

# HBL

Quarterly Report  
March 31, 2024

Enriching Lives



# TABLE OF CONTENTS



Corporate Information 2

## **Condensed Interim Consolidated Financial Statements**

Directors' Review - English	3
Directors' Review - Urdu	6
Condensed Interim Consolidated Statement of Financial Position	12
Condensed Interim Consolidated Profit and Loss Account	13
Condensed Interim Consolidated Statement of Comprehensive Income	14
Condensed Interim Consolidated Statement of Changes in Equity	15
Condensed Interim Consolidated Cash Flow Statement	16
Notes to the Condensed Interim Consolidated Financial Statements	17



## **Condensed Interim Unconsolidated Financial Statements**

Directors' Review - English	52
Directors' Review - Urdu	55
Condensed Interim Unconsolidated Statement of Financial Position	59
Condensed Interim Unconsolidated Profit and Loss Account	60
Condensed Interim Unconsolidated Statement of Comprehensive Income	61
Condensed Interim Unconsolidated Statement of Changes in Equity	62
Condensed Interim Unconsolidated Cash Flow Statement	63
Notes to the Condensed Interim Unconsolidated Financial Statements	64

# Corporate Information

## Board of Directors

### Mr. Sultan Ali Allana

Chairman

### Mr. Shaffiq Dharamshi

Director

### Mr. Moez Ahamed Jamal

Director

### Mr. Salim Raza

Director

### Dr. Najeeb Samie

Director

### Mr. Khaleel Ahmed

Director

### Ms. Saba Kamal

Director

### Mr. Muhammad Nassir Salim

President & CEO

## Chief Financial Officer

Mr. Rayomond H. Kotwal

## Company Secretary

Mr. Uzman Naveed Chaudhary

## Legal Advisors

Mandviwalla and Zafar

Legal Consultants and Advocates

## Auditors

KPMG Taseer Hadi & Co

Chartered Accountants

## Share Registrar

CDC Share Registrar Services Limited

CDC House, 99 – B, Block 'B',

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

Karachi – 74400, Pakistan

Tel: Customer Support Services

(Toll Free) 0800-CDCPL (23275)

Fax: (92-21) 34326053

Email: info@cdcsrsl.com

Website: www.cdcsrsl.com

## HBL Corporate Secretariat

Phone: (92-21) 37137543

Fax: (92-21) 35148370

## Principal Office

Habib Bank Limited

HBL Tower, Plot No. G-4,

KDA Scheme 5, Block 7 Clifton,

Karachi, Pakistan

Phone: (92-21) 33116030

## Registered Office

Habib Bank Limited

9th Floor, Habib Bank Tower,

Jinnah Avenue, Blue Area, Islamabad,

Pakistan

Phone: (92-51) 2270856, (92-51) 2821183

Fax: (92-51) 2872205

## Corporate Website

www.hbl.com

## Internet Banking

www.hbl.com/personal/digital-banking/

hbl-internetbanking

## Konnect

www.hbl.com/konnect

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# Directors' Review

On behalf of the Board of Directors, we are pleased to present the Consolidated Financial Statements for the quarter ended March 31, 2024.

## Macroeconomic Review

Pakistan experienced a broad-based economic recovery in FY'24, with growth and confidence exhibiting a nascent turnaround. Following a contraction in FY'23, GDP is forecasted to grow by around 2% in FY'24. The industrial sector remains subdued with suppressed demand as a result of high interest rates and energy prices; the Large-Scale Manufacturing Index declined by 0.5% during 8MFY'24 compared to the same period last year. Headline inflation has moderated to a 22-month low of 20.7% in Mar'24 from peak levels of 38.0% in May'23 on the back of a stable currency, easing global commodity prices and a high base effect. This led to real interest rates turning positive for the first time since Jan'21. Average inflation for 9MFY'24 was 27.2%, the same level as for 9MFY'23. The SBP has revised its average CPI forecast for FY'24 from 20-22% to 23-25%.

For 8MFY'24, weak demand and easing international commodity prices manifested a 9% contraction in the import bill. Meanwhile exports increased by 10% during the same period, mainly led by food exports. Hence, the overall trade deficit narrowed to USD 13.5 billion, 28% lower than in 8MFY'23. In Q1FY'24, remittances had declined by 20%. The subsequent crackdown on illegal activity and new reforms for exchange companies has fully offset this; remittances for 9MFY'24 showed an increase of 0.9%, with March 2024 posting a 23-month high of nearly \$3 billion. The reduction in the trade deficit, along with stable remittance flows, drove a significant decline in the current account deficit, which reduced by 74% YoY, to USD 1.0 billion in 8MFY'24.

Foreign exchange reserves of \$8 billion remain stable. Pakistan successfully repaid its \$ 1 billion Eurobond at maturity on April 12, 2024. Fitch and Moody's maintained Pakistan's credit rating with a Stable Outlook recognizing stabilization efforts and good performance on the Standby Arrangement (SBA). The second and final review of the SBA was successfully completed with a Staff Level Agreement reached. The newly elected government remains committed to reform efforts, particularly on energy, taxation and privatization of state-owned enterprises and is actively working with the IMF on a successor medium-term program. Improved external buffers and market confidence has led to an appreciation of the Rupee which gained ~1.3% during 2024, currently trading at Rs 278/\$.

The bull run in the equity market, which commenced in Q4'23 has extended into 2024, with the KSE100 Index up 13% as of April 15, 2024 and continuing to break new records, crossing 70,000. Market sentiments remained strong, backed by the formation of a new government, clarity on acceleration of economic reforms under the new Finance Minister and the successful final review under the SBA.

The SBP continued with a status quo approach to the policy rate, keeping it unchanged at its March 2024 meeting. The MPC noted that although inflation had reduced considerably, the absolute level remained high along with upside risks still present. It highlighted that inflation expectations of consumers and businesses remain elevated, emanating from upward adjustments in energy prices and implementation of IMF warranted fiscal measures. Therefore, in order to tame inflation to its target range of 5-7% by Sep'25 a continued tight monetary stance was warranted. In 2024, a 1.6% decline in private sector credit from Dec'23 levels has resulted in a 3.1% fall in banking sector advances as of Mar'24. Industry deposits increased by 1.7% in Q1'24.

## Financial Performance

HLB's consolidated profit before tax of Rs 30.1 billion for Q1'24 has increased by 40% over the same period last year. The performance was underpinned by excellent results in both the domestic and the international businesses. The Bank's profit after tax rose to Rs 15.0 billion, increasing 13% over Q1'23. Earnings per share improved from Rs 9.00 in Q1'23 to Rs 10.37 in Q1'24.

The Bank's balance sheet stood at Rs 5.5 trillion with total deposits growing by Rs 234 billion over Dec'23 to Rs 4.4 trillion. Domestic deposits increased to Rs 3.7 trillion, primarily led by a growth of Rs 115 billion in low-cost deposits. Credit demand has remained muted in the tight monetary policy environment, with domestic advances reducing to Rs 1.3 trillion; total advances of the Bank as at March 31, 2024 were Rs 1.7 trillion. Nevertheless, the Bank's market-leading consumer portfolio remained on a growth trajectory, increasing to Rs 130.0 billion.

The average domestic balance sheet grew by Rs 522 billion to Rs 4.1 trillion; the impact was somewhat diluted by lower margins as market rates have come off their peak, leading to a 6% growth in net interest income over the first quarter of 2023. Strong performance from the international business, supported by wider margins, returned a growth of 27%, bringing the Bank's total net interest income for Q1'24 to Rs 60.5 billion, an increase of 8% over Q1'23. Non-fund income increased to Rs 20.2 billion in Q1'24, driven by HBL's superior fee business which delivered excellent results, growing 27% to Rs 11.9 billion. While the flagship Cards franchise continued to lead the fee growth, the trade and branch banking businesses also posted stellar double-digit increases. HBL's total revenue thus rose by 25%, to Rs 80.7 billion.

Continued high inflation has increased administrative expenses by 18% to Rs 46.2 billion; however, consistent revenue growth has improved the cost to income ratio from 60.8% in Q1'23 to 57.2% in Q1'24. A slowdown in loan growth and higher non-performing loans have induced an uptick in the infection ratio to 5.6%; total coverage remains above 100%.

## Movement of Reserves

	<b>Rupees in million</b>
Unappropriated profit brought forward	221,884
Impact of change in accounting policy	(9,591)
Unappropriated profit brought forward – restated	<u>212,293</u>
Profit attributable to equity holders of the Bank	15,217
Re-measurement gain on defined benefit obligations of associates – net of tax	5
Transferred from surplus on revaluation of assets – net of tax	27
Realised gain on equity investments designated as FVOCI	99
	<u>15,348</u>
Profit available for appropriations	<u>227,641</u>
<b>Appropriations</b>	
Transferred to statutory reserves	(1,525)
Cash dividend – Final 2023	(5,867)
Total appropriations	<u>(7,392)</u>
<b>Unappropriated profit carried forward</b>	<u><u>220,249</u></u>
<b>Earnings per share (Rs)</b>	<u><u>10.37</u></u>

## Capital Ratios

HBL's capital ratios remained strong as internal capital generated by the strong results offset higher risk weighted assets and capital deductions. The Consolidated Tier 1 CAR and the total CAR were maintained at Dec'23 levels of 12.4% and 16.0% respectively.

## Dividend

The Board of Directors, in its meeting held on April 23, 2024, has declared an interim cash dividend of Rs 4.0 per share (40%) for the quarter ended March 31, 2024.

## Future Outlook

Looking ahead, elevated domestic and external financing needs will limit the ability of the government to promote a growth-oriented policy, while the private sector is already facing headwinds from lower domestic demand and rising cost pressures. As a result, we expect growth to remain sluggish for FY'24. Utility prices are on an upswing due to the need to reduce circular debt in the energy chain. While this will provide some upward impetus to inflation, we believe it will be more than offset by the impact of the base effect carry over from last year. While inflation is decelerating and is anticipated to ease off further from Q2'24 onwards, upside risks from geopolitical factors remain.

To overcome Pakistan's macroeconomic imbalances, the focus needs to be on improving governance and successful implementation of necessary reforms. Tax collection has improved over the years, but it is entirely due to over-taxing the already taxed. The government actively needs to introduce new taxation reforms, improve efficiency and broaden the tax base by introducing technology and simplifying the process. Financial support to loss making and inefficient SOEs are a major drag on the fiscal resources of the country and improving governance towards their eventual privatization should be a critical priority. Finally, the importance of graduating from the SBA to a larger and longer Extended Fund Facility cannot be overemphasized as this will provide both the fiscal space as well as the external stability for the Government to carry out much-needed structural reforms.

HBL has demonstrated resilience in a challenging environment, with the strong results a testament to the loyalty of our customers. HBL's digital footprint and presence continues to grow exponentially, from Konnect to cash management to Treasury solutions. Over 4 million users of HBL Mobile and Internet Banking transacted over Rs 1.6 trillion in just the first quarter of 2024. Over the last few years, the Bank has played a pivotal role in strengthening Pakistan's agriculture sector through its unique interventions which have doubled farmer incomes. In Q1'24 HBL formally launched HBL Zarai Services in Burewala, which will provide agriculture extension services to empower farmers and enhance productivity throughout the entire value chain. This is another landmark initiative by HBL and will Insha Allah transform the agriculture landscape of the country. Q1'24 saw the successful conclusion of HBL PSL 9, an event now firmly established on the international cricket calendar; HBL's nearly decade-long support to this major event has played a crucial role in normalizing cricket in Pakistan. In line with our commitment to give back to the community, HBL's employees completed 2,000 volunteering hours in projects from tree planting to clean up drives to blood camps.

Muhammad Aurangzeb, HBL's President and CEO, stepped down from the Bank with effect from March 11, 2024 to take up the position of Minister for Finance and Revenue. HBL is extremely proud of Aurangzeb responding to the call of national service to carry forward the much-needed reform agenda. The Board wishes to place on record its appreciation for his enormous contributions to the Bank and stands firm in its resolve to providing support in the progress of Pakistan. The Board has appointed Muhammad Nassir Salim, who was serving as the Chief Operating Officer, as HBL's President and CEO and wishes him every success in his new role.

## Appreciation and Acknowledgement

On behalf of the Board and management, we would like to place on record our appreciation for the efforts of our regulators and the Government of Pakistan, in particular the State Bank of Pakistan, the Ministry of Finance and the Securities and Exchange Commission of Pakistan. In these unprecedented and challenging times, they have stepped up with policies and measures that are prudent, proactive and balanced, protecting the economy, customers and people of Pakistan, while also safeguarding the integrity and soundness of the banking and financial services industry.

We are indebted to our customers, many of whom have banked with us for generations, and who continue to entrust us with their business and confidence. Our shareholders have provided steadfast support and to them, and to all our stakeholders, we are deeply grateful. The Board and the management remain committed to maintaining the highest standards of governance and we assure our stakeholders that we will be industry leaders in this area.

Lastly, but certainly not the least, we express our deepest appreciation and gratitude to our employees and their families, especially in customer facing units and branches, who continually go the extra mile, even at personal cost, to ensure that our customers are able to meet their critical needs. They are our heroes and heroines and we salute them for their dedication and tireless efforts.

On behalf of the Board

**Muhammad Nassir Salim**  
**President & Chief Executive Officer**

**Moez Ahamed Jamal**  
**Director**

April 23, 2024

## ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2024ء کو ختم ہونے والی پہلی سہ ماہی کے مختصر عبوری مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

### کلیاتی اقتصادیات کا جائزہ

مالی سال 24 میں پاکستان میں وسیع البنیاد معاشی بحالی آئی، جس میں ترقی اور اعتماد میں بہتری نظر آئی۔ مالی سال 23 میں تنگی کے بعد مالی سال 24 میں GDP میں تقریباً 2% اضافے کی پیش گوئی کی گئی ہے۔ شرح سود اور توانائی کی قیمتوں میں اضافے کے نتیجے میں صنعتی شعبہ کی طلب کمزور رہی۔ لارج اسکیل مینوفیکچرنگ انڈیکس میں مالی سال 24 کے 8 ماہ کے دوران گزشتہ سال کے اسی عرصے کے مقابلے میں 0.5% کمی واقع ہوئی۔ مستحکم کرنسی، عالمی اجناس کی قیمتوں میں کمی اور اعلیٰ بنیادی اثرات کی وجہ سے ہیڈ لائن افراط زر مارچ 24 میں 22 ماہ کی کم ترین سطح 20.7% پر آگئی ہے جو مئی 23 میں 38.0% کی بلند ترین سطح پر تھی۔ اس کے نتیجے میں جنوری 2021 کے بعد پہلی بار حقیقی شرح سود مثبت ہوئی۔ مالی سال 24 کے 9 ماہ کے لیے اوسط افراط زر 27.2% تھی جو مالی سال 23 کے 9 ماہ میں بھی یہی تھی۔ اسٹیٹ بینک نے مالی سال 24 کے لیے اپنی اوسط CPI کی پیش گوئی 22-20% سے بڑھا کر 25-23% کر دی ہے۔

مالی سال 24 کے 8 ماہ کے دوران کم طلب اور بین الاقوامی اجناس کی قیمتوں میں کمی سے درآمدی بل میں 9% کمی آئی۔ اس کے علاوہ اسی عرصے کے دوران برآمدات میں 10% اضافہ ہوا جس کی بنیادی وجہ خوراک کی برآمد ہے۔ اس طرح مجموعی تجارتی خسارہ کم ہو کر 13.5 بلین ڈالر رہ گیا جو مالی سال 23 کے 8 ماہ کے مقابلے میں 28% کم ہے۔ مالی سال 24 کی پہلی سہ ماہی میں ترسیلات زر میں 20% کمی واقع ہوئی ہے۔ اس کے بعد غیر قانونی سرگرمیوں کے خلاف کریک ڈاؤن اور ایچ ایچ کمپنیوں کے لیے نئی اصلاحات نے اسے مکمل طور پر ختم کر دیا ہے۔ مالی سال 24 کے 9 ماہ میں ترسیلات زر میں 0.9% اضافہ دیکھا گیا اور مارچ 24 میں ترسیلات زر 23 ماہ کی بلند ترین سطح 3 بلین ڈالر رہیں۔ تجارتی خسارے میں کمی اور ترسیلات زر کے مستحکم بہاؤ کی وجہ سے کرنٹ اکاؤنٹ خسارے میں نمایاں کمی واقع ہوئی جو مالی سال 24 کے 8 ماہ میں سال بہ سال 74% کم ہو کر 1.0 بلین ڈالر رہ گیا۔

8 بلین ڈالر کے زرمبادلہ کے ذخائر مستحکم ہیں۔ پاکستان نے 12 اپریل 2024 کو اپنے ایک بلین ڈالر کے یورو بانڈ کی مچھوڑی پر کامیاب ادائیگی کی۔ فچ اور موڈیز نے اسٹیٹڈ بائی آرٹیکلیمینٹس (SBA) کی اسٹیٹ کام کی کوششوں اور اچھی کارکردگی کو تسلیم کرتے ہوئے مستحکم آؤٹ لک کے ساتھ پاکستان کی کریڈٹ ریٹنگ برقرار رکھی۔ SBA کا دوسرا اور آخری جائزہ اسٹاف لیول ایگریمنٹ کے ساتھ کامیابی سے مکمل ہوا۔ نون منتخب حکومت اصلاحاتی کوششوں بالخصوص توانائی، ٹیکس اور سرکاری اداروں کی نجکاری کے حوالے سے پر عزم ہے اور IMF کے ساتھ مل کر مستقبل کے درمیانی مدت کے پروگرام پر بھرپور کام کر رہی ہے۔ بیرونی بفرز میں بہتری اور مارکیٹ کے اعتماد کی وجہ سے روپے کی قدر میں اضافہ ہوا ہے جو 2024 کے دوران تقریباً 1.3% بڑھ گیا اور اس وقت 278 روپے فی ڈالر پر چل رہا ہے۔

ایکوئی مارکیٹ میں تیزی کارجان جو 23 کی چوتھی سہ ماہی میں شروع ہوا تھا، 2024 تک اس میں اضافہ ہو گیا، 15 اپریل 2024 تک KSE100 انڈیکس میں 13% ہوا اور نئے ریکارڈ ٹوڑتے ہوئے 70,000 سے تجاوز کر گیا۔ نئی حکومت کی تشکیل، نئے وزیر خزانہ کی سربراہی میں معاشی اصلاحات میں تیزی اور SBA کے تحت کامیاب حتی جائزے کی وجہ سے مارکیٹ مضبوط رہی۔

اسٹیٹ بینک نے پالیسی ریٹ کے حوالے سے جوں کا توں رویہ برقرار رکھا اور مارچ 2024 کے اجلاس میں اس میں کوئی تبدیلی نہیں کی۔ MPC نے مشاہدہ کیا کہ اگرچہ افراط زر میں کافی کمی آئی ہے، لیکن مطلق سطح بلند ہے اور اس کے ساتھ ساتھ خطرات اب بھی موجود ہیں۔ رپورٹ میں کہا گیا ہے کہ صارفین اور کاروباری افراط زر کی توقعات بدستور بلند ہیں جو توانائی کی قیمتوں میں اضافے اور IMF کے مالیاتی اقدامات کے نفاذ کی وجہ سے پیدا ہوئی ہیں۔ لہذا افراط زر کو ستمبر 2025 تک 7-5% کے ہدف تک پہنچانے کے لیے سخت مالیاتی موقف ضروری تھا۔ سال 2024 میں نجی شعبے کے قرضوں میں دسمبر 23 کی سطح سے 1.6% کمی واقع ہوئی جس کے نتیجے میں مارچ 24 تک بینکنگ سیکٹر کے قرضوں میں 3.1% کمی واقع ہوئی۔ سال 24 کی پہلی سہ ماہی میں صنعتی ڈپازٹس میں 1.7% اضافہ ہوا۔

### مالیاتی کارکردگی

سال 24 کی پہلی سہ ماہی میں HBL کا قبل از ٹیکس منافع 30.1 بلین روپے رہا جو گزشتہ سال کے اسی عرصے کے مقابلے میں 40% زیادہ ہے۔ اس کارکردگی کی وجہ مقامی اور بین الاقوامی دونوں کاروباروں میں بہترین نتائج تھے۔ بینک کا بعد از ٹیکس منافع سال 23 کی پہلی سہ ماہی کے مقابلے میں 13% اضافے سے 15.0 بلین روپے تک پہنچ گیا۔ فی حصص آمدنی سال 23 کی پہلی سہ ماہی میں 9.00 روپے سے بڑھ کر سال 24 کی پہلی سہ ماہی میں 10.37 روپے ہو گئی۔

بینک کی بیلنس شیٹ 5.5 ٹریلین روپے رہی جس کے مجموعی ڈپازٹس دسمبر 23 کے مقابلے میں 234 بلین روپے بڑھ کر 4.4 ٹریلین روپے ہو گئے۔ مقامی ڈپازٹس بڑھ کر 3.7 ٹریلین روپے تک پہنچ گئے، جس کی بنیادی وجہ کم لاگت کے ڈپازٹس میں 115 بلین روپے کا اضافہ ہے۔ سخت مائیکرو پالیسی کے سبب کریڈٹ کی طلب کم رہی، جس میں مقامی قرضے کم ہو کر 1.3 ٹریلین روپے رہ گئے۔ 31 مارچ 2024 تک بینک کے کل قرضے 1.7 ٹریلین روپے تھے۔ اس کے باوجود بینک کا مارکیٹ لیڈر کنزیومر پورٹ فولیو ترقی کی راہ پر گامزن رہا اور بڑھ کر 130.0 بلین روپے تک پہنچ گیا۔

اوسط ملکی بیلنس شیٹ 522 بلین روپے بڑھ کر 4.1 ٹریلین روپے ہو گئی۔ کم مارجن کی وجہ سے اس کا اثر کسی حد تک کم ہوا کیونکہ مارکیٹ ریٹ اپنے عروج سے واپس آ گئے، جس کی وجہ سے سال 2023 کی پہلی سہ ماہی کے مقابلے میں خالص سودی آمدنی میں 6% اضافہ ہوا ہے۔ بین الاقوامی کاروبار کی مضبوط کارکردگی اور وسیع مارجن کی مدد سے نمو میں 27% اضافہ ہوا جس سے سال 24 پہلی سہ ماہی کے دوران بینک کی مجموعی سودی آمدنی 60.5 بلین روپے تک پہنچ گئی جو سال 23 پہلی سہ ماہی کے مقابلے میں 8% زیادہ ہے۔ HBL کے بہتر فیس بزنس کی وجہ سے سال 24 کی پہلی سہ ماہی میں نان فنڈڈ کم 20.2 بلین روپے تک بڑھ گئی جس کے بہترین نتائج سامنے آئے اور یہ 27% اضافے سے 11.9 بلین روپے تک پہنچ گئی۔ جہاں فلیگ شپ کارڈز فریجیٹس میں اضافے میں آگے رہی وہیں ٹریڈ اور برانچ بینکنگ کے کاروبار میں بھی ڈبل ڈیجٹ میں زبردست اضافہ دیکھنے میں آیا۔ اس طرح HBL کی مجموعی آمدنی 25% اضافے سے 80.7 بلین روپے ہو گئی۔

مستقل مہنگائی کی وجہ سے انتظامی اخراجات 18% بڑھ کر 46.2 بلین روپے ہو گئے۔ تاہم محصولات میں مسلسل اضافے سے لاگت اور آمدنی کا تناسب سال 23 کی پہلی سہ ماہی کے 60.8% سے بہتر ہو کر سال 24 کی پہلی سہ ماہی میں 57.2% ہو گیا ہے۔ قرضوں کی شرح نمو میں سست روی اور نان پرفارمنگ قرضوں کی وجہ سے انفیکشن کی شرح بڑھ کر 5.6% ہو گئی ہے۔ کل کوریج بدستور 100% سے اوپر ہے۔

## ذخائر میں اتار چڑھاؤ

### ملین روپے

221,884
(9,591)
212,293
15,217
5
27
99
15,348
227,641

افتتاحی غیر تخصیص شدہ منافع  
اکاؤنٹنگ پالیسی میں تبدیلی کے اثرات  
افتتاحی غیر تخصیص شدہ منافع کے دوبارہ تخصیص

بینک ایکویٹی کے حامل افراد کے لیے قابل ادائیگی منافع  
ایسوسی ایٹس کے متعین فوائد کی ذمہ داریوں کی دوبارہ پیمائش پر منافع۔ محصول کا خالص  
اثاثہ جات کی دوبارہ تخصیص پر سرپلس سے منتقل شدہ۔ محصول کا خالص  
FVOCI کے طور پر ایکویٹی کی سرمایہ کاری پر موصولہ منافع

مناسب کارروائی کے لیے دستیاب منافع

(1,525)
(5,867)
(7,392)
220,249

مختلف مدوں میں رکھی گئی رقوم:  
قانونی ذخائر میں منتقل شدہ  
نقد منافع منقسمہ۔ حتیٰ 2023  
کل تخصیص  
اختتامی غیر تخصیص شدہ منافع

10.37

فی حصص (شیر) آمدنی (روپے)

## سرمائے کا تناسب

مضبوط نتائج سے پیدا ہونے والے اندرونی سرمائے نے زیادہ خطرے والے اثاثوں اور سرمائے میں کمی کو پورا کیا جس کی وجہ سے HBL کا سرمائے کا تناسب مضبوط رہا۔ بینک کے مجموعی CAR Tier 1، اور کل CAR دسمبر 2023 کی سطح 12.4% اور 16.0% پر بالترتیب برقرار رہے۔



## منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 23 اپریل 2024 کو منعقد ہونے والے اجلاس میں 31 مارچ 2023 کو اختتام پذیر ہونے والی سہ ماہی کے لیے 4.00 روپے فی حصص (40%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

## مستقبل کی صورت حال

مستقبل کو دیکھتے ہوئے، بڑھتی ہوئی مقامی اور بیرونی فنانسنگ کی ضروریات حکومت کی ترقی پر مبنی پالیسی کے فروغ کی صلاحیت محدود کر دیں گی، جبکہ نجی شعبے کو پہلے ہی کم مقامی طلب اور بڑھتی ہوئی لاگت کے دباؤ کے سبب مشکلات کا سامنا ہے۔ اس کے نتیجے میں، توقع ہے کہ مالی سال 24 کے لیے ترقی کی رفتار سست رہے گی۔ انرجی چین میں گردشی قرضوں میں کمی کے لیے پوٹیلٹی کی قیمتوں میں اضافہ ہو رہا ہے۔ اگرچہ اس سے افراط زر میں بھی کچھ اضافہ ہو گا، لیکن ہمیں یقین ہے کہ یہ اثر پچھلے سال کے بنیادی اثرات کی منتقلی سے کہیں زیادہ ہو گا۔ اگرچہ افراط زر میں کمی آرہی ہے اور توقع ہے کہ سال 24 کی دوسری سہ ماہی سے اس میں مزید کمی آئے گی، لیکن جغرافیائی سیاسی عوامل کی وجہ سے خطرات برقرار ہیں۔

پاکستان کے کلیاتی اقتصادی عدم توازن پر قابو پانے کے لیے بہتر گورننس اور ضروری اصلاحات کے کامیاب نفاذ پر توجہ کی ضرورت ہے۔ گزشتہ برسوں کے دوران ٹیکس وصولی میں بہتری تو آئی ہے، لیکن اس کی وجہ پہلے سے ٹیکس دینے والوں پر مزید ٹیکس لگانا ہے۔ حکومت کو نئی ٹیکس اصلاحات متعارف کروانے، کارکردگی میں بہتری اور ٹیکنالوجی کی مدد سے آسان عمل بنا کر ٹیکس بیس وسیع کرنے کی ضرورت ہے۔ خسارے میں چلنے والے اور غیر موثر SOEs کی مالی امداد ملک کے مالی وسائل پر ایک بڑا بوجھ ہے۔ ان کی نچکاری کے لیے گورننس کو بہتر بنانا ایک اہم ترجیح ہونی چاہیے۔ آخر میں، SBA سے آگے بڑھ کر ایک بڑے اور طویل تو سیمی فنڈ کی سہولت کی اہمیت پر اس سے زیادہ زور نہیں دیا جا سکتا کیونکہ اس سے حکومت کو انتہائی اہم سماجی اصلاحات کے لیے مالی گنجائش کے ساتھ ساتھ بیرونی استحکام بھی ملے گا۔

HBL نے ایک چیلنجنگ ماحول میں مضبوط نتائج کے ساتھ ابھرنے کا مظاہرہ کیا ہے، جو ہمارے صارفین کی وفاداری کا ثبوت ہیں۔ HBL کا ڈیجیٹل فٹ پرنٹ اور موجودگی تیزی سے بڑھ رہی ہے، Konnect سے لے کر کیش مینجمنٹ اور ٹریڈری سلوشنز تک۔ HBL موبائل اور انٹرنیٹ بینکنگ کے 40 لاکھ سے زائد صارفین نے 2024 کی پہلی سہ ماہی میں 1.6 ٹریلین روپے سے زائد ٹرانزیکشن کیں۔ گزشتہ چند برسوں کے دوران عالمی بینک نے اپنی منفرد کارروائیوں کے ذریعے پاکستان کے زرعی شعبے کو مضبوط بنانے میں اہم کردار ادا کیا ہے جس سے کسانوں کی آمدنی دوگنی ہو گئی ہے۔ سال 24 کی پہلی سہ ماہی میں HBL نے بورے والا میں HBL زرعی سروسز کا باضابطہ آغاز کیا، جو کسانوں کو بااختیار بنانے اور پوری ویلیو چین میں پیداواری صلاحیت بڑھانے کے لیے زرعی توسیعی خدمات فراہم کریں گی۔ یہ HBL کا ایک اور تاریخی اقدام ہے جو انشاء اللہ ملک کے زرعی منظر نامے کو تبدیل کر دے گا۔ سال 24 کی پہلی سہ ماہی میں HBL PSL9 کا کامیاب اختتام دیکھا گیا، جو اب بین الاقوامی کرکٹ کیلنڈر پر اپنی چھاپ رکھتا ہے۔ HBL کی جانب سے اس اہم ایونٹ کے لیے تقریباً ایک دہائی سے جاری تعاون نے پاکستان میں کرکٹ کو معمول پر لانے میں اہم کردار ادا کیا ہے۔ اپنے معاشرے کی خدمت کے عزم کے مطابق HBL کے ملازمین نے شجرکاری سے لے کر صفائی مہم اور بلڈ کیמپوں تک کے منصوبوں میں 2000 رضاکارانہ گھنٹے مکمل کیے۔

HBL کے صدر اور CEO محمد اورنگزیب نے 11 مارچ 2024 سے بینک سے استعفیٰ دے کر وزیر خزانہ و محصولات کا عہدہ سنبھال لیا۔ HBL کو اس بات پر بے حد فخر ہے کہ اورنگزیب نے انتہائی ضروری اصلاحاتی ایجنڈے کو آگے بڑھانے کے لیے قومی خدمت کا راستہ منتخب کیا۔ بورڈ، بینک کے لیے ان کی گراں قدر خدمات کو خراج تحسین پیش کرنا چاہتا ہے اور پاکستان کی ترقی میں انہیں مدد فراہم کرنے کے عزم پر قائم ہے اور اسے ریکارڈ میں رکھنا چاہتا ہے۔ بورڈ نے چیف آپرٹنگ آفیسر کی حیثیت سے خدمات انجام دینے والے محمد ناصر سلیم کو HBL کا صدر اور CEO مقرر کیا ہے اور ان کے نئے کردار میں کامیابی کے لیے نیک خواہشات کا اظہار کرتا ہے۔

## اظہارِ تشکر

ہم بورڈ کی جانب سے اپنے ریگولیٹرز اور حکومت پاکستان، بالخصوص اسٹیٹ بینک آف پاکستان، وزارت مالیات اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی کاوشوں کا اعتراف کرتے ہیں۔ اس غیر معمولی اور مشکل وقت میں، انہوں نے ایسی پالیسی سازی اور اقدامات کیے جو مصلحت اندیش، اور متوازن ہیں، معیشت، کسٹمرز اور پاکستان کے عوام کی حفاظت کرتے ہیں، اور بینکنگ اور فنانشل سروسز انڈسٹری کی سالمیت اور بہتری کا تحفظ بھی کرتے ہیں۔

ہم اپنے کسٹمرز کے احسان مند ہیں جو نسلوں سے ہمارے ساتھ بیکاری کر رہے ہیں اور اپنے کاروبار اور اعتماد کے حوالے سے ہم پر بھروسہ قائم رکھے ہوئے ہیں۔ ہمارے شیئر ہولڈرز نے ثابت قدمی سے ہمارا ساتھ دیا اور ان کے ساتھ ہم تمام اسٹیٹ ہولڈرز کے بھی انتہائی شکر گزار ہیں۔ بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پُر عزم ہے اور ہم اپنے اسٹیٹ ہولڈرز کو یقین دلاتے ہیں کہ اس خطے میں ہم اپنی کاروباری صنعت میں عروج پر ہوں گے۔

آخر میں، مگر صرف یہی نہیں، ہم اپنے تمام ملازمین اور اُن کے اہل خانہ، بالخصوص کسٹمر کا سامنا کرنے والے یونٹس اور برانچوں میں موجود عملے کے شکر گزار ہیں، جو اپنی پرواہ کیے بغیر مسلسل اپنے فرائض سے بڑھ کر کام کرتے ہوئے ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنا رہے ہیں۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم اُن کے عزم اور انتھک محنت کے لیے انھیں خراج تحسین پیش کرتے ہیں۔

