,594
Savings deposits	8,251,011	29	8,251,040	14,166,873	29	14,166,902
Term deposits	1,728,000	476,679	2,204,679	1,483,491	449,568	1,933,059
Current deposits-remunerative	24,815,961	2,082,550	26,898,511	35,219,586	955,619	36,175,205
Others	18,010	-	18,010	18,010	-	18,010
	41,336,810	3,565,522	44,902,332	61,274,333	1,920,437	63,194,770
	1,884,645,455	201,908,854	2,086,554,309	1,730,328,158	203,403,123	1,933,731,281
				(Un-audited) 31 March 2024	(Audited) 31 December 2023	
			Note			
				(Rupees in '000)		
<b>20. LEASE LIABILITIES</b>						
Opening balance				14,633,878	14,213,811	
Additions during the period / year				1,394,246	2,362,122	
Lease payments including interest				(992,050)	(3,295,084)	
Interest expense				479,413	1,568,789	
Disposals during the period / year				(98,647)	(235,905)	
Exchange difference				(1,345)	2,745	
Other adjustment				7,149	17,400	
Closing balance				15,422,644	14,633,878	
<b>20.1 Liabilities Outstanding</b>						
Not later than one year				1,419,901	1,335,632	
Later than one year and upto five years				6,256,191	5,587,474	
Over five years				7,746,552	7,710,772	
Total				15,422,644	14,633,878	
<b>21. SUBORDINATED DEBT - Unsecured</b>						
Term Finance Certificates (TFCs) - VI - (Unquoted)		21.1	7,000,000	7,000,000		
Term Finance Certificates (TFCs) - VII - (Unquoted)		21.2	3,992,000	3,992,000		
Term Finance Certificates (TFCs) - VIII - (Unquoted)		21.3	4,995,000	4,996,000		
Term Finance Certificates (TFCs) - IX - (Unquoted)		21.4	7,000,000	7,000,000		
Term Finance Certificates (TFCs) - X - (Unquoted)		21.5	6,997,200	6,997,200		
			29,984,200	29,985,200		



### 21.1 Term Finance Certificates - VI (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	<b>AA+</b>
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.50% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

### 21.2 Term Finance Certificates-VII (Unquoted)

Issue amount	Rupees 4,000 million
Issue date	December 2018
Maturity date	December 2028
Rating	<b>AAA</b>
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 1.00% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



### 21.3 Term Finance Certificates-VIII (Unquoted)

Issue amount	Rupees 5,000 million
Issue date	September 2021
Maturity date	September 2031
Rating	<b>AAA</b>
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 0.75% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

### 21.4 Term Finance Certificates-IX (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	April 2022
Maturity date	Perpetual
Rating	<b>AA+</b>
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



## 21.5 Term Finance Certificates-X (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2022
Maturity date	December 2032
Rating	<b>AAA</b>
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 1.35% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

	(Un-audited) 31 March 2024	(Audited) 31 December 2023
Note		

(Rupees in '000)

## 22. OTHER LIABILITIES

Mark-up / return / interest payable in local currency		<b>11,295,644</b>	7,172,666
Mark-up / return / interest payable in foreign currencies		<b>1,414,556</b>	1,064,432
Unearned commission and income on bills discounted		<b>2,227,780</b>	1,706,124
Accrued expenses		<b>4,675,299</b>	4,957,186
Acceptances		<b>42,549,473</b>	39,174,104
Unclaimed / dividend payable		<b>1,001,578</b>	921,969
Mark to market loss on forward foreign exchange contracts		<b>1,670,584</b>	2,504,312
Branch adjustment account		<b>1,975,115</b>	3,625,247
Payable to defined benefit plan		<b>2,500,082</b>	2,200,083
Charity payable		<b>71,816</b>	59,665
Credit loss allowance / provision against off-balance sheet items	22.1	<b>3,406,358</b>	226,549
Security deposits against leases / ijarah		<b>9,794,731</b>	9,423,299
Provision for compensated absences		<b>1,822,916</b>	1,719,861
Other security deposits		<b>1,254,935</b>	1,245,904
Workers' welfare fund		<b>5,851,241</b>	5,424,142
Payable to SBP / NBP		<b>5,520,163</b>	10,851,474
Insurance payable		<b>503,205</b>	543,505
Payable against sale of marketable securities on behalf of customers		<b>229,165</b>	369,055
Current taxation		<b>11,426,913</b>	8,506,703
ATM settlement account		<b>3,563,334</b>	2,564,029
Clearing and settlement account		<b>4,147,532</b>	1,585,454
Others		<b>7,486,120</b>	4,757,806
		<b>124,388,540</b>	110,603,569



	(Un-audited) 31 March 2024 (Rupees in '000)	(Audited) 31 December 2023
<b>22.1 Credit loss allowance / provision against off-balance sheet obligations</b>		
Opening balance	226,549	110,059
Impact of adoption of IFRS 9	2,904,001	-
Exchange adjustment	(406)	1,245
ECL charge for the period / year	317,608	7,905
ECL reversal for the period	(41,394)	-
Charge for the year	-	107,390
Reversal for the year	-	(50)
	<u>276,214</u>	<u>115,245</u>
Closing balance	<u>3,406,358</u>	<u>226,549</u>
<b>23. SURPLUS ON REVALUATION OF ASSETS</b>		
Surplus on revaluation of:		
- Securities measured at FVOCI-Debt	785,866	-
- Securities measured at FVOCI-Equity	519,487	-
- Investments	-	2,210,364
- Property and equipment	22,525,618	22,634,109
- Non-banking asset acquired in satisfaction of claims	197,882	253,183
	<u>24,028,853</u>	<u>25,097,656</u>
Deferred tax on surplus on revaluation of:		
- Securities measured at FVOCI-Debt	388,411	-
- Securities measured at FVOCI-Equity	254,649	-
- Investments	-	1,085,712
- Property and equipment	9,135,341	9,188,502
- Non-banking assets acquired in satisfaction of claims	92,932	116,779
	<u>9,871,333</u>	<u>10,390,993</u>
	<u>14,157,520</u>	<u>14,706,663</u>
<b>24. NON-CONTROLLING INTEREST</b>		
Opening balance	125,536	113,694
Profit attributable to non-controlling interest	1,376	2,274
(Loss) / profit on equity attributable to non-controlling interest	(820)	9,568
Closing balance	<u>126,092</u>	<u>125,536</u>
<b>25. CONTINGENCIES AND COMMITMENTS</b>		
Guarantees	25.1 194,652,936	185,470,538
Commitments	25.2 596,362,594	497,808,811
Other contingent liabilities	25.3 4,999,582	5,019,188
	<u>796,015,112</u>	<u>688,298,537</u>
<b>25.1 Guarantees:</b>		
Financial guarantees	31,848,117	28,634,285
Performance guarantees	162,804,819	156,836,253
	<u>194,652,936</u>	<u>185,470,538</u>