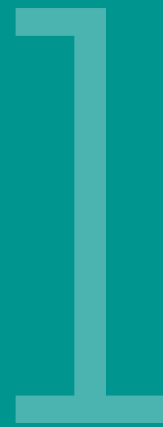
منجانب بورڈ

معین احمد جمال  
ڈائریکٹر

محمد ناصر سلیم  
صدر اور چیف ایگزیکٹو آفیسر

23 اپریل 2024ء





# Consolidated Financial Statements



# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

	Note	(Unaudited) March 31, 2024	(Audited) December 31, 2023
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks	5	507,555,506	547,528,581
Balances with other banks	6	62,366,148	56,603,548
Lendings to financial institutions	7	71,569,018	88,598,160
Investments	8	2,622,887,959	2,562,299,087
Advances	9	1,749,903,269	1,861,344,592
Property and equipment	10	117,793,374	117,239,722
Right-of-use assets	11	24,561,908	24,654,745
Intangible assets	12	23,040,261	22,720,543
Deferred tax assets	13	6,349,272	480,874
Other assets	14	287,162,849	252,878,451
		<b>5,473,189,564</b>	<b>5,534,348,303</b>
<b>LIABILITIES</b>			
Bills payable	15	45,321,857	51,700,823
Borrowings	16	337,435,221	665,042,679
Deposits and other accounts	17	4,375,917,445	4,142,351,836
Lease liabilities	18	31,855,763	30,489,986
Subordinated debt	19	20,374,000	19,699,000
Deferred tax liabilities		-	-
Other liabilities	20	292,458,992	259,043,326
		<b>5,103,363,278</b>	<b>5,168,327,650</b>
		<b>369,826,286</b>	<b>366,020,653</b>
<b>NET ASSETS</b>			
<b>REPRESENTED BY</b>			
<b>Shareholders' equity</b>			
Share capital		14,668,525	14,668,525
Reserves		102,454,846	100,805,157
Surplus on revaluation of assets - net of tax	21	30,274,979	25,857,323
Unappropriated profit		220,248,558	221,883,756
Total equity attributable to the equity holders of the Bank		<b>367,646,908</b>	<b>363,214,761</b>
Non-controlling interest		<b>2,179,378</b>	<b>2,805,892</b>
		<b>369,826,286</b>	<b>366,020,653</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
22			

The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

Muhammad Nassir Salim  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Moez Ahamed Jamal  
Director

Dr. Najeeb Samie  
Director



# CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2024

	January 01 to March 31, 2024	January 01 to March 31, 2023
	(Rupees in '000)	
Mark-up / return / profit / interest earned	24 198,314,445	148,550,841
Mark-up / return / profit / interest expensed	25 137,777,272	92,707,815
Net mark-up / return / profit / interest income	<u>60,537,173</u>	<u>55,843,026</u>
<b>Non mark-up / interest income</b>		
Fee and commission income	26 11,891,918	9,343,721
Dividend income	1,007,077	851,300
Share of profit of associates and joint venture	896,406	809,741
Foreign exchange income	4,087,696	758,696
Income / (loss) from derivatives	2,417,841	(6,160,416)
Loss on securities - net	27 (283,097)	(1,081,291)
Other income	28 148,885	4,054,415
Total non mark-up / interest income	<u>20,166,726</u>	<u>8,576,166</u>
Total income	<u>80,703,899</u>	<u>64,419,192</u>
<b>Non mark-up / interest expenses</b>		
Operating expenses	29 46,194,749	39,195,727
Workers' Welfare Fund	588,286	528,186
Other charges	30 158,496	15,765
Total non mark-up / interest expenses	<u>46,941,531</u>	<u>39,739,678</u>
<b>Profit before credit loss allowance and taxation</b>	<u>33,762,368</u>	<u>24,679,514</u>
Credit loss allowance and write offs - net	31 3,649,085	3,177,377
<b>Profit before taxation</b>	<u>30,113,283</u>	<u>21,502,137</u>
<b>Taxation</b>	32 15,069,700	8,245,438
<b>Profit after taxation</b>	<u>15,043,583</u>	<u>13,256,699</u>
<b>Attributable to:</b>		
Equity holders of the Bank	15,217,216	13,201,051
Non-controlling interest	(173,633)	55,648
	<u>15,043,583</u>	<u>13,256,699</u>
	-----Rupees-----	
<b>Basic and diluted earnings per share</b>	33 <u>10.37</u>	<u>9.00</u>

The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

Muhammad Nassir Salim  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Moez Ahamed Jamal  
Director

Dr. Najeeb Samie  
Director



# CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	January 01 to March 31, 2024	January 01 to March 31, 2023
	(Rupees in '000)	
<b>Profit after taxation for the period attributable to:</b>		
Equity holders of the Bank	15,217,216	13,201,051
Non-controlling interest	(173,633)	55,648
	<b>15,043,583</b>	<b>13,256,699</b>
<b>Other comprehensive income / (loss)</b>		
<i>Items that may be reclassified to the profit and loss account in subsequent periods:</i>		
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	(269,190)	15,760,961
Increase in share of exchange translation reserve of associates - net of tax	394,092	95,134
Movement in surplus / deficit on revaluation of debt investments designated at Fair value through other comprehensive income (FVOCI) - net of tax, attributable to:		
Equity holders of the Bank	3,210,228	-
Non-controlling interest	3,326	-
	<b>3,213,554</b>	<b>-</b>
Movement in surplus / deficit on revaluation of available for sale investments - net of tax, attributable to:		
Equity holders of the Bank	-	(15,090,097)
Non-controlling interest	-	(18,885)
	<b>-</b>	<b>(15,108,982)</b>
Movement in share of surplus / deficit on revaluation of investments of associates - net of tax	(295,310)	(294,677)
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods:</i>		
Movement in share of surplus / deficit on revaluation of property and equipment of associates - net of tax	-	17,853
Movement in surplus / deficit on revaluation of equity investments - net of tax	66,175	-
Share of remeasurement gain on defined benefit obligations of associates - net of tax	5,262	8,720
<b>Total comprehensive income</b>	<b>18,158,166</b>	<b>13,735,708</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Bank	15,052,070	13,698,945
Non-controlling interest	(173,633)	36,763
	<b>18,158,166</b>	<b>13,735,708</b>

The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

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Dr. Najeeb Samie  
Director



# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

## FOR THE THREE MONTHS ENDED MARCH 31, 2024

Share capital	Attributable to shareholders of the Bank						Unappropriated profit	Sub Total	Non-controlling interest	Total		
	Reserves			Capital								
	Statutory	Bank	Exchange translation	Non-distributable	On acquisition of common control entity	Surplus / (deficit) on revaluation of						
	Joint venture and subsidiary					Investments	Property & Equipment / Non Banking Assets					
(Rupees in '000)												
Balance as at December 31, 2022	14,668,525	2,523,824	43,130,076	41,727,023	547,115	(156,706)	(26,064,591)	27,299,960	178,467,639	282,142,865	2,878,949	285,021,814
<b>Comprehensive income for the three months ended March 31, 2023</b>												
Profit after taxation for the three months ended March 31, 2023	-	-	-	-	-	-	-	-	13,201,051	13,201,051	55,648	13,256,699
<b>Other comprehensive income / (loss)</b>												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	15,760,961	-	-	-	-	-	15,760,961	-	15,760,961
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	95,134	-	-	-	-	-	95,134	-	95,134
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	-	8,720	8,720	-	-	8,720
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	(15,090,097)	-	-	(15,090,097)	-	(18,885)	(15,108,982)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	(294,677)	17,853	-	(276,824)	-	-	(276,824)
Transferred to statutory reserves	-	123,564	1,529,989	-	-	(15,384,774)	17,853	13,209,771	13,698,945	36,763	-	13,735,708
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	(82,744)	-	(82,744)	-	-	-
Derecognition of joint venture	-	(1,444,256)	-	(2,181,162)	-	-	2,993	1,441,263	(2,181,162)	-	-	(2,181,162)
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	(7,097)	2,395	234,425	229,723	(229,723)	-
<b>Transactions with owners, recorded directly in equity</b>												
Final cash dividend - Rs 1.50 per share declared subsequent to the year ended December 31, 2022	-	-	-	-	-	-	-	-	(2,200,279)	(2,200,279)	-	(2,200,279)
Balance as at March 31, 2023	14,668,525	1,203,132	44,660,065	55,401,956	547,115	(156,706)	(41,453,469)	27,237,464	189,582,010	291,690,092	2,685,989	294,376,081
<b>Comprehensive income for the nine months ended December 31, 2023</b>												
Profit after taxation for the nine months ended December 31, 2023	-	-	-	-	-	-	-	-	44,474,989	44,474,989	25,728	44,500,717
<b>Other comprehensive income / (loss)</b>												
Effect of translation of net investment in foreign branches, subsidiaries and associates - net of tax	-	-	-	(5,715,858)	-	-	-	-	-	(5,715,858)	-	(5,715,858)
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	389,457	-	-	-	-	-	389,457	-	389,457
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	434,966	434,966	(4,021)	-	430,945
Share of remeasurement loss on defined benefit obligations of associates - net	-	-	-	-	-	-	-	(1,028)	(1,028)	-	-	(1,028)
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	24,134,897	16,000,023	-	40,134,920	98,196	40,233,116	
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	36,611	(24,581)	-	12,030	-	-	12,030
Transferred to statutory reserves	-	90,790	4,155,611	-	-	24,171,508	15,975,442	44,908,927	79,729,476	119,903	79,849,379	
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	(4,246,401)	-	(4,246,401)	-	-	-
Derecognition of joint venture	-	-	-	229,595	-	-	-	73,622	73,622	-	-	229,595
<b>Transactions with owners, recorded directly in equity</b>												
1st interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	-	-	(2,200,279)	(2,200,279)	-	(2,200,279)
2nd interim cash dividend - Rs 2.00 per share	-	-	-	-	-	-	-	-	(2,933,705)	(2,933,705)	-	(2,933,705)
3rd interim cash dividend - Rs 2.25 per share	-	-	-	-	-	-	-	-	(3,300,418)	(3,300,418)	-	(3,300,418)
Balance as at December 31, 2023 - as reported	14,668,525	1,293,922	48,815,676	50,305,150	547,115	(156,706)	(17,281,961)	43,139,284	221,883,756	383,214,761	2,805,892	366,020,653
Change in accounting policy as at January 01, 2024 - note 3.4	-	-	-	-	-	-	1,562,236	-	(9,591,152)	(8,028,916)	(456,207)	(8,485,123)
Balance as at January 01, 2024 - as restated	14,668,525	1,293,922	48,815,676	50,305,150	547,115	(156,706)	(15,719,725)	43,139,284	212,292,604	355,185,845	2,349,685	357,535,530
<b>Comprehensive income for the three months ended March 31, 2024</b>												
Profit after taxation for the three months ended March 31, 2024	-	-	-	-	-	-	-	-	15,217,216	15,217,216	(173,633)	15,043,583
<b>Other comprehensive income / (loss)</b>												
Effect of translation of net investment in foreign branches, subsidiaries and associates - net of tax	-	-	-	(269,190)	-	-	-	-	-	(269,190)	-	(269,190)
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	394,092	-	-	-	-	-	394,092	-	394,092
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	-	5,262	5,262	-	-	5,262
Movement in surplus / deficit on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	-	66,175	-	66,175	-	-	66,175
Movement in surplus / deficit on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	-	3,210,228	-	3,210,228	3,326	3,213,554	
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	(295,310)	-	-	(295,310)	-	-	(295,310)
Transferred to statutory reserves	-	65,289	1,459,498	-	-	2,981,093	-	15,222,478	18,328,473	(170,307)	-	18,158,166
Net realised gain on investments in equity instruments designated at FVOCI - net of tax	-	-	-	-	-	-	(99,174)	-	99,174	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	(26,499)	26,499	-	-	-	-
<b>Transactions with owners, recorded directly in equity</b>												
Final cash dividend - Rs 4.00 per share declared subsequent to the year ended December 31, 2023	-	-	-	-	-	-	-	-	(5,867,410)	(5,867,410)	-	(5,867,410)
Balance as at March 31, 2024	14,668,525	1,359,211	50,275,174	50,430,052	547,115	(156,706)	(12,837,806)	43,112,785	220,248,558	367,646,908	2,179,378	369,826,286

The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

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Director





# CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	January 01 to March 31, 2024	January 01 to March 31, 2023
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	30,113,283	21,502,137
Dividend income	(1,007,077)	(851,300)
Share of profit of associates and joint venture	(896,406)	(809,741)
Mark-up / return / profit / interest expensed on subordinated debt	1,088,714	885,926
	<u>(814,769)</u>	<u>(775,115)</u>
	29,298,514	20,727,022
<b>Adjustments:</b>		
Depreciation	2,640,650	2,313,052
Amortisation	680,315	504,592
Depreciation on right-of-use assets	1,089,301	1,118,813
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	956,534	879,808
Credit loss allowance against investments	226,644	1,579,290
Credit loss allowance against loans and advances	3,400,795	1,218,993
Credit loss allowance against other assets	405	796,200
Charge / (reversal) of credit loss allowance against off-balance sheet obligations	231,936	(255,051)
Unrealised loss on securities designated at fair value through profit and loss (FVTPL)	126,350	-
Unrealised loss on held-for-trading securities	-	372,523
Gain on derecognition of joint venture	-	(3,731,399)
Gain on sale of property and equipment - net	(15,704)	(78,595)
Workers' Welfare Fund	588,286	528,186
	<u>9,925,512</u>	<u>5,246,412</u>
	39,224,026	25,973,434
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	17,029,142	85,851,403
FVTPL securities	(622,504)	-
Held-for-trading securities	-	(73,426,685)
Advances	84,056,195	180,506
Other assets (excluding advance taxation)	(31,244,676)	(62,257,961)
	<u>69,218,157</u>	<u>(49,652,737)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(6,378,966)	(5,779,672)
Borrowings from financial institutions	(327,607,458)	105,292,501
Deposits and other accounts	233,565,609	144,881,225
Other liabilities	25,428,794	61,319,726
	<u>(74,992,021)</u>	<u>305,713,780</u>
	33,450,162	282,034,477
Income tax paid	(16,373,300)	(6,309,160)
<b>Net cash flows generated from operating activities</b>	<u>17,076,862</u>	<u>275,725,317</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment in FVOCI securities	(32,250,336)	-
Net investment in securities carried at Amortised Cost	(10,353,111)	-
Net investment in available-for-sale securities	-	(146,580,833)
Net investment in held-to-maturity securities	-	36,378,178
Net investment in associates	(3,931,734)	(3,947,384)
Dividend received	690,815	585,958
Investment in property and equipment	(3,267,514)	(3,932,714)
Investment in intangible assets	(1,112,449)	(536,957)
Proceeds from sale of property and equipment	32,125	181,497
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	124,902	15,856,095
<b>Net cash flows used in investing activities</b>	<u>(50,067,302)</u>	<u>(101,996,160)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of subordinated debt	675,000	-
Payment of mark-up on subordinated debt	(1,087,352)	(891,174)
Payment of lease liability against right-of-use assets	(803,962)	(1,170,601)
Dividend paid	(3,721)	(4,425)
<b>Net cash flows used in financing activities</b>	<u>(1,220,035)</u>	<u>(2,066,200)</u>
<b>Decrease in cash and cash equivalents during the period</b>	<u>(34,210,475)</u>	<u>171,662,957</u>
Cash and cash equivalents at the beginning of the period	601,189,179	322,350,781
Effect of exchange rate changes on cash and cash equivalents	2,942,950	15,177,627
	<u>604,132,129</u>	<u>337,528,408</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>569,921,654</u>	<u>509,191,365</u>

The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

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Director



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## 1 THE GROUP AND ITS OPERATIONS

The Group consists of:

### Holding company

- Habib Bank Limited, Pakistan

### Subsidiaries

- Habib Allied Holding Limited (HAHL) – 100% shareholding
- HBL Bank UK Limited – 100% effective shareholding
- HBL Currency Exchange (Private) Limited – 100% shareholding
- HBL Asset Management Limited – 100% shareholding
- HBL Microfinance Bank Limited – 79.92% shareholding
- Habib Bank Financial Services (Private) Limited – 100% shareholding
- HBL Zarai Services Limited (HZSL) – 100% shareholding

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Blue Area, Islamabad, Pakistan and its principal office is at HBL Tower, Plot # G-4, KDA Scheme 5, Block 7, Clifton, Karachi, Pakistan. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,728 (December 31, 2023: 1,728) branches inside Pakistan including 408 (December 31, 2023: 408) Islamic Banking Branches and 30 (December 31, 2023: 30) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A. (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

- 1.1 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.
- 1.2 The Bank has entered into an agreement to sell its operations in Mauritius, and will be transferring the business to its new owners in due course, subject to requisite regulatory approvals.
- 1.3 The Bank has commenced an orderly wind-down of its Lebanon operations. Formalities for completion of the wind-down are underway.
- 1.4 After obtaining approval from the Central Bank of Oman for the deregistration of its Oman operations, the Bank had commenced an orderly and phase wise exit. Banking operations were ceased on August 02, 2023 and the remaining formalities required for closure are in progress.
- 1.5 HZSL is an unlisted public limited company, incorporated in Pakistan with its registered office at 4th floor, Habib Bank Tower, Jinnah Avenue, Blue Area, Islamabad, Pakistan. The objective of the company is to promote economic development by supporting the agricultural sector through establishing hubs for providing agricultural services. The company commenced operations on March 14, 2024.

During the year, the Bank has subscribed to 200 million shares issued by HZSL amounting to Rs 2 billion.

## 2 BASIS OF PRESENTATION

### 2.1 STATEMENT OF COMPLIANCE

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

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

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



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

2.2 The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 2 dated February 09, 2023 and IAS 34. These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

## 2.3 New standards and amendments to existing accounting and reporting standards that have become effective in the current year

As directed by SBP via BPRD Circular letter no. 7 of 2023, IFRS 9, Financial Instruments is effective for periods beginning on or after January 1, 2024. IFRS 9 has been applicable in several overseas jurisdictions at various effective dates starting from January 1, 2018. The requirements of this standard are already incorporated in the Group's financial statements for the jurisdictions where IFRS 9 has been adopted. The results of those overseas operations where IFRS 9 is not applicable will be directly incorporated in the Group's financial statements as per the respective host country's regulations, for the year ending December 31, 2024.

Except for the implementation of IFRS 9 in Pakistan, as discussed in note 3.1, the Bank expects that amendments to existing accounting and reporting standards will not affect its financial statements in the period of initial application.

## 2.4 Amendments to existing accounting and reporting standards that are not yet effective

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

## 2.5 Critical accounting estimates and judgements

The basis for accounting estimates and judgements adopted in the preparation of these condensed interim consolidated financial statements is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2023, except for changes as discussed in note 3.2 and 3.3.

## 3 MATERIAL ACCOUNTING POLICY INFORMATION

Except as disclosed in note 3.1, the material accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2023. The key changes to the Bank's accounting policies resulting from its adoption of IFRS 9 are summarized below:

### 3.1 IFRS 9 Financial Instruments

#### 3.1.1 Classification of Financial Assets

The Group classifies its financial assets, other than its investments in subsidiaries and associates, into the following categories

- at Fair Value through Profit and Loss (FVTPL)
- at Fair Value through Other Comprehensive Income (FVOCI)
- at Amortised Cost

#### Classification of Equity instruments

Equity securities that are traded in an active market and are held for trading purposes will be classified as FVTPL. Equity securities that are not held for trading purposes will be classified as FVOCI; however, gains and losses on disposal of securities classified as FVOCI will not be recycled through the profit and loss account. The classification decision is made on a case by case basis at the time of purchase, is documented, and is irrevocable.

#### Classification of other Financial Assets

Financial Assets other than equity will be classified based on their cash flow characteristics and business model assessment:

- **Amortised Cost:** These will be classified as amortised cost if the objective is to hold the asset only for collecting contractual cash flows (principal and interest).
- **FVOCI:** These will be classified at FVOCI when the objective is to collect contractual cash flows (principal and interest) and also to potentially sell the same depending on market conditions. Any unrealized profit or loss on debt instruments classified as FVOCI is reflected in other comprehensive income and is recycled through the profit and loss account when the investment is sold.
- **FVTPL:** This includes financial assets:
  - a. which are not classified as either at amortised cost or FVOCI
  - b. which do not have a fixed maturity



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## Subsequent Measurement

### Equity and debt securities classified as FVTPL

These securities are subsequently measured at fair value. Changes in the fair value of these securities are taken through the profit and loss account.

### Equity and debt securities classified as FVOCI

These securities are subsequently measured at fair value. Changes in the fair value of these securities are recorded in OCI. When a debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account. When an equity security is derecognised, gains and losses previously recognised in OCI are not recycled through the profit and loss account but are transferred directly to retained earnings.

### Other financial assets classified at amortised cost

Other financial assets initially classified at amortised cost continue to be subsequently measured at amortised cost.

## 3.1.2 Classification of Financial Liabilities

Financial liabilities are either classified at FVTPL, when they are held for trading purposes, or at amortised cost. Financial liabilities classified as FVTPL are measured at fair value.

Financial liabilities classified at amortised cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

## 3.1.3 Impairment

An ECL provision will be calculated on financial assets designated at FVOCI or at Amortised cost in accordance with the requirements of IFRS 9 and the guidelines issued by the SBP. Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL Framework.

Equity securities are not subject to impairment.

## 3.1.4 Transitional Impact

The Bank has elected to follow the modified retrospective approach for restatement i.e. comparative figures have not been restated on the initial application of IFRS 9. Instead, the cumulative impact has been recorded as an adjustment to equity as of January 01, 2024. Accordingly, the information presented as of December 31, 2023 and for the period ended March 31, 2023 does not reflect the requirements of IFRS 9.

The following table reconciles the original measurement and carrying amounts of financial instruments in accordance with the previous financial reporting framework with the new measurement categories for the Group.

Financial Assets / Liabilities	Previous classification	Classification under IFRS 9	Carrying amount as of December 31, 2023	Change in classification	Fair valuation of unlisted securities	ECL	Carrying amount as of January 01, 2024
----- (Rupees in '000) -----							
Cash and balances with treasury banks	Cost	Amortised Cost	547,528,581	-	-	-	547,528,581
Balances with other banks	Cost	Amortised Cost	56,603,548	-	-	(991)	56,602,557
Lendings to financial institutions	Cost	Amortised Cost	88,598,160	-	-	(8)	88,598,152
Investments							
Held for Trading	HFT	FVTPL	240,643,944	15,911,835	5,437,373	-	261,993,152
Available for Sale	AFS	FVOCI	1,825,859,417	(15,911,835)	4,935,570	(458,275)	1,814,424,877
Held to Maturity	HTM	Amortised Cost	459,663,103	-	-	(11,312)	459,651,791
Associates	Associates	Associates	36,132,623	-	-	-	36,132,623
Advances	Cost	Amortised Cost	1,861,344,592	-	-	(23,984,333)	1,837,360,259
Other assets	Cost	Amortised Cost	240,082,274	-	-	(53,536)	240,028,738
Derivatives and forward foreign exchange contracts	Fair value	FVTPL	2,653,977	-	-	-	2,653,977
<b>Total Financial Assets</b>			<b>5,359,110,219</b>	<b>-</b>	<b>10,372,943</b>	<b>(24,508,455)</b>	<b>5,344,974,707</b>
Bills payable	Cost	Amortised Cost	51,700,823	-	-	-	51,700,823
Borrowings	Cost	Amortised Cost	665,042,679	-	-	-	665,042,679
Deposits and other accounts	Cost	Amortised Cost	4,142,351,836	-	-	-	4,142,351,836
Subordinated debt	Cost	Amortised Cost	19,699,000	-	-	-	19,699,000
Other liabilities	Cost	Amortised Cost	232,559,401	-	-	1,691,810	234,251,211
Derivatives, forward foreign exchange contracts and liabilities against trading of securities	Fair value	FVTPL	30,820,387	-	-	-	30,820,387
<b>Total Financial Liabilities</b>			<b>5,142,174,126</b>	<b>-</b>	<b>-</b>	<b>1,691,810</b>	<b>5,143,865,936</b>
<b>Net Financial Assets</b>			<b>216,936,093</b>	<b>-</b>	<b>10,372,943</b>	<b>(26,200,265)</b>	<b>201,108,771</b>
Net Non Financial Assets			149,084,560	-	-	-	149,084,560
<b>Total Net Assets</b>			<b>366,020,653</b>	<b>-</b>	<b>10,372,943</b>	<b>(26,200,265)</b>	<b>350,193,331</b>



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## 3.2 Measurement of the expected credit loss allowance and fair valuation of unlisted equity securities

The measurement of the ECL allowance for financial assets measured at amortised cost and at FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such

- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purpose of measuring ECL;
- Establishing the number and relative weightages of forward-looking macroeconomic scenarios for each segment and the associated ECL; and
- Determining whether an asset shows a significant increase in credit risk

## 3.3 Fair valuation of unlisted equity securities

The measurement of the fair value of investments in unquoted equity securities involves the use of different methodologies and assumptions. The Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation techniques incorporate all the factors that market participants would consider in pricing a transaction.

When observable inputs are not readily available, the fair value is determined using valuation techniques that include the use of mathematical models.

## 3.4 Reconciliation of retained earnings and surplus on revaluation of investments

The impact of the transition to IFRS 9 on the retained earnings and the surplus on revaluation of investments as at January 01, 2024 is as follows:

### Retained earnings

Closing balance as at December 31, 2023 - as reported

(Rupees in '000)

221,883,756

IFRS 9 ECL attributable to equity holders of the Bank

(25,452,385)

Adjustments in relation to fair valuation of unlisted equity securities

5,437,373

Transfer out - Other impacts on adoption of IFRS 9

1,872,360

Deferred tax in relation to the above

8,551,500

(9,591,152)

Closing balance as at January 01, 2024 under IFRS 9 - as restated

212,292,604

### Surplus on revaluation of investments

Closing balance as at December 31, 2023 - as reported

(17,281,961)

Adjustments in relation to fair valuation of unlisted equity securities

4,935,570

Transfer in - Other impacts on adoption of IFRS 9

(1,872,360)

Deferred tax in relation to the above

(1,500,974)

1,562,236

Closing balance as at January 01, 2024 under IFRS 9 - as restated

(15,719,725)

## 4 FINANCIAL RISK MANAGEMENT

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



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Note	(Unaudited) March 31, 2024	(Audited) December 31, 2023
(Rupees in '000)			
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		64,468,324	63,349,493
Foreign currencies		8,229,446	11,447,241
		<u>72,697,770</u>	<u>74,796,734</u>
With State Bank of Pakistan in			
Local currency current accounts		180,563,282	181,431,231
Foreign currency current accounts		12,563,158	12,284,194
Foreign currency deposit accounts		25,578,867	25,275,511
		<u>218,705,307</u>	<u>218,990,936</u>
With other central banks in			
Foreign currency current accounts		67,836,526	72,585,029
Foreign currency deposit accounts		49,597,259	32,466,191
		<u>117,433,785</u>	<u>105,051,220</u>
With National Bank of Pakistan in			
Local currency current accounts		96,802,203	147,163,939
Local currency deposit account		1,660,673	1,207,332
		<u>98,462,876</u>	<u>148,371,271</u>
National Prize Bonds		255,768	318,420
		<u>507,555,506</u>	<u>547,528,581</u>
<b>6 BALANCES WITH OTHER BANKS</b>			
In Pakistan			
In current accounts		176,845	275,804
In deposit accounts		450,406	3,299,072
		<u>627,251</u>	<u>3,574,876</u>
Outside Pakistan			
In current accounts		31,049,331	31,783,584
In deposit accounts		30,690,558	21,245,088
		<u>61,739,889</u>	<u>53,028,672</u>
Less: credit loss allowance		(991)	-
Balances with other banks - net of credit loss allowance		<u>62,366,148</u>	<u>56,603,548</u>
<b>7 LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		31,300,000	17,000,000
Repurchase agreement lendings (reverse repo)		40,269,026	71,598,160
		<u>71,569,026</u>	<u>88,598,160</u>
Less: credit loss allowance	7.1	(8)	-
Lendings to financial institutions - net of credit loss allowance		<u>71,569,018</u>	<u>88,598,160</u>
7.1 Lendings to financial institutions are all classified as Stage 1			



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## 8 INVESTMENTS

Note	March 31, 2024 (Unaudited)				December 31, 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value

(Rupees in '000)

### 8.1 Investments by type

#### Fair value through profit and loss (FVTPL)

<b>Federal Government securities</b>								
- Market Treasury Bills	70,045,239	-	(130,051)	69,915,188	-	-	-	-
- Pakistan Investment Bonds	139,185,230	-	(42,240)	139,142,990	-	-	-	-
- Ijarah Sukuk	13,018,917	-	134,665	13,153,582	-	-	-	-
- Other Federal Government securities	3,727,205	-	-	3,727,205	-	-	-	-
<b>Shares</b>								
- Listed companies	860,942	-	(20,194)	840,748	-	-	-	-
- Unlisted companies	8,791,178	-	-	8,791,178	-	-	-	-
<b>Non-Government debt securities</b>								
- Listed	1,891,233	-	6,157	1,897,390	-	-	-	-
- Unlisted	1,632,625	-	(19)	1,632,606	-	-	-	-
<b>Foreign securities</b>								
- Government debt securities	2,852,214	-	(34,768)	2,817,446	-	-	-	-
<b>Preference shares</b>								
- Listed	877,400	-	(39,900)	837,500	-	-	-	-
- Unlisted	30,151	-	-	30,151	-	-	-	-
<b>Real Estate Investment Trust units - Unlisted</b>	<b>3,258,464</b>	<b>-</b>	<b>-</b>	<b>3,258,464</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	246,170,798	-	(126,350)	246,044,448	-	-	-	-

#### Held for trading (HFT) securities

<b>Federal Government securities</b>								
- Market Treasury Bills	-	-	-	-	88,950,384	-	(34,842)	88,915,542
- Pakistan Investment Bonds	-	-	-	-	140,840,320	-	100,654	140,940,974
- Ijarah Sukuk	-	-	-	-	7,497,896	-	296,498	7,794,394
<b>Shares</b>								
- Listed companies	-	-	-	-	109,681	-	(1,994)	107,687
<b>Foreign securities</b>								
- Government debt securities	-	-	-	-	2,965,340	-	(79,993)	2,885,347
	-	-	-	-	240,363,621	-	280,323	240,643,944

#### Fair value through other comprehensive income (FVOCI)

<b>Federal Government securities</b>								
- Market Treasury Bills	195,839,354	-	(163,185)	195,676,169	-	-	-	-
- Pakistan Investment Bonds	1,176,928,347	-	(25,746,810)	1,151,181,537	-	-	-	-
- Ijarah Sukuk	243,917,629	-	(848,220)	243,069,409	-	-	-	-
- Government of Pakistan US Dollar Bonds	20,330,887	(2,880,724)	1,778,800	19,228,963	-	-	-	-
<b>Shares</b>								
- Listed companies	18,373,675	-	(2,316,079)	16,057,596	-	-	-	-
- Unlisted companies	1,018,949	-	4,753,333	5,772,282	-	-	-	-
<b>Non-Government debt securities</b>								
- Listed	50,009,431	(1,533,092)	147,452	48,623,791	-	-	-	-
- Unlisted	995,383	(404,365)	12,655	603,673	-	-	-	-
<b>Foreign securities</b>								
- Government debt securities	185,360,086	(1,928,167)	(290,255)	183,141,664	-	-	-	-
- Non-Government debt securities - Listed	4,803,831	(1,333,143)	(18,092)	3,452,596	-	-	-	-
- Equity securities - Unlisted	9,437	-	44,874	54,311	-	-	-	-
<b>National Investment Unit Trust units</b>	<b>11,113</b>	<b>-</b>	<b>41,424</b>	<b>52,537</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Real Estate Investment Trust units - Listed</b>	<b>55,000</b>	<b>-</b>	<b>16,700</b>	<b>71,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	1,897,653,122	(8,079,491)	(22,587,403)	1,866,986,228	-	-	-	-



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## 8 INVESTMENTS - continued

Note	March 31, 2024 (Unaudited)				December 31, 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
<b>Available for sale (AFS) securities</b>								
<b>Federal Government securities</b>								
- Market Treasury Bills	-	-	-	-	223,051,810	-	133,734	223,185,544
- Pakistan Investment Bonds	-	-	-	-	1,142,589,290	-	(28,598,476)	1,113,990,814
- Ijarah Sukuk	-	-	-	-	214,469,251	-	(992,900)	213,476,351
- Government of Pakistan US Dollar Bonds	-	-	-	-	20,607,015	(3,015,329)	(307,522)	17,284,164
- Other Federal Government securities	-	-	-	-	5,543,158	-	-	5,543,158
<b>Shares</b>								
- Listed companies	-	-	-	-	18,346,143	(1,355,890)	(573,899)	16,416,354
- Unlisted companies	-	-	-	-	5,372,888	(137,414)	-	5,235,474
<b>Non-Government debt securities</b>								
- Listed	-	-	-	-	52,313,888	(1,288,294)	(1,410,827)	49,614,767
- Unlisted	-	-	-	-	2,654,051	(403,050)	(16,875)	2,234,126
<b>Foreign securities</b>								
- Government debt securities	-	-	-	-	172,850,072	(1,920,274)	(271,538)	170,658,260
- Non-Government debt securities - Listed	-	-	-	-	7,059,589	(1,423,946)	(35,025)	5,600,618
- Equity securities - Unlisted	-	-	-	-	9,701	(239)	-	9,462
<b>National Investment Unit Trust units</b>								
- Listed	-	-	-	-	11,113	-	39,632	50,745
<b>Real Estate Investment Trust units</b>								
- Listed	-	-	-	-	55,000	-	13,700	68,700
- Unlisted	-	-	-	-	1,575,000	-	-	1,575,000
<b>Preference shares</b>								
- Listed	-	-	-	-	744,400	-	133,000	877,400
- Unlisted	-	-	-	-	354,985	(316,505)	-	38,480
	-	-	-	-	1,867,607,354	(9,860,941)	(31,886,996)	1,825,859,417
<b>Amortised cost</b>								
<b>Federal Government securities</b>								
- Market Treasury Bills	117,087,724	-	-	117,087,724	-	-	-	-
- Pakistan Investment Bonds	302,285,557	-	-	302,285,557	-	-	-	-
- Ijarah Sukuk	5,000,000	-	-	5,000,000	-	-	-	-
- Government of Pakistan US Dollar Bonds	6,371,641	(402,551)	-	5,969,090	-	-	-	-
<b>Non-Government debt securities</b>								
- Listed	899,380	(4,294)	-	895,086	-	-	-	-
- Unlisted	23,581,601	(541,102)	-	23,040,499	-	-	-	-
<b>Foreign Securities</b>								
- Government debt securities	15,166,875	(15,536)	-	15,151,339	-	-	-	-
- Non-Government debt securities - Unlisted	46,265	-	-	46,265	-	-	-	-
	470,439,043	(963,483)	-	469,475,560	-	-	-	-
<b>Held to maturity (HTM) securities</b>								
<b>Federal Government securities</b>								
- Market Treasury Bills	-	-	-	-	111,663,463	-	-	111,663,463
- Pakistan Investment Bonds	-	-	-	-	301,830,350	-	-	301,830,350
- Government of Pakistan US Dollar Bonds	-	-	-	-	6,435,791	(408,218)	-	6,027,573
<b>Non-Government debt securities</b>								
- Listed	-	-	-	-	1,899,450	-	-	1,899,450
- Unlisted	-	-	-	-	23,419,101	-	-	23,419,101
<b>Foreign Securities</b>								
- Government debt securities	-	-	-	-	14,663,737	-	-	14,663,737
- Non-Government debt securities - Unlisted	-	-	-	-	174,040	(14,611)	-	159,429
	-	-	-	-	460,085,932	(422,829)	-	459,663,103
<b>Investments in associates</b>	42,586,166	-	(2,204,443)	40,381,723	37,758,026	-	(1,625,403)	36,132,623
<b>Total Investments</b>	<u>2,656,849,129</u>	<u>(9,042,974)</u>	<u>(24,918,196)</u>	<u>2,622,887,959</u>	<u>2,605,814,933</u>	<u>(10,283,770)</u>	<u>(33,232,076)</u>	<u>2,562,299,087</u>





# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

(Unaudited) (Audited)  
March 31, December 31,  
2024 2023  
(Rupees in '000)

## 8.1.1 Investments given as collateral

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

### Federal Government securities

- Market Treasury Bills

19,522,558 30,947,292

- Pakistan Investment Bonds

37,943,253 336,459,407

### Foreign securities

- Government debt securities

208,193 -

57,674,004 367,406,699

8.2 The market value of investments classified as amortised cost amounted to Rs 440,134.766 million.

(Unaudited) (Audited)  
March 31, December 31,  
2024 2023  
(Rupees in '000)

## 8.3 Credit loss allowance for diminution in value of investments

Opening balance

10,283,770 8,924,913

Impact of adoption of IFRS 9

(1,340,461) -

Exchange adjustment

(126,979) 1,542,961

Charge / (reversal)

Charge for the period / year

272,596 2,424,752

Reversal for the period / year

(45,952) (1,658,491)

Reversal on disposal during the period / year

- (950,365)

Net charge / (reversal)

226,644 (184,104)

Closing balance

9,042,974 10,283,770

## 8.4 Particulars of credit loss allowance against debt securities

(Unaudited)  
March 31, 2024

### Category of classification

Outstanding amount Credit loss allowance held  
----- (Rupees in '000) -----

#### Domestic

Performing

2,303,823,682 422,562

Underperforming

2,662,500 200,024

Non-performing

Loss

395,383 395,383

2,306,881,565 1,017,969

#### Overseas

Performing

199,322,910 138,520

Under performing

46,864,416 5,172,633

Non-performing

Loss

2,713,852 2,713,852

248,901,178 8,025,005

Total

2,555,782,743 9,042,974



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

9	ADVANCES	Note	Performing		Non - performing		Total	
			(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
			March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
----- (Rupees in '000) -----								
	Loans, cash credits, running finances, etc.		1,423,057,095	1,494,700,962	85,966,651	80,835,932	1,509,023,746	1,575,536,894
	Islamic financing and related assets	38.3	200,599,969	208,404,435	10,095,674	11,309,850	210,695,643	219,714,285
	Bills discounted and purchased		148,797,418	159,652,327	9,678,974	9,753,378	158,476,392	169,405,705
	Advances - gross		<u>1,772,454,482</u>	<u>1,862,757,724</u>	<u>105,741,299</u>	<u>101,899,160</u>	<u>1,878,195,781</u>	<u>1,964,656,884</u>
	Credit loss allowance against advances							
	- Stage 1		(12,248,241)	-	-	-	(12,248,241)	-
	- Stage 2		(19,155,214)	-	-	-	(19,155,214)	-
	- Stage 3	9.3	-	-	(84,327,386)	-	(84,327,386)	-
	Specific		-	-	(4,305,851)	(84,920,073)	(4,305,851)	(84,920,073)
	General		(8,255,820)	(18,392,219)	-	-	(8,255,820)	(18,392,219)
			<u>(39,659,275)</u>	<u>(18,392,219)</u>	<u>(88,633,237)</u>	<u>(84,920,073)</u>	<u>(128,292,512)</u>	<u>(103,312,292)</u>
	Advances - net of credit loss allowance		<u>1,732,795,207</u>	<u>1,844,365,505</u>	<u>17,108,062</u>	<u>16,979,087</u>	<u>1,749,903,269</u>	<u>1,861,344,592</u>

		(Unaudited)	(Audited)
		March 31, 2024	December 31, 2023
		(Rupees in '000)	
9.1	Particulars of advances (gross)		
	In local currency	1,405,374,680	1,449,318,068
	In foreign currencies	472,821,101	515,338,816
		<u>1,878,195,781</u>	<u>1,964,656,884</u>

9.2 Advances include Rs 105,741.299 million (December 31, 2023: Rs 101,899.160 million) which have been placed under non-performing status as detailed below:

Category of classification	(Unaudited)		(Audited)	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
	Non-performing advances	Credit loss allowance / Provision	Non-performing advances	Provision
----- (Rupees in '000) -----				
<b>Domestic</b>				
Other assets especially mentioned	685,136	28,840	1,385,321	28,840
Substandard	12,589,254	3,173,116	7,023,482	1,622,140
Doubtful	10,215,087	5,654,211	11,508,302	5,749,844
Loss	47,280,262	47,451,885	43,820,506	43,110,623
	<u>70,769,739</u>	<u>56,308,052</u>	<u>63,737,611</u>	<u>50,511,447</u>
<b>Overseas</b>				
Substandard	339,384	102,048	352,121	104,190
Doubtful	1,252,418	631,107	21,889	11,155
Loss	33,379,758	31,592,030	37,787,539	34,293,281
	<u>34,971,560</u>	<u>32,325,185</u>	<u>38,161,549</u>	<u>34,408,626</u>
	<u>105,741,299</u>	<u>88,633,237</u>	<u>101,899,160</u>	<u>84,920,073</u>



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## 9.3 Particulars of credit loss allowance against advances

	(Unaudited) March 31, 2024					
	Stage 1	Stage 2	Stage 3	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance - as reported	-	-	-	84,920,073	18,392,219	103,312,292
Impact of adoption of IFRS 9	13,712,611	18,523,428	82,946,700	(80,578,490)	(10,619,916)	23,984,333
Opening balance - as restated	13,712,611	18,523,428	82,946,700	4,341,583	7,772,303	127,296,625
Transfer to stage 1	178,527	(126,522)	(52,005)	-	-	-
Transfer to stage 2	(525,093)	601,915	(76,822)	-	-	-
Transfer to stage 3	(54,726)	(2,652,212)	2,706,938	-	-	-
Exchange adjustment	(64,858)	(5,009)	(445,479)	(108,398)	(7,818)	(631,562)
Charge for the period	1,168,900	3,815,416	3,037,143	72,666	491,335	8,585,460
Reversal for the period	(2,167,120)	(1,001,802)	(2,015,743)	-	-	(5,184,665)
Net (reversal) / charge against advances	(998,220)	2,813,614	1,021,400	72,666	491,335	3,400,795
Charged off during the period - agriculture financing	-	-	(46,890)	-	-	(46,890)
Written off during the period	-	-	(1,726,456)	-	-	(1,726,456)
Closing balance	12,248,241	19,155,214	84,327,386	4,305,851	8,255,820	128,292,512

	(Audited) December 31, 2023					
	Stage 1	Stage 2	Stage 3	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	-	-	-	78,259,477	13,911,505	92,170,982
Exchange adjustment	-	-	-	8,019,828	831,237	8,851,065
Charge for the year	-	-	-	16,462,892	4,857,453	21,320,345
Reversal for the year	-	-	-	(6,643,168)	(1,207,976)	(7,851,144)
Net charge against advances	-	-	-	9,819,724	3,649,477	16,363,111
Charged off during the year - agriculture financing	-	-	-	(503,799)	-	(503,799)
Written off during the year	-	-	-	(10,675,157)	-	(10,675,157)
Closing balance	-	-	-	84,920,073	18,392,219	106,206,202

9.4 General provision also includes Rs 420.937 million pertaining to overseas advances to meet the requirements of the regulatory authorities of those countries in which the Group operates where IFRS9 is not applicable. General provision also includes Rs 7,834.883 million carried as a matter of prudence, on account of borrowers impacted by the currently stressed economic conditions.

## 9.5 Advances - Category of classification

	(Unaudited) March 31, 2024	
	Outstanding amount	Credit loss allowance / provision held
	----- (Rupees in '000) -----	
<b>Domestic</b>		
Performing	1,164,378,344	17,197,277
Underperforming	264,631,734	17,339,746
Non-Performing	70,769,739	56,308,052
Total	1,499,779,817	90,845,075
<b>Overseas</b>		
Performing	305,586,609	3,306,784
Underperforming	37,857,795	1,815,468
Non-Performing	34,971,560	32,325,185
Total	378,415,964	37,447,437
	1,878,195,781	128,292,512



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

10 PROPERTY AND EQUIPMENT	Note	(Unaudited) March 31, 2024 (Rupees in '000)	(Audited) December 31, 2023 (Rupees in '000)
Capital work-in-progress	10.1	8,020,722	7,039,669
Property and equipment		109,772,652	110,200,053
		<u>117,793,374</u>	<u>117,239,722</u>
<b>10.1 Capital work-in-progress</b>			
Civil works		1,046,612	919,737
Equipment		1,093,166	930,756
Advances to suppliers and contractors		5,880,944	5,189,176
		<u>8,020,722</u>	<u>7,039,669</u>
<b>10.2 Additions to property and equipment</b>			
		(Unaudited) For the three months ended	
		March 31, 2024	March 31, 2023 (Rupees in '000)
The following additions have been made to property and equipment during the period:			
<b>Capital work-in-progress - net</b>		981,053	1,788,810
<b>Property and equipment</b>			
Leasehold land		-	2,500
Building on leasehold land		99,982	44,685
Machinery		-	24,252
Leasehold improvements		388,226	280,601
Furniture and fixtures		263,341	438,584
Electrical, office and computer equipment		1,492,239	1,323,233
Vehicles		42,673	30,049
		<u>2,286,461</u>	<u>2,143,904</u>
		<u>3,267,514</u>	<u>3,932,714</u>
<b>10.3 Disposal of property and equipment</b>			
The net book value of property and equipment disposed off during the period is as follows:			
<b>Property and equipment</b>			
Building on freehold land		-	102,515
Building on leasehold land		13,512	-
Leasehold improvements		1,594	-
Furniture and fixtures		572	220
Electrical, office and computer equipment		743	167
		<u>16,421</u>	<u>102,902</u>
<b>11 RIGHT-OF-USE ASSETS</b>			
		(Unaudited) March 31, 2024 (Rupees in '000)	(Audited) December 31, 2023 (Rupees in '000)
At January 1,			
Cost		41,826,150	35,321,191
Accumulated depreciation		(17,171,405)	(12,502,961)
Net carrying amount at January 1,		<u>24,654,745</u>	<u>22,818,230</u>
Exchange adjustment		(102,053)	712,874
Additions during the period / year		1,094,791	5,994,979
Deletions during the period / year		-	(128,537)
Depreciation charge for the period / year		(1,089,301)	(4,426,688)
Other adjustments		3,726	(316,113)
Net carrying amount at the end of the period / year		<u>24,561,908</u>	<u>24,654,745</u>
<b>12 INTANGIBLE ASSETS</b>			
Capital work-in-progress - computer software		7,596,597	6,632,627
Computer software		8,390,183	8,939,025
Other intangibles		7,053,481	7,148,891
		<u>23,040,261</u>	<u>22,720,543</u>



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Note	(Unaudited)	
		For the three months ended	
		March 31, 2024	March 31, 2023
		(Rupees in '000)	
<b>12.1 Additions to intangible assets</b>			
The following additions have been made to intangible assets during the period:			
Capital work-in-progress - net		963,970	276,796
Computer software		148,479	260,161
		<b>1,112,449</b>	<b>536,957</b>
<b>13 DEFERRED TAX ASSETS / (LIABILITIES)</b>		(Unaudited) March 31, 2024	(Audited) December 31, 2023
		(Rupees in '000)	
<b>Deductible temporary differences on</b>			
- Tax losses of subsidiary		1,918,815	1,705,743
- Credit loss allowance against investments		7,606	694,365
- Credit loss allowance against doubtful debts and off-balance sheet obligations		20,274,252	6,855,146
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		2,721,611	2,854,101
- Deficit on revaluation of investments	21	10,857,284	15,414,086
- Deficit on revaluation of investments of associates	21	1,080,177	796,447
- Ijarah financing		397,371	332,429
- Others		(139,036)	5,000
		<b>37,118,080</b>	<b>28,657,317</b>
<b>Taxable temporary differences on</b>			
- Accelerated tax depreciation	21	(2,455,247)	(2,635,250)
- Surplus on revaluation of property and equipment	21	(3,940,871)	(3,965,450)
- Surplus on revaluation of property and equipment of associates	21	(198,534)	(198,534)
- Management rights and goodwill		(425,204)	(417,812)
- Share of profit of associates		(9,312,673)	(9,203,196)
- Exchange translation reserve		(14,436,279)	(11,756,201)
		<b>(30,768,808)</b>	<b>(28,176,443)</b>
		<b>6,349,272</b>	<b>480,874</b>
<b>14 OTHER ASSETS</b>			
Mark-up / return / profit / interest accrued in local currency - net of provision		162,356,209	127,899,044
Mark-up / return / profit / interest accrued in foreign currency - net of provision		8,589,561	9,693,481
Advances, deposits, advance rent and other prepayments		7,497,639	4,588,818
Advance taxation		2,724,469	4,886,206
Advance against subscription of securities		228,514	903,514
Stationery and stamps on hand		269,622	233,268
Accrued fees and commissions		354,678	430,308
Due from Government of Pakistan / SBP		8,741,386	8,009,124
Mark to market gain on forward foreign exchange contracts		3,616,450	2,580,581
Mark to market gain on derivative instruments		-	73,396
Non-banking assets acquired in satisfaction of claims		239,457	242,317
Receivable from defined benefit plan		845,404	845,404
Acceptances		61,445,546	55,561,467
Clearing and settlement accounts		29,858,407	37,268,393
Dividend receivable		325,355	9,093
Claims receivable against fraud and forgeries		570,233	634,106
Inventory		67,943	-
Others		1,830,309	1,405,981
		<b>289,561,182</b>	<b>255,264,501</b>
Credit loss allowance held against other assets		(2,589,924)	(2,577,641)
Other assets - net of credit loss allowance		<b>286,971,258</b>	<b>252,686,860</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		191,591	191,591
Other assets - total		<b>287,162,849</b>	<b>252,878,451</b>



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

14.1 Credit loss allowance held against other assets	(Unaudited) March 31, 2024 (Rupees in '000)	(Audited) December 31, 2023
Claims receivable against fraud and forgeries	570,233	634,106
Suit filed cases	4,979	4,979
Others	2,014,712	1,938,556
	<b>2,589,924</b>	<b>2,577,641</b>
<b>14.1.1 Movement in credit loss allowance against other assets</b>		
Opening balance	2,577,641	1,791,891
Impact of adoption of IFRS 9	53,536	-
Exchange adjustment	(3,909)	10,045
Charge for the period / year	38,247	1,240,885
Reversal for the period / year	(37,842)	(100,168)
Net charge	405	1,140,717
Written off during the period / year	(37,749)	(243,072)
Other movement	-	(121,940)
Closing balance	<b>2,589,924</b>	<b>2,577,641</b>
<b>15 BILLS PAYABLE</b>		
In Pakistan	43,118,905	49,538,342
Outside Pakistan	2,202,952	2,162,481
	<b>45,321,857</b>	<b>51,700,823</b>
<b>16 BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the SBP under		
- Export refinance scheme	54,470,851	64,648,651
- Export refinance scheme for bill discounting	21,665,342	22,637,751
- Long term financing facility	35,662,280	37,066,139
- Financing facility for renewable energy power plants	7,236,852	7,216,949
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	700,525	607,955
- Refinance and credit guarantee scheme for women entrepreneurs	31,761	38,046
- Financing facility for storage of agricultural produce	543,466	597,743
- Refinance facility for combating COVID-19	1,648,779	1,567,557
- Temporary economic refinance facility	31,692,986	32,214,444
- Refinance facility for SME Asaan Finance (SAAF)	6,954,151	3,884,689
	<b>160,606,993</b>	170,479,924
Repurchase agreement borrowings	57,835,975	379,043,704
	<b>218,442,968</b>	549,523,628
<b>Unsecured</b>		
- Call money borrowings	6,970,120	320,000
- Overdrawn nostro accounts	2,412,968	500,700
- Borrowings of overseas branches and subsidiaries	44,161,357	46,183,741
- Other long-term borrowings	65,447,808	68,514,610
	<b>118,992,253</b>	115,519,051
	<b>337,435,221</b>	<b>665,042,679</b>

16.1



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

16.1 This includes the following:

16.1.1 A loan from the International Finance Corporation amounting to US\$ 49.980 million (December 31, 2023: US\$ 49.980 million). The principal amount is payable in six equal semi-annual installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi-annually.

16.1.2 A long-term financing facility arrangement from China Development Bank, utilized for on-lending to projects of the Bank's customers. The current amount outstanding is US\$ 174.059 million (December 31, 2023: US\$ 181.640 million). The principal amount is payable in semi-annual installments from January 2023 to January 2033. Interest at a fixed spread over LIBOR is payable semi-annually.

16.1.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 2 billion (December 31, 2023: Rs 2 billion) for on-lending to customers. The principal amount is payable in semi-annual installments from April 2025 to October 2026. Profit at a rate of 16.61% per annum (December 31, 2023: 16.61% per annum) is payable semi-annually.

16.1.4 Mortgage refinancing facilities from PMRC, amounting to Rs 1,176.795 million (December 31, 2023: Rs 1,230.034 million), utilised by HBL Microfinance Bank Limited to extend mortgage finance to low income groups. The principal amount of one facility, amounting to Rs 500 million (December 31, 2023: Rs 500 million), is payable at maturity on December 30, 2024. The principal amount of the other facilities is payable in quarterly installments from June 2020 to June 2031. Mark-up on all facilities is payable quarterly at rates ranging from 7.14% to 15.19% per annum (December 31, 2023: 6.50% to 15.19% per annum).

## 17 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2024 (Unaudited)			December 31, 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total

(Rupees in '000)

### Customers

Current deposits	1,158,631,335	281,225,593	1,439,856,928	1,088,865,434	285,394,936	1,374,260,370
Savings deposits	1,711,855,494	158,211,182	1,870,066,676	1,585,284,462	161,853,706	1,747,138,168
Term deposits	423,296,098	388,691,656	811,987,754	459,615,841	366,737,732	826,353,573
	3,293,782,927	828,128,431	4,121,911,358	3,133,765,737	813,986,374	3,947,752,111

### Financial institutions

Current deposits	14,579,821	1,799,377	16,379,198	7,845,417	2,594,297	10,439,714
Savings deposits	218,659,202	27,081	218,686,283	164,505,304	711,626	165,216,930
Term deposits	9,574,324	9,366,282	18,940,606	9,413,843	9,529,238	18,943,081
	242,813,347	11,192,740	254,006,087	181,764,564	12,835,161	194,599,725
	3,536,596,274	839,321,171	4,375,917,445	3,315,530,301	826,821,535	4,142,351,836

(Unaudited) (Audited)  
March 31, December 31,  
2024 2023  
(Rupees in '000)

## 18 LEASE LIABILITIES

Opening balance	30,489,986	27,079,479
Exchange adjustment	(110,755)	625,586
Additions during the period / year	1,323,910	4,804,564
Interest expense	956,584	3,346,432
Lease payments including interest	(803,962)	(5,684,422)
Others / deletion	-	318,347
Closing balance	31,855,763	30,489,986

### 18.1 Liabilities Outstanding at the end of the period / year

Not later than one year	2,498,979	1,801,062
Later than one year and up to five years	10,000,201	6,984,974
Over five years	19,356,583	21,703,950
Total	31,855,763	30,489,986



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Note	(Unaudited) March 31, 2024 (Rupees in '000)	(Audited) December 31, 2023 (Rupees in '000)
19	<b>SUBORDINATED DEBT</b>		
	Additional Tier I Term Finance Certificates	19.1.1	12,374,000
	Additional Tier I Term Finance Certificates	19.1.2	6,500,000
	Tier II Term Finance Certificates	19.2	825,000
			<u>20,374,000</u>
			<u>19,699,000</u>

19.1 The Bank has issued listed, fully paid up, rated, privately placed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (AT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013.

The key features of these issues are as follows:

19.1.1	<b>Issue Date</b>	September 26, 2019
	<b>Issue amount</b>	Rs 12.374 billion
	<b>Rating</b>	AA+ (Double A plus) [December 31, 2023: AA+ (Double A plus)]
	<b>Original Tenor</b>	Perpetual
	<b>Security</b>	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors, but superior to the claims of ordinary shareholders.
	<b>Profit payment frequency</b>	Quarterly in arrears
	<b>Redemption</b>	Perpetual, hence not applicable.
	<b>Mark-up</b>	Floating rate of return at Base Rate + 1.60%. The Base Rate is defined as the average "Ask Side" rate of the three months Karachi Interbank Offered Rate (KIBOR).
	<b>Call option</b>	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following:  (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised.  If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and the investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the "Call Option Exercise Date").
	<b>Lock-in clause</b>	Mark-up will only be paid from the current year's earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
	<b>Loss absorbency clause</b>	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

19.1.2	<b>Issue Date</b>	December 28, 2022
	<b>Issue amount</b>	Rs 6.500 billion
	<b>Rating</b>	AA+ (Double A plus) [December 31, 2023: AA+ (Double A plus)]
	<b>Original Tenor</b>	Perpetual
	<b>Security</b>	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors, but superior to the claims of ordinary shareholders.
	<b>Profit payment frequency</b>	Quarterly in arrears
	<b>Redemption</b>	Perpetual, hence not applicable.
	<b>Mark-up</b>	Floating rate of return at Base Rate + 2.00%. The Base Rate is defined as the average "Ask Side" rate of the three months Karachi Interbank Offered Rate (KIBOR).
	<b>Call option</b>	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following:  (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised.  If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and the investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the "Call Option Exercise Date").
	<b>Lock-in clause</b>	Mark-up will only be paid from the current year's earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
	<b>Loss absorbency clause</b>	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".





# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

- 19.2 HBL MfB has received advance subscription money amounting to Rs 1.500 billion for the issuance of fully paid up, rated, privately placed, unsecured, and subordinated debt instruments in the nature of TFCs issued as instruments of redeemable capital under Section 66(1) of the Companies Act, 2017, which qualify as Tier II Capital as outlined by the SBP under BPRD Circular No. 6, dated August 15, 2013.

The key features of the issue are as follows:

<b>Total issue amount</b>	Rs 1.500 billion (including a greenshoe option of Rs 500 million)
<b>Rating</b>	A
<b>Original Tenor</b>	10 years from the first disbursement date.
<b>Security</b>	Unsecured and subordinated as to payment of principal and profit to all other indebtedness of HBL MfB, including deposits, but will rank pari passu with other Tier II instruments and superior to the claims of ordinary shareholders.
<b>Profit payment frequency</b>	Semi-annually in arrears on the outstanding Issue Amount. The first such profit payment will fall due six months from the first disbursement date and subsequently every six months thereafter.
<b>Redemption</b>	The instrument will not be redeemable before maturity without prior approval of the SBP. Principal: Bullet at Maturity Markup: Semi-annual from the drawdown date
<b>Mark-up</b>	Floating rate of return at Base Rate + 2.00%. The Base Rate is defined as the average "Ask Side" rate of the six months Karachi Interbank Offered Rate (KIBOR).
<b>Call option</b>	HBL MfB may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following: (a) Prior approval of the SBP having been obtained; and (b) HBL MfB is compliant with the minimum capital requirement (MCR) and Capital Adequacy Ratio (CAR) after the Call Option is exercised. If HBL MfB decides to exercise the Call Option, it shall notify the Trustee and the investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the "Call Option Exercise Date").
<b>Lock-in clause</b>	Neither profit nor principal can be paid (even at maturity) in respect of the TFC, if such payment will result in a shortfall in the Bank's MCR or CAR or result in an increase in any existing shortfall in MCR and CAR.
<b>Loss absorbency clause</b>	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

	Note	(Unaudited) March 31, 2024	(Audited) December 31, 2023
<b>(Rupees in '000)</b>			
20	<b>OTHER LIABILITIES</b>		
	Mark-up / return / profit / interest payable in local currency	73,328,566	43,728,872
	Mark-up / return / profit / interest payable in foreign currency	9,602,762	10,057,593
	Security deposits	1,566,040	1,597,855
	Accrued expenses	32,545,667	34,680,771
	Mark to market loss on forward foreign exchange contracts	5,437,951	4,536,179
	Mark to market loss on derivative instruments	8,313,860	10,321,082
	Unclaimed dividends	787,827	764,376
	Dividends payable	7,915,917	2,075,679
	Provision for post retirement medical benefits	4,068,388	3,966,429
	Provision for employees' compensated absences	718,666	746,630
	Credit loss allowance against off-balance sheet obligations	3,818,736	1,927,866
	Acceptances	61,445,546	55,561,467
	Branch adjustment account	6,146,788	7,089,493
	Provision for staff retirement benefits	1,675,432	1,646,076
	Payable to defined benefit plans	822,532	885,622
	Provision for Workers' Welfare Fund	12,020,546	11,431,861
	Unearned income	5,852,981	5,680,169
	Qarza-e-Hasna Fund	338,409	338,409
	Levies and taxes payable	8,173,636	14,721,663
	Insurance payable	752,509	686,026
	Provision for rewards program expenses	3,107,456	2,699,951
	Liability against trading of securities	10,863,422	15,963,126
	Clearing and settlement accounts	22,552,169	18,094,230
	Payable to HBL Foundation	233,906	866,494
	Contingent consideration payable	500,000	500,000
	Charity fund	24,980	10,578
	Unclaimed deposits	2,234,789	2,030,722
	Others	7,609,511	6,434,107
		<b>292,458,992</b>	<b>259,043,326</b>



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

20.1 Credit loss allowance against off-balance sheet obligations	(Unaudited)	(Audited)
	March 31, 2024	December 31, 2023
	(Rupees in '000)	
Opening balance	1,927,866	1,633,326
Impact of adoption of IFRS 9	1,691,809	-
Exchange adjustment	(32,875)	388,430
Charge for the period / year	247,496	191,387
Reversal for the period / year	(15,560)	(285,277)
Net charge / (reversal)	231,936	(93,890)
Closing balance	3,818,736	1,927,866

## 21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	March 31, 2024 (Unaudited)			December 31, 2023 (Audited)		
		Attributable to		Total	Attributable to		Total
		Equity holders	Non-controlling interest		Equity holders	Non-controlling interest	
(Rupees in '000)							
Surplus / (deficit) arising on revaluation of:							
- Property and equipment		46,620,094	107,104	46,727,198	46,670,279	108,466	46,778,745
- Property and equipment of associates		405,171	-	405,171	405,171	-	405,171
- FVOCI securities - debt		(25,044,045)	(25,486)	(25,069,531)	-	-	-
- FVOCI securities - equity	8.1	2,482,128	-	2,482,128	-	-	-
- FVOCI securities held by associates		(2,204,443)	-	(2,204,443)	-	-	-
- Available-for-sale securities		-	-	-	(31,854,365)	(32,631)	(31,886,996)
- Available-for-sale securities held by associates		-	-	-	(1,625,403)	-	(1,625,403)
- Non-banking assets acquired in satisfaction of claim:	14	191,591	-	191,591	191,591	-	191,591
		22,450,496	81,618	22,532,114	13,787,273	75,835	13,863,108
Deferred tax liability / (asset) on surplus / (deficit) on revaluation of:							
- Property and equipment		3,905,537	35,334	3,940,871	3,929,223	36,227	3,965,450
- Property and equipment of associates		198,534	-	198,534	198,534	-	198,534
- FVOCI securities - debt		(12,064,620)	(8,907)	(12,073,527)	-	-	-
- FVOCI securities - equity		1,216,243	-	1,216,243	-	-	-
- FVOCI securities held by associates		(1,080,177)	-	(1,080,177)	-	-	-
- Available-for-sale securities		-	-	-	(15,401,360)	(12,726)	(15,414,086)
- Available-for-sale securities held by associates		-	-	-	(796,447)	-	(796,447)
- Non-banking assets acquired in satisfaction of claims		-	-	-	-	-	-
		(7,824,483)	26,427	(7,798,056)	(12,070,050)	23,501	(12,046,549)
Surplus on revaluation of assets - net of tax		30,274,979	55,191	30,330,170	25,857,323	52,334	25,909,657

22 CONTINGENCIES AND COMMITMENTS	Note	(Unaudited)	(Audited)
		March 31, 2024	December 31, 2023
(Rupees in '000)			
- Guarantees	22.1	345,858,242	287,792,267
- Commitments	22.2	1,160,643,309	942,629,409
- Other contingent liabilities	22.3	22,973,726	23,112,726
		1,529,475,277	1,253,534,402
22.1 Guarantees:			
Financial guarantees		70,369,145	49,168,948
Performance guarantees		265,459,895	227,207,668
Other guarantees		10,029,202	11,415,651
		345,858,242	287,792,267
22.2 Commitments:			
Trade-related contingent liabilities		347,536,866	332,525,700
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	640,423,884	500,720,574
- forward Government securities transactions	22.2.2	92,221,860	24,383,498
- derivatives	22.2.3	45,033,358	53,095,033
- forward lending	22.2.4	24,156,546	19,813,834
		801,835,648	598,012,939
Commitments for acquisition of:			
- property and equipment		6,241,698	4,675,879
- intangible assets		5,029,097	7,414,891
		11,270,795	12,090,770
		1,160,643,309	942,629,409



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
<b>22.2.1 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	386,924,703	302,797,932
Sale	253,499,181	197,922,642
	<u>640,423,884</u>	<u>500,720,574</u>
<b>22.2.2 Commitments in respect of forward Government securities transactions</b>		
Purchase	47,635,778	21,450,842
Sale	44,586,082	2,932,656
	<u>92,221,860</u>	<u>24,383,498</u>
<b>22.2.3 Commitments in respect of derivatives</b>		
<b>Foreign currency options</b>		
Purchase	-	2,289,956
Sale	-	2,289,956
	<u>-</u>	<u>4,579,912</u>
<b>Cross Currency swaps</b>		
Purchase	17,370,109	18,112,623
Sale	26,338,249	28,827,498
	<u>43,708,358</u>	<u>46,940,121</u>
<b>Interest rate swaps</b>		
Purchase	-	-
Sale	1,325,000	1,575,000
	<u>1,325,000</u>	<u>1,575,000</u>
<b>22.2.4 Commitments in respect of forward lending</b>		
Undrawn formal standby facilities, credit lines and other commitments to extend credit	<u>24,156,546</u>	<u>19,813,834</u>

These represent commitments that are irrevocable because they can not be withdrawn at the discretion of the Group without the risk of incurring a significant penalty or expense.

	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
<b>22.3 Other contingent liabilities</b>		
22.3.1 Claims against the Group not acknowledged as debts	<u>22,973,726</u>	<u>23,112,726</u>

These mainly represent counter claims by borrowers for damages, claims filed by former employees of the Group and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these condensed interim consolidated financial statements.