	<b>(Un-audited)</b> <b>31 March</b>	<b>(Audited)</b> <b>31 December</b>
Note	<b>2024</b>	<b>2023</b>
	<b>(Rupees in '000)</b>	
<b>25.2 Commitments:</b>		
Documentary credits and short term trade-related transactions		
- letters of credit	<b>313,224,133</b>	287,964,804
Commitments in respect of:		
- forward foreign exchange contracts	25.2.1 <b>276,539,480</b>	204,174,136
- forward lendings	25.2.2 <b>4,030,926</b>	3,955,661
Commitments for acquisition of:		
- Property and equipment	<b>2,568,055</b>	1,714,210
	<b><u>596,362,594</u></b>	<b><u>497,808,811</u></b>
<b>25.2.1 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	<b>161,978,388</b>	123,771,146
Sale	<b>114,561,092</b>	80,402,990
	<b><u>276,539,480</u></b>	<b><u>204,174,136</u></b>
The maturities of above contracts are spread over the periods upto one year.		
<b>25.2.2 Commitments in respect of forward lending</b>	<b><u>4,030,926</u></b>	<b><u>3,955,661</u></b>
These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>31 March</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>(Rupees in '000)</b>	
<b>25.3 Claims against the Bank not acknowledged as debts</b>	<b><u>4,999,582</u></b>	<b><u>5,019,188</u></b>
<b>25.4 Other contingent liabilities</b>		
There is no material change in Bank's tax contingences as disclosed in note 23.4 to the annual consolidated financial statements for the year ended 31 December 2023 except for Deputy Commissioner Inland Revenue (DCIR) has passed an order against Federal Excise Duty levy on certain items pertaining to accounting year 2020 and 2021. This has resulted in aggregate net tax impact of Rs. 52.403 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned orders.		
The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.		



## 26. DERIVATIVE 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 "income from dealing in foreign currencies". Unrealised gains and losses on these contracts are recorded in the statement of financial position under "other assets / other liabilities". These products are offered to the Bank's customers to protect from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter - bank foreign exchange market.

### 26.1 Product Analysis

Counter Parties	31 March 2024 (Un-audited)					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal (Rupees in '000)	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
<b>Banks</b>						
Hedging	31,693,679	69,564	114,094,490	287,886	145,788,169	357,450
<b>Other Entities</b>						
Hedging	130,751,311	(157,956)	–	–	130,751,311	(157,956)
<b>Total</b>						
Hedging	<u>162,444,990</u>	<u>(88,392)</u>	<u>114,094,490</u>	<u>287,886</u>	<u>276,539,480</u>	<u>199,494</u>
	31 December 2023 (Audited)					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal (Rupees in '000)	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
<b>Banks</b>						
Hedging	33,947,415	587,431	67,117,360	775,893	101,064,775	1,363,324
<b>Other Entities</b>						
Hedging	103,109,361	(1,544,654)	–	–	103,109,361	(1,544,654)
<b>Total</b>						
Hedging	<u>137,056,776</u>	<u>(957,223)</u>	<u>67,117,360</u>	<u>775,893</u>	<u>204,174,136</u>	<u>(181,330)</u>



## 26.2 Maturity Analysis

	31 March 2024 (Un-audited)				
	Number of contracts	Notional Principal	Mark to Market		
			Negative (Rupees in '000)	Positive	Net
Upto 1 month	419	139,491,924	(757,389)	746,510	(10,879)
1 to 3 months	686	68,628,587	(675,271)	456,932	(218,339)
3 to 6 months	618	62,458,758	(235,355)	616,184	380,829
6 months to 1 year	58	5,960,211	(2,569)	50,452	47,883
	<b>1,781</b>	<b>276,539,480</b>	<b>(1,670,584)</b>	<b>1,870,078</b>	<b>199,494</b>
			31 December 2023 (Audited)		
Upto 1 month	379	83,672,301	(648,268)	1,093,484	445,216
1 to 3 months	568	72,676,016	(1,330,312)	660,930	(669,382)
3 to 6 months	400	41,419,915	(379,053)	465,153	86,100
6 months to 1 year	340	6,405,904	(146,679)	103,415	(43,264)
	<b>1,687</b>	<b>204,174,136</b>	<b>(2,504,312)</b>	<b>2,322,982</b>	<b>(181,330)</b>

	(Un-audited)	
	Three months period ended	
	31 March 2024	31 March 2023
	(Rupees in '000)	
<b>27. MARK-UP / RETURN / INTEREST EARNED</b>		
Loans and advances	33,815,234	29,311,198
Investments	84,995,203	44,511,436
Deposits with financial institutions	201,004	561,488
Securities purchased under resale agreements	60,935	421,151
	<b>119,072,376</b>	<b>74,805,273</b>

### 27.1 Interest income recognised on:

Financial assets measured at amortised cost	51,797,660
Financial assets measured at fair value through OCI	67,274,716
	<b>119,072,376</b>