22.3.2 There were no tax related contingencies as at the period end.

## 23 DERIVATIVE INSTRUMENTS

Product Analysis	March 31, 2024 (Unaudited)					
	Foreign currency options		Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	----- (Rupees in '000) -----					
Hedging	-	-	-	-	-	-
Market Making	-	-	43,708,358	(8,224,966)	1,325,000	(88,894)
	----- (Rupees in '000) -----					
Product Analysis	December 31, 2023 (Audited)					
	Foreign currency options		Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss	Notional principal	Mark to market loss

Hedging	2,289,956	(73,396)	-	-	-	-
Market Making	2,289,956	73,396	46,940,121	(10,109,288)	1,575,000	(138,398)



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

		(Unaudited)		
		For the three months ended		
24	MARK-UP / RETURN / PROFIT / INTEREST EARNED	Note	March 31, 2024	March 31, 2023
		(Rupees in '000)		
	On:			
	Loans and advances		78,635,600	65,478,714
	Investments		110,984,083	73,066,711
	Lendings to financial institutions		5,411,780	8,904,093
	Balances with banks		3,282,982	1,101,323
			<u>198,314,445</u>	<u>148,550,841</u>
24.1	INTEREST INCOME RECOGNISED			
	On:			
	Financial assets measured at amortised cost		102,779,211	-
	Financial assets measured at FVOCI		86,699,280	-
	Financial assets measured at FVTPL		8,835,954	-
			<u>198,314,445</u>	<u>-</u>
25	MARK-UP / RETURN / PROFIT / INTEREST EXPENSED			
	On:			
	Deposits		110,678,374	67,009,280
	Securities sold under repurchase agreement borrowings		14,929,661	18,804,245
	Borrowings		7,686,034	5,403,285
	Subordinated debt		1,088,714	885,926
	Cost of foreign currency swaps against foreign currency deposits / borrowings		2,437,955	(274,729)
	Lease liability against right-of-use assets		956,534	879,808
			<u>137,777,272</u>	<u>92,707,815</u>
26	FEE AND COMMISSION INCOME			
	Branch banking customer fees		1,488,447	1,108,909
	Branchless banking customer fees		102,656	156,339
	Consumer finance related fees		677,674	595,587
	Card related fees (debit and credit cards)		3,586,170	2,988,205
	Credit related fees		613,260	657,213
	Investment banking fees		181,854	239,380
	Commission on trade related products and guarantees		2,406,369	1,769,752
	Commission on cash management		399,202	412,084
	Commission on remittances (including home remittances)		571,963	152,563
	Commission on bancassurance		287,873	88,656
	Commission on Government to Person (G2P) payments		396,617	371,552
	Management fee		461,923	268,222
	Merchant discount and interchange fees		1,908,908	1,623,213
	Wealth management fee		175,665	91,919
	Others		99,328	60,215
			<u>13,357,909</u>	<u>10,583,809</u>
	Less: Sales tax / Federal Excise Duty on fee and commission income		(1,465,991)	(1,240,088)
			<u>11,891,918</u>	<u>9,343,721</u>
27	LOSS ON SECURITIES - NET			
	Realised	27.1	(156,747)	(708,768)
	Unrealised - measured at FVTPL	8.1	(126,350)	-
	Unrealised - held-for-trading		-	(372,523)
			<u>(283,097)</u>	<u>(1,081,291)</u>



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

		(Unaudited)	
		For the three months ended	
		March 31, 2024	March 31, 2023
		(Rupees in '000)	
27.1	<b>Gain / (loss) on securities - realised</b>		
	On:		
	Federal Government securities		
	- Market Treasury Bills	115,828	104,000
	- Pakistan Investment Bonds	(409,880)	(679,188)
	- Ijarah Sukuk	23,431	4,485
	Shares	175,843	(544,329)
	Non-Government debt securities	(61,969)	406,264
		<u>(156,747)</u>	<u>(708,768)</u>
27.1.1	Composition of loss on securities - realised		
	Net loss on securities measured at FVTPL	(325,057)	-
	Net loss on debt securities measured at FVOCI	168,310	-
		<u>(156,747)</u>	<u>-</u>
28	<b>OTHER INCOME</b>		
	Incidental charges	128,865	239,300
	Gain on derecognition of joint venture	-	3,731,399
	Gain on sale of property and equipment - net	15,704	78,595
	Rent on properties	4,316	5,121
		<u>148,885</u>	<u>4,054,415</u>
29	<b>OPERATING EXPENSES</b>		
	<b>Total compensation expense</b>	16,347,916	14,266,124
	<b>Property expense</b>		
	Rent and taxes	327,319	343,258
	Insurance	81,956	77,074
	Utilities cost	1,493,128	1,223,547
	Security (including guards)	860,546	713,605
	Repair and maintenance (including janitorial charges)	1,264,246	1,023,171
	Depreciation on owned property and equipment	1,368,293	1,299,574
	Depreciation on right-of-use assets	1,089,301	1,118,813
		<u>6,484,789</u>	<u>5,799,042</u>
	<b>Information technology expenses</b>		
	Software maintenance	2,999,254	2,015,601
	Hardware maintenance	730,159	437,666
	Depreciation	1,059,673	790,103
	Amortisation	680,315	504,592
	Network charges	548,727	491,768
	Consultancy charges	257,407	206,496
		<u>6,275,535</u>	<u>4,446,226</u>
	<b>Other operating expenses</b>		
	Legal and professional charges	1,157,674	2,246,762
	Outsourced services costs	660,503	738,393
	Travelling and conveyance	632,718	525,493
	Insurance	368,105	442,870
	Remittance charges	190,249	199,407
	Cash transportation and sorting charges	892,379	751,837
	Repairs and maintenance	657,333	501,364
	Depreciation	212,684	223,375
	Training and development	174,293	146,104
	Postage and courier charges	244,254	210,245
	Communication	1,119,429	577,527
	Stationery and printing	927,298	661,005
	Marketing, advertisement and publicity	2,308,301	2,296,076
	Donations	234,261	273,263
	Auditors' remuneration	144,429	118,674
	Brokerage and commission	230,716	222,598
	Subscription	219,127	157,608
	Documentation and processing charges	2,852,052	2,131,067
	Entertainment	225,670	207,064
	Consultancy charges	584,439	365,563
	Deposit insurance premium expense	909,381	777,350
	Product feature cost	1,586,137	611,599
	Others	555,077	299,091
		<u>17,086,509</u>	<u>14,684,335</u>
		<u>46,194,749</u>	<u>39,195,727</u>



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Note	(Unaudited)	
		For the three months ended	
		March 31, 2024	March 31, 2023
		(Rupees in '000)	
<b>30 OTHER CHARGES</b>			
Penalties imposed by the State Bank of Pakistan		145,939	15,369
Penalties imposed by other regulatory bodies		12,557	396
		<u>158,496</u>	<u>15,765</u>
<b>31 CREDIT LOSS ALLOWANCE / (REVERSALS) AND WRITE OFFS - NET</b>			
Credit loss allowance against investments	8.3	226,644	1,579,290
Credit loss allowance against loans and advances	9.3	3,400,795	1,218,993
Credit loss allowance against other assets	14.1.1	405	796,200
Charge / (reversal) of credit loss allowance against off-balance sheet obligations	20.1	231,936	(255,051)
Recoveries against written off / charged off bad debts		(241,699)	(228,372)
Recoveries against other assets written off		(250)	-
Other write offs		31,254	66,317
		<u>3,649,085</u>	<u>3,177,377</u>
<b>32 TAXATION</b>			
- Current		15,774,906	10,420,272
- Deferred		(705,206)	(2,174,834)
		<u>15,069,700</u>	<u>8,245,438</u>
<b>33 BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit for the period attributable to equity holders of the Bank		<u>15,217,216</u>	<u>13,201,051</u>
		(Number)	
Weighted average number of ordinary shares		<u>1,466,852,508</u>	<u>1,466,852,508</u>
		(Rupees)	
Basic and diluted earnings per share		<u>10.37</u>	<u>9.00</u>
33.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.			
<b>34 FAIR VALUE OF FINANCIAL INSTRUMENTS</b>			
The fair values of traded investments are based on quoted market prices.			
The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities, cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments and therefore, are not reported as part of this disclosure.			
In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.			



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

All assets and liabilities for which fair value is measured or disclosed in these condensed interim consolidated financial statements are categorised within the following fair value hierarchy based on the lowest level input that is significant to the fair value measurement:

Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair value measurements using inputs, other than quoted prices included within Level 1, that are observable for the assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair value measurements using inputs that are not based on observable market data.

## Valuation techniques used in determination of fair values within Level 2 and Level 3

Federal Government securities	The fair values of Federal Government securities are determined on the basis of rates / prices sourced from Reuters.
Non-Government debt securities	Non-Government debt securities denominated in Rupees are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP). Non-Government debt securities denominated in other currencies are valued on the basis of rates taken from Bloomberg / Reuters.
Foreign Government debt securities	The fair values of foreign Government debt securities are determined on the basis of rates taken from Bloomberg/ Reuters.
Unquoted equity securities	The fair values of unquoted equity investments are estimated using the adjusted break-up value of the investee company. These are further discounted for marketability concerns. Where the agreed / indicative prices are available the Bank uses the same as an estimate for fair value.
Units of mutual funds	The fair values of units of mutual funds are determined based on their net asset values as published at the close of each business day.
Derivatives	The Group enters into derivatives contracts with various counterparties. Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Property and equipment and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity, required for Level 3 assets, has not been presented in these condensed interim consolidated financial statements.

### 34.1 Fair value of financial assets

The following table provides the fair values of those of the Group's financial assets that are recognised or disclosed at fair value in these condensed interim consolidated financial statements:

	As at March 31, 2024 (Unaudited)				
	Carrying value	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	1,831,367,838	-	1,831,367,838	-	1,831,367,838
- Shares - listed companies	16,898,344	10,317,104	6,581,240	-	16,898,344
- Shares - unlisted companies	14,563,460	-	-	14,563,460	14,563,460
- Non-Government debt securities - Listed	50,521,181	40,000,000	10,521,181	-	50,521,181
- Foreign securities					
Government debt securities	185,959,110	-	185,959,110	-	185,959,110
Non-Government debt securities - Listed	3,452,596	-	3,452,596	-	3,452,596
- National Investment Unit Trust units	52,537	-	52,537	-	52,537
- Real Estate Investment Trust units - Listed	71,700	71,700	-	-	71,700
- Preference Shares - Listed	837,500	837,500	-	-	837,500
	<b>2,103,724,266</b>	<b>51,226,304</b>	<b>2,037,934,502</b>	<b>14,563,460</b>	<b>2,103,724,266</b>
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government securities	430,342,371	-	400,873,326	-	400,873,326
- Non-Government debt securities - Listed	895,086	-	895,093	-	895,093
- Foreign securities					
Government debt securities	15,151,339	-	15,279,583	-	15,279,583
	<b>446,388,796</b>	<b>-</b>	<b>417,048,002</b>	<b>-</b>	<b>417,048,002</b>
	<b>2,550,113,062</b>	<b>51,226,304</b>	<b>2,454,982,504</b>	<b>14,563,460</b>	<b>2,520,772,268</b>



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## As at March 31, 2024 (Unaudited)

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

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

#### Commitments

- Forward foreign exchange contracts	640,423,884	-	(1,821,501)	-	(1,821,501)
- Forward Government securities transactions	92,221,860	-	(18,379)	-	(18,379)
- Derivative instruments	45,033,358	-	(8,313,860)	-	(8,313,860)

## As at December 31, 2023 (Audited)

Carrying value	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	1,805,587,783	-	1,805,587,783	-	1,805,587,783
- Shares - listed companies	16,524,041	9,057,018	7,467,023	-	16,524,041
- Non-Government debt securities - Listed	49,614,767	40,000,000	9,614,767	-	49,614,767
- Foreign securities					
Government debt securities	173,543,607	-	173,543,607	-	173,543,607
Non-Government debt securities - Listed	5,600,618	-	5,600,618	-	5,600,618
- National Investment Unit Trust units	50,745	-	50,745	-	50,745
- Real Estate Investment Trust units - Listed	68,700	68,700	-	-	68,700
- Preference Shares - Listed	877,400	877,400	-	-	877,400
	2,051,867,661	50,003,118	2,001,864,543	-	2,051,867,661

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

##### Investments

- Federal Government securities	419,521,386	-	385,681,455	-	385,681,455
- Non-Government debt securities - Listed	1,899,450	-	1,898,829	-	1,898,829
- Foreign securities					
Government debt securities	14,663,737	-	14,720,027	-	14,720,027
	436,084,573	-	402,300,311	-	402,300,311
	2,487,952,234	50,003,118	2,404,164,854	-	2,454,167,972

## As at December 31, 2023 (Audited)

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

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

#### Commitments

- Forward foreign exchange contracts	500,720,574	-	(1,955,598)	-	(1,955,598)
- Forward Government securities transactions	24,383,498	-	(46,908)	-	(46,908)
- Derivative instruments	53,095,033	-	(10,247,686)	-	(10,247,686)

### 34.2 Fair value of non-financial assets

## As at March 31, 2024 (Unaudited)

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

- Land and building	80,812,467	-	-	80,812,467	80,812,467
- Non-banking assets acquired in satisfaction of claims	431,048	-	-	431,048	431,048
	81,243,515	-	-	81,243,515	81,243,515

## As at December 31, 2023 (Audited)

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

- Land and building	80,915,520	-	-	80,915,520	80,915,520
- Non-banking assets acquired in satisfaction of claims	433,908	-	-	433,908	433,908
	81,349,428	-	-	81,349,428	81,349,428





# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## 35 SEGMENT INFORMATION

### 35.1 Segment details with respect to Business Activities

For the three months ended March 31, 2024 (Unaudited)

	Branch Banking	Consumer, SME & Agriculture lending	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
----- (Rupees in million) -----										
<b>Profit and loss account</b>										
Net mark-up / return / profit / interest income	(72,330)	14,437	10,087	19,563	80,956	7,246	(15)	2,409	(1,814)	60,537
Inter segment revenue / (expense) - net	105,528	(10,748)	-	(9,384)	(90,477)	436	-	-	4,644	(0)
Non mark-up / interest income	1,489	4,721	719	1,896	4,367	3,766	513	503	2,192	20,167
Total income / (loss)	34,687	8,410	10,806	12,075	(5,154)	11,448	498	2,912	5,022	80,704
Segment direct expenses	8,814	6,039	2,598	1,127	188	6,549	144	2,436	19,047	46,942
Inter segment expense allocation	9,832	2,970	349	3,193	511	439	-	-	(17,294)	-
Total expenses	18,646	9,009	2,947	4,320	699	6,988	144	2,436	1,753	46,942
Credit loss allowance - charge / (reversal)	22	500	222	1,035	-	(200)	-	1,669	401	3,649
Profit / (loss) before tax	16,019	(1,099)	7,637	6,720	(5,853)	4,660	354	(1,193)	2,868	30,113

As at March 31, 2024 (Unaudited)

	Branch Banking	Consumer, SME & Agriculture lending	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
----- (Rupees in million) -----										
<b>Statement of financial position</b>										
Cash and bank balances	149,452	-	36,305	656	193,537	179,900	1	9,765	306	569,922
Lendings to financial institutions	-	-	36,000	-	35,569	-	-	-	-	71,569
Inter segment lending	2,221,921	-	-	-	-	94,879	-	-	250,180	2,566,980
Investments	-	-	259,282	13,158	2,009,995	240,728	1,089	39,831	58,805	2,622,888
Advances - performing	-	245,504	195,725	786,910	-	386,997	-	89,748	27,910	1,732,795
Advances - non-performing	-	2,917	5,426	6,494	-	2,646	-	2,309	(2,683)	17,108
Others	29,694	8,118	47,229	76,832	131,210	45,293	3,631	18,924	97,978	458,908
<b>Total assets</b>	2,401,067	256,539	579,967	884,049	2,370,311	950,443	4,721	160,578	432,495	8,040,170
Borrowings	-	5,705	23,538	133,364	65,070	101,623	-	8,135	-	337,435
Subordinated debt	-	-	-	-	-	-	-	1,500	18,874	20,374
Deposits and other accounts	2,331,168	1,718	484,359	643,732	-	720,295	-	130,612	64,034	4,375,917
Inter segment borrowing	-	223,399	3,023	49,047	2,291,512	-	-	-	-	2,566,980
Others	69,899	25,718	25,311	57,906	25,826	47,013	992	9,480	107,491	369,637
<b>Total liabilities</b>	2,401,067	256,539	536,231	884,049	2,382,408	868,932	992	149,727	190,398	7,670,343
Equity	-	-	-	-	(12,097)	81,511	3,728	10,851	242,097	369,826
<b>Total equity and liabilities</b>	2,401,067	256,539	536,231	884,049	2,370,311	950,443	4,721	160,578	432,495	7,996,434
<b>Contingencies and commitments</b>	-	-	67,169	609,846	619,825	199,018	-	-	33,617	1,529,475



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

For the three months ended March 31, 2023 (Unaudited)

	Branch Banking	Consumer, SME & Agriculture lending	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
(Rupees in million)										
<b>Profit and loss account</b>										
Net mark-up / return / profit / interest income	(43,541)	11,778	5,802	21,322	53,304	6,407	(5)	2,702	(1,926)	55,843
Inter segment revenue / (expense) - net	69,628	(7,651)	-	(10,908)	(51,769)	(751)	-	-	1,451	-
Non mark-up / interest income	920	4,181	686	1,123	22	1,718	285	547	(906)	8,576
Total Income	27,007	8,308	6,488	11,537	1,557	7,374	280	3,249	(1,381)	64,419
Segment direct expenses	7,454	4,038	1,866	1,092	283	5,629	140	2,225	17,013	39,740
Inter segment expense allocation	7,877	2,705	315	3,430	446	451	-	-	(15,224)	-
Total expenses	15,331	6,743	2,181	4,522	729	6,080	140	2,225	1,789	39,740
Provisions - charge / (reversal)	575	555	(425)	(227)	(423)	2,320	-	606	196	3,177
Profit / (loss) before tax	11,101	1,010	4,732	7,242	1,251	(1,026)	140	418	(3,366)	21,502

As at December 31, 2023 (Audited)

	Branch Banking	Consumer, SME & Agriculture lending	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
(Rupees in million)										
<b>Statement of financial position</b>										
Cash and bank balances	195,852	-	40,896	590	190,638	158,585	3	16,825	743	604,132
Lendings to financial institutions	-	-	19,500	-	69,098	-	-	-	-	88,598
Inter segment lending	2,081,029	-	-	-	-	75,036	-	-	197,755	2,353,820
Investments	-	-	226,552	4,417	2,016,021	237,105	1,021	27,553	49,630	2,562,299
Advances - performing	-	256,677	206,739	844,497	-	400,319	-	96,117	40,016	1,844,365
Advances - non-performing	-	2,072	6,316	3,272	-	3,753	-	1,408	158	16,979
Others	35,158	7,642	39,132	81,020	92,166	47,600	3,567	16,854	94,835	417,974
<b>Total assets</b>	2,312,039	266,391	539,135	933,796	2,367,923	922,398	4,591	158,757	383,137	7,888,167
Borrowings	-	6,313	32,119	134,047	379,835	106,213	-	6,516	-	665,043
Subordinated debt	-	-	-	-	-	-	-	825	18,874	19,699
Deposits and other accounts	2,258,343	1,465	422,710	604,853	-	700,664	-	128,234	26,083	4,142,352
Inter segment borrowing	-	234,859	7,414	143,314	1,968,233	-	-	-	-	2,353,820
Others	53,696	23,754	32,967	51,582	32,810	40,542	1,107	8,966	95,810	341,234
<b>Total liabilities</b>	2,312,039	266,391	495,210	933,796	2,380,878	847,419	1,107	144,541	140,767	7,522,148
Equity	-	-	43,925	-	(12,955)	74,979	3,484	14,216	242,370	366,019
<b>Total equity and liabilities</b>	2,312,039	266,391	539,135	933,796	2,367,923	922,398	4,591	158,757	383,137	7,888,167
<b>Contingencies and commitments</b>	-	-	57,017	538,382	388,637	234,993	-	-	34,505	1,253,534

## 36 RELATED PARTY TRANSACTIONS

The Group has related party relationships with various parties including its Directors, Key Management Personnel, Group entities, associated companies and employee benefit schemes of the Group.

Transactions with related parties, other than those under the terms of employment, are executed on an arm's length basis i.e. do not involve more than normal risk and are substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties.

Contributions to and accruals in respect of staff retirement and other benefit schemes are made in accordance with the actuarial valuations / terms of the schemes.



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

Details of transactions and balances with related parties as at the period / year end are as follows:

As at March 31, 2024 (Unaudited)						
Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties	
----- (Rupees in '000) -----						
<b>Statement of financial position</b>						
<b>Balances with other banks</b>						
In current accounts	-	-	109,152	-	-	157
<b>Investments</b>						
Opening balance	-	-	-	36,132,623	-	17,204,695
Impact of adoption of IFRS 9	-	-	-	-	-	4,406,616
Exchange adjustment	-	-	-	772,729	-	(176,275)
Investment made during the year	-	-	-	693,099	-	-
Investment redeemed / disposed off during the period	-	-	-	(653,572)	-	(837,500)
Share of profit - net of tax	-	-	-	896,405	-	-
Share of other comprehensive income - net of tax	-	-	-	3,791,678	-	-
Dividend received during the period	-	-	-	(672,198)	-	-
Revaluation of investments during the period	-	-	-	(579,040)	-	1,826,608
Closing balance	-	-	-	40,381,724	-	22,424,144
<b>Advances</b>						
Opening balance	1,969	1,293,004	5,352,719	375,000	-	10,230,405
Exchange adjustment	-	-	(66,932)	-	-	-
Addition during the period	2,895	131,105	8,440,237	-	-	5,689,822
Repaid during the period	(4,039)	(80,014)	(8,625,554)	-	-	(5,357,015)
Transfer out - net	-	(671,349)	-	-	-	(56,063)
Closing balance	825	672,746	5,100,470	375,000	-	10,507,149
<b>Other assets</b>						
Interest / mark-up accrued	-	703	61,820	16,338	-	779,795
Receivable from defined benefit plan	-	-	-	-	-	845,404
Other receivable / prepayments	-	1,925	6,519	465,159	-	16,778
	-	2,628	68,339	481,497	-	1,641,977
<b>Borrowings</b>						
Opening balance	-	-	5,169,268	16,686,344	-	5,766,780
Exchange adjustment	-	-	-	(255,927)	-	(35,221)
Borrowings during the period	-	-	-	16,545,661	-	2,515,388
Settled during the period	-	-	(5,169,268)	(16,521,603)	-	(2,568,627)
Closing balance	-	-	-	16,454,475	-	5,678,320
<b>Deposits and other accounts</b>						
Opening balance	72,413	624,864	37,860,212	53,583,869	-	1,440,548
Exchange adjustment	(78)	(4,119)	(203,571)	(6,423)	-	(13,177)
Received during the period	345,581	1,948,285	97,202,803	216,233,658	-	20,773,538
Withdrawn during the period	(243,690)	(1,784,193)	(98,497,119)	(219,519,918)	-	(17,835,969)
Transfer (out) / in - net	-	(185,937)	-	-	-	12,144
Closing balance	174,226	598,900	36,362,325	50,291,186	-	4,377,084
<b>Other liabilities</b>						
Interest / mark-up payable	369	10,930	1,772,383	459,106	-	160,208
Payable to Defined Benefit Plan	-	-	-	-	-	822,532
Other payables	-	-	2,253	66,216	-	270,168
	369	10,930	1,774,636	525,322	-	1,252,908
<b>Contingencies and commitments</b>						
Letter of credit	-	-	377,785	-	-	416,026
Letter of guarantee	-	-	167,832	5	-	3,535,727
Forward purchase of Government securities	-	-	265,399	-	-	686,439
Interest rate swaps	-	-	-	375,000	-	-
	-	-	811,016	375,005	-	4,638,192
<b>Others</b>						
Securities held as custodian	-	169,390	21,654,605	214,018,000	-	30,252,995



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	For the three months ended March 31, 2024 (Unaudited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
<b>Profit and loss account</b>						
<b>Income</b>						
Mark-up / return / profit / interest earned	9	7,622	108,362	20,169	-	614,036
Fee and commission income	151	3,603	82,632	216,203	-	1,403
Share of profit	-	-	-	896,405	-	-
Dividend income	-	-	-	-	-	703,588
Gain on disposal of property and equipment	-	-	-	1,741	-	-
Unrealised loss on derivatives	-	-	-	(29,928)	-	-
<b>Expenses</b>						
Mark-up / return / profit / interest expensed	2,869	14,747	1,053,468	1,908,984	-	219,616
Operating expenses						
Total compensation expense	-	1,315,915	-	-	-	445,631
Non-Executive Directors' fees	30,300	-	-	-	-	-
Insurance premium expense	-	-	-	764,587	-	-
Product feature cost	-	-	66,221	-	-	-
Travelling	-	-	2,426	-	-	-
Subscription	-	-	-	-	-	1,815
Donations	-	-	-	-	-	247,663
Brokerage and Commission	-	-	-	-	-	74,079
Other Expenses	-	-	12,862	19,780	-	47,142
<b>Others</b>						
Purchase of Government securities	-	7,116	41,517,777	25,161,116	-	1,887,503
Sale of Government securities	-	51,817	43,971,984	22,645,810	-	7,513,322
Purchase of foreign currencies	-	1,372	1,731,577	68,579	-	-
Sale of foreign currencies	2,643	123,848	1,846,901	-	-	599,099
Insurance claims settled	-	-	-	130,815	-	-
<b>As at December 31, 2023 (Audited)</b>						
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
<b>Statement of financial position</b>						
<b>Balances with other banks</b>						
In current accounts	-	-	24,874	-	-	161
<b>Investments</b>						
Opening balance	-	-	-	31,882,845	8,149,052	9,755,368
Exchange adjustment	-	-	-	334,160	1,302,052	589,066
Investment made during the year	-	-	-	2,220,186	-	-
Investment redeemed / disposed off during the year	-	-	-	(1,747,775)	-	-
Share of profit - net of tax	-	-	-	4,108,866	313,829	-
Share of other comprehensive income - net of tax	-	-	-	996,110	-	-
Dividend received during the year	-	-	-	(908,215)	(203,366)	-
Revaluation of investments during the year	-	-	-	(631,613)	2,522	(2,686,132)
Provision for diminution in the value of investments	-	-	-	-	-	(17,696)
Other adjustments	-	-	-	(121,941)	-	-
Transfer (out) / in - net	-	-	-	-	(9,564,089)	9,564,089
Closing balance	-	-	-	36,132,623	-	17,204,695
Provision for diminution in the value of investments	-	-	-	-	-	60,639
<b>Advances</b>						
Opening balance	1,412	1,009,459	4,547,709	625,000	-	11,738,739
Exchange adjustment	-	146,143	908,792	-	-	15,679
Addition during the year	9,645	547,024	30,558,900	-	-	16,310,969
Repaid during the year	(9,088)	(409,622)	(30,662,682)	(250,000)	-	(17,834,982)
Closing balance	1,969	1,293,004	5,352,719	375,000	-	10,230,405
<b>Other assets</b>						
Interest / mark-up accrued	-	741	68,692	17,214	-	298,466
Receivable from defined benefit plan	-	-	-	-	-	845,404
Other receivables / prepayments	-	2,673	9,779	569,142	-	13,445
	-	3,414	78,471	586,356	-	1,157,315



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	As at December 31, 2023 (Audited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
<b>Borrowings</b>						
Opening balance	-	-	3,982,280	12,950,894	2,717,171	1,589,426
Exchange adjustment	-	-	1,159,109	3,224,127	619,856	823,712
Borrowings during the year	-	-	20,166,148	83,310,506	2,348,700	19,662,958
Settled during the year	-	-	(20,138,269)	(82,799,183)	(3,131,600)	(18,863,443)
Transfer (out) / in - net	-	-	-	-	(2,554,127)	2,554,127
Closing balance	-	-	5,169,268	16,686,344	-	5,766,780
<b>Deposits and other accounts</b>						
Opening balance	164,865	523,637	26,259,254	18,870,625	4,204	2,080,873
Exchange adjustment	22,601	59,515	192,882	37,425	795	17,484
Received during the year	1,125,982	6,527,029	467,780,827	1,502,762,670	3,996	194,999,583
Withdrawn during the year	(1,241,035)	(6,485,317)	(456,372,751)	(1,468,086,851)	(7,583)	(195,658,804)
Transfer out - net	-	-	-	-	(1,412)	1,412
Closing balance	72,413	624,864	37,860,212	53,583,869	-	1,440,548
<b>Other liabilities</b>						
Interest / mark-up payable	1	1,566	1,258,002	242,951	-	40,946
Payable to defined benefit plan	-	-	-	-	-	851,133
Other payables	-	-	8,276	84,594	-	1,191,884
	1	1,566	1,266,278	327,545	-	2,083,963
<b>Contingencies and Commitments</b>						
Letter of credit	-	-	380,194	-	-	924,060
Guarantee	-	-	174,650	5	-	3,535,727
Forward purchase of Government securities	-	7,116	90,212	-	-	334,534
Interest rate swaps	-	-	-	375,000	-	-
	-	7,116	645,056	375,005	-	4,794,321
<b>Others</b>						
Securities held as custodians	-	152,360	22,460,475	214,735,000	-	29,021,560
	For the three months ended March 31, 2023 (Unaudited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
<b>Profit and loss account</b>						
<b>Income</b>						
Mark-up / return / profit / interest earned	148	17,780	185,032	27,623	-	540,605
Fee and commission income	274	3,102	70,826	89,319	-	522
Share of profit	-	-	-	495,322	313,829	-
Dividend income	-	-	-	-	-	681,485
Gain on disposal of property and equipment	-	-	-	31	-	-
Unrealised loss on derivatives	-	-	-	(66,060)	-	-
<b>Expense</b>						
Mark-up / return / profit / interest expensed	5,329	6,549	414,564	152,173	-	194,566
Operating expenses						
Total compensation expense	-	1,542,748	-	-	-	542,381
Non-Executive Directors' fees	19,200	-	-	-	-	-
Insurance premium expense	-	-	-	556,970	-	-
Product feature cost	-	-	39,328	-	-	-
Travelling	-	-	1,796	-	-	-
Subscription	-	-	-	-	-	4,275
Donations	-	-	-	-	-	200,255
Brokerage and Commission	-	-	-	-	-	25,258
Other Expenses	-	-	30,087	16,031	-	50,411
<b>Others</b>						
Purchase of Government securities	2,498	15,927	42,052,749	25,558,785	-	33,552,249
Sale of Government securities	-	22,739	49,865,285	29,854,799	-	36,333,539
Purchase of foreign currencies	-	5,410	902,334	-	-	-
Sale of foreign currencies	5,700	121,026	1,647,193	-	-	9,593
Insurance claims settled	-	-	-	63,702	-	-

36.1 Balances and transactions with group entities include deposits of Rs 0.686 million (December 31, 2023: Rs 0.695 million) from the parent and Rs 2 thousand (March 31, 2023: 6 thousand) as mark-up expense thereon.



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
<b>37 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>14,668,525</u>	<u>14,668,525</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>254,553,660</u>	247,390,727
Eligible Additional Tier 1 (ADT 1) Capital	<u>18,413,862</u>	19,129,359
Total Eligible Tier 1 Capital	<u>272,967,522</u>	266,520,086
Eligible Tier 2 Capital	<u>78,571,023</u>	76,305,829
Total Eligible Capital (Tier 1 + Tier 2)	<u>351,538,545</u>	342,825,915
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u>1,670,212,945</u>	1,641,019,720
Market Risk	<u>225,466,775</u>	197,111,025
Operational Risk	<u>303,760,456</u>	303,760,456
Total	<u>2,199,440,176</u>	2,141,891,201
CET 1 CAR	<u>11.57%</u>	11.55%
Tier 1 CAR	<u>12.41%</u>	12.44%
Total CAR	<u>15.98%</u>	16.01%
<b>Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)</b>	<u>9.00%</u>	9.00%
of which: capital conservation buffer requirement	<u>1.50%</u>	1.50%
of which: countercyclical buffer requirement	-	-
of which: D-SIB buffer requirement	<u>1.50%</u>	1.50%
CET1 available to meet buffers (as a percentage of risk weighted assets)	<u>5.57%</u>	5.55%
<b>Other information:</b>		
<b>National minimum capital requirements prescribed by the SBP</b>		
CET1 minimum ratio (%)	<u>9.00%</u>	9.00%
Tier 1 minimum ratio (%)	<u>10.50%</u>	10.50%
Total capital minimum ratio (%)	<u>13.00%</u>	13.00%
	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
<b>Leverage Ratio (LR)</b>		
Eligible Tier-1 Capital	<u>272,967,522</u>	266,520,086
Total Exposures	<u>5,862,784,668</u>	6,158,603,788
<b>Leverage Ratio (%)</b>	<u>4.66%</u>	4.33%
<b>Minimum Requirement (%)</b>	<u>3.00%</u>	3.00%
<b>Liquidity Coverage Ratio (LCR)</b>		
Average High Quality Liquid Assets	<u>2,089,381,082</u>	1,879,073,951
Average Net Cash Outflow	<u>799,417,882</u>	693,860,676
<b>Liquidity Coverage Ratio (%)</b>	<u>261.36%</u>	270.81%
<b>Minimum Requirement (%)</b>	<u>100.00%</u>	100.00%
<b>Net Stable Funding Ratio (NSFR)</b>		
Available Stable Funding	<u>3,981,912,215</u>	3,812,112,933
Required Stable Funding	<u>2,378,277,918</u>	2,384,738,674
<b>Net Stable Funding Ratio (%)</b>	<u>167.43%</u>	159.85%
<b>Minimum Requirement (%)</b>	<u>100.00%</u>	100.00%

37.1 The SBP has permitted banks to adopt a transitional approach to phase in the initial impact of the ECL for stage 1 and 2 financial assets over a period of five years. Had there been no such relaxation the Group's total CAR would have been lower by 80 bps.