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

Deposits	60,422,140	33,887,094
Borrowings from SBP	2,894,700	2,103,697
Subordinated debt	1,724,275	1,322,621
Cost of foreign currency swaps	1,556,356	1,237,473
Repurchase agreement borrowings	15,063,410	10,866,583
Finance charges on leased assets	479,413	364,157
Other borrowings	54,923	398,090
	<b>82,195,217</b>	<b>50,179,715</b>



		(Un-audited)	
		Three months period ended	
	Note	31 March 2024	31 March 2023
(Rupees in '000)			
<b>29. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		543,264	450,749
Investment banking fees		6,427	16,335
Consumer finance related fees		12,531	12,701
Card related fees (debit and credit cards)		786,837	891,445
Credit related fees		126,409	92,934
Commission on trade		1,855,162	1,174,046
Commission on guarantees		261,971	203,750
Commission on cash management		67,629	65,385
Commission on home remittances		451,493	91,301
Management fee		270,524	98,286
Others		50,717	37,262
		<u>4,432,964</u>	<u>3,134,194</u>
<b>30. GAIN ON SECURITIES-NET</b>			
Realised	30.1	48,586	24,537
Unrealised-measured at FVTPL		171,926	-
		<u>220,512</u>	<u>24,537</u>
<b>30.1 Realised gain on:</b>			
Federal Government Securities		79	156
Shares		-	24,381
Mutual Funds		48,507	-
		<u>48,586</u>	<u>24,537</u>
<b>30.2 Net gain on financial assets measured at FVOCI / FVTPL:</b>			
Net gain on investment in securities designated at FVTPL		220,433	-
Net gain on financial assets measured at FVOCI		79	156
Net gain on available for sale investments		-	24,381
		<u>220,512</u>	<u>24,537</u>
<b>31. OTHER INCOME</b>			
Gain on sale of property and equipment-net		313,060	142,356
Recovery of expenses from customers		138,936	94,936
Lockers rent		7,432	5,511
Income on margin financing		6,225	3,168
Profit on PSX exposure		6,095	662
Others		224	1,295
		<u>471,972</u>	<u>247,928</u>



	(Un-audited)	
	Three months period ended	
	31 March 2024	31 March 2023
	(Rupees in '000)	
<b>32. OPERATING EXPENSES</b>		
<b>Total compensation expenses</b>	<b>8,854,020</b>	7,420,441
<b>Property expenses</b>		
Rent and taxes	51,510	58,546
Insurance	3,447	988
Utilities cost	630,871	486,854
Security (including guards)	539,964	426,746
Repair and maintenance (including janitorial charges)	120,357	149,428
Depreciation	973,415	875,404
	<b>2,319,564</b>	1,997,966
<b>Information technology expenses</b>		
Software maintenance	831,606	489,474
Hardware maintenance	159,658	115,542
Depreciation	265,995	207,832
Amortisation	53,346	77,147
Network charges	278,609	168,630
	<b>1,589,214</b>	1,058,625
<b>Other operating expenses</b>		
Directors' fees and allowances	10,055	11,372
Fees and allowances to Shariah Board	7,952	5,760
Insurance	164,458	194,747
Legal and professional charges	146,597	72,774
Outsourced services costs	961,055	877,192
Travelling and conveyance	149,083	99,042
NIFT and other clearing charges	52,874	55,743
Depreciation	602,237	484,034
Repair and maintenance	340,838	509,066
Training and development	20,415	24,252
Postage and courier charges	104,661	89,595
Communication	796,518	265,675
Stationery and printing	372,280	370,523
Marketing, advertisement and publicity	218,014	281,063
Donations	134,750	122,608
Auditors remuneration	6,069	4,068
Commission and brokerage	332,795	250,999
Entertainment and staff refreshment	169,942	132,216
Vehicle running expenses	59,915	58,639
Subscriptions and publications	82,948	91,098
CNIC verification charges	63,823	41,438
Security charges	246,128	139,783
Others	127,606	382,114
	<b>5,171,013</b>	4,563,801
	<b>17,933,811</b>	15,040,833



		<b>(Un-audited)</b>	
		<b>Three months period ended</b>	
		<b>31 March</b>	<b>31 March</b>
		<b>2024</b>	<b>2023</b>
Note		<b>(Rupees in '000)</b>	
<b>33.</b>	<b>OTHER CHARGES</b>		
	Penalties imposed by the State Bank of Pakistan	<u>126,218</u>	<u>70</u>
<b>34.</b>	<b>CREDIT LOSS ALLOWANCE / PROVISIONS / REVERSALS AND WRITE OFFS - NET</b>		
	Reversal of credit loss allowance / provision of diminution in value of investments - net	9.2 (487,706)	(1,000,435)
	Credit loss allowance / provision against loans and advances - net	10.3 6,934,678	19,630
	Credit loss allowance / provision against other assets - net	15.1.1 151,252	361
	Credit loss allowance / provision against off-balance sheet items - net	22.1 276,214	183
	Credit loss allowance against lendings to financial institutions	719	-
	Reversal in credit loss allowance against balance with other banks	(788)	(9)
		<u>6,874,369</u>	<u>(980,270)</u>
<b>35.</b>	<b>TAXATION</b>		
	Current	10,214,446	6,956,995
	Deferred	(924,060)	(908,946)
		<u>9,290,386</u>	<u>6,048,049</u>
<b>36.</b>	<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY</b>		
	Profit for the period-attributable to equity holders of the Holding Company	<u>10,230,698</u>	<u>10,627,760</u>
		<b>(Number)</b>	
	Weighted average number of ordinary shares	<u>1,111,425,416</u>	<u>1,111,425,416</u>
		<b>(Rupees)</b>	
	Basic and diluted earnings per share	<u>9.21</u>	<u>9.56</u>



### 37. FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Federal Government securities	PKRV rates (Reuters page)
Foreign securities	Market prices / Mashreqbank PSC
Listed securities	Prices quoted at Pakistan Stock Exchange Limited
Mutual funds	Net asset values declared by respective funds
Unlisted equity investments	Break - up value as per latest available audited financial statements

Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non-availability of relevant active market for similar assets and liabilities.