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## 38 ISLAMIC BANKING BUSINESS

The Bank operates 408 (December 31, 2023: 408) Islamic Banking branches and 553 (December 31, 2023: 553) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited) March 31, 2024	(Audited) December 31, 2023
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks		35,208,414	40,418,980
Balances with other banks		1,096,149	476,714
Due from financial institutions	38.1	36,000,000	19,500,000
Investments	38.2	259,282,164	226,552,494
Islamic financing and related assets - net	38.3	201,151,101	213,054,465
Property and equipment		7,331,425	7,392,659
Right-of-use assets		6,671,494	6,526,100
Intangible assets		54,710	48,248
Due from Head Office		-	-
Deferred tax assets		1,189,059	1,270,557
Other assets		31,982,791	23,894,137
		<b>579,967,307</b>	<b>539,134,354</b>
<b>LIABILITIES</b>			
Bills payable		39,839	40,454
Due to financial institutions	38.4	23,537,997	32,119,436
Deposits and other accounts	38.5	484,359,472	422,709,734
Due to Head Office		3,023,001	9,382,906
Lease liabilities		8,988,903	8,572,063
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities		16,282,107	23,443,740
		<b>536,231,319</b>	<b>496,268,333</b>
		<b>43,735,988</b>	<b>42,866,021</b>
<b>NET ASSETS</b>			
<b>REPRESENTED BY</b>			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Deficit on revaluation of investments - net of tax		(1,237,593)	(1,322,417)
Unappropriated profit	38.6	44,473,581	43,688,438
		<b>43,735,988</b>	<b>42,866,021</b>
<b>Contingencies and commitments</b>			
	38.7	(Unaudited) For the three months ended	
		March 31, 2024	March 31, 2023
(Rupees in '000)			
<b>PROFIT AND LOSS ACCOUNT</b>			
Profit / return earned	38.8	21,340,795	14,681,770
Profit / return expensed	38.9	11,253,785	8,879,084
Net profit / return		<b>10,087,010</b>	<b>5,802,686</b>
<b>Other income</b>			
Fee and commission income		520,262	308,391
Dividend income		-	-
Foreign exchange income		182,442	372,769
Income from derivatives		-	-
Gain on securities- net		16,280	4,484
Others		-	-
Total other income		<b>718,984</b>	<b>685,644</b>
<b>Total income</b>		<b>10,805,994</b>	<b>6,488,330</b>
<b>Other expenses</b>			
Operating expenses		2,793,724	2,086,683
Workers' Welfare Fund		152,745	94,639
Other charges		125	120
Total other expenses		<b>2,946,594</b>	<b>2,181,442</b>
<b>Profit before credit loss allowance</b>		<b>7,859,400</b>	<b>4,306,888</b>
Charge / (reversal) of credit loss allowance and write offs - net		222,158	(425,084)
<b>Profit before taxation</b>		<b>7,637,242</b>	<b>4,731,972</b>
Taxation		3,742,247	2,034,748
<b>Profit after taxation</b>		<b>3,894,995</b>	<b>2,697,224</b>



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

		(Unaudited) March 31, 2024	(Audited) December 31, 2023
(Rupees in '000)			
38.1	<b>Due from Financial Institutions</b>		
	Call money lendings	31,000,000	17,000,000
	Secured lendings	5,000,000	2,500,000
		<u>36,000,000</u>	<u>19,500,000</u>
38.2	<b>Investments by segments</b>	<b>March 31, 2024 (Unaudited)</b>	
		Cost / amortised cost	Credit loss allowance
		Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----			
	<b>Debt Instruments</b>		
	<b>Fair value through profit and loss (FVTPL)</b>		
	<b>Federal Government securities</b>		
	- Ijarah Sukuk	5,900	5
			5,905
	<b>Fair value through other comprehensive income (FVOCI)</b>		
	<b>Federal Government securities</b>		
	- Ijarah Sukuk	194,282,026	(2,474,616)
	- Other Federal Government securities	3,727,205	-
		198,009,231	(2,474,616)
			191,807,410
			3,727,205
			195,534,615
	<b>Non-Government debt securities</b>		
	- Listed	44,610,211	(68,209)
	- Unlisted	1,401,000	(8,982)
		46,011,211	(77,191)
			44,292
			3,673
			47,965
			44,586,294
			1,395,691
			45,981,985
	<b>Amortised cost</b>		
	<b>Federal Government securities</b>		
	- Ijarah Sukuk	5,000,000	-
	- Other Federal Government securities	-	-
		5,000,000	-
			5,000,000
	<b>Non-Government debt securities</b>		
	- Listed	-	-
	- Unlisted	12,984,187	(224,528)
		12,984,187	(224,528)
			-
			12,759,659
			12,759,659
	<b>Total Investments</b>	<u>262,010,529</u>	<u>(301,719)</u>
			<u>(2,426,646)</u>
			<u>259,282,164</u>
<b>December 31, 2023 (Audited)</b>			
		Cost / amortised cost	Provision for diminution
		Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----			
	<b>Available for sale (AFS) securities</b>		
	<b>Federal Government securities</b>		
	- Ijarah Sukuk	164,825,661	-
	- Other Federal Government securities	5,543,158	-
		170,368,819	-
			(2,631,310)
			-
			162,194,351
			5,543,158
			167,737,509
	<b>Non-Government debt securities</b>		
	- Listed	44,891,462	-
	- Unlisted	1,401,000	-
		46,292,462	-
			36,836
			1,500
			38,336
			44,928,298
			1,402,500
			46,330,798
	<b>Held to maturity (HTM) securities</b>		
	<b>Non-Government debt securities</b>		
	- Unlisted	12,484,187	-
			-
			12,484,187
	<b>Total Investments</b>	<u>229,145,468</u>	<u>-</u>
			<u>(2,592,974)</u>
			<u>226,552,494</u>
<b>March 31, 2024 (Unaudited)</b>			
		Stage 1	Stage 2
		Stage 3	Total
----- (Rupees in '000) -----			
38.2.1	<b>Particulars of credit loss allowance</b>		
	Non Government debt securities	148,719	153,000
			301,719





# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
<b>38.3 Islamic financing and related assets - net</b>		
Diminishing Musharakah	91,130,754	93,090,122
Running Musharakah	46,460,457	46,748,573
Wakalah	14,757,354	15,112,848
Ijarah	4,067,200	3,771,372
Murabaha	2,143,539	1,937,342
Currency Salam	-	82,738
Tijarah	2,859,002	2,422,198
Istisna	1,815,405	2,053,597
Musawamah	1,593,083	3,191,914
Advance for Diminishing Musharakah	3,242,815	3,820,249
Advance for Ijarah	3,678,345	3,498,372
Advance for Murabaha	13,628,797	10,561,441
Advance for Salam	1,394,777	2,032,234
Advance for Istisna	12,373,737	16,079,982
Advance for Musawamah	881,566	595,848
Inventories against Murabaha	446,411	5,784,149
Inventories against Salam	2,032,234	-
Inventories against Tijarah	4,511,817	5,088,392
Inventories against Istisna	3,678,350	3,842,828
Islamic financing and related assets - gross	<u>210,695,643</u>	<u>219,714,199</u>
Credit loss allowance against Islamic financing and related assets		
- Stage 1	(769,439)	-
- Stage 2	(2,503,810)	-
- Stage 3	(5,593,734)	-
Specific	-	(5,523,177)
General	(677,559)	(1,136,557)
	<u>(9,544,542)</u>	<u>(6,659,734)</u>
Islamic financing and related assets - net of credit loss allowance	<u>201,151,101</u>	<u>213,054,465</u>
<b>38.4 Due to financial institutions</b>		
Acceptances from the SBP under:		
- Islamic export refinance scheme	10,982,347	19,406,548
- Islamic export refinance scheme for bill discounting	532,906	556,808
- Islamic long term financing facility	6,311,570	6,481,973
- Islamic financing facility for renewable energy power plants	712,164	644,321
- Islamic refinance facility for modernization of Small & Medium Enterprises (SMEs)	268,947	286,208
- Islamic refinance and credit guarantee scheme for women entrepreneurs	1,208	1,765
- Islamic refinance facility for combating COVID-19	453,337	355,448
- Islamic temporary economic refinance facility	2,275,518	2,386,365
Acceptances from Pakistan Mortgage Refinance Company	2,000,000	2,000,000
	<u>23,537,997</u>	<u>32,119,436</u>
<b>38.5 Deposits and other accounts</b>		
<b>Customers</b>		
Current deposits	112,443,922	109,005,139
Savings deposits	293,268,535	279,911,025
Term deposits	22,775,146	29,238,524
	<u>428,487,603</u>	<u>418,154,688</u>
<b>Financial Institutions</b>		
Current deposits	111,137	92,442
Savings deposits	55,459,086	4,360,958
Term deposits	301,646	101,646
	<u>55,871,869</u>	<u>4,555,046</u>
	<u>484,359,472</u>	<u>422,709,734</u>
<b>38.6 Islamic Banking business unappropriated profit</b>		
Opening Balance	43,688,438	32,922,558
Impact of adoption of IFRS 9	(3,083,456)	-
Add: Islamic Banking profit for the period / year	7,637,242	21,124,836
Less: Taxation	(3,742,247)	(10,351,170)
Less: Transferred / remitted to Head Office	(26,396)	(7,786)
Closing Balance	<u>44,473,581</u>	<u>43,688,438</u>



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Note	(Unaudited) March 31, 2024 (Rupees in '000)	(Audited) December 31, 2023 (Rupees in '000)
<b>38.7 Contingencies and commitments</b>			
- Performance Guarantees		5,023,248	3,783,771
- Commitments	38.7.1	<u>62,145,546</u>	<u>53,232,828</u>
		<u>67,168,794</u>	<u>57,016,599</u>
<b>38.7.1 Commitments:</b>			
Trade-related contingent liabilities		33,861,856	30,703,557
Commitments in respect of forward foreign exchange contracts	38.7.1.1	<u>28,283,690</u>	<u>22,529,271</u>
		<u>62,145,546</u>	<u>53,232,828</u>
<b>38.7.1.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		15,810,608	11,450,911
Sale		<u>12,473,082</u>	<u>11,078,360</u>
		<u>28,283,690</u>	<u>22,529,271</u>
		(Unaudited) For the three months ended	
<b>38.8 Profit / return earned</b>		March 31, 2024	March 31, 2023 (Rupees in '000)
On:			
Financing		8,903,091	7,438,007
Investments		11,763,477	7,094,626
Amounts due from financial institutions		674,227	149,137
		<u>21,340,795</u>	<u>14,681,770</u>
<b>38.9 Profit / return expensed</b>			
On:			
Deposits and other accounts		9,225,033	5,899,374
Amounts due to financial institutions		1,569,117	2,766,338
Foreign currency deposits for Wa'ad based transactions		156,742	4,842
Lease liability against right-of-use assets		<u>302,893</u>	<u>208,530</u>
		<u>11,253,785</u>	<u>8,879,084</u>
<b>39 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE</b>			
39.1	The Board of Directors, in its meeting held on April 23, 2024, has declared a cash dividend of Rs 4.00 per share in respect of the quarter ended March 31, 2024 (March 31, 2023: Rs 1.50 per share). These condensed interim consolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.		
<b>40 DATE OF AUTHORISATION FOR ISSUE</b>			
	These condensed interim consolidated financial statements were authorised for issue in the Board of Directors meeting held on April 23, 2024.		
<b>41 GENERAL</b>			
41.1	Comparative figures have been re-arranged and reclassified for comparison purposes.		

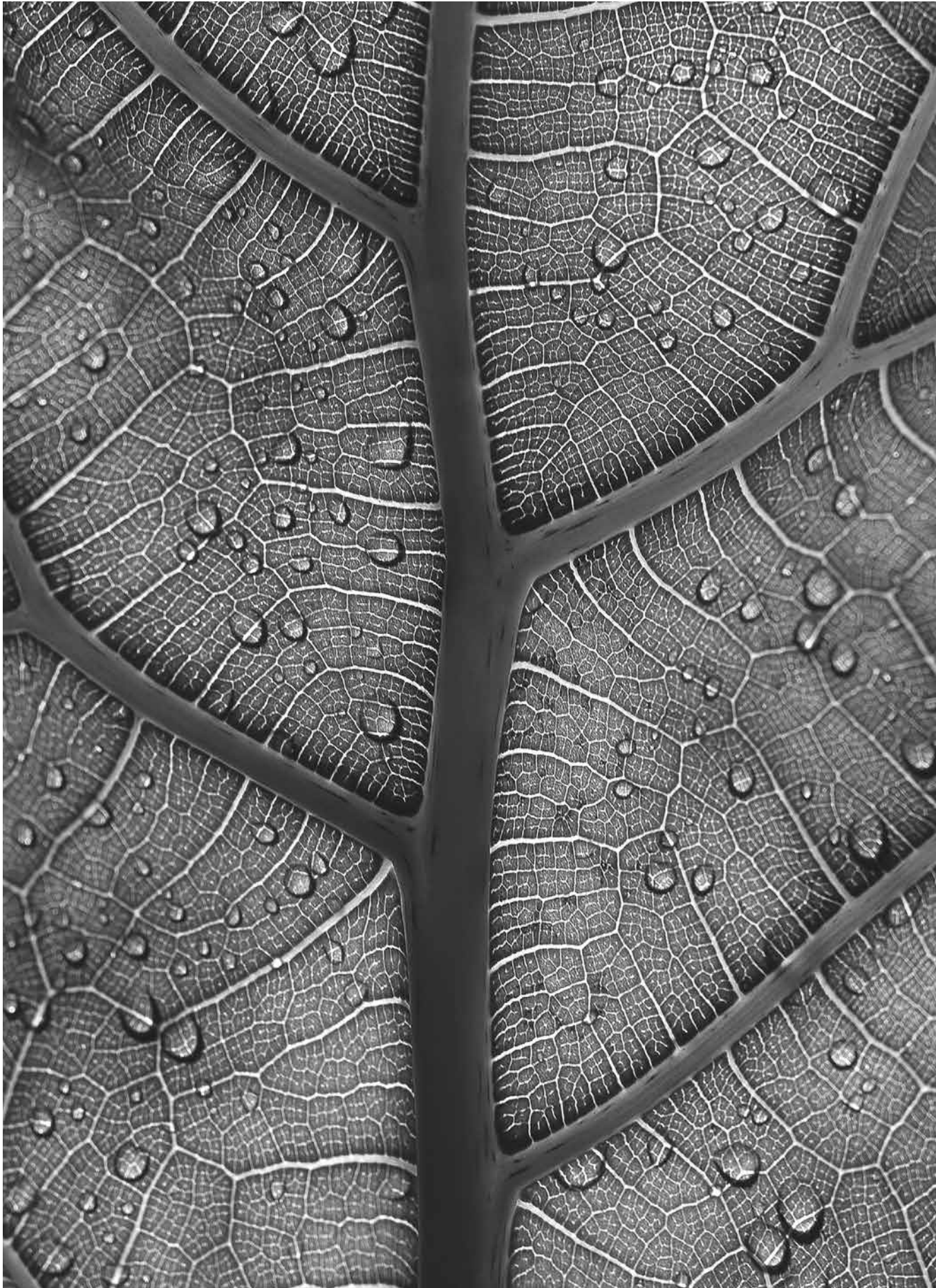
Muhammad Nassir Salim  
President and  
Chief Executive Officer

Raymond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Moez Ahamed Jamal  
Director

Dr. Najeeb Samie  
Director



2

# Unconsolidated Financial Statements

# Directors' Review

On behalf of the Board of Directors, we are pleased to present the Unconsolidated Financial Statements for the quarter ended March 31, 2024.

## Macroeconomic Review

Pakistan experienced a broad-based economic recovery in FY'24, with growth and confidence exhibiting a nascent turnaround. Following a contraction in FY'23, GDP is forecasted to grow by around 2% in FY'24. The industrial sector remains subdued with suppressed demand as a result of high interest rates and energy prices; the Large-Scale Manufacturing Index declined by 0.5% during 8MFY'24 compared to the same period last year. Headline inflation has moderated to a 22-month low of 20.7% in Mar'24 from peak levels of 38.0% in May'23 on the back of a stable currency, easing global commodity prices and a high base effect. This led to real interest rates turning positive for the first time since Jan'21. Average inflation for 9MFY'24 was 27.2%, the same level as for 9MFY'23. The SBP has revised its average CPI forecast for FY'24 from 20-22% to 23-25%.

For 8MFY'24, weak demand and easing international commodity prices manifested a 9% contraction in the import bill. Meanwhile exports increased by 10% during the same period, mainly led by food exports. Hence, the overall trade deficit narrowed to USD 13.5 billion, 28% lower than in 8MFY'23. In Q1FY'24, remittances had declined by 20%. The subsequent crackdown on illegal activity and new reforms for exchange companies has fully offset this; remittances for 9MFY'24 showed an increase of 0.9%, with March 2024 posting a 23-month high of nearly \$3 billion. The reduction in the trade deficit, along with stable remittance flows, drove a significant decline in the current account deficit, which reduced by 74% YoY, to USD 1.0 billion in 8MFY'24.

Foreign exchange reserves of \$8 billion remain stable. Pakistan successfully repaid its \$ 1 billion Eurobond at maturity on April 12, 2024. Fitch and Moody's maintained Pakistan's credit rating with a Stable Outlook recognizing stabilization efforts and good performance on the Standby Arrangement (SBA). The second and final review of the SBA was successfully completed with a Staff Level Agreement reached. The newly elected government remains committed to reform efforts, particularly on energy, taxation and privatization of state-owned enterprises and is actively working with the IMF on a successor medium-term program. Improved external buffers and market confidence has led to an appreciation of the Rupee which gained ~1.3% during 2024, currently trading at Rs 278/\$.

The bull run in the equity market, which commenced in Q4'23 has extended into 2024, with the KSE100 Index up 13% as of April 15, 2024 and continuing to break new records, crossing 70,000. Market sentiments remained strong, backed by the formation of a new government, clarity on acceleration of economic reforms under the new Finance Minister and the successful final review under the SBA.

The SBP continued with a status quo approach to the policy rate, keeping it unchanged at its March 2024 meeting. The MPC noted that although inflation had reduced considerably, the absolute level remained high along with upside risks still present. It highlighted that inflation expectations of consumers and businesses remain elevated, emanating from upward adjustments in energy prices and implementation of IMF warranted fiscal measures. Therefore, in order to tame inflation to its target range of 5-7% by Sep'25 a continued tight monetary stance was warranted. In 2024, a 1.6% decline in private sector credit from Dec'23 levels has resulted in a 3.1% fall in banking sector advances as of Mar'24. Industry deposits increased by 1.7% in Q1'24.

## Financial Performance

HBL's Unconsolidated profit before tax of Rs 29.7 billion for Q1'24 has increased by 13% over the same period last year. The performance was underpinned by excellent results in both the domestic and the international businesses. Earnings per share declined slightly from Rs 10.4 in Q1'23 to Rs 10.0 in Q1'24 due to a higher applicable tax rate.

The Bank's balance sheet stood over Rs 5.1 trillion with total deposits growing by Rs 234 billion over Dec'23 to Rs 4.1 trillion. Domestic deposits increased to Rs 3.7 trillion, primarily led by a growth of Rs 115 billion in low-cost deposits. Credit demand has remained muted in the tight monetary policy environment, with domestic advances reducing to Rs 1.3 trillion; total advances of the Bank as at March 31, 2024 were Rs 1.6 trillion. Nevertheless, the Bank's market-leading consumer portfolio remained on a growth trajectory, increasing to Rs 130.0 billion.

The average domestic balance sheet grew by Rs 522 billion to Rs 4.1 trillion; the impact was somewhat diluted by lower margins as market rates have come off their peak, leading to a 6% growth in net interest income over the first quarter of 2023. Strong performance from the international business, supported by wider margins, returned a growth of 26%, bringing the Bank's total net interest income for Q1'24 to Rs 55.9 billion, an increase of 8% over Q1'23. Non-fund income increased to Rs 18.2 billion in Q1'24, driven by HBL's superior fee business which delivered excellent results, growing 28% to Rs 10.5 billion. While the flagship Cards franchise continued to lead the fee growth, the trade and branch banking businesses also posted stellar double-digit increases. HBL's total revenue thus rose by 16%, to Rs 74.0 billion.

Continued high inflation has increased administrative expenses by 18% to Rs 41.6 billion; cost to income ratio thus increased from 55.2% in Q1'23 to 56.1% in Q1'24. A slowdown in loan growth and higher non-performing loans have induced an uptick in the infection ratio to 5.7%; total coverage remains above 100%.

## Movement of Reserves

	Rupees in million
Unappropriated profit brought forward	206,492
Impact of change in accounting policy	(7,527)
Unappropriated profit brought forward – restated	<u>198,965</u>
Profit attributable to equity holders of the Bank	<u>14,595</u>
Transferred from surplus on revaluation of assets – net of tax	21
Realised gain on equity investments designated as FVOCI	99
	<u>14,715</u>
Profit available for appropriations	<u>213,680</u>
<b>Appropriations</b>	
Transferred to statutory reserves	<u>(1,460)</u>
Cash dividend – Final 2023	<u>(5,867)</u>
Total appropriations	<u>(7,327)</u>
<b>Unappropriated profit carried forward</b>	<u><u>206,353</u></u>
<b>Earnings per share (Rupees)</b>	<u><u>9.95</u></u>

## Capital Ratios

HHBL's capital ratios remained strong as internal capital generated by the strong results offset higher risk weighted assets and capital deductions. The Unconsolidated Tier 1 CAR and the total CAR improved to 13.5% and 17.5% respectively.

## Dividend

The Board of Directors, in its meeting held on April 23, 2024, has declared an interim cash dividend of Rs 4.0 per share (40%) for the quarter ended March 31, 2024.

## Future Outlook

Looking ahead, elevated domestic and external financing needs will limit the ability of the government to promote a growth-oriented policy, while the private sector is already facing headwinds from lower domestic demand and rising cost pressures. As a result, we expect growth to remain sluggish for FY'24. Utility prices are on an upswing due to the need to reduce circular debt in the energy chain. While this will provide some upward impetus to inflation, we believe it will be more than offset by the impact of the base effect carry over from last year. While inflation is decelerating and is anticipated to ease off further from Q2'24 onwards, upside risks from geopolitical factors remain.

To overcome Pakistan's macroeconomic imbalances, the focus needs to be on improving governance and successful implementation of necessary reforms. Tax collection has improved over the years, but it is entirely due to over-taxing the already taxed. The government actively needs to introduce new taxation reforms, improve efficiency and broaden the tax base by introducing technology and simplifying the process. Financial support to loss making and inefficient SOEs are a major drag on the fiscal resources of the country and improving governance towards their eventual privatization should be a critical priority. Finally, the importance of graduating from the SBA to a larger and longer Extended Fund Facility cannot be overemphasized as this will provide both the fiscal space as well as the external stability for the Government to carry out much-needed structural reforms.

HBL has demonstrated resilience in a challenging environment, with the strong results a testament to the loyalty of our customers. HBL's digital footprint and presence continues to grow exponentially, from Konnect to cash management to Treasury solutions. Over 4 million users of HBL Mobile and Internet Banking transacted over Rs 1.6 trillion in just the first quarter of 2024. Over the last few years, the Bank has played a pivotal role in strengthening Pakistan's agriculture sector through its unique interventions which have doubled farmer incomes. In Q1'24 HBL formally launched HBL Zarai Services in Burewala, which will provide agriculture extension services to empower farmers and enhance productivity throughout the entire value chain. This is another landmark initiative by HBL and will Insha Allah transform the agriculture landscape of the country. Q1'24 saw the successful conclusion of HBL PSL 9, an event now firmly established on the international cricket calendar; HBL's nearly decade-long support to this major event has played a crucial role in normalizing cricket in Pakistan. In line with our commitment to give back to the community, HBL's employees completed 2,000 volunteering hours in projects from tree planting to clean up drives to blood camps.

Muhammad Aurangzeb, HBL's President and CEO, stepped down from the Bank with effect from March 11, 2024 to take up the position of Minister for Finance and Revenue. HBL is extremely proud of Aurangzeb responding to the call of national service to carry forward the much-needed reform agenda. The Board wishes to place on record its appreciation for his enormous contributions to the Bank and stands firm in its resolve to providing support in the progress of Pakistan. The Board has appointed Muhammad Nassir Salim, who was serving as the Chief Operating Officer, as HBL's President and CEO and wishes him every success in his new role.

## Appreciation and Acknowledgement

On behalf of the Board and management, we would like to place on record our appreciation for the efforts of our regulators and the Government of Pakistan, in particular the State Bank of Pakistan, the Ministry of Finance and the Securities and Exchange Commission of Pakistan. In these unprecedented and challenging times, they have stepped up with policies and measures that are prudent, proactive and balanced, protecting the economy, customers and people of Pakistan, while also safeguarding the integrity and soundness of the banking and financial services industry.

We are indebted to our customers, many of whom have banked with us for generations, and who continue to entrust us with their business and confidence. Our shareholders have provided steadfast support and to them, and to all our stakeholders, we are deeply grateful. The Board and the management remain committed to maintaining the highest standards of governance and we assure our stakeholders that we will be industry leaders in this area.

Lastly, but certainly not the least, we express our deepest appreciation and gratitude to our employees and their families, especially in customer facing units and branches, who continually go the extra mile, even at personal cost, to ensure that our customers are able to meet their critical needs. They are our heroes and heroines and we salute them for their dedication and tireless efforts.

On behalf of the Board

**Muhammad Nassir Salim**  
**President & Chief Executive Officer**

**Moez Ahamed Jamal**  
**Director**

April 23, 2024

## ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2024ء کو ختم ہونے والی پہلی سہ ماہی کے مختصر عبوری غیر مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

### کلیاتی اقتصادیات کا جائزہ

مالی سال 24 میں پاکستان میں وسیع البنیاد معاشی بحالی آئی، جس میں ترقی اور اعتماد میں بہتری نظر آئی۔ مالی سال 23 میں تنگی کے بعد مالی سال 2024 میں GDP میں تقریباً 2% اضافے کی پیش گوئی کی گئی ہے۔ شرح سود اور توانائی کی قیمتوں میں اضافے کے نتیجے میں صنعتی شعبہ کی طلب کمزور رہی۔ لارج اسکیل مینوفیکچرنگ انڈیکس میں مالی سال 2024 کے 8 ماہ کے دوران گزشتہ سال کے اسی عرصے کے مقابلے میں 0.5% کمی واقع ہوئی۔ مستحکم کرنسی، عالمی اجناس کی قیمتوں میں کمی اور اعلیٰ بنیادی اثرات کی وجہ سے ہیڈلائن افراط زر مارچ 2024 میں 22 ماہ کی کم ترین سطح 20.7% پر آگئی ہے جو مئی 23 میں 38.0% کی بلند ترین سطح پر تھی۔ اس کے نتیجے میں جنوری 2021 کے بعد پہلی بار حقیقی شرح سود مثبت ہوئی۔ مالی سال 2024 کے 9 ماہ کے لیے اوسط افراط زر 27.2% تھی جو مالی سال 23 کے 9 ماہ میں بھی یہی تھی۔ اسٹیٹ بینک نے مالی سال 24 کے لیے اپنی اوسط CPI کی پیشگوئی 22-20% سے بڑھا کر 25-23% کر دی ہے۔

مالی سال 24 کے 8 ماہ کے دوران کم طلب اور بین الاقوامی اجناس کی قیمتوں میں کمی سے درآمدی بل میں 9% کمی آئی۔ اس کے علاوہ اسی عرصے کے دوران برآمدات میں 10% اضافہ ہوا جس کی بنیادی وجہ خوراک کی برآمد ہے۔ اس طرح مجموعی تجارتی خسارہ کم ہو کر 13.5 بلین ڈالر رہ گیا جو مالی سال 23 کے 8 ماہ کے مقابلے میں 28% کم ہے۔ مالی سال 24 کی پہلی سہ ماہی میں ترسیلات زر میں 20% کمی واقع ہوئی ہے۔ اس کے بعد غیر قانونی سرگرمیوں کے خلاف کریک ڈاؤن اور ایکسچینج کمپنیوں کے لیے نئی اصلاحات نے اسے مکمل طور پر ختم کر دیا ہے۔ مالی سال 24 کے 9 ماہ میں ترسیلات زر میں 0.9% اضافہ دیکھا گیا اور مارچ 24 میں ترسیلات زر 23 ماہ کی بلند ترین سطح 3 بلین ڈالر رہیں۔ تجارتی خسارے میں کمی اور ترسیلات زر کے مستحکم بہاؤ کی وجہ سے کرنٹ اکاؤنٹ خسارے میں نمایاں کمی واقع ہوئی جو مالی سال 24 کے 8 ماہ میں سال بہ سال 74% کم ہو کر 1.0 بلین ڈالر رہ گیا۔

8 بلین ڈالر کے زرمبادلہ کے ذخائر مستحکم ہیں۔ پاکستان نے 12 اپریل 2024 کو اپنے ایک بلین ڈالر کے یورو بانڈ کی میچورٹی پر کامیاب ادائیگی کی۔ فچ اور موڈیز نے اسٹیٹڈ بائی آرٹیکل (SBA) کی استحکام کی کوششوں اور اچھی کارکردگی کو تسلیم کرتے ہوئے مستحکم آؤٹ لک کے ساتھ پاکستان کی کریڈٹ ریٹنگ برقرار رکھی۔ SBA کا دوسرا اور آخری جائزہ اسٹاف لیول ایگریمنٹ کے ساتھ کامیابی سے مکمل ہوا۔ نون منتخب حکومت اصلاحاتی کوششوں بالخصوص توانائی، ٹیکس اور سرکاری اداروں کی نجکاری کے حوالے سے پرعزم ہے اور IMF کے ساتھ مل کر مستقبل کے درمیانی مدت کے پروگرام پر بھرپور کام کر رہی ہے۔ بیرونی بفرز میں بہتری اور مارکیٹ کے اعتماد کی وجہ سے روپے کی قدر میں اضافہ ہوا ہے جو 2024 کے دوران تقریباً 1.3 بڑھ گیا اور اس وقت 278 روپے فی ڈالر پر چل رہا ہے۔

ایکونومی مارکیٹ میں تیزی کارخانہ جو 23 کی چوتھی سہ ماہی میں شروع ہوا تھا، 2024 تک اس میں اضافہ ہو گیا، 15 اپریل 2024 تک KSE100 انڈیکس میں 13% ہوا اور نئے ریکارڈ ٹوٹتے ہوئے 70,000 سے تجاوز کر گیا۔ نئی حکومت کی تشکیل، نئے وزیر خزانہ کی سربراہی میں معاشی اصلاحات میں تیزی اور SBA کے تحت کامیاب حتمی جائزے کی وجہ سے مارکیٹ مضبوط رہی۔

اسٹیٹ بینک نے پالیسی ریٹ کے حوالے سے جوں کا توں رویہ برقرار رکھا اور مارچ 2024 کے اجلاس میں اس میں کوئی تبدیلی نہیں کی۔ MPC نے مشاہدہ کیا کہ اگرچہ افراط زر میں کافی کمی آئی ہے، لیکن مطلق سطح بلند ہے اور اس کے ساتھ ساتھ خطرات اب بھی موجود ہیں۔ رپورٹ میں کہا گیا ہے کہ صارفین اور کاروباری افراط زر کی توقعات بدستور بلند ہیں جو توانائی کی قیمتوں میں اضافے اور IMF کے مالیاتی اقدامات کے نفاذ کی وجہ سے پیدا ہوئی ہیں۔ لہذا افراط زر کو ستمبر 2025 تک 5-7% کے ہدف تک پہنچانے کے لیے سخت مالیاتی موقف ضروری تھا۔ سال 2024 میں نجی شعبے کے قرضوں میں دسمبر 23 کی سطح سے 1.6% کمی واقع ہوئی جس کے نتیجے میں مارچ 24 تک بینکنگ سیکٹر کے قرضوں میں 3.1% کمی واقع ہوئی۔ سال 24 کی پہلی سہ ماہی میں صنعتی ڈپازٹس میں 1.7% اضافہ ہوا۔

### مالیاتی کارکردگی

سال 24 کی پہلی سہ ماہی میں HBL کا قبل از ٹیکس منافع 29.7 بلین روپے رہا جو گزشتہ سال کے اسی عرصے کے مقابلے میں 13% زیادہ ہے۔ اس کارکردگی کی وجہ مقامی اور بین الاقوامی دونوں کاروباروں میں بہترین نتائج تھے۔ فی حصص آمدنی سال 23 کی پہلی سہ ماہی میں 10.4 روپے سے کم ہو کر سال 24 کی پہلی سہ ماہی میں 10.0 روپے ہو گئی۔ جو زیادہ ٹیکس کے اطلاق کی وجہ سے ہوا۔



بینک کی بیلنس شیٹ 5.1 ٹریلیون روپے رہی جس کے مجموعی ڈپازٹس دسمبر 23 کے مقابلے میں 234 بلین روپے بڑھ کر 4.1 ٹریلیون روپے ہو گئے۔ گھریلو ڈپازٹس بڑھ کر 3.7 ٹریلیون روپے تک پہنچ گئے، جس کی بنیادی وجہ کم لاگت کے ڈپازٹس میں 115 بلین روپے کا اضافہ ہے۔ سخت مانیٹری پالیسی کے سبب کریڈٹ کی طلب کم رہی، جس میں مقامی قرضے کم ہو کر 1.3 ٹریلیون روپے رہ گئے۔ 31 مارچ 2024 تک بینک کے کل قرضے 1.6 ٹریلیون روپے تھے۔ اس کے باوجود بینک کا مارکیٹ لیڈر کنزیومر پورٹ فولیو ترقی کی راہ پر گامزن رہا اور بڑھ کر 130.0 بلین روپے تک پہنچ گیا۔

اوسط ملکی بیلنس شیٹ 522 بلین روپے بڑھ کر 4.1 ٹریلیون روپے ہو گئی۔ کم مارجن کی وجہ سے اس کا اثر کسی حد تک کم ہوا کیونکہ مارکیٹ ریٹ اپنے عروج سے واپس آ گئے، جس کی وجہ سے سال 2023 کی پہلی سہ ماہی کے مقابلے میں خالص سودی آمدنی میں 6% اضافہ ہوا ہے۔ بین الاقوامی کاروبار کی مضبوط کارکردگی اور وسیع مارجن کی مدد سے نمو میں 26% اضافہ ہوا جس سے سال 24 پہلی سہ ماہی کے دوران بینک کی مجموعی سودی آمدنی 55.9 بلین روپے تک پہنچ گئی جو سال 23 پہلی سہ ماہی کے مقابلے میں 8% زیادہ ہے۔ HBL کے بہتر فیس بزنس کی وجہ سے سال 24 کی پہلی سہ ماہی میں نان فنڈ انکم 18.2 بلین روپے تک بڑھ گئی جس کے بہترین نتائج سامنے آئے اور یہ 28% اضافے سے 10.0 بلین روپے تک پہنچ گئی۔ جہاں فلک شپ کارڈز فریجیٹس میں اضافے میں آگے رہی وہیں ٹریڈ اور براؤنج بینکنگ کے کاروبار میں بھی ڈبل ڈیجٹ میں زبردست اضافہ دیکھنے میں آیا۔ اس طرح HBL کی مجموعی آمدنی 16% اضافے سے 74.0 بلین روپے ہو گئی۔