#### 37.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

There were no transfers between levels 1 and 2 during the period / year.



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:

31 March 2024 (Un-audited)				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>On balance sheet financial instruments</b>				
<b>Financial assets-measured at fair value</b>				
Investments				
Federal Government Securities	-	1,204,247,056	-	1,204,247,056
Shares - Listed	722,415	-	-	722,415
Non-Government Debt Securities	4,988,560	4,050,594	-	9,039,154
Foreign Securities	-	6,550,243	-	6,550,243
Units of Mutual Funds	-	4,485,998	-	4,485,998
<b>Financial assets-disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	359,771,988	-	359,771,988
Non-Government Debt Securities	-	1,389,736	-	1,389,736
Associates				
Mutual Funds	-	6,250,629	-	6,250,629
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange contracts	-	163,848,466	-	163,848,466
Forward sale of foreign exchange contracts	-	112,890,508	-	112,890,508
31 December 2023 (Audited)				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>On balance sheet financial instruments</b>				
<b>Financial assets-measured at fair value</b>				
Investments				
Federal Government Securities	-	1,108,601,004	-	1,108,601,004
Shares	4,026,024	-	-	4,026,024
Non-Government Debt Securities	4,988,532	4,188,251	-	9,176,783
Foreign Securities	-	5,886,195	-	5,886,195
Units of Mutual Funds	-	4,264,072	-	4,264,072
<b>Financial assets-disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	358,464,148	-	358,464,148
Non-Government Debt Securities	-	1,823,596	-	1,823,596
Associates				
Mutual Funds	-	5,998,107	-	5,998,107
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange contracts	-	122,491,971	-	122,491,971
Forward sale of foreign exchange contracts	-	81,500,835	-	81,500,835



**37.2** Certain fixed assets and non banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuer (level 3 measurement) based on their assessment of the market value.

**37.3** Foreign exchange contracts are valued using exchange rates declared by the State Bank of Pakistan.

### 38. TRUST ACTIVITIES

The Group is not engaged in any trust activities other than holding investments of individuals and entities in its IPS account maintained with the State Bank of Pakistan.

### 39. SEGMENT INFORMATION

The segment analysis with respect to business activity is as follows:

	Three months period ended 31 March 2024 (Un-audited)					Total
	Commercial banking	Retail banking	Retail brokerage	Asset management	Currency exchange	
	(Rupees in '000)					
<b>Profit and loss</b>						
Mark-up / return / profit	114,268,994	4,740,517	9,393	1,225	52,247	119,072,376
Inter segment revenue-net	52,140	37,233,645	-	-	-	37,285,785
Non mark-up / return / interest income	2,151,267	5,444,154	59,164	352,441	(237)	8,006,789
<b>Total income</b>	<b>116,472,401</b>	<b>47,418,316</b>	<b>68,557</b>	<b>353,666</b>	<b>52,010</b>	<b>164,364,950</b>
Segment direct expenses	(61,892,466)	(38,640,754)	(60,797)	(60,688)	(27,631)	(100,682,336)
Inter segment expense allocation	(37,233,645)	-	(4,713)	(20,326)	(27,101)	(37,285,785)
<b>Total expenses</b>	<b>(99,126,111)</b>	<b>(38,640,754)</b>	<b>(65,510)</b>	<b>(81,014)</b>	<b>(54,732)</b>	<b>(137,968,121)</b>
Credit loss allowance	(6,873,794)	(575)	-	-	-	(6,874,369)
<b>Profit / (loss) before tax</b>	<b>10,472,496</b>	<b>8,776,987</b>	<b>3,047</b>	<b>272,652</b>	<b>(2,722)</b>	<b>19,522,460</b>
	<b>As at 31 March 2024 (Un-audited)</b>					
<b>Statement of financial position</b>						
Cash and bank balances	174,521,459	7,904,838	280,077	3,418	1,030,796	183,740,588
Investments	1,596,966,075	-	99,253	1,557,089	-	1,598,622,417
Net inter segment lending	1,923,907	1,371,276,952	-	-	-	1,373,200,859
Lendings to financial institutions	6,963,360	-	-	-	-	6,963,360
Advances - performing	769,951,283	34,838,215	45	1,720	-	804,791,263
- non-performing - net of credit loss allowance	4,583,714	57,575	-	-	-	4,641,289
Others	264,285,712	11,763,114	783,494	183,504	86,351	277,102,175
<b>Total assets</b>	<b>2,819,195,510</b>	<b>1,425,840,694</b>	<b>1,162,869</b>	<b>1,745,731</b>	<b>1,117,147</b>	<b>4,249,061,951</b>
Borrowings	464,961,575	-	349,275	-	-	465,310,850
Subordinated debt	29,984,200	-	-	-	-	29,984,200
Deposits and other accounts	767,876,717	1,318,677,592	-	-	-	2,086,554,309
Net inter segment borrowing	1,371,276,952	-	173,907	750,000	1,000,000	1,373,200,859
Others	60,771,001	104,442,925	435,314	71,568	100,091	165,820,899
<b>Total liabilities</b>	<b>2,694,870,445</b>	<b>1,423,120,517</b>	<b>958,496</b>	<b>821,568</b>	<b>1,100,091</b>	<b>4,120,871,117</b>
Equity	124,325,065	2,720,177	204,373	924,163	17,056	128,190,834
<b>Total equity and liabilities</b>	<b>2,819,195,510</b>	<b>1,425,840,694</b>	<b>1,162,869</b>	<b>1,745,731</b>	<b>1,117,147</b>	<b>4,249,061,951</b>
<b>Contingencies and commitments</b>	<b>507,708,369</b>	<b>168,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>507,877,069</b>



Three months period ended 31 March 2023 (Un-audited)

	Commercial banking	Retail banking	Retail brokerage	Asset management	Currency exchange	Total
	(Rupees in '000)					
<b>Profit and loss</b>						
Mark-up / return / profit	68,655,197	6,139,163	10,453	460	-	74,805,273
Inter segment revenue-net	556	14,829,606	-	-	-	14,830,162
Non mark-up / return / interest income	1,295,611	4,996,729	24,114	132,493	-	6,448,947
Total income	69,951,364	25,965,498	34,567	132,953	-	96,084,382
Segment direct expenses	(47,683,137)	(17,805,346)	(39,998)	(32,092)	-	(65,560,573)
Inter segment expense allocation	(14,829,606)	-	(556)	-	-	(14,830,162)
Total expenses	(62,512,743)	(17,805,346)	(40,554)	(32,092)	-	(80,390,735)
Reversal / (provision)	990,250	(37,965)	27,985	-	-	980,270
Profit before tax	8,428,871	8,122,187	21,998	100,861	-	16,673,917

As at 31 December 2023 (Audited)

<b>Statement of financial position</b>						
Cash and bank balances	139,454,299	8,637,141	379,007	8,498	-	148,478,945
Investments	1,503,074,490	-	100,709	1,313,105	-	1,504,488,304
Net inter segment lending	924,465	1,277,340,122	-	-	-	1,278,264,587
Lendings to financial institutions	1,649,716	-	-	-	-	1,649,716
Advances - performing	810,972,436	50,538,983	49	-	-	861,511,468
- non-performing - net of provision	7,290,737	66,186	-	-	-	7,356,923
Others	205,289,267	12,388,736	851,750	186,654	-	218,716,407
<b>Total assets</b>	2,668,655,410	1,348,971,168	1,331,515	1,508,257	-	4,020,466,350
Borrowings	476,847,568	-	590,466	-	-	477,438,034
Subordinated debt	29,985,200	-	-	-	-	29,985,200
Deposits and other accounts	698,900,979	1,234,830,302	-	-	-	1,933,731,281
Net inter segment borrowing	1,277,340,122	-	174,465	750,000	-	1,278,264,587
Others	62,505,299	110,426,207	364,440	24,604	-	173,320,550
<b>Total liabilities</b>	2,545,579,168	1,345,256,509	1,129,371	774,604	-	3,892,739,652
Equity	123,076,242	3,714,659	202,144	733,653	-	127,726,698
<b>Total equity and liabilities</b>	2,668,655,410	1,348,971,168	1,331,515	1,508,257	-	4,020,466,350
<b>Contingencies and commitments</b>	473,348,064	87,278	-	-	-	473,435,342

#### 40. RELATED PARTY TRANSACTIONS

Related parties of the Group comprise associates, directors, key management personnel and other related parties.

Transactions with related parties of the Group are carried out on arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Group are carried out in accordance with the terms of their employment.



Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

	31 March 2024 (Un-audited)				31 December 2023 (Audited)			
	Directors	Key management personnel	Associates	Other related parties (Rupees in '000)	Directors	Key management personnel	Associates	Other related parties
<b>Investments</b>								
Opening balance	-	-	5,998,107	654,086	-	-	5,533,810	386,597
Investment made during the period / year	-	-	5,189,720	-	-	-	5,426,104	-
Investment adjusted / redeemed / disposed off during the period / year	-	-	(4,937,198)	-	-	-	(4,961,807)	-
Surplus on revaluation	-	-	-	98,296	-	-	-	267,489
Credit loss allowance	-	-	(1,869)	-	-	-	-	-
Closing balance	-	-	6,248,760	752,382	-	-	5,998,107	654,086
<b>Advances</b>								
Opening balance	4,048	345,035	-	1,680,782	1,310	320,774	-	1,023,207
Addition during the period / year	2,618	92,949	-	14,249,664	26,499	277,173	-	31,872,765
Repaid during the period / year	(6,406)	(58,830)	-	(13,549,243)	(23,761)	(252,912)	-	(31,215,190)
Closing balance	260	379,154	-	2,381,203	4,048	345,035	-	1,680,782
<b>Right of use assets</b>	-	-	-	4,088	-	-	-	5,111
<b>Other assets</b>								
Interest / mark-up accrued	-	223	-	109	-	451	-	47,832
L/C acceptances	-	-	-	160,188	-	-	-	207,281
Remuneration receivable from funds	-	-	172,071	-	-	-	169,807	-
Other receivable	-	-	3,324	1,144	-	-	1,905	15
<b>Subordinated debt</b>								
Opening balance	-	-	-	194,000	-	-	-	44,000
issued / purchased during the period / year	-	-	-	-	-	-	-	150,000
Closing balance	-	-	-	194,000	-	-	-	194,000
<b>Deposits and other accounts</b>								
Opening balance	771,493	794,349	19,349,124	9,409,202	569,762	691,575	1,770,411	5,223,723
Received during the period / year	1,938,485	2,449,937	267,285,026	58,607,264	5,549,523	6,766,311	653,642,242	169,329,325
Withdrawn during the period / year	(1,862,127)	(2,325,603)	(279,548,200)	(58,275,602)	(5,347,792)	(6,663,537)	(636,063,529)	(165,143,846)
Closing balance	847,851	918,683	7,085,950	9,740,864	771,493	794,349	19,349,124	9,409,202
<b>Other liabilities</b>								
Interest / mark-up payable	3,930	10,130	-	21,315	921	2,456	-	12,008
Payable to staff retirement fund	-	-	-	2,500,082	-	-	-	2,200,083
Other liabilities	-	29	-	-	-	540	-	-
<b>Contingencies and commitments</b>	-	-	-	1,800,498	-	-	-	1,193,643
<b>Other Transactions - Investor Portfolio Securities</b>								
Opening balance	-	-	-	18,863,500	-	-	-	16,314,700
Increased during the period / year	-	-	-	509,500	-	-	-	20,732,500
Decreased during the period / year	-	-	-	(22,000)	-	-	-	(18,183,700)
Closing balance	-	-	-	19,351,000	-	-	-	18,863,500