مسلل مہنگائی کی وجہ سے انتظامی اخراجات 18% بڑھ کر 41.6 بلین روپے ہو گئے۔ تاہم محصولات میں مسلسل اضافے سے لاگت اور آمدنی کا تناسب سال 23 کی پہلی سہ ماہی کے 55.2% سے بہتر ہو کر سال 24 کی پہلی سہ ماہی میں 56.1% ہو گیا ہے۔ قرضوں کی شرح نمو میں سست روی اور نان پرفارمنگ قرضوں کی وجہ سے انکیشن کی شرح بڑھ کر 5.7% ہو گئی ہے۔ کل کوریج بدستور 100% سے اوپر ہے۔

## ذخائر میں اتار چڑھاؤ

### بلین روپے

206,492

(7,527)

198,965

14,595

21

99

14,715

213,680

افتتاحی غیر تخصیص شدہ منافع  
اکاؤنٹنگ پالیسی میں تبدیلی کے اثرات  
افتتاحی غیر تخصیص شدہ منافع کی دوبارہ تخصیص

بینک ایکویٹی کے حامل افراد کے لیے قابل ادائیگی منافع  
اثاثہ جات کی دوبارہ تخصیص پر سرپلس سے منتقل شدہ۔ محصول کا خالص  
FVOCI کے طور پر ایکویٹی کی سرمایہ کاری پر موصولہ منافع

مناسب کارروائی کے لیے دستیاب منافع

### مختلف مدوں میں رکھی گئی رقوم:

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ - حتمی 2023

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

(1,460)

(5,867)

(7,327)

206,353

9.95

فی حصص (شیر) آمدنی (روپے)

### سرمائے کا تناسب

مضبوط نتائج سے پیدا ہونے والے اندرونی سرمائے نے زیادہ خطرے والے اثاثوں اور سرمائے میں کمی کو پورا کیا جس کی وجہ سے HBL کا سرمائے کا تناسب مضبوط رہا۔ بینک کے مجموعی Tier 1 CAR، اور کل CAR دسمبر 2023 کی سطح 12.4% اور 16.0% پر بالترتیب برقرار رہے۔

## منافع منقسمہ

مضبوط نتائج سے پیدا ہونے والے اندرونی سرمائے نے زیادہ خطرے والے اثاثوں اور سرمائے میں کمی کو پورا کیا جس کی وجہ سے HBL کا سرمائے کا تناسب مضبوط رہا۔ بینک کے غیر مجموعی Tier 1 CAR، اور کل CAR دسمبر 2023 کی سطح 13.5% اور 17.5% پر بالترتیب برقرار رہے۔

## منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 23 اپریل 2024 کو منعقد ہونے والے اجلاس میں 31 مارچ 2023 کو اختتام پذیر ہونے والی سہ ماہی کے لیے 4.00 روپے فی حصص (40%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

## مستقبل کی صورت حال

مستقبل کو دیکھتے ہوئے، بڑھتی ہوئی مقامی اور بیرونی فنانشنگ کی ضروریات حکومت کی ترقی پر مبنی پالیسی کے فروغ کی صلاحیت محدود کر دیں گی، جبکہ نجی شعبے کو پہلے ہی کم مقامی طلب اور بڑھتی ہوئی لاگت کے دباؤ کے سبب مشکلات کا سامنا ہے۔ اس کے نتیجے میں، توقع ہے کہ مالی سال 24 کے لیے ترقی کی رفتار سست رہے گی۔ انرجی چین میں گردش قرضوں میں کمی کے لیے یوٹیلیٹی کی قیمتوں میں اضافہ ہو رہا ہے۔ اگرچہ اس سے افراط زر میں بھی کچھ اضافہ ہو گا، لیکن ہمیں یقین ہے کہ یہ اثر پچھلے سال کے بنیادی اثرات کی منتقلی سے کہیں زیادہ ہو گا۔ اگرچہ افراط زر میں کمی آرہی ہے اور توقع ہے کہ سال 24 کی دوسری سہ ماہی سے اس میں مزید کمی آئے گی، لیکن جغرافیائی سیاسی عوامل کی وجہ سے خطرات برقرار ہیں۔

پاکستان کے کلیاتی اقتصادی عدم توازن پر قابو پانے کے لیے بہتر گورننس اور ضروری اصلاحات کے کامیاب نفاذ پر توجہ کی ضرورت ہے۔ گزشتہ برسوں کے دوران ٹیکس وصولی میں بہتری تو آئی ہے، لیکن اس کی وجہ پہلے سے ٹیکس دینے والوں پر مزید ٹیکس لگانا ہے۔ حکومت کو نئی ٹیکس اصلاحات متعارف کروانے، کارکردگی میں بہتری اور ٹیکنالوجی کی مدد سے آسان عمل بنا کر ٹیکس بیس وسیع کرنے کی ضرورت ہے۔ خسارے میں چلنے والے اور غیر موثر SOEs کی مالی امداد ملک کے مالی وسائل پر ایک بڑا بوجھ ہے۔ ان کی نجکاری کے لیے گورننس کو بہتر بنانا ایک اہم ترجیح ہونی چاہیے۔ آخر میں، SBA سے آگے بڑھ کر ایک بڑے اور طویل تو سیمی فنڈ کی سہولت کی اہمیت پر اس سے زیادہ زور نہیں دیا جاسکتا کیونکہ اس سے حکومت کو انتہائی اہم سماجی اصلاحات کے لیے مالی گنجائش کے ساتھ ساتھ بیرونی استحکام بھی ملے گا۔

HBL نے ایک چیلنجنگ ماحول میں مضبوط نتائج کے ساتھ ابھرنے کا مظاہرہ کیا ہے، جو ہمارے صارفین کی وفاداری کا ثبوت ہیں۔ HBL کا ڈیجیٹل فٹ پرنٹ اور موجودگی تیزی سے بڑھ رہی ہے، Konnect سے لے کر کیش مینجمنٹ اور ٹریڈری سلوشنز تک۔ HBL موبائل اور انٹرنیٹ بینکنگ کے 40 لاکھ سے زائد صارفین نے 2024 کی پہلی سہ ماہی میں 1.6 ٹریلیون روپے سے زائد ٹرانزیکشن کیں۔ گزشتہ چند برسوں کے دوران عالمی بینک نے اپنی منفرد کارروائیوں کے ذریعے پاکستان کے زرعی شعبے کو مضبوط بنانے میں اہم کردار ادا کیا ہے جس سے کسانوں کی آمدنی دوگنی ہو گئی ہے۔ سال 24 کی پہلی سہ ماہی میں HBL نے بورے والا میں HBL زرعی سروسز کا باضابطہ آغاز کیا، جو کسانوں کو بااختیار بنانے اور پوری ویلیو چین میں پیداواری صلاحیت بڑھانے کے لیے زرعی توسیعی خدمات فراہم کریں گی۔ یہ HBL کا ایک اور تاریخی اقدام ہے جو انشاء اللہ ملک کے زرعی منظر نامے کو تبدیل کر دے گا۔ سال 24 کی پہلی سہ ماہی میں HBL PSL9 کا کامیاب اختتام دیکھا گیا، جو اب بین الاقوامی کرکٹ کیلنڈر پر اپنی چھاپ رکھتا ہے۔ HBL کی جانب سے اس اہم ایونٹ کے لیے تقریباً ایک دہائی سے جاری تعاون نے پاکستان میں کرکٹ کو معمول پر لانے میں اہم کردار ادا کیا ہے۔ اپنے معاشرے کی خدمت کے عزم کے مطابق HBL کے ملازمین نے سچر کاری سے لے کر صفائی مہم اور بلڈ کیپوں تک کے منصوبوں میں 2000 رضاکارانہ گھنٹے مکمل کیے۔

HBL کے صدر اور CEO محمد اورنگزیب نے 11 مارچ 2024ء سے بینک سے استعفیٰ دے کر وزیر خزانہ و محصولات کا عہدہ سنبھال لیا۔ HBL کو اس بات پر بے حد فخر ہے کہ اورنگزیب نے انتہائی ضروری اصلاحاتی ایجنڈے کو آگے بڑھانے کے لیے قومی خدمت کارانہ منتخب کیا۔ بورڈ بینک کے لیے ان کی گراں قدر خدمات کو خراج تحسین پیش کرنا چاہتا ہے اور پاکستان کی ترقی میں انہیں مدد فراہم کرنے کے عزم پر قائم ہے اور اسے ریکارڈ میں رکھنا چاہتا ہے۔ بورڈ نے چیف آپریٹنگ آفیسر کی حیثیت سے خدمات انجام دینے والے محمد ناصر سلیم کو HBL کا صدر اور CEO مقرر کیا ہے اور ان کے نئے کردار میں کامیابی کے لیے نیک خواہشات کا اظہار کرتا ہے۔

## اظہارِ تشکر

ہم بورڈ کی جانب سے اپنے ریگولیٹرز اور حکومت پاکستان، بالخصوص اسٹیٹ بینک آف پاکستان، وزارت مالیات اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی کاوشوں کا اعتراف کرتے ہیں۔ اس غیر معمولی اور مشکل وقت میں، انھوں نے ایسی پالیسی سازی اور اقدامات کیے جو مصلحت اندیش، اور متوازن ہیں، معیشت، کسٹمرز اور پاکستان کے عوام کی حفاظت کرتے ہیں، اور بینکنگ اور فنانشل سروسز انڈسٹری کی سالمیت اور بہتری کا تحفظ بھی کرتے ہیں۔

ہم اپنے کسٹمرز کے احسان مند ہیں جو نسلوں سے ہمارے ساتھ بیکاری کر رہے ہیں اور اپنے کاروبار اور اعتماد کے حوالے سے ہم پر بھروسہ قائم رکھے ہوئے ہیں۔ ہمارے شیئر ہولڈرز نے ثابت قدمی سے ہمارا ساتھ دیا اور ان کے ساتھ ہم تمام اسٹیک ہولڈرز کے بھی انتہائی شکر گزار ہیں۔ بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پُر عزم ہے اور ہم اپنے اسٹیک ہولڈرز کو یقین دلاتے ہیں کہ اس خطے میں ہم اپنی کاروباری صنعت میں عروج پر ہوں گے۔

آخر میں، مگر صرف یہی نہیں، ہم اپنے تمام ملازمین اور اُن کے اہل خانہ، بالخصوص کسٹمر کا سامنا کرنے والے یونٹس اور برانچوں میں موجود عملے کے شکر گزار ہیں، جو اپنی پرواہ کیے بغیر مسلسل اپنے فرائض سے بڑھ کر کام کرتے ہوئے ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنا رہے ہیں۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم اُن کے عزم اور انتھک محنت کے لیے انھیں خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ

معین احمد جمال  
ڈائریکٹر

محمد ناصر سلیم  
صدر اور چیف ایگزیکٹو آفیسر

23 اپریل 2024ء



# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

	Note	(Unaudited) March 31, 2024 (Rupees in '000)	(Audited) December 31, 2023 (Rupees in '000)
<b>ASSETS</b>			
Cash and balances with treasury banks	5	471,881,197	505,181,227
Balances with other banks	6	48,453,039	43,012,856
Lendings to financial institutions	7	71,569,018	88,598,160
Investments	8	2,547,830,075	2,499,929,784
Advances	9	1,558,480,812	1,664,016,203
Property and equipment	10	114,486,276	114,023,722
Right-of-use assets	11	21,722,507	21,648,036
Intangible assets	12	15,422,891	14,988,816
Deferred tax assets	13	17,379,153	11,405,839
Other assets	14	269,083,406	238,866,520
		<b>5,136,308,374</b>	<b>5,201,671,163</b>
<b>LIABILITIES</b>			
Bills payable	15	44,902,975	51,228,670
Borrowings	16	328,661,417	659,342,821
Deposits and other accounts	17	4,104,636,816	3,870,179,912
Lease liabilities	18	28,032,856	26,864,447
Subordinated debt	19	18,874,000	18,874,000
Deferred tax liabilities		-	-
Other liabilities	20	273,605,789	241,401,905
		<b>4,798,713,853</b>	<b>4,867,891,755</b>
<b>NET ASSETS</b>		<b>337,594,521</b>	<b>333,779,408</b>
<b>REPRESENTED BY</b>			
<b>Shareholders' equity</b>			
Share capital		14,668,525	14,668,525
Reserves		85,458,408	86,239,700
Surplus on revaluation of assets - net of tax	21	31,114,123	26,379,538
Unappropriated profit		206,353,465	206,491,645
		<b>337,594,521</b>	<b>333,779,408</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22		

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

Muhammad Nassir Salim  
President and  
Chief Executive Officer

Raymond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Moez Ahamed Jamal  
Director

Dr. Najeeb Samie  
Director



# CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Note	January 01 to March 31, 2024	January 01 to March 31, 2023
----- (Rupees in '000) -----			
Mark-up / return / profit / interest earned	24	186,437,496	140,284,550
Mark-up / return / profit / interest expensed	25	130,578,896	88,708,410
Net mark-up / return / profit / interest income		<u>55,858,600</u>	<u>51,576,140</u>
<b>Non mark-up / interest income</b>			
Fee and commission income	26	10,530,818	8,244,010
Dividend income		1,653,891	1,216,253
Foreign exchange income		3,812,945	383,143
Income / (loss) from derivatives		2,417,841	(6,160,416)
Loss on securities - net	27	(287,107)	(1,079,004)
Other income	28	40,112	9,568,932
Total non mark-up / interest income		<u>18,168,500</u>	<u>12,172,918</u>
Total income		<u>74,027,100</u>	<u>63,749,058</u>
<b>Non mark-up / interest expenses</b>			
Operating expenses	29	41,559,086	35,203,661
Workers' Welfare Fund		579,105	508,167
Other charges	30	158,496	15,765
Total non mark-up / interest expenses		<u>42,296,687</u>	<u>35,727,593</u>
<b>Profit before credit loss allowance and taxation</b>		<u>31,730,413</u>	<u>28,021,465</u>
Credit loss allowance and write offs - net	31	2,038,597	2,679,788
<b>Profit before taxation</b>		<u>29,691,816</u>	<u>25,341,677</u>
<b>Taxation</b>	32	15,096,839	10,041,791
<b>Profit after taxation</b>		<u>14,594,977</u>	<u>15,299,886</u>
----- (Rupees) -----			
<b>Basic and diluted earnings per share</b>	33	<u>9.95</u>	<u>10.43</u>

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

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Director



# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

## FOR THE THREE MONTHS ENDED MARCH 31, 2024

	January 01 to March 31, 2024	January 01 to March 31, 2023
	----- (Rupees in '000) -----	
<b>Profit after taxation for the period</b>	<b>14,594,977</b>	15,299,886
<b>Other comprehensive income / (loss)</b>		
<i>Items that may be reclassified to the profit and loss account in subsequent periods:</i>		
Effect of translation of net investment in foreign branches - net of tax	(2,240,790)	11,834,059
Movement in surplus / deficit on revaluation of debt investments designated at Fair value through other comprehensive income (FVOCI) - net of tax	3,226,834	-
Movement in surplus / deficit on revaluation of available for sale investments - net of tax	-	(15,134,326)
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods:</i>		
Movement in surplus / deficit on revaluation of equity investments - net of tax	66,175	-
<b>Total comprehensive income</b>	<b><u>15,647,196</u></b>	<b><u>27,133,945</u></b>

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Director



# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2024

Share capital	Reserves			Surplus / (deficit) on revaluation of		Unappropriated profit	Total	
	Statutory	Capital		Investments	Property & Equipment / Non-banking assets			
		Exchange Translation	Non-distributable					
(Rupees in '000)								
<b>Balance as at December 31, 2022</b>	14,668,525	43,130,076	28,058,506	547,115	(25,021,142)	27,005,916	165,386,520	253,775,516
<b>Comprehensive income for the three months ended March 31, 2023</b>								
Profit after taxation for the three months ended March 31, 2023	-	-	-	-	-	-	15,299,886	15,299,886
<b>Other comprehensive income / (loss)</b>								
Effect of translation of net investment in foreign branches - net of tax	-	-	11,834,059	-	-	-	-	11,834,059
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(15,134,326)	-	-	(15,134,326)
	-	-	11,834,059	-	(15,134,326)	-	15,299,886	11,999,619
Transferred to statutory reserve	-	1,529,989	-	-	-	-	(1,529,989)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(70,689)	70,689	-
<b>Transactions with owners, recorded directly in equity</b>								
Final cash dividend - Rs 1.5 per share declared subsequent to the year ended December 31, 2022	-	-	-	-	-	-	(2,200,279)	(2,200,279)
<b>Balance as at March 31, 2023</b>	14,668,525	44,660,065	39,892,565	547,115	(40,155,468)	26,935,227	177,026,827	263,574,856
<b>Comprehensive income for the nine months ended December 31, 2023</b>								
Profit after taxation for the nine months ended December 31, 2023	-	-	-	-	-	-	41,556,109	41,556,109
<b>Other comprehensive income / (loss)</b>								
Effect of translation of net investment in foreign branches - net of tax	-	-	(3,015,656)	-	-	-	-	(3,015,656)
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	451,982	451,982
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	24,003,467	15,643,052	-	39,646,519
	-	-	(3,015,656)	-	24,003,467	15,643,052	42,008,091	78,638,954
Transferred to statutory reserve	-	4,155,611	-	-	-	-	(4,155,611)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(46,740)	46,740	-
<b>Transactions with owners, recorded directly in equity</b>								
1st interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	(2,200,279)	(2,200,279)
2nd interim cash dividend - Rs 2.00 per share	-	-	-	-	-	-	(2,933,705)	(2,933,705)
3rd interim cash dividend - Rs 2.25 per share	-	-	-	-	-	-	(3,300,418)	(3,300,418)
	-	-	-	-	-	-	(8,434,402)	(8,434,402)
<b>Balance as at December 31, 2023 - as reported</b>	14,668,525	48,815,676	36,876,909	547,115	(16,152,001)	42,531,539	206,491,645	333,779,408
Change in accounting policy as at January 01, 2024 - note 3.4	-	-	-	-	1,562,237	-	(7,526,910)	(5,964,673)
<b>Balance as at January 01, 2024 - as restated</b>	14,668,525	48,815,676	36,876,909	547,115	(14,589,764)	42,531,539	198,964,735	327,814,735
<b>Comprehensive income for the three months ended March 31, 2024</b>								
Profit after taxation for the three months ended March 31, 2024	-	-	-	-	-	-	14,594,977	14,594,977
<b>Other comprehensive income / (loss)</b>								
Effect of translation of net investment in foreign branches - net of tax	-	-	(2,240,790)	-	-	-	-	(2,240,790)
Movement in surplus / deficit on revaluation of investments in equity instruments - net of tax	-	-	-	-	66,175	-	-	66,175
Movement in surplus / deficit on revaluation of investments in debt instruments - net of tax	-	-	-	-	3,226,834	-	-	3,226,834
	-	-	(2,240,790)	-	3,293,009	-	14,594,977	15,647,196
Transferred to statutory reserve	-	1,459,498	-	-	-	-	(1,459,498)	-
Net realised gain on investments in equity instruments designated at FVOCI - net of tax	-	-	-	-	(99,174)	-	99,174	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(21,487)	21,487	-
<b>Transactions with owners, recorded directly in equity</b>								
Final cash dividend - Rs 4.00 per share declared subsequent to the year ended December 31, 2023	-	-	-	-	-	-	(5,867,410)	(5,867,410)
<b>Balance as at March 31, 2024</b>	14,668,525	50,275,174	34,636,119	547,115	(11,395,929)	42,510,052	206,353,465	337,594,521

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

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# CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	January 01 to March 31, 2024	January 01 to March 31, 2023
	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	29,691,816	25,341,677
Dividend income	(1,653,891)	(1,216,253)
Mark-up / return / profit / interest expensed on subordinated debt	<u>1,088,714</u>	<u>885,926</u>
	<u>29,126,639</u>	<u>25,011,350</u>
<b>Adjustments:</b>		
Depreciation	2,460,172	2,174,511
Amortisation	642,821	471,464
Depreciation on right-of-use assets	947,857	927,293
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	861,673	823,636
Credit loss allowance against investments	285,224	1,587,076
Credit loss allowance against loans and advances	1,731,727	536,207
Credit loss allowance against other assets	405	896,367
Charge / (reversal) of credit loss allowance against off-balance sheet obligations	231,936	(255,051)
Unrealised loss on fair value through profit and loss (FVTPL) securities	125,359	-
Unrealised loss on held-for-trading securities	-	370,861
Gain on derecognition of joint venture	-	(9,333,221)
Gain on sale of property and equipment - net	(12,723)	(106,259)
Workers' Welfare Fund	<u>579,105</u>	<u>508,167</u>
	<u>7,853,556</u>	<u>(1,398,949)</u>
	<u>36,980,195</u>	<u>23,612,401</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	17,029,142	85,851,403
FVTPL securities	9,420,338	-
Held-for-trading securities	-	(69,711,066)
Advances	83,951,214	15,819,362
Other assets (excluding advance taxation)	<u>(31,791,837)</u>	<u>(56,083,522)</u>
	<u>78,608,857</u>	<u>(24,123,823)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(6,325,695)	(5,817,965)
Borrowings from financial institutions	(330,681,404)	103,579,239
Deposits and other accounts	234,456,904	121,032,565
Other liabilities	<u>29,085,159</u>	<u>50,777,446</u>
	<u>(73,465,036)</u>	<u>269,571,285</u>
	<u>42,124,016</u>	<u>269,059,863</u>
	<u>(16,292,247)</u>	<u>(5,862,566)</u>
	<u>25,831,769</u>	<u>263,197,297</u>
Income tax paid		
<b>Net cash flows generated from operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment in FVOCI securities	(32,808,843)	-
Net investment in securities carried at Amortised Cost	(11,730,884)	-
Net investment in available-for-sale securities	-	(162,519,684)
Net investment in held-to-maturity securities	-	39,183,914
Net investment in subsidiaries	(2,000,000)	(1,000,000)
Net investment in associates	4,880	5,990
Dividend received	1,337,629	950,911
Investment in property and equipment	(2,995,050)	(3,826,652)
Investment in intangible assets	(1,110,315)	(475,194)
Proceeds from sale of property and equipment	27,130	209,090
Effect of translation of net investment in foreign branches - net of tax	<u>(2,240,790)</u>	<u>11,834,059</u>
<b>Net cash flows used in investing activities</b>	<u>(51,516,243)</u>	<u>(115,637,566)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of mark-up on subordinated debt	(1,518,632)	(891,174)
Payment of lease liability against right-of-use assets	(653,020)	(1,061,405)
Dividend paid	(3,721)	(4,425)
<b>Net cash flows used in financing activities</b>	<u>(2,175,373)</u>	<u>(1,957,004)</u>
<b>(Decrease) / increase in cash and cash equivalents during the period</b>	<u>(27,859,847)</u>	<u>145,602,727</u>
Cash and cash equivalents at the beginning of the period	<u>550,572,814</u>	<u>287,604,092</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(2,378,731)</u>	<u>1,083,133</u>
	<u>548,194,083</u>	<u>288,687,225</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>520,334,236</u>	<u>434,289,952</u>

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

Muhammad Nassir Salim  
President and  
Chief Executive Officer

Raymond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Moez Ahamed Jamal  
Director

Dr. Najeeb Samie  
Director





# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE THREE MONTHS ENDED MARCH 31, 2024

### 1 STATUS AND NATURE OF BUSINESS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Blue Area, Islamabad, Pakistan and its principal office is at HBL Tower, Plot # G-4, KDA Scheme 5, Block 7, Clifton, Karachi, Pakistan. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,728 (December 31, 2023: 1,728) branches inside Pakistan including 408 (December 31, 2023: 408) Islamic Banking Branches and 30 (December 31, 2023: 30) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A. (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

- 1.1 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.
- 1.2 The Bank has entered into an agreement to sell its operations in Mauritius, and will be transferring the business to its new owners in due course, subject to requisite regulatory approvals.
- 1.3 The Bank has commenced an orderly wind-down of its Lebanon operations. Formalities for completion of the wind-down are underway.
- 1.4 After obtaining approval from the Central Bank of Oman for the deregistration of its Oman operations, the Bank had commenced an orderly and phase wise exit. Banking operations were ceased on August 02, 2023 and the remaining formalities required for closure are in progress.
- 1.5 HBL Zarai Services Limited (HZSL) is an unlisted public limited company, incorporated in Pakistan with its registered office at 4th floor, Habib Bank Tower, Jinnah Avenue, Blue Area, Islamabad, Pakistan. The objective of the company is to promote economic development by supporting the agricultural sector through establishing hubs for providing agricultural services. The company commenced operations on March 14, 2024.

During the period, the Bank has subscribed to 200 million shares issued by HZSL amounting to Rs 2 billion.

### 2 BASIS OF PRESENTATION

#### 2.1 STATEMENT OF COMPLIANCE

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

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

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

- 2.2 The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 2 dated February 09, 2023 and IAS 34. These condensed interim unconsolidated financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2023.



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## 2.3 New standards and amendments to existing accounting and reporting standards that have become effective in the current year

As directed by SBP via BPRD Circular letter no. 7 of 2023, IFRS 9, Financial Instruments is effective for periods beginning on or after January 1, 2024. IFRS 9 has been applicable in several overseas jurisdictions at various effective dates starting from January 1, 2018. The requirements of this standard are already incorporated in the Bank's financial statements for the jurisdictions where IFRS 9 has been adopted. The results of those overseas operations where IFRS 9 is not applicable will be directly incorporated in the Bank's financial statements as per the respective host country's regulations, for the year ending December 31, 2024.

Except for the implementation of IFRS 9 in Pakistan, as discussed in note 3.1, the Bank expects that amendments to existing accounting and reporting standards will not affect its financial statements in the period of initial application.

## 2.4 Amendments to existing accounting and reporting standards that are not yet effective

There are various standards and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective. These are not likely to have a material effect on the Bank's financial statements.

## 2.5 Critical accounting estimates and judgements

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2023, except for changes as discussed in note 3.2 and 3.3.

## 3 MATERIAL ACCOUNTING POLICY INFORMATION

Except as disclosed in note 3.1, the material accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those followed in the preparation of the unconsolidated financial statements for the year ended December 31, 2023. The key changes to the Bank's accounting policies resulting from its adoption of IFRS 9 are summarized below:

### 3.1 IFRS 9 Financial Instruments

#### 3.1.1 Classification of Financial Assets

The Bank classifies its financial assets, other than its investments in subsidiaries and associates, into the following categories:

- at Fair Value through Profit and Loss (FVTPL);
- at Fair Value through Other Comprehensive Income (FVOCI);
- at Amortised Cost.

#### Classification of Equity Instruments

Equity securities that are traded in an active market and are held for trading purposes will be classified as FVTPL. Equity securities that are not held for trading purposes will be classified as FVOCI; however, gains and losses on disposal of securities classified as FVOCI will not be recycled through the profit and loss account. The classification decision is made on a case by case basis at the time of purchase, is documented, and is irrevocable.

#### Classification of other Financial Assets

Financial Assets other than equity will be classified based on their cash flow characteristics and business model assessment:

- **Amortised Cost:** These will be classified as amortised cost if the objective is to hold the asset only for collecting contractual cash flows (principal and interest).
- **FVOCI:** These will be classified at FVOCI when the objective is to collect contractual cash flows (principal and interest) and also to potentially sell the same depending on market conditions. Any unrealized profit or loss on debt instruments classified as FVOCI is reflected in other comprehensive income and is recycled through the profit and loss account when the investment is sold.



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

- **FVTPL:** This includes financial assets:
  - a. which are not classified as either at amortised cost or FVOCI;
  - b. which do not have fixed maturity.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## Subsequent Measurement

### Equity and debt securities classified as FVTPL

These securities are subsequently measured at fair value. Changes in the fair value of these securities are taken through the profit and loss account.

### Equity and debt securities classified as FVOCI

These securities are subsequently measured at fair value. Changes in the fair value of these securities are recorded in OCI. When a debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account. When an equity security is derecognised, gains and losses previously recognised in OCI are not recycled through the profit and loss account but are transferred directly to retained earnings.

### Other financial assets classified at amortised cost

Other financial assets initially classified at amortised cost continue to be subsequently measured at amortised cost.

## 3.1.2 Classification of Financial Liabilities

Financial liabilities are either classified at FVTPL, when they are held for trading purposes, or at amortised cost. Financial liabilities classified as FVTPL are measured at fair value.

Financial liabilities classified at amortised cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

## 3.1.3 Impairment

An ECL provision will be calculated on financial assets designated at FVOCI or at Amortised cost in accordance with the requirements of IFRS 9 and the guidelines issued by the SBP. Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL Framework.

Equity securities are not subject to impairment.

## 3.1.4 Transitional Impact

The Bank has elected to follow the modified retrospective approach for restatement i.e. comparative figures have not been restated on the initial application of IFRS 9. Instead, the cumulative impact has been recorded as an adjustment to equity as of January 01, 2024. Accordingly, the information presented as of December 31, 2023 and for the period ended March 31, 2023 does not reflect the requirements of IFRS 9.

The following table reconciles the original measurement and carrying amounts of financial instruments in accordance with the previous financial reporting framework with the new measurement categories for the Bank.



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

Financial Assets / Liabilities	Previous classification	Classification under IFRS 9	Carrying amount as of December 31, 2023	Change in classification	Fair valuation of unlisted securities	ECL	Carrying amount as of January 01, 2024
Cash and balances with treasury banks	Cost	Amortised Cost	505,181,227	-	-	-	505,181,227
Balances with other banks	Cost	Amortised Cost	43,012,856	-	-	(991)	43,011,865
Lendings to financial institutions	Cost	Amortised Cost	88,598,160	-	-	(8)	88,598,152
Investments							
Held for trading	HFT	FVTPL	233,455,128	15,911,835	5,437,373	-	254,804,336
Available for sale	AFS	FVOCI	1,777,376,128	(15,911,835)	4,935,570	(458,275)	1,765,941,588
Held to maturity	HTM	Amortised Cost	452,866,850	-	-	(11,312)	452,855,538
Associates and subsidiaries	Associates and subsidiaries	Associates and subsidiaries	36,231,678	-	-	-	36,231,678
Advances	Cost	Amortised Cost	1,664,016,203	-	-	(19,852,450)	1,644,163,753
Other assets	Cost	Amortised Cost	226,843,375	-	-	(53,536)	226,789,839
Derivatives and forward foreign exchange contracts	Fair value	FVTPL	2,337,050	-	-	-	2,337,050
<b>Total Financial Assets</b>			<b>5,029,918,655</b>	<b>-</b>	<b>10,372,943</b>	<b>(20,376,572)</b>	<b>5,019,915,026</b>
Bills payable	Cost	Amortised Cost	51,228,670	-	-	-	51,228,670
Borrowings	Cost	Amortised Cost	659,342,821	-	-	-	659,342,821
Deposits and other accounts	Cost	Amortised Cost	3,870,179,912	-	-	-	3,870,179,912
Subordinated debt	Cost	Amortised Cost	18,874,000	-	-	-	18,874,000
Other liabilities	Cost	Amortised Cost	212,234,375	-	-	1,691,810	213,926,185
Derivatives, forward foreign exchange contracts and liabilities against trading of securities	Fair value	FVTPL	30,513,878	-	-	-	30,513,878
<b>Total Financial Liabilities</b>			<b>4,842,373,656</b>	<b>-</b>	<b>-</b>	<b>1,691,810</b>	<b>4,844,065,466</b>
<b>Net Financial Assets</b>			<b>187,544,999</b>	<b>-</b>	<b>10,372,943</b>	<b>(22,068,382)</b>	<b>175,849,560</b>
Net Non Financial Assets			146,234,409	-	-	-	146,234,409
<b>Total Net Assets</b>			<b>333,779,408</b>	<b>-</b>	<b>10,372,943</b>	<b>(22,068,382)</b>	<b>322,083,969</b>

### 3.2 Measurement of the expected credit loss allowance

The measurement of the ECL allowance for financial assets measured at amortised cost and at FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purpose of measuring ECL;
- Establishing the number and relative weightages of forward-looking macroeconomic scenarios for each segment and the associated ECL; and
- Determining whether an asset shows a significant increase in credit risk.

### 3.3 Fair valuation of unlisted equity securities

The measurement of the fair value of investments in unquoted equity securities involves the use of different methodologies and assumptions. The Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation techniques incorporate all the factors that market participants would consider in pricing a transaction.

When observable inputs are not readily available, the fair value is determined using valuation techniques that include the use of mathematical models.

### 3.4 Reconciliation of retained earnings and surplus on revaluation of investments

The impact of transition to IFRS 9 on retained earnings and surplus on revaluation of investments as at January 01, 2024 is as follows:

	<b>(Rupees in '000)</b>
Retained earnings	
Closing balance as at December 31, 2023 - as reported	206,491,645
Recognition of IFRS 9 ECL	(22,068,381)
Adjustments in relation to fair valuation of unlisted equity securities	5,437,373
Transfer out - Other impacts on adoption of IFRS 9	1,872,360
Deferred tax in relation to the above	7,231,738
	<u>(7,526,910)</u>
Closing balance as at January 01, 2024 under IFRS 9 - as restated	<u>198,964,735</u>



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## Surplus on revaluation of investments

(Rupees in '000)

Closing balance as at December 31, 2023 - as reported		(16,152,001)
Adjustments in relation to fair valuation of unlisted equity securities		4,935,570
Transfer in - Other impacts on adoption of IFRS 9		(1,872,360)
Deferred tax in relation to the above		(1,500,973)
		1,562,237
Closing balance as at January 01, 2024 under IFRS 9 - as restated		(14,589,764)

## 4 FINANCIAL RISK MANAGEMENT

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

## 5 CASH AND BALANCES WITH TREASURY BANKS

	Note	(Unaudited) March 31, 2024	(Audited) December 31, 2023
		(Rupees in '000)	
In hand			
Local currency		61,768,810	59,791,328
Foreign currencies		7,755,915	11,079,805
		<u>69,524,725</u>	<u>70,871,133</u>
With State Bank of Pakistan in			
Local currency current accounts		175,324,859	173,022,678
Foreign currency current accounts		12,563,158	12,284,194
Foreign currency deposit accounts		25,578,867	25,275,511
		<u>213,466,884</u>	<u>210,582,383</u>
With other Central Banks in			
Foreign currency current accounts		42,234,358	44,773,670
Foreign currency deposit accounts		49,597,259	32,466,191
		<u>91,831,617</u>	<u>77,239,861</u>
With National Bank of Pakistan in local currency current accounts		96,802,203	146,169,430
National Prize Bonds		255,768	318,420
		<u>471,881,197</u>	<u>505,181,227</u>

## 6 BALANCES WITH OTHER BANKS

In Pakistan			
In current accounts		41,723	17,161
Outside Pakistan			
In current accounts		23,200,806	25,493,889
In deposit accounts		25,211,501	17,501,806
		48,412,307	42,995,695
Less: credit loss allowance		(991)	-
Balances with other banks - net of credit loss allowance		<u>48,453,039</u>	<u>43,012,856</u>

## 7 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings		31,300,000	17,000,000
Repurchase agreement lendings (reverse repo)		40,269,026	71,598,160
		71,569,026	88,598,160
Less: credit loss allowance	7.1	(8)	-
Lendings to financial institutions - net of credit loss allowance		<u>71,569,018</u>	<u>88,598,160</u>

7.1 Lendings to financial institutions are all classified as Stage 1.



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

8 INVESTMENTS	Note	March 31, 2024 (Unaudited)				December 31, 2023 (Audited)			
		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1 Investments by type		(Rupees in '000)							
<b>Fair value through profit or loss (FVTPL)</b>									
<b>Federal Government securities</b>									
- Market Treasury Bills		61,284,297	-	(129,060)	61,155,237	-	-	-	-
- Pakistan Investment Bonds		139,185,230	-	(42,240)	139,142,990	-	-	-	-
- Ijarah Sukuk		13,018,917	-	134,665	13,153,582	-	-	-	-
- Other Federal Government securities		3,727,205	-	-	3,727,205	-	-	-	-
<b>Shares</b>									
- Listed companies		860,942	-	(20,194)	840,748	-	-	-	-
- Unlisted companies		8,791,178	-	-	8,791,178	-	-	-	-
<b>Non-Government debt securities</b>									
- Listed		1,891,233	-	6,157	1,897,390	-	-	-	-
- Unlisted		1,632,625	-	(19)	1,632,606	-	-	-	-
<b>Foreign securities</b>									
- Government debt securities		2,852,214	-	(34,768)	2,817,446	-	-	-	-
<b>Preference shares</b>									
- Listed		877,400	-	(39,900)	837,500	-	-	-	-
- Unlisted		30,151	-	-	30,151	-	-	-	-
<b>Real Estate Investment Trust units - Unlisted</b>		<b>3,258,464</b>	<b>-</b>	<b>-</b>	<b>3,258,464</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		237,409,856	-	(125,359)	237,284,497	-	-	-	-
<b>Held for trading (HFT) securities</b>									
<b>Federal Government securities</b>									
- Market Treasury Bills		-	-	-	-	83,148,921	-	(31,591)	83,117,330
- Pakistan Investment Bonds		-	-	-	-	139,454,335	-	96,035	139,550,370
- Ijarah Sukuk		-	-	-	-	7,497,896	-	296,498	7,794,394
<b>Shares</b>									
- Listed companies		-	-	-	-	109,681	-	(1,994)	107,687
<b>Foreign securities</b>									
- Government debt securities		-	-	-	-	2,965,340	-	(79,993)	2,885,347
		-	-	-	-	233,176,173	-	278,955	233,455,128
<b>Fair value through other comprehensive income (FVOCI)</b>									
<b>Federal Government securities</b>									
- Market Treasury Bills		185,638,560	-	(107,280)	185,531,280	-	-	-	-
- Pakistan Investment Bonds		1,159,873,491	-	(25,627,022)	1,134,246,469	-	-	-	-
- Ijarah Sukuk		243,917,629	-	(848,220)	243,069,409	-	-	-	-
- Government of Pakistan US Dollar Bonds		20,330,887	(2,880,724)	1,778,800	19,228,963	-	-	-	-
<b>Shares</b>									
- Listed companies		18,373,675	-	(2,316,079)	16,057,596	-	-	-	-
- Unlisted companies		1,018,684	-	4,753,333	5,772,017	-	-	-	-
<b>Non-Government debt securities</b>									
- Listed		50,009,431	(1,533,092)	147,452	48,623,791	-	-	-	-
- Unlisted		995,383	(404,365)	12,655	603,673	-	-	-	-
<b>Foreign securities</b>									
- Government debt securities		155,169,277	(1,928,167)	(233,199)	153,007,911	-	-	-	-
- Non-Government debt securities		-	-	-	-	-	-	-	-
- Non-Government debt securities - Listed		2,090,270	(9,799)	(8,396)	2,072,075	-	-	-	-
- Equity securities - Unlisted		9,437	-	44,874	54,311	-	-	-	-
<b>National Investment Unit Trust units</b>		<b>11,113</b>	<b>-</b>	<b>41,424</b>	<b>52,537</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Real Estate Investment Trust units - Listed</b>		<b>55,000</b>	<b>-</b>	<b>16,700</b>	<b>71,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		1,837,492,837	(6,756,147)	(22,344,958)	1,808,391,732	-	-	-	-



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

8 INVESTMENTS - continued

Note	March 31, 2024 (Unaudited)				December 31, 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
<b>Available for sale (AFS) securities</b>								
<b>Federal Government securities</b>								
- Market Treasury Bills	-	-	-	-	220,034,947	-	143,767	220,178,714
- Pakistan Investment Bonds	-	-	-	-	1,129,055,695	-	(28,446,005)	1,100,609,690
- Ijarah Sukuk	-	-	-	-	214,469,251	-	(992,900)	213,476,351
- Government of Pakistan US Dollar Bonds	-	-	-	-	20,607,015	(3,015,329)	(307,522)	17,284,164
- Other Federal Government securities	-	-	-	-	5,543,158	-	-	5,543,158
<b>Shares</b>								
- Listed companies	-	-	-	-	18,346,143	(1,355,890)	(573,899)	16,416,354
- Unlisted companies	-	-	-	-	5,372,623	(137,414)	-	5,235,209
<b>Non-Government debt securities</b>								
- Listed	-	-	-	-	52,313,888	(1,288,294)	(1,410,827)	49,614,767
- Unlisted	-	-	-	-	2,654,051	(403,050)	(16,875)	2,234,126
<b>Foreign securities</b>								
- Government debt securities	-	-	-	-	142,118,151	(1,920,274)	(241,068)	139,956,809
- Non-Government debt securities - Listed	-	-	-	-	4,243,558	(24,966)	(11,593)	4,206,999
- Equity securities - Unlisted	-	-	-	-	9,701	(239)	-	9,462
<b>National Investment Unit Trust units</b>								
- Unlisted	-	-	-	-	11,113	-	39,632	50,745
<b>Real Estate Investment Trust units</b>								
- Listed	-	-	-	-	55,000	-	13,700	68,700
- Unlisted	-	-	-	-	1,575,000	-	-	1,575,000
<b>Preference shares</b>								
- Listed	-	-	-	-	744,400	-	133,000	877,400
- Unlisted	-	-	-	-	354,985	(316,505)	-	38,480
	-	-	-	-	1,817,508,679	(8,461,961)	(31,670,590)	1,777,376,128
<b>Amortised cost</b>								
<b>Federal Government securities</b>								
- Market Treasury Bills	117,044,230	-	-	117,044,230	-	-	-	-
- Pakistan Investment Bonds	298,135,830	-	-	298,135,830	-	-	-	-
- Ijarah Sukuk	5,000,000	-	-	5,000,000	-	-	-	-
- Government of Pakistan US Dollar Bonds	5,146,382	(402,551)	-	4,743,831	-	-	-	-
<b>Non-Government debt securities</b>								
- Listed	899,380	(4,294)	-	895,086	-	-	-	-
- Unlisted	23,581,601	(541,102)	-	23,040,499	-	-	-	-
<b>Foreign Securities</b>								
- Government debt securities	15,166,875	(15,536)	-	15,151,339	-	-	-	-
- Non-Government debt securities - Unlisted	46,265	-	-	46,265	-	-	-	-
	465,020,563	(963,483)	-	464,057,080	-	-	-	-
<b>Held to maturity (HTM) securities</b>								
<b>Federal Government securities</b>								
- Market Treasury Bills	-	-	-	-	111,622,170	-	-	111,622,170
- Pakistan Investment Bonds	-	-	-	-	297,803,454	-	-	297,803,454
- Government of Pakistan US Dollar Bonds	-	-	-	-	5,247,920	(408,218)	-	4,839,702
<b>Non-Government debt securities</b>								
- Listed	-	-	-	-	1,899,450	-	-	1,899,450
- Unlisted	-	-	-	-	23,419,101	-	-	23,419,101
<b>Foreign securities</b>								
- Government debt securities	-	-	-	-	13,123,544	-	-	13,123,544
- Non-Government debt securities - Unlisted	-	-	-	-	174,040	(14,611)	-	159,429
	-	-	-	-	453,289,679	(422,829)	-	452,866,850
<b>Investment in associates</b>								
	7,131,729	(90,481)	-	7,041,248	7,136,609	(77,854)	-	7,058,755
<b>Investment in subsidiary companies</b>								
	31,055,518	-	-	31,055,518	29,172,923	-	-	29,172,923
<b>Total Investments</b>	<b>2,578,110,503</b>	<b>(7,810,111)</b>	<b>(22,470,317)</b>	<b>2,547,830,075</b>	<b>2,540,284,063</b>	<b>(8,962,644)</b>	<b>(31,391,635)</b>	<b>2,499,929,784</b>



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	------(Rupees in '000) -----	
<b>8.1.1 Investments given as collateral</b>		
The market value of investments given as collateral against borrowings is as follows:		
<b>Federal Government securities</b>		
- Market Treasury Bills	19,522,558	30,947,292
- Pakistan Investment Bonds	36,462,094	336,459,407
<b>Foreign securities</b>		
- Government debt securities	208,193	-
	<u>56,192,845</u>	<u>367,406,699</u>

8.2 The market value of investments classified as amortised cost and investment in listed associates are as follows

	(Unaudited) March 31, 2024		(Audited) December 31, 2023	
	Book value	Market value	Book value	Market value
	------(Rupees in '000) -----			
- Investments classified as amortised cost	464,057,080	434,695,447	-	-
- Investments classified as held-to-maturity	-	-	452,866,850	419,278,122
- Investment in listed associates	6,785,017	8,975,735	6,802,524	6,788,865
	<u>470,842,097</u>	<u>443,671,182</u>	<u>459,669,374</u>	<u>426,066,987</u>

	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	------(Rupees in '000) -----	
<b>8.3 Credit loss allowance for diminution in value of investments</b>		
Opening balance	8,962,644	7,859,575
Impact of adoption of IFRS 9	(1,340,461)	-
Exchange adjustment	(97,296)	1,209,319
Charge / (reversal)		
Charge for the period / year	285,224	2,424,752
Reversal for the period / year	-	(1,658,491)
Reversal on disposal during the period / year	-	(1,094,619)
Net charge / (reversal)	285,224	(328,358)
Transferred in	-	222,108
Closing balance	<u>7,810,111</u>	<u>8,962,644</u>

8.4 Particulars of provision against debt securities

	(Unaudited) March 31, 2024	
Category of classification	Outstanding amount	Credit loss allowance
	------(Rupees in '000) -----	
<b>Domestic</b>		
Performing	2,297,184,395	422,562
Underperforming	2,662,500	200,024
Non-performing		
Loss	395,383	395,383
	<u>2,300,242,278</u>	<u>1,017,969</u>
<b>Overseas</b>		
Performing	166,516,621	138,520
Underperforming	46,864,416	5,172,632
Non-performing		
Loss	1,390,509	1,390,509
	<u>214,771,546</u>	<u>6,701,661</u>
Total	<u>2,515,013,824</u>	<u>7,719,630</u>





# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

9	ADVANCES	Note	Performing		Non - performing		Total	
			(Unaudited) March 31, 2024	(Audited) December 31, 2023	(Unaudited) March 31, 2024	(Audited) December 31, 2023	(Unaudited) March 31, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----								
	Loans, cash credits, running finances, etc.		1,244,029,455	1,313,235,990	75,574,220	73,208,971	1,319,603,675	1,386,444,961
	Islamic financing and related assets	38.3	200,603,295	208,404,435	10,092,348	11,309,850	210,695,643	219,714,285
	Bills discounted and purchased		134,668,364	144,388,017	9,678,973	9,753,378	144,347,337	154,141,395
	Advances - gross		1,579,301,114	1,666,028,442	95,345,541	94,272,199	1,674,646,655	1,760,300,641
	Credit loss allowance against advances							
	- Stage 1		(9,369,009)	-	-	-	(9,369,009)	-
	- Stage 2		(17,591,776)	-	-	-	(17,591,776)	-
	- Stage 3	9.3	-	-	(80,206,248)	-	(80,206,248)	-
	Specific		-	-	(1,023,555)	(80,251,974)	(1,023,555)	(80,251,974)
	General		(7,975,255)	(16,032,464)	-	-	(7,975,255)	(16,032,464)
			(34,936,040)	(16,032,464)	(81,229,803)	(80,251,974)	(116,165,843)	(96,284,438)
	Advances - net of credit loss allowance		1,544,365,074	1,649,995,978	14,115,738	14,020,225	1,558,480,812	1,664,016,203

9.1	Particulars of advances (Gross)	(Unaudited) March 31, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
	In local currency		
	In foreign currencies	1,306,753,989	1,350,385,836
		367,892,666	409,914,805
		1,674,646,655	1,760,300,641

9.2 Advances include Rs 95,345.141 million (December 31, 2023: Rs 94,272.199 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Unaudited) March 31, 2024		(Audited) December 31, 2023	
	Non - performing advances	Credit loss allowance / Provision	Non - performing advances	Provision
----- (Rupees in '000) -----				
<b>Domestic</b>				
Other assets especially mentioned	-	-	700,185	-
Substandard	12,174,108	3,399,461	6,608,336	1,519,520
Doubtful	9,053,823	5,252,184	10,695,635	5,347,817
Loss	43,112,006	43,535,270	42,990,993	42,309,472
	64,339,937	52,186,915	60,995,149	49,176,809
<b>Overseas</b>				
Substandard	62,968	23,245	69,615	23,650
Doubtful	1,252,418	631,107	21,889	11,155
Loss	29,690,218	28,388,536	33,185,546	31,040,360
	31,005,604	29,042,888	33,277,050	31,075,165
Total	95,345,541	81,229,803	94,272,199	80,251,974



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## 9.3 Particulars of credit loss allowance against advances

	(Unaudited) March 31, 2024					
	Stage 1	Stage 2	Stage 3	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance - as reported	-	-	-	80,251,974	16,032,464	96,284,438
Impact of adoption of IFRS 9	10,835,556	16,219,576	80,588,079	(79,243,853)	(8,546,908)	19,852,450
Opening balance - as restated	10,835,556	16,219,576	80,588,079	1,008,121	7,485,556	116,136,888
Transfer to stage 1	7,008	(7,008)	-	-	-	-
Transfer to stage 2	(390,817)	379,612	11,205	-	-	-
Transfer to stage 3	-	(1,695,370)	1,695,370	-	-	-
Exchange adjustment	(64,859)	(5,010)	(445,479)	(57,232)	(1,636)	(574,216)
Charge for the period	429,004	3,360,154	1,222,924	72,666	491,335	5,576,083
Reversal for the period	(1,446,883)	(660,178)	(1,737,295)	-	-	(3,844,356)
Net charge / (reversal) against advances	(1,017,879)	2,699,976	(514,371)	72,666	491,335	1,731,727
Charged off during the period - agriculture financing	-	-	(46,890)	-	-	(46,890)
Written off during the period	-	-	(1,081,666)	-	-	(1,081,666)
Closing balance	9,369,009	17,591,776	80,206,248	1,023,555	7,975,255	116,165,843

	(Audited) December 31, 2023					
	Stage 1	Stage 2	Stage 3	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	-	-	-	74,638,423	12,175,445	86,813,868
Exchange adjustment	-	-	-	7,357,277	774,217	8,131,494
Charge for the year	-	-	-	12,972,930	3,692,583	16,665,513
Reversal for the year	-	-	-	(5,385,938)	(609,781)	(5,995,719)
Net charge against advances	-	-	-	7,586,992	3,082,802	10,669,794
Charged off during the year - agriculture financing	-	-	-	(503,799)	-	(503,799)
Written off during the year	-	-	-	(8,826,919)	-	(8,826,919)
Closing balance	-	-	-	80,251,974	16,032,464	96,284,438

9.4 General provision also includes Rs 140.371 million pertaining to overseas advances to meet the requirements of the regulatory authorities of those countries in which the Group operates where IFRS 9 is not applicable. General provision also includes Rs 7,834.884 million carried as a matter of prudence, on account of borrowers impacted by the currently stressed economic conditions.

## 9.5 Advances - Category of classification

	(Unaudited) March 31, 2024	
	Outstanding amount	Credit loss allowance / Provision held
	----- (Rupees in '000) -----	
<b>Domestic</b>		
Performing	1,079,948,358	14,318,045
Underperforming	256,870,832	15,776,308
Non-performing	64,339,937	52,186,915
	1,401,159,127	82,281,268
<b>Overseas</b>		
Performing	204,624,130	3,026,219
Underperforming	37,857,794	1,815,468
Non-performing	31,005,604	29,042,888
	273,487,528	33,884,575
<b>Total</b>	1,674,646,655	116,165,843



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Note	(Unaudited) March 31, 2024	(Audited) December 31, 2023
		----- (Rupees in '000) -----	
<b>10 PROPERTY AND EQUIPMENT</b>			
Capital work-in-progress	10.1	7,857,603	6,900,469
Property and equipment		<u>106,628,673</u>	<u>107,123,253</u>
		<u>114,486,276</u>	<u>114,023,722</u>
<b>10.1 Capital work-in-progress</b>			
Civil works		1,046,612	919,737
Equipment		1,093,166	930,756
Advances to suppliers and contractors		<u>5,717,825</u>	<u>5,049,976</u>
		<u>7,857,603</u>	<u>6,900,469</u>
<b>10.2 Additions to property and equipment</b>			
		(Unaudited)	
		For the three months ended	
		March 31, 2024	March 31, 2023
		----- (Rupees in '000) -----	
The following additions have been made to property and equipment during the period:			
<b>Capital work-in-progress - net</b>		957,134	1,743,216
<b>Property and equipment</b>			
Leasehold land		-	2,500
Building on leasehold land		99,982	44,685
Machinery		-	24,252
Leasehold improvements		336,602	275,056
Furniture and fixtures		253,830	432,181
Electrical, office and computer equipment		1,347,031	1,290,126
Vehicles		471	14,636
		<u>2,037,916</u>	<u>2,083,436</u>
		<u>2,995,050</u>	<u>3,826,652</u>
<b>10.3 Disposal of property and equipment</b>			
The net book value of property and equipment disposed off during the period is as follows:			
<b>Property and equipment</b>			
Building on freehold land		-	102,515
Building on leasehold land		13,512	-
Leasehold improvements		5	-
Furniture and fixtures		552	-
Electrical, office and computer equipment		338	316
		<u>14,407</u>	<u>102,831</u>
<b>11 RIGHT-OF-USE ASSETS</b>			
		(Unaudited) March 31, 2024	(Audited) December 31, 2023
		----- (Rupees in '000) -----	
At January 1,			
Cost		34,140,236	30,360,152
Accumulated Depreciation		<u>(12,492,201)</u>	<u>(9,921,472)</u>
Net Carrying amount at January 1,		21,648,035	20,438,680
Exchange adjustment		(76,189)	382,848
Additions during the period / year		1,094,791	4,663,585
Deletions during the period / year		-	(128,537)
Depreciation charge for the period / year		(947,857)	(3,683,074)
Other adjustments		3,727	(25,466)
Net carrying amount at period / year		<u>21,722,507</u>	<u>21,648,036</u>



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Note	(Unaudited) March 31, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>12 INTANGIBLE ASSETS</b>			
Capital work-in-progress - computer software		7,532,449	6,570,613
Computer software		7,890,442	8,418,203
		<u>15,422,891</u>	<u>14,988,816</u>
		(Unaudited) For the three months ended	
		March 31, 2024	March 31, 2023
<b>12.1 Additions to intangibles assets</b>		----- (Rupees in '000) -----	
The following additions have been made to intangible assets during the period:			
Capital work-in-progress - net		961,836	276,198
Computer software		148,479	198,996
		<u>1,110,315</u>	<u>475,194</u>
<b>13 DEFERRED TAX ASSETS / (LIABILITIES)</b>		(Unaudited) March 31, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>Deductible temporary differences on</b>			
- Credit loss allowance against investments		-	638,780
- Credit loss allowance against doubtful debts and off-balance sheet obligations		17,005,506	5,526,165
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		2,719,657	2,847,597
- Deficit on revaluation of investments	21	10,949,030	15,518,589
- Ijarah financing		397,371	332,429
		<u>31,071,564</u>	<u>24,863,560</u>
<b>Taxable temporary differences on</b>			
- Accelerated tax depreciation		(3,016,236)	(3,209,476)
- Surplus on revaluation of property and equipment	21	(3,658,791)	(3,679,435)
- Exchange translation reserve		(7,017,384)	(6,568,810)
		<u>(13,692,411)</u>	<u>(13,457,721)</u>
		<u>17,379,153</u>	<u>11,405,839</u>
<b>14 OTHER ASSETS</b>			
Mark-up / return / profit / interest accrued in local currency - net of provision		153,957,116	119,691,426
Mark-up / return / profit / interest accrued in foreign currency - net of provision		7,441,581	8,499,414
Advances, deposits, advance rent and other prepayments		6,729,301	3,928,788
Advance taxation		2,698,404	5,107,654
Advances against subscription of securities		228,514	903,514
Stationery and stamps on hand		233,897	215,745
Accrued fees and commissions		336,216	430,308
Due from Government of Pakistan / SBP		7,588,037	6,622,630
Mark to market gain on forward foreign exchange contracts		3,480,012	2,263,654
Mark to market gain on derivative instruments		-	73,396
Non-banking assets acquired in satisfaction of claims		239,457	242,317
Receivable from defined benefit plan		845,404	845,404
Acceptances		56,153,424	53,823,454
Clearing and settlement accounts		29,858,407	37,268,393
Dividend receivable		325,355	9,093
Claims receivable against fraud and forgeries		570,233	634,106
Others		796,381	693,274
		<u>271,481,739</u>	<u>241,252,570</u>
Credit loss allowance held against other assets	14.1	<u>(2,589,924)</u>	<u>(2,577,641)</u>
Other assets - net of credit loss allowance		<u>268,891,815</u>	<u>238,674,929</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	191,591	191,591
Other assets - total		<u>269,083,406</u>	<u>238,866,520</u>



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>14.1 Credit loss allowance held against other assets</b>		
Claims receivable against fraud and forgeries	570,233	634,106
Suit filed cases	4,979	4,979
Others	2,014,712	1,938,556
	<u>2,589,924</u>	<u>2,577,641</u>
<b>14.1.1 Movement in credit loss allowance against other assets</b>		
Opening balance	2,577,641	1,791,891
Impact of adoption of IFRS 9	53,536	-
Exchange adjustment	(3,909)	10,045
Charge for the period / year	38,247	1,240,885
Reversal for the period / year	(37,842)	-
Net charge	405	1,240,885
Written off during the period / year	(37,749)	(243,072)
Transferred out	-	(222,108)
Closing balance	<u>2,589,924</u>	<u>2,577,641</u>
<b>15 BILLS PAYABLE</b>		
In Pakistan	42,960,067	49,433,022
Outside Pakistan	1,942,908	1,795,648
	<u>44,902,975</u>	<u>51,228,670</u>
<b>16 BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the SBP under		
- Export refinance scheme	54,470,851	64,648,652
- Export refinance scheme for bill discounting	21,665,342	22,637,751
- Long term financing facility	35,662,280	37,066,139
- Financing facility for renewable energy power plants	7,236,852	7,216,949
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	700,525	607,954
- Refinance and credit guarantee scheme for women entrepreneurs	31,761	38,046
- Financing facility for storage of agricultural produce	543,466	597,743
- Refinance facility for combating COVID-19	1,648,779	1,567,557
- Temporary economic refinance facility	31,692,986	32,214,444
- Refinance facility for SME Asaan Finance (SAAF)	6,954,151	3,884,689
	160,606,993	170,479,924
Repurchase agreement borrowings	56,354,817	379,043,704
	<u>216,961,810</u>	<u>549,523,628</u>
<b>Unsecured</b>		
- Call money borrowings	6,970,120	320,000
- Overdrawn nostro accounts	2,328,743	470,727
- Borrowings of overseas branches	38,129,732	41,743,891
- Other long-term borrowings	64,271,012	67,284,575
	111,699,607	109,819,193
	<u>328,661,417</u>	<u>659,342,821</u>

16.1



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

16.1 This includes the following:

16.1.1 A loan from the International Finance Corporation amounting to US\$ 49.980 million (December 31, 2023: US\$ 49.980 million). The principal amount is payable in six equal semi-annual installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi-annually.

16.1.2 A long-term financing facility arrangement from China Development Bank, utilized for on-lending to projects of the Bank's customers. The current amount outstanding is US\$ 174.059 million (December 31, 2023: US\$ 181.640 million). The principal amount is payable in semi-annual installments from January 2023 to January 2033. Interest at a fixed spread over LIBOR is payable semi-annually.

16.1.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 2 billion (December 31, 2023: Rs 2 billion) for on-lending to customers. The principal amount is payable in semi-annual installments from April 2025 to October 2026. Profit at a rate of 16.61% per annum (December 31, 2023: 16.61% per annum) is payable semi-annually.

## 17 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2024 (Unaudited)			December 31, 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
<b>Customers</b>						
Current deposits	1,151,746,436	197,177,020	1,348,923,456	1,080,853,309	195,260,092	1,276,113,401
Savings deposits	1,688,774,828	148,568,173	1,837,343,001	1,561,063,491	150,303,167	1,711,366,658
Term deposits	374,596,678	338,554,656	713,151,334	414,510,599	321,198,865	735,709,464
	<b>3,215,117,942</b>	<b>684,299,849</b>	<b>3,899,417,791</b>	<b>3,056,427,399</b>	<b>666,762,124</b>	<b>3,723,189,523</b>
<b>Financial institutions</b>						
Current deposits	16,088,256	1,523,864	17,612,120	9,785,450	2,312,605	12,098,055
Savings deposits	173,570,218	27,081	173,597,299	120,168,627	711,626	120,880,253
Term deposits	4,643,324	9,366,282	14,009,606	4,482,843	9,529,238	14,012,081
	<b>194,301,798</b>	<b>10,917,227</b>	<b>205,219,025</b>	<b>134,436,920</b>	<b>12,553,469</b>	<b>146,990,389</b>
	<b>3,409,419,740</b>	<b>695,217,076</b>	<b>4,104,636,816</b>	<b>3,190,864,319</b>	<b>679,315,593</b>	<b>3,870,179,912</b>

18 LEASE LIABILITIES	Note	(Unaudited)	(Audited)
		March 31, 2024	December 31, 2023
----- (Rupees in '000) -----			
Opening balance		26,864,447	24,293,255
Exchange adjustment		(74,995)	725,696
Additions during the period / year		1,034,751	3,929,038
Interest expense		861,673	2,938,166
Lease payments including interest		(653,020)	(4,981,733)
Others / deletion		-	(39,975)
Closing balance		<b>28,032,856</b>	<b>26,864,447</b>
<b>18.1 Liabilities Outstanding</b>			
Not later than one year		1,757,126	1,586,901
Later than one year and upto five years		7,220,316	6,154,396
Over five years		19,055,414	19,123,150
Total		<b>28,032,856</b>	<b>26,864,447</b>

## 19 SUBORDINATED DEBT

Additional Tier I Term Finance Certificates	19.1.1	12,374,000	12,374,000
Additional Tier I Term Finance Certificates	19.1.2	6,500,000	6,500,000
		<b>18,874,000</b>	<b>18,874,000</b>



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

- 19.1 The Bank has issued listed, fully paid up, rated, privately placed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (AT 1) as outlined by the State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

The key features of these issues are as follows:

19.1.1	<b>Issue date</b>	September 26, 2019
	<b>Issue amount</b>	Rs 12.374 billion
	<b>Rating</b>	AA+ (Double A plus) [December 31, 2023: AA+ (Double A plus)]
	<b>Original Tenor</b>	Perpetual
	<b>Security</b>	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors, but superior to the claims of ordinary shareholders.
	<b>Profit payment frequency</b>	Quarterly in arrears
	<b>Redemption</b>	Perpetual, hence not applicable.
	<b>Mark-up</b>	Floating rate of return at Base Rate + 1.60%. The Base Rate is defined as the average "Ask Side" rate of the three months Karachi Interbank Offered Rate (KIBOR).
	<b>Call option</b>	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following: (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised.  If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and the investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the "Call Option Exercise Date").
	<b>Lock-in clause</b>	Mark-up will only be paid from the current year's earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
	<b>Loss absorbency</b>	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

19.1.2	<b>Issue date</b>	December 28, 2022
	<b>Issue amount</b>	Rs 6.500 billion
	<b>Rating</b>	AA+ (Double A plus) [December 31, 2023: AA+ (Double A plus)]
	<b>Original Tenor</b>	Perpetual
	<b>Security</b>	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors, but superior to the claims of ordinary shareholders.
	<b>Profit payment frequency</b>	Quarterly in arrears
	<b>Redemption</b>	Perpetual, hence not applicable.
	<b>Mark-up</b>	Floating rate of return at Base Rate + 2.00%. The Base Rate is defined as the average "Ask Side" rate of the three months Karachi Interbank Offered Rate (KIBOR).
	<b>Call option</b>	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following: (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised.  If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and the Investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the "Call Option Exercise Date").
	<b>Lock-in clause</b>	Mark-up will only be paid from the current year's earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
	<b>Loss absorbency</b>	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

20 OTHER LIABILITIES	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
Mark-up / return / profit / interest payable in local currency	68,815,427	39,885,124
Mark-up / return / profit / interest payable in foreign currency	8,984,034	9,462,487
Security deposits	1,566,040	1,597,855
Accrued expenses	30,646,830	31,647,978
Mark to market loss on forward foreign exchange contracts	5,316,884	4,229,670
Mark to market loss on derivative instruments	8,313,860	10,321,082
Unclaimed dividends	787,827	764,376
Dividends payable	7,915,917	2,075,679
Provision for post retirement medical benefits	4,068,388	3,966,429
Provision for employees' compensated absences	718,666	746,630
Credit loss allowance against off-balance sheet obligations	20.1 3,818,736	1,927,866
Acceptances	56,153,424	53,823,454
Branch adjustment account	3,090,629	2,766,198
Provision for staff retirement benefits	1,675,432	1,646,076
Payable to defined benefit plans	822,532	851,133
Provision for Workers' Welfare Fund	11,747,766	11,168,661
Unearned income	5,852,981	5,680,169
Qarz-e-Hasna Fund	338,409	338,409
Levies and taxes payable	7,725,388	14,349,438
Insurance payable	742,740	669,442
Provision for rewards program expenses	3,107,456	2,699,951
Liability against trading of securities	10,863,422	15,963,126
Clearing and settlement accounts	22,552,157	18,094,169
Payable to HBL Foundation	233,906	866,494
Contingent consideration payable	500,000	500,000
Charity fund	24,980	10,578
Unclaimed deposits	2,234,789	2,030,722
Others	4,987,169	3,318,709
	<b>273,605,789</b>	<b>241,401,905</b>
<b>20.1 Credit loss allowance against off-balance sheet obligations</b>		
Opening balance	1,927,866	1,633,326
Impact of adoption of IFRS 9	1,691,809	-
Exchange adjustment	(32,875)	388,430
Charge for the period / year	247,496	191,387
Reversal for the period / year	(15,560)	(285,277)
Net charge / (reversal)	231,936	(93,890)
Closing balance	<b>3,818,736</b>	<b>1,927,866</b>





# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Note	(Unaudited) March 31, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Surplus arising on revaluation of:			
- Property and equipment		45,977,252	46,019,383
- FVOCI securities - debt		(24,885,210)	-
- FVOCI securities - equity	8.1	2,540,252	-
- Available-for-sale securities		-	(31,670,590)
- Non-banking assets acquired in satisfaction of claims	14	191,591	191,591
		<b>23,823,885</b>	14,540,384
Deferred tax on surplus on revaluation of:			
- Property and equipment		3,658,791	3,679,435
- FVOCI securities - debt		(12,193,753)	-
- FVOCI securities - equity		1,244,723	-
- Available-for-sale securities		-	(15,518,589)
- Non-banking assets acquired in satisfaction of claims		-	-
		<b>(7,290,239)</b>	(11,839,154)
Surplus on revaluation of assets - net of tax		<b>31,114,124</b>	26,379,538
<b>22 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	22.1	345,326,415	287,242,149
- Commitments	22.2	1,131,482,565	910,401,292
- Other contingent liabilities	22.3	22,833,730	22,969,646
		<b>1,499,642,710</b>	1,220,613,087
<b>22.1 Guarantees:</b>			
Financial guarantees		69,911,472	48,697,946
Performance guarantees		265,385,741	227,128,552
Other guarantees		10,029,202	11,415,651
		<b>345,326,415</b>	287,242,149
<b>22.2 Commitments:</b>			
Trade-related contingent liabilities		345,626,493	330,830,539
Commitments in respect of:			
- Forward foreign exchange contracts	22.2.1	615,759,401	474,521,265
- Forward Government securities transactions	22.2.2	92,221,860	24,383,498
- Derivatives	22.2.3	45,033,358	53,095,033
- Forward lending	22.2.4	21,570,658	15,480,187
		<b>774,585,277</b>	567,479,983
Commitments for acquisition of:			
- Property and equipment		6,241,698	4,675,879
- Intangible assets		5,029,097	7,414,891
		<b>11,270,795</b>	12,090,770
		<b>1,131,482,565</b>	910,401,292
<b>22.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		374,793,567	290,314,260
Sale		240,965,834	184,207,005
		<b>615,759,401</b>	474,521,265



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>22.2.2 Commitments in respect of forward Government securities transactions</b>		
Purchase	47,635,778	21,450,842
Sale	44,586,082	2,932,656
	<u>92,221,860</u>	<u>24,383,498</u>
<b>22.2.3 Commitments in respect of derivatives</b>		
<b>Foreign currency options</b>		
Purchase	-	2,289,956
Sale	-	2,289,956
	<u>-</u>	<u>4,579,912</u>
<b>Cross currency swaps</b>		
Purchase	17,370,109	18,112,623
Sale	26,338,249	28,827,498
	<u>43,708,358</u>	<u>46,940,121</u>
<b>Interest rate swaps</b>		
Purchase	-	-
Sale	1,325,000	1,575,000
	<u>1,325,000</u>	<u>1,575,000</u>
<b>22.2.4 Commitments in respect of forward lending</b>		
Undrawn formal standby facilities, credit lines and other commitments to extend credit	<u>21,570,658</u>	<u>15,480,187</u>

These represent commitments that are irrevocable because they can not be withdrawn at the discretion of the Bank without the risk of incurring a significant penalty or expense.