#### 40.1 RELATED PARTY TRANSACTIONS

	31 March 2024 (Un-audited)				31 March 2023 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
<b>Income</b>								
Mark-up / return / interest earned	–	5,373	–	47,232	–	4,363	–	27,649
Fee and commission income	39	118	270,862	1,766	19	122	98,346	3,719
Share of profit from associates	–	–	307,880	–	–	–	193,433	–
Dividend income	–	–	–	56,492	–	–	–	–
Other income	–	–	–	82	–	–	–	137
<b>Expense</b>								
Mark-up / return / interest expensed	25,905	36,352	974,124	478,679	16,187	17,666	320,054	218,842
Operating expenses	–	–	–	1,085	–	–	–	1,200
Salaries and allowances	–	294,460	–	–	–	295,201	–	–
Bonus	–	121,809	–	–	–	48,675	–	–
Contribution to defined contribution plan	–	12,954	–	–	–	9,532	–	–
Contribution to defined benefit plan	–	8,766	–	–	–	11,247	–	–
Staff provident fund	–	–	–	267,804	–	–	–	230,755
Staff gratuity fund	–	–	–	300,000	–	–	–	207,000
Directors' fees	9,455	–	–	–	10,730	–	–	–
Donation	–	–	–	6,000	–	–	–	3,000
Insurance premium paid	–	–	–	103,993	–	–	–	196,559
Insurance claims settled	–	–	–	52,403	–	–	–	13,780



#### 41. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 31 March 2024	(Audited) 31 December 2023
	(Rupees in '000)	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital	11,114,254	11,114,254
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	118,362,076	107,694,949
Eligible Additional Tier 1 (ADT 1) Capital	13,161,551	13,064,657
Total Eligible Tier 1 Capital	131,523,627	120,759,606
Eligible Tier 2 Capital	42,810,607	38,633,723
Total Eligible Capital (Tier 1 + Tier 2)	174,334,234	159,393,329
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	812,655,764	776,751,725
Market Risk	30,137,616	23,201,297
Operational Risk	198,314,614	198,314,614
Total	1,041,107,994	998,267,636
Common Equity Tier 1 Capital Adequacy ratio	11.369%	10.788%
Tier 1 Capital Adequacy Ratio	12.633%	12.097%
Total Capital Adequacy Ratio	16.745%	15.967%
<b>Leverage Ratio (LR):</b>		
Eligible Tier 1 Capital	131,523,627	120,759,606
Total Exposures	3,419,945,792	3,216,546,903
Leverage Ratio	3.846%	3.754%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	1,099,645,002	955,708,404
Total Net Cash Outflow	430,790,109	354,045,468
Liquidity Coverage Ratio	255.262%	269.939%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	2,153,313,980	2,004,560,176
Total Required Stable Funding	1,255,369,365	1,226,713,919
Net Stable Funding Ratio	171.528%	163.409%

The Group has applied transitional approach under IFRS-9 as permitted by SBP. The Group's CAR and LR would have been 15.21% & 3.57% respectively, if full impact of IFRS-9 had been applied.



## 42. ISLAMIC BANKING BUSINESS

The Bank is operating with 223 (31 December 2023: 201) Islamic banking branches and 100 (31 December 2023: 138) Islamic banking windows at the end of the period / year.

STATEMENT OF FINANCIAL POSITION	Note	(Un-audited)	(Audited)
		31 March 2024	31 December 2023
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks		19,834,106	15,978,853
Balances with other banks		8,345	8,166
Due from financial institutions		–	–
Investments	42.1	191,705,317	194,105,585
Islamic financing and related assets - net	42.2	110,689,106	114,115,766
Property and equipment		1,454,362	1,306,410
Right-of-use assets		3,746,260	3,528,398
Intangible assets		–	–
Due from Head Office		–	–
Other assets		23,030,697	17,590,335
<b>Total Assets</b>		<b>350,468,193</b>	<b>346,633,513</b>
<b>LIABILITIES</b>			
Bills payable		521,654	500,279
Due to financial institutions		32,774,377	34,472,018
Deposits and other accounts	42.3	246,413,899	255,291,936
Due to Head Office		7,158,626	1,789,573
Lease liabilities		4,547,389	4,296,489
Subordinated debt		–	–
Other liabilities		13,698,651	8,562,932
		<b>305,114,596</b>	<b>304,913,227</b>
<b>NET ASSETS</b>		<b>45,353,597</b>	<b>41,720,286</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		–	–
Surplus on revaluation of assets		1,396,241	1,825,669
Unappropriated profit	42.4	36,357,356	32,294,617
		<b>45,353,597</b>	<b>41,720,286</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	42.5		



PROFIT AND LOSS ACCOUNT	Note	(Un-audited)	
		Three months period ended	
		31 March 2024	31 March 2023
		(Rupees in '000)	
Profit / return earned	42.6	14,534,265	8,314,028
Profit / return expensed	42.7	(7,135,296)	(4,568,710)
<b>Net Profit / return</b>		<b>7,398,969</b>	<b>3,745,318</b>
<b>Other income</b>			
Fee and commission income		361,794	248,769
Dividend income		23,496	13,902
Foreign exchange income		63,789	42,173
Income / (loss) from derivatives		-	-
Loss on securities - net		(490)	-
Other income		27,961	17,470
<b>Total other income</b>		<b>476,550</b>	<b>322,314</b>
<b>Total income</b>		<b>7,875,519</b>	<b>4,067,632</b>
<b>Other expenses</b>			
Operating expenses		(1,984,269)	(1,331,864)
Other charges		(10)	-
<b>Total other expenses</b>		<b>(1,984,279)</b>	<b>(1,331,864)</b>
<b>Profit before credit loss allowance</b>		<b>5,891,240</b>	<b>2,735,768</b>
Credit loss allowance and write offs - net		(162,507)	(319,049)
<b>Profit for the period</b>		<b>5,728,733</b>	<b>2,416,719</b>



	31 March 2024 (Un-audited)				31 December 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
(Rupees in '000)								
<b>42.1 Investments by segments:</b>								
<b>FVTPL</b>								
Units of mutual funds	251,021	-	1,339	252,360	-	-	-	-
<b>FVOCI</b>								
<b>Federal Government Securities</b>								
- Ijarah Sukuks	180,101,244	(2,507)	1,400,056	181,498,793	-	-	-	-
- Neelum Jhelum Hydropower Co Ltd. Sukuk	1,443,750	-	15,337	1,459,087	-	-	-	-
- Islamic Naya Pakistan Certificates	3,907,520	-	-	3,907,520	-	-	-	-
<b>Non Government debt Securities</b>								
- Listed	1,122,000	(275)	1,735	1,123,460	-	-	-	-
- Unlisted	3,285,500	(436)	(20,887)	3,264,177	-	-	-	-
	189,860,014	(3,218)	1,396,241	191,253,037	-	-	-	-
<b>Available-for-sale securities</b>								
<b>Federal Government Securities</b>								
- Ijarah Sukuks	-	-	-	-	180,077,410	-	1,781,739	181,859,149
- Neelum Jhelum Hydropower Co Ltd. Sukuk	-	-	-	-	1,443,750	-	13,811	1,457,561
- Islamic Naya Pakistan Certificates	-	-	-	-	5,769,121	-	-	5,769,121
	-	-	-	-	187,290,281	-	1,795,550	189,085,831
<b>Non Government debt Securities</b>								
- Listed	-	-	-	-	1,122,000	-	1,602	1,123,602
- Unlisted	-	-	-	-	3,363,625	-	(25,374)	3,338,251
	-	-	-	-	4,485,625	-	(23,772)	4,461,853
<b>Shares</b>								
- Listed Companies	-	-	-	-	17,389	(11,535)	3,938	9,792
<b>Units of Mutual Funds</b>								
	-	-	-	-	351,022	(52,866)	49,953	348,109
<b>Associates</b>								
- AL Habib Islamic Cash Fund	100,000	(40)	-	99,960	100,000	-	-	100,000
- AL Habib Islamic Savings Fund	100,000	(40)	-	99,960	100,000	-	-	100,000
	200,000	(80)	-	199,920	200,000	-	-	200,000
<b>Total Investments</b>	<b>190,311,035</b>	<b>(3,298)</b>	<b>1,397,580</b>	<b>191,705,317</b>	<b>192,344,317</b>	<b>(64,401)</b>	<b>1,825,669</b>	<b>194,105,585</b>

#### 42.1.1 Particulars of credit loss allowance

	31 March 2024 (un-audited)			
	State 1	State 2	State 3	Total
(Rupees in '000)				
Non Government debt securities	2,729	489	-	3,218
Associates	80	-	-	80
	<b>2,809</b>	<b>489</b>	<b>-</b>	<b>3,298</b>



	(Un-audited) 31 March 2024	(Audited) 31 December 2023
	(Rupees in '000)	
<b>42.2 Islamic financing and related assets</b>		
Ijarah	3,099,127	3,079,001
Murabaha	18,891,911	17,586,364
Diminishing Musharaka	16,186,553	16,779,105
Istisna	4,360,285	10,282,784
Islamic Long Term Financing Facility (ILTF)	5,034,243	5,241,800
Islamic Refinance for Renewable Energy (IFRE)	2,145,508	2,224,625
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)	6,762,477	6,830,099
Islamic Refinance Facility for Modernization of SMEs (IRFSME)	123,383	52,588
Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)	151,924	157,403
Islamic Export Refinance - Istisna (IERF)	645,967	2,160,467
Musawamah	2,652,231	4,605,689
Islamic Export Refinance - Musawamah	-	6,000
Running Musharaka	5,167,125	2,479,691
Islamic Export Refinance - Running Musharaka	6,958,641	7,166,641
Financing against Bills - Musawamah	5,349,691	5,083,273
Export Finance Scheme (EFS) - Discounting	7,628,985	7,235,359
Staff Financing	2,147,416	2,013,176
Musawamah Inventory	2,543,904	3,076,506
Advance against Istisna	16,216,230	13,554,721
Advance against Istisna-IERF	1,964,499	2,249,152
Advance against Ijarah	165,767	138,636
Advance against Diminishing Musharaka	3,237,290	1,303,776
Advance against IFRE	839,401	666,683
Advance against ITERF	751,795	951,795
Advance against IRFSME	8,057	12,933
Gross Islamic financing and related assets	113,032,410	114,938,267
Less: Credit loss allowance against Islamic financings		
- Stage 1	(541,078)	-
- Stage 2	(972,181)	-
- Stage 3	(830,045)	-
- Specific	-	(772,444)
- General	-	(50,057)
	(2,343,304)	(822,501)
Islamic financing and related assets - net of credit loss allowance	110,689,106	114,115,766



	(Un-audited) 31 March 2024	(Audited) 31 December 2023
	(Rupees in '000)	
<b>42.3 Deposits and Other Accounts</b>		
<b>Customers</b>		
Current deposits	93,942,922	91,394,207
Savings deposits	119,686,081	125,316,032
Term deposits	24,352,891	24,830,685
	<u>237,981,894</u>	<u>241,540,924</u>
<b>Financial institutions</b>		
Current deposits	–	35,468
Savings deposits	8,432,005	13,715,544
	<u>8,432,005</u>	<u>13,751,012</u>
	<u>246,413,899</u>	<u>255,291,936</u>
<b>42.4 Islamic Banking Business Unappropriated Profit</b>		
Opening Balance	32,294,617	14,205,865
Impact on adoption of IFRS 9	(1,657,926)	–
Add: Islamic Banking profit for the period / year	5,728,733	18,088,752
Loss on sale of equity investment - FVOCI	(8,068)	–
Closing Balance	<u>36,357,356</u>	<u>32,294,617</u>
<b>42.5 Contingencies and Commitments</b>		
Guarantees	14,641,376	14,463,377
Commitments	44,051,541	28,717,529
	<u>58,692,917</u>	<u>43,180,906</u>
	(Un-audited)	
	Three months period ended	
	31 March	31 March
	2024	2023
	(Rupees in '000)	
<b>42.6 Profit / Return Earned on Financing, Investments and Placement</b>		
Profit earned on:		
Financing	4,214,304	2,937,860
Investments	10,319,703	5,375,671
Placements	258	497
	<u>14,534,265</u>	<u>8,314,028</u>
<b>42.7 Profit on Deposits and Other Dues Expensed</b>		
Deposits and other accounts	5,967,286	3,503,975
Due to Financial Institutions	579,869	558,266
Due to Head Office	444,277	405,699
Lease liability against right-of-use assets	143,864	100,770
	<u>7,135,296</u>	<u>4,568,710</u>



## **42.8 Profit and Loss Distribution and Pool Management**

### **42.8.1 The number and nature of pools maintained by the Islamic Banking Branches along with their key features and risk and reward characteristics**

#### **General Pool PKR (Mudaraba)**

Deposits which assume minimal risk of loss due to diversified assets being tagged thereto are parked in the general pool. In case of loss in general pool, the loss will be borne by the general pool members.

#### **Special Pool(s) PKR (Mudaraba)**

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

#### **General Pool FCY (Mudaraba)**

In FCY pool, all FCY deposits and investments are parked to share the return among the FCY deposit holders. In case of loss in a FCY general pool, the loss will be borne by the FCY general pool members.

#### **Special Pool(s) FCY (Mudaraba)**

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

#### **Islamic Export Refinance Scheme (IERS) Pool PKR (Musharaka)**

IERS pool is required by SBP to facilitate the exporters under Islamic Export Refinance Scheme.

#### **Equity Pool**

Investments with relatively higher risks such as investment in shares and mutual funds are tagged to the equity pool in order to safeguard the interest of depositors. The Bank as Mudarib in the general pool is responsible for administrative costs and cost of operating fixed assets, which are financed from equity. Furthermore, subsidised financing to employees are also financed from equity as per SBP guidelines.

#### **Special Mudaraba Financing Facility (SMFF) Pool - Open Market Operations (OMO) Injections**

Special Mudaraba Financing Facility (SMFF) Pool for OMO Injection is created to invest the funds exclusively raised from SBP through Islamic Open Market Operations (OMO) in High Quality Assets including securities that are eligible as approved securities for maintaining Statutory Liquidity Requirement (SLR).

#### **Parameters associated with risk and rewards:**

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules and Shariah clearance.



#### **42.8.2 Avenues / sectors of economy / business where Mudaraba based deposits have been deployed**

The Mudaraba based funds have been deployed in the following avenues / sectors / businesses:

- Chemical and pharmaceuticals
- Agribusiness
- Textile
- Sugar
- Shoes and leather garments
- Investment in sukuk
- Production and transmission of energy
- Food and allied except sugar
- Cement
- Financial
- Wheat
- Individuals
- Others (domestic whole sale, engineering goods, plastic product, etc.)

#### **42.8.3 Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components**

The Bank's Islamic Banking Division (IBD) is accepting Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-ul-Maal. The Bank with the prior approval of depositors also commingles its funds with those of depositors.

The funds so generated are invested by the Bank in Shariah compliant modes of financing and investments such as Murabaha, Ijarah, Istisna, Diminishing Musharakah, Running Musharakah, Musawama, Shares, Mutual Funds and Sukuks etc.

The Bank calculates the profit of the pool at every month. Profit is distributed at the Net Income level. Net Income is calculated after deducting direct costs such as Cost of Murabaha, Cost of Takaful, Depreciation on Ijarah Assets, and Amortization of Premium on Sukuks and Loss of Investments directly incurred in deriving that Income.

The net income / loss is being allocated between the Bank's equity and the depositors' fund in proportion to their respective share in pool.

The Bank's profit sharing ratio during the quarter was 50% (2023: 50%) of Net Income and the depositors' profit sharing ratio was 50% (2023: 50%) of Net Income.

After the allocation of Income between the equity holder and depositors the profit is distributed among the account holders on the basis of predetermined weightages, announced by the Bank at the beginning of the month based on their respective category / tiers. In case of loss, Rab-ul-Maal has to bear the loss in the ratio of its investment.

In case of provisioning, the general and specific provisions created against non-performing financing and diminution in the value of investments as under prudential regulations and other SBP directives shall be borne by the IBIs as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.



#### 42.8.4 Mudarib share and HIBA distributed to depositor's pool and specific pool

	31 March 2024 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	8,126,945	3,163,296	38.92%	1,376,145	43.50%
FCY Pool	109,691	91,460	83.38%	13,207	14.44%
	31 March 2023 (Un-audited)				
LCY Pool	4,835,635	1,708,133	35.32%	828,347	48.49%
FCY Pool	36,096	26,608	73.71%	6,672	25.08%

#### 42.8.5 Profit rate earned vs. profit rate distributed to the depositors during the period

	(Un-audited) Three months period ended	
	31 March 2024	31 March 2023
	(Percentage)	
Profit rate earned	19.25%	14.05%
Profit rate distributed	10.56%	8.26%

### 43. GENERAL

43.1 Captions, in respect of which there are no amounts, have not been reproduced in these consolidated condensed interim financial statements, except for captions of the statement of financial position and statement of profit and loss account.

43.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

43.3 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 in accordance with the new format prescribed by SBP.

43.4 The Board of Directors, in its meeting held on 25 April 2024, has announced an interim cash dividend of Rs. 3.50 per share (31 March 2023: Nil).

### 44. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 25 April 2024.

MANSOOR ALI KHAN  
Chief Executive

ASHAR HUSAIN  
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI  
Director

FARHANA MOWJEE KHAN  
Director

ABBAS D. HABIB  
Chairman