	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>22.3 Other contingent liabilities</b>		
22.3.1 Claims against the Bank not acknowledged as debts	<u>22,833,730</u>	<u>22,969,646</u>

These mainly represent counter claims by borrowers for damages, claims filed by former employees of the Bank and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these condensed interim unconsolidated financial statements.

22.3.2 There were no tax related contingencies as at the period end.

## 23 DERIVATIVE INSTRUMENTS

Product Analysis	March 31, 2024 (Unaudited)					
	Foreign Currency Options		Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	----- (Rupees in '000) -----					
Hedging	-	-	-	-	-	-
Market Making	-	-	43,708,358	(8,224,966)	1,325,000	(88,894)
	December 31, 2023 (Audited)					
	Foreign Currency Options		Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	----- (Rupees in '000) -----					
Hedging	-	-	-	-	-	-
Market Making	2,289,956	73,396	46,940,121	(10,109,288)	1,575,000	(138,398)



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Note	(Unaudited)	
		For the three months ended	
		March 31, 2024	March 31, 2023
		----- (Rupees in '000) -----	
<b>24 MARK-UP / RETURN / PROFIT / INTEREST EARNED</b>			
On:			
Loans and advances		69,282,881	58,229,902
Investments		109,160,647	71,916,544
Lendings to financial institutions		5,275,607	8,815,321
Balances with banks		2,718,361	1,322,783
		<b>186,437,496</b>	<b>140,284,550</b>
<b>24.1 INTEREST INCOME RECOGNISED</b>			
On:			
Financial assets measured at amortised cost		92,550,260	-
Financial assets measured at FVOCI		85,076,807	-
Financial assets measured at FVTPL		8,810,429	-
		<b>186,437,496</b>	<b>-</b>
<b>25 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED</b>			
On:			
Deposits		103,713,613	62,702,718
Securities sold under repurchase agreement borrowings		14,929,661	18,804,245
Borrowings		7,547,280	5,766,614
Subordinated debt		1,088,714	885,926
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,437,955	(274,729)
Lease liability against right-of-use assets		861,673	823,636
		<b>130,578,896</b>	<b>88,708,410</b>
<b>26 FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		1,405,136	1,066,067
Branchless banking customer fees		102,656	156,339
Consumer finance related fees		677,674	595,587
Card related fees (debit and credit cards)		3,408,238	2,849,206
Credit related fees		302,249	259,242
Investment banking fees		181,854	239,380
Commission on trade related products and guarantees		2,255,346	1,603,520
Commission on cash management		399,202	411,897
Commission on remittances (including home remittances)		571,963	152,563
Commission on bancassurance		287,873	88,656
Commission on Government to Person (G2P) payments		396,617	371,552
Merchant discount and interchange fees		1,908,908	1,623,213
Wealth Management Fee		3,759	9,036
Others		95,334	57,840
		<b>11,996,809</b>	<b>9,484,098</b>
Less: Sales tax / Federal Excise Duty on fee and commission income		<b>(1,465,991)</b>	<b>(1,240,088)</b>
		<b>10,530,818</b>	<b>8,244,010</b>
<b>27 LOSS ON SECURITIES - NET</b>			
Realised	27.1	(161,748)	(708,143)
Unrealised - measured at FVTPL	8.1	(125,359)	-
Unrealised - held-for-trading		-	(370,861)
		<b>(287,107)</b>	<b>(1,079,004)</b>
<b>27.1 Gain / (Loss) on securities - realised</b>			
On:			
Federal Government securities			
- Market Treasury Bills		117,566	105,662
- Pakistan Investment Bonds		(409,880)	(679,188)
- Ijarah Sukuk		23,431	4,485
Shares		175,844	(544,329)
Non-Government debt securities		(69,493)	404,421
Foreign securities		17,141	(44,682)
Associates		(16,357)	45,488
		<b>(161,748)</b>	<b>(708,143)</b>



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

		(Unaudited)	
		For the three months ended	
		March 31, 2024	March 31, 2023
		----- (Rupees in '000) -----	
27.1.1	<b>Composition of gain / (loss) on securities - realised</b>		
	Net loss on securities measured at FVTPL	(325,057)	-
	Net gain on debt securities measured at FVOCI	179,666	-
	Net loss on sale of Associates	(16,357)	-
		<u>(161,748)</u>	<u>-</u>
28	<b>OTHER INCOME</b>		
	Incidental charges	-	111,951
	Gain on derecognition of joint venture	-	9,333,221
	Gain on sale of property and equipment - net	12,723	106,259
	Rent on properties	27,389	17,501
		<u>40,112</u>	<u>9,568,932</u>
29	<b>OPERATING EXPENSES</b>		
	<b>Total compensation expense</b>	13,531,842	11,831,038
	<b>Property expense</b>		
	Rent and taxes	288,911	360,592
	Insurance	63,031	59,005
	Utilities cost	1,390,928	1,137,944
	Security (including guards)	747,102	628,006
	Repair and maintenance (including janitorial charges)	1,207,843	978,384
	Depreciation on property and equipment	1,300,309	1,242,140
	Depreciation on right-of-use assets	947,857	927,293
		<u>5,945,981</u>	<u>5,333,364</u>
	<b>Information technology expenses</b>		
	Software maintenance	2,830,580	1,891,130
	Hardware maintenance	716,366	430,741
	Depreciation	1,002,773	750,168
	Amortisation	642,821	471,464
	Network charges	438,753	433,507
	Consultancy charges	241,204	200,560
		<u>5,872,497</u>	<u>4,177,570</u>
	<b>Other operating expenses</b>		
	Legal and professional charges	1,115,746	2,206,381
	Outsourced services costs	660,503	738,393
	Travelling and conveyance	518,332	433,386
	Insurance	209,821	230,202
	Remittance charges	114,679	153,988
	Cash transportation and sorting charges	848,860	715,842
	Repairs and maintenance	641,102	485,273
	Depreciation	157,090	182,203
	Training and development	156,264	107,847
	Postage and courier charges	215,272	183,195
	Communication	1,101,047	558,483
	Stationery and printing	832,184	595,867
	Marketing, advertisement and publicity	2,498,436	2,396,708
	Donations	233,906	273,263
	Auditors' remuneration	98,256	81,484
	Brokerage and commission	230,716	222,598
	Subscription	102,106	88,708
	Documentation and processing charges	2,814,898	2,097,115
	Entertainment	188,351	177,672
	Consultancy charges	513,531	325,954
	Deposits insurance premium expense	909,381	777,350
	Product feature cost	1,586,137	611,599
	Others	462,148	218,178
		<u>16,208,766</u>	<u>13,861,689</u>
		<u>41,559,086</u>	<u>35,203,661</u>



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Note	(Unaudited)	
		For the three months ended	
		March 31, 2024	March 31, 2023
----- (Rupees in '000) -----			
<b>30 OTHER CHARGES</b>			
Penalties imposed by the State Bank of Pakistan		145,939	15,369
Penalties imposed by other regulatory bodies		12,557	396
		<u>158,496</u>	<u>15,765</u>
<b>31 CREDIT LOSS ALLOWANCE / (REVERSALS) AND WRITE OFFS - NET</b>			
Credit loss allowance against investments	8.3	285,224	1,587,076
Credit loss allowance against loans and advances	9.3	1,731,727	536,207
Credit loss allowance against other assets	14.1.1	405	896,367
Charge / (reversal) of credit loss allowance against off-balance sheet obligations	20.1	231,936	(255,051)
Recoveries against written off / charged off bad debts		(241,699)	(151,128)
Recoveries against other assets written off		(250)	-
Other write offs and operational losses		31,254	66,317
		<u>2,038,597</u>	<u>2,679,788</u>
<b>32 TAXATION</b>			
- Current		15,911,366	9,880,495
- Deferred		(814,527)	161,296
		<u>15,096,839</u>	<u>10,041,791</u>
<b>33 BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit for the period		<u>14,594,977</u>	<u>15,299,886</u>
		<b>(Number)</b>	
Weighted average number of ordinary shares		<u>1,466,852,508</u>	<u>1,466,852,508</u>
		<b>(Rupees)</b>	
Basic and diluted earnings per share		<u>9.95</u>	<u>10.43</u>
33.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.			

## 34 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of traded investments are based on quoted market prices.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities, cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments and therefore, are not reported as part of this disclosure.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these condensed interim unconsolidated financial statements are categorised within the following fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair value measurements using inputs, other than quoted prices included within Level 1, that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair value measurements using inputs that are not based on observable market data.



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## Valuation techniques used in determination of fair values within Level 2 and Level 3

Federal Government securities	The fair values of Federal Government securities are determined on the basis of rates / prices sourced from Reuters.
Non-Government debt securities	Non-Government debt securities denominated in Rupees are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP). Non-Government debt securities denominated in other currencies are valued on the basis of rates taken from Bloomberg / Reuters.
Foreign Government debt securities	The fair values of Foreign Government debt securities are determined on the basis of rates taken from Bloomberg / Reuters.
Unquoted equity securities	The fair values of unquoted equity investments are estimated using the adjusted break-up value of the investee company. These are further discounted for marketability concerns. Where the agreed / indicative prices are available, the Bank uses the same as an estimate for fair value.
Units of mutual funds	The fair values of units of mutual funds are determined based on their net asset values as published at the close of each business day.
Derivatives	The Bank enters into derivatives contracts with various counterparties. Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Property and equipment and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity, required for Level 3 assets, has not been presented in these condensed interim unconsolidated financial statements.

### 34.1 Fair value of financial assets

The following table provides the fair values of those Bank's financial assets that are recognised or disclosed at fair value in these condensed interim unconsolidated financial statements:

	As at March 31, 2024 (Unaudited)				
	Carrying value	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	1,795,527,930	-	1,795,527,930	-	1,795,527,930
- Shares					
Listed companies	16,898,344	10,317,104	6,581,240	-	16,898,344
Unlisted companies	14,563,195	-	-	14,563,195	14,563,195
- Non-Government debt securities - Listed	50,521,181	40,000,000	10,521,181	-	50,521,181
- Foreign securities					
Government debt securities	155,825,357	-	155,825,357	-	155,825,357
Non-Government debt securities - Listed	2,072,075	-	2,072,075	-	2,072,075
- National Investment Unit Trust units	52,537	-	52,537	-	52,537
- Real Estate Investment Trust units - Listed	71,700	71,700	-	-	71,700
- Preference shares - Listed	837,500	837,500	-	-	837,500
	<u>2,036,369,819</u>	<u>51,226,304</u>	<u>1,970,580,320</u>	<u>14,563,195</u>	<u>2,036,369,819</u>
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government securities	424,923,891	-	395,434,007	-	395,434,007
- Non-Government debt securities - Listed	895,086	-	895,093	-	895,093
- Foreign securities					
Government debt securities	15,151,339	-	15,279,583	-	15,279,583
- Associates	6,785,017	8,975,735	-	-	8,975,735
	<u>447,755,333</u>	<u>8,975,735</u>	<u>411,608,683</u>	<u>-</u>	<u>420,584,418</u>
	<u>2,484,125,152</u>	<u>60,202,039</u>	<u>2,382,189,003</u>	<u>14,563,195</u>	<u>2,456,954,237</u>
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Commitments					
- Forward foreign exchange contracts	615,759,401	-	(5,316,884)	-	(5,316,884)
- Forward Government securities transactions	92,221,860	-	(18,379)	-	(18,379)
- Derivative instruments	45,033,358	-	(8,074,403)	-	(8,074,403)



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	As at December 31, 2023 (Audited)				Total
	Carrying value	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	1,782,011,013	-	1,782,011,013	-	1,782,011,013
- Shares - listed companies	16,524,041	9,057,018	7,467,023	-	16,524,041
- Non-Government debt securities - Listed	49,614,767	40,000,000	9,614,767	-	49,614,767
- Foreign securities					
Government debt securities	142,842,156	-	142,842,156	-	142,842,156
Non-Government debt securities - Listed	4,206,999	-	4,206,999	-	4,206,999
- National Investment Unit Trust units	50,745	-	50,745	-	50,745
- Real Estate Investment Trust units	68,700	68,700	-	-	68,700
- Preference shares - Listed	877,400	877,400	-	-	877,400
	1,996,195,821	50,003,118	1,946,192,703	-	1,996,195,821

	As at December 31, 2023 (Audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government securities	414,265,326	-	380,620,887	-	380,620,887
- Non-Government debt securities - Listed	1,899,450	-	1,898,829	-	1,898,829
- Foreign securities					
Government debt securities	13,123,544	-	13,179,876	-	13,179,876
- Associates	6,802,524	6,788,865	-	-	6,788,865
	436,090,844	6,788,865	395,699,592	-	402,488,457
	2,432,286,665	56,791,983	2,341,892,295	-	2,398,684,278

	As at December 31, 2023 (Audited)				Total
	Notional Value	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Commitments					
- Forward foreign exchange contracts	474,521,265	-	(1,966,016)	-	(1,966,016)
- Forward Government securities transactions	24,383,498	-	(46,908)	-	(46,908)
- Derivative instruments	48,515,121	-	(10,247,686)	-	(10,247,686)

## 34.2 Fair value of non-financial assets

	As at March 31, 2024 (Unaudited)				Total
	Carrying value	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					
Land and Buildings					
Non-banking assets acquired in satisfaction of claims	79,543,751	-	-	79,543,751	79,543,751
	431,048	-	-	431,048	431,048
	79,974,799	-	-	79,974,799	79,974,799

	As at December 31, 2023 (Audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					
Land and Buildings					
Non-banking assets acquired in satisfaction of claims	79,629,624	-	-	79,629,624	79,629,624
	433,908	-	-	433,908	433,908
	80,063,532	-	-	80,063,532	80,063,532

## 35 SEGMENT INFORMATION

### 35.1 Segment Details with respect to Business Activities

	For the three months ended March 31, 2024 (Unaudited)							Total
	Branch banking	Consumer, SME & Agriculture lending	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	
----- (Rupees in million) -----								
<b>Profit and loss account</b>								
Net mark-up / return / profit / interest income	(72,330)	14,437	10,087	19,563	80,956	5,073	(1,927)	55,859
Inter segment revenue / (expense) - net	105,528	(10,748)	-	(9,384)	(90,477)	437	4,644	-
Non mark-up / interest income	1,489	4,721	719	1,896	4,367	3,263	1,713	18,168
Total income / (loss)	34,687	8,410	10,806	12,075	(5,154)	8,773	4,430	74,027
Segment direct expenses	8,814	6,039	2,598	1,127	188	4,616	18,915	42,297
Inter segment expense allocation	9,832	2,970	349	3,193	511	439	(17,294)	-
Total expenses	18,646	9,009	2,947	4,320	699	5,055	1,621	42,297
Credit loss allowance - charge / (reversal)	22	500	222	1,035	-	(154)	413	2,038
Profit / (loss) before tax	16,019	(1,099)	7,637	6,720	(5,853)	3,872	2,396	29,692



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

As at March 31, 2024 (Unaudited)

	Branch banking	Consumer, SME & Agriculture lending	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)								
<b>Statement of financial position</b>								
Cash and bank balances	149,452	-	36,305	656	193,537	139,935	449	520,334
Lendings to financial institutions	-	-	36,000	-	35,569	-	-	71,569
Inter segment lending	2,221,921	-	-	-	-	94,880	274,977	2,591,778
Investments	-	-	259,282	13,158	2,009,995	221,829	43,566	2,547,830
Advances - performing	-	245,504	195,725	786,910	-	290,245	25,981	1,544,365
Advances - non-performing	-	2,917	5,426	6,494	-	1,962	(2,683)	14,116
Others	29,694	8,118	47,229	76,832	131,210	24,316	120,695	438,094
<b>Total assets</b>	<b>2,401,067</b>	<b>256,539</b>	<b>579,967</b>	<b>884,050</b>	<b>2,370,311</b>	<b>773,167</b>	<b>462,985</b>	<b>7,728,086</b>
Borrowings	-	5,705	23,538	133,364	65,070	100,984	-	328,661
Subordinated debt	-	-	-	-	-	-	18,874	18,874
Deposits and other accounts	2,331,168	1,718	484,359	643,732	-	574,987	68,673	4,104,637
Inter segment borrowing	-	223,399	3,023	49,047	2,291,512	24,797	-	2,591,778
Others	69,899	25,718	25,311	57,906	25,826	10,051	131,830	346,541
<b>Total liabilities</b>	<b>2,401,067</b>	<b>256,540</b>	<b>536,231</b>	<b>884,049</b>	<b>2,382,408</b>	<b>710,819</b>	<b>219,377</b>	<b>7,390,491</b>
Equity	-	-	43,736	-	(12,097)	62,346	243,610	337,595
<b>Total equity and liabilities</b>	<b>2,401,067</b>	<b>256,540</b>	<b>579,967</b>	<b>884,049</b>	<b>2,370,311</b>	<b>773,165</b>	<b>462,987</b>	<b>7,728,086</b>
<b>Contingencies and commitments</b>	<b>-</b>	<b>-</b>	<b>67,169</b>	<b>609,846</b>	<b>619,825</b>	<b>169,186</b>	<b>33,617</b>	<b>1,499,643</b>

For the three months ended March 31, 2023 (Unaudited)

	Branch banking	Consumer, SME & Agriculture lending	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)								
<b>Profit and loss account</b>								
Net mark-up / return / profit / interest income	(43,541)	11,778	5,802	21,322	53,304	4,873	(1,962)	51,576
Inter segment revenue / (expense) - net	69,628	(7,651)	-	(10,908)	(51,769)	(751)	1,451	-
Non mark-up / interest income	920	4,181	686	1,123	22	1,430	3,811	12,173
Total income	27,007	8,308	6,488	11,537	1,557	5,552	3,300	63,749
Segment direct expenses	7,454	4,038	1,866	1,092	283	4,062	16,933	35,728
Inter segment expense allocation	7,877	2,705	315	3,430	446	451	(15,224)	-
Total expenses	15,331	6,743	2,181	4,522	729	4,513	1,709	35,728
Credit loss allowance - charge / (reversal)	575	555	(425)	(227)	(423)	2,320	305	2,680
Profit / (loss) before tax	11,101	1,010	4,732	7,242	1,251	(1,281)	1,286	25,341

As at December 31, 2023 (Audited)

	Branch banking	Consumer, SME & Agriculture lending	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)								
<b>Statement of financial position</b>								
Cash and bank balances	195,852	-	40,896	590	190,638	120,218	-	548,194
Lendings to financial institutions	-	-	19,500	-	69,098	-	-	88,598
Inter segment lending	2,081,029	-	-	-	-	75,037	215,727	2,371,793
Investments	-	-	226,552	4,417	2,016,021	216,242	36,698	2,499,930
Advances - performing	-	256,677	206,739	844,497	-	304,049	38,034	1,649,996
Advances - non-performing	-	2,072	6,316	3,272	-	2,202	158	14,020
Others	35,158	7,642	39,132	81,020	92,166	23,415	122,400	400,933
<b>Total assets</b>	<b>2,312,039</b>	<b>266,391</b>	<b>539,135</b>	<b>933,796</b>	<b>2,367,923</b>	<b>741,163</b>	<b>413,017</b>	<b>7,573,464</b>
Borrowings	-	6,313	32,119	134,047	379,835	107,029	-	659,343
Subordinated debt	-	-	-	-	-	-	18,874	18,874
Deposits and other accounts	2,258,343	1,465	422,710	604,853	-	553,103	29,706	3,870,180
Inter segment borrowing	-	234,859	7,414	143,314	1,968,233	17,973	-	2,371,793
Others	53,696	23,754	32,967	51,582	32,810	6,785	117,901	319,495
<b>Total liabilities</b>	<b>2,312,039</b>	<b>266,391</b>	<b>495,210</b>	<b>933,796</b>	<b>2,380,878</b>	<b>684,890</b>	<b>166,481</b>	<b>7,239,685</b>
Equity	-	-	43,925	-	(12,955)	56,273	246,536	333,779
<b>Total equity and liabilities</b>	<b>2,312,039</b>	<b>266,391</b>	<b>539,135</b>	<b>933,796</b>	<b>2,367,923</b>	<b>741,163</b>	<b>413,017</b>	<b>7,573,464</b>
<b>Contingencies and commitments</b>	<b>-</b>	<b>-</b>	<b>57,017</b>	<b>538,382</b>	<b>388,637</b>	<b>202,072</b>	<b>34,505</b>	<b>1,220,613</b>





# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## 36 RELATED PARTY TRANSACTIONS

The Bank has related party relationships with various parties including its Directors, Key Management Personnel, Group entities, subsidiaries, associated companies and employee benefit schemes of the Bank.

Transactions with related parties, other than those under terms of employment, are executed on an arm's length basis i.e. do not involve more than normal risk and are substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties.

Contributions to and accruals in respect of staff retirement and other benefit schemes are made in accordance with the actuarial valuations / terms of the schemes.

Details of transactions and balances with related parties as at the period / year end are as follows:

	As at March 31, 2024 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
----- (Rupees in '000) -----							
<b>Statement of financial position</b>							
<b>Balances with other banks</b>							
In current accounts	-	-	109,152	1,361,590	-	-	-
<b>Investments</b>							
Opening balance	-	-	-	29,172,923	7,058,755	-	17,204,695
Impact of adoption of IFRS 9	-	-	-	-	-	-	4,406,616
Exchange Adjustment	-	-	-	(117,405)	-	-	(176,275)
Investment made during the period	-	-	-	2,000,000	-	-	-
Investment redeemed / disposed off during the period	-	-	-	-	(4,880)	-	(837,500)
Transfer (out) / in - net	-	-	-	-	-	-	-
Revaluation of investment during the period	-	-	-	-	-	-	1,826,608
Provision for diminution in value of investments	-	-	-	-	(12,628)	-	-
Closing balance	-	-	-	31,055,518	7,041,247	-	22,424,144
Provision for diminution in value of investments	-	-	-	-	90,482	-	-
<b>Advances</b>							
Opening balance	1,969	649,863	5,352,719	2,086,003	375,000	-	10,200,880
Exchange adjustment	-	-	(66,932)	-	-	-	-
Addition during the period	2,895	125,971	8,440,237	71,917	-	-	5,696,777
Repaid during the period	(4,039)	(71,366)	(8,625,554)	(120,520)	-	-	(5,365,162)
Transfer out - net	-	(59,749)	-	-	-	-	-
Closing balance	825	644,719	5,100,470	2,037,400	375,000	-	10,532,495
<b>Other Assets</b>							
Interest / mark-up accrued	-	657	61,820	289,345	16,338	-	779,841
Receivables from defined benefit plan	-	-	6,519	-	-	-	845,404
Other receivables	-	1,925	-	12,700	361,935	-	15,417
	-	2,582	68,339	302,045	378,273	-	1,640,662
<b>Borrowings</b>							
Opening balance	-	-	5,169,268	1,409,304	16,686,344	-	4,536,746
Exchange adjustment	-	-	-	-	(255,927)	-	(35,221)
Borrowings during the period	-	-	-	-	16,545,661	-	2,515,388
Settled during the period	-	-	(5,169,268)	(1,409,304)	(16,521,603)	-	(2,515,388)
Closing balance	-	-	-	-	16,454,475	-	4,501,525
<b>Deposits and other accounts</b>							
Opening balance	23,411	572,514	23,823,074	3,698,361	33,215,657	-	1,363,336
Exchange adjustment	(78)	(4,119)	(203,571)	-	(6,423)	-	(7,407)
Received during the period	206,294	1,789,655	91,768,079	231,421,326	187,073,245	-	16,989,032
Withdrawn during the period	(129,621)	(1,658,619)	(91,070,863)	(229,821,990)	(190,757,625)	-	(15,905,620)
Transfer (out) / in - net	-	(186,049)	-	-	-	-	11,932
Closing balance	100,006	513,382	24,316,719	5,297,697	29,524,854	-	2,451,273
<b>Other liabilities</b>							
Interest / mark-up payable	369	8,491	306,815	49,676	271,531	-	55,140
Payable to defined benefit plan	-	-	-	-	-	-	822,532
Other payables	-	-	1,853	27,133	62,291	-	247,663
	369	8,491	308,668	76,809	333,822	-	1,125,335
<b>Contingencies and Commitments</b>							
Letter of credit	-	-	377,785	-	-	-	416,026
Guarantees	-	-	167,832	1,490	5	-	3,535,727
Forward purchase of Government securities	-	-	265,399	-	-	-	686,439
Forward purchase of foreign exchange contracts	-	-	-	416,922	-	-	-
Interest rate swaps	-	-	-	-	375,000	-	-
	-	-	811,016	418,412	375,005	-	4,638,192
<b>Others</b>							
Securities held as custodian	-	159,390	21,654,605	-	214,018,000	-	30,262,995



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

For the three months ended March 31, 2024 (Unaudited)						
Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
----- (Rupees in '000) -----						
<b>Profit and loss account</b>						
<b>Income</b>						
Mark-up / return / profit / interest earned	9	7,265	108,362	332,388	20,169	614,347
Fee and commission income	132	2,085	82,632	36,396	216,203	1,453
Dividend income	-	-	-	-	646,814	703,588
Unrealised loss on derivatives	-	-	-	-	(29,928)	-
Gain on sale of securities - net	-	-	-	-	784	-
Rent on properties	-	-	-	43,967	-	-
Gain on disposal of property and equipment	-	-	-	-	1,741	-
Other income	-	-	-	35,248	-	-
<b>Expense</b>						
Mark-up / return / profit / interest expensed	582	12,309	352,865	93,341	765,059	102,741
<b>Operating expenses</b>						
Total compensation expense	-	1,046,414	-	-	-	375,713
Non-Executive Directors' fees	30,300	-	-	-	-	-
Insurance premium expense	-	-	-	-	579,803	-
Product feature cost	-	-	66,221	-	-	-
Travelling	-	-	1,104	-	-	-
Subscription	-	-	-	-	-	1,815
Donation	-	-	-	-	-	247,663
Brokerage and Commission	-	-	-	-	-	74,079
Other expenses	-	-	12,592	3,922	19,780	12,027
Provision for diminution in value of investments	-	-	-	-	12,628	-
<b>Others</b>						
Purchase of Government securities	-	7,116	41,517,777	69,364,535	25,161,116	1,887,503
Sale of Government securities	-	51,817	43,971,984	68,978,084	22,645,810	7,513,322
Purchase of foreign currencies	-	-	1,731,577	9,766,559	68,579	-
Sale of foreign currencies	-	-	1,846,901	7,912,356	130,815	593,801
<b>As at December 31, 2023 (Audited)</b>						
Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
----- (Rupees in '000) -----						
<b>Statement of financial position</b>						
<b>Balances with other banks</b>						
In current accounts	-	-	24,874	866,164	-	-
<b>Investments</b>						
Opening balance	-	-	-	26,510,029	7,286,430	135,665
Exchange Adjustment	-	-	-	1,662,894	-	589,066
Investment made during the year	-	-	-	1,000,000	-	-
Investment redeemed / disposed off during the year	-	-	-	-	(149,821)	-
Transfer (out) / in - net	-	-	-	-	-	(135,665)
Revaluation of investment during the year	-	-	-	-	-	(2,686,132)
Provision for diminution in value of investments	-	-	-	-	(77,854)	(17,696)
Closing balance	-	-	-	29,172,923	7,058,755	17,204,695
Provision for diminution in value of investments	-	-	-	-	77,854	60,639
<b>Advances</b>						
Opening balance	1,412	520,240	4,547,709	3,357,440	625,000	11,714,938
Exchange adjustment	-	-	908,792	345,755	-	-
Addition during the year	9,645	513,599	30,558,900	524,666	-	16,335,757
Repaid during the year	(9,088)	(383,976)	(30,662,682)	(2,141,858)	(250,000)	(17,849,815)
Closing balance	1,969	649,863	5,352,719	2,086,003	375,000	10,200,880
<b>Other Assets</b>						
Interest / mark-up accrued	-	689	68,692	240,265	17,214	298,518
Receivable from defined benefit plan	-	-	-	-	-	845,404
Other receivables / prepayments	-	2,673	9,779	1,000	477,119	13,307
	-	3,362	78,471	241,265	494,333	1,157,229



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

As at December 31, 2023 (Audited)

	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
(Rupees in '000)							
<b>Borrowings</b>							
Opening balance	-	-	3,982,280	2,264,309	12,950,894	2,717,171	168,252
Exchange adjustment	-	-	1,159,109	546,817	3,224,127	619,856	823,712
Borrowings during the year	-	-	20,166,148	9,812,754	83,310,506	2,348,700	19,662,958
Settled during the year	-	-	(20,138,269)	(11,214,576)	(82,799,183)	(3,131,600)	(18,672,303)
Transfer (out) / in - net	-	-	-	-	-	(2,554,127)	2,554,127
Closing balance	-	-	5,169,268	1,409,304	16,686,344	-	4,536,746
<b>Deposits and other accounts</b>							
Opening balance	135,270	504,305	16,086,603	2,461,812	2,817,791	4,204	1,754,471
Exchange adjustment	22,601	43,837	192,882	115,020	37,425	795	17,474
Received during the year	780,596	5,692,787	364,791,560	1,079,990,251	1,418,318,927	3,996	187,434,725
Withdrawn during the year	(915,056)	(5,668,415)	(357,247,971)	(1,078,868,722)	(1,387,958,486)	(7,583)	(187,844,746)
Transfer out - net	-	-	-	-	-	(1,412)	1,412
Closing balance	23,411	572,514	23,823,074	3,698,361	33,215,657	-	1,363,336
<b>Other liabilities</b>							
Interest / mark-up payable	1	1,508	242,441	13,972	237,842	-	39,339
Payable to defined benefit plan	-	-	-	-	-	-	851,133
Other payables	-	-	7,876	27,730	9,594	-	869,064
	1	1,508	250,317	41,702	247,436	-	1,759,536
<b>Contingencies and Commitments</b>							
Letters of credit	-	-	380,194	-	-	-	924,060
Guarantees	-	-	174,650	1,535	5	-	3,535,727
Forward purchase of Government securities	-	7,116	90,212	-	-	-	334,534
Forward purchase of foreign exchange contracts	-	-	-	1,240,184	-	-	-
Interest rate swaps	-	-	-	-	375,000	-	-
	-	7,116	645,056	1,241,719	375,005	-	4,794,321
<b>Others</b>							
Securities held as custodians	-	152,360	22,460,475	-	214,735,000	-	29,021,560

For the three months ended March 31, 2023 (Unaudited)

	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
(Rupees in '000)							
<b>Profit and loss account</b>							
<b>Income</b>							
Mark-up / return / profit / interest earned	148	8,977	185,032	419,167	27,623	-	539,950
Fee and commission income	191	1,217	70,826	17,723	89,319	-	347
Dividend income	-	-	-	-	161,587	203,366	681,485
Loss from derivatives	-	-	-	-	(66,060)	-	-
Gain on sale of securities - net	-	-	-	-	805,641	-	-
Rent on properties	-	-	-	15,882	-	-	-
Gain on disposal of property and equipment	-	-	-	-	31	-	-
Other income	-	-	-	9,547	-	-	-
<b>Expense</b>							
Mark-up / return / profit / interest expensed	3,553	6,549	141,078	36,872	141,690	-	123,459
Operating expenses							
Total compensation expense	-	1,366,490	-	-	-	-	466,593
Non-Executive Directors' fees	19,200	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	515,501	-	-
Product feature cost	-	-	39,328	-	-	-	-
Travelling	-	-	896	-	-	-	-
Subscription	-	-	-	-	-	-	4,275
Donations	-	-	-	-	-	-	162,966
Brokerage and Commission	-	-	-	-	-	-	25,258
Other expenses	-	-	11,949	12,186	16,031	-	12,062
<b>Others</b>							
Purchase of Government securities	2,498	15,927	42,052,749	22,911,873	25,558,785	-	33,552,249
Sale of Government securities	-	22,739	49,865,285	25,884,448	29,854,799	-	36,333,539
Purchase of foreign currencies	-	-	902,334	13,653,244	-	-	-
Sale of foreign currencies	-	-	1,647,193	-	-	-	11,773
Insurance claims settled	-	-	-	-	63,445	-	-

36.1 Balances and transactions with group entities include deposits of Rs 0.686 million (December 31, 2023: Rs 0.695 million) from the parent and Rs 2.00 thousand (March 31, 2023: Rs 6.00 thousand) as mark-up expense thereon.



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## 37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>14,668,525</u>	<u>14,668,525</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>254,244,688</u>	244,543,194
Eligible Additional Tier 1 (ADT 1) Capital	<u>14,747,561</u>	15,209,811
Total Eligible Tier 1 Capital	<u>268,992,249</u>	259,753,005
Eligible Tier 2 Capital	<u>79,620,954</u>	74,258,880
Total Eligible Capital (Tier 1 + Tier 2)	<u>348,613,203</u>	334,011,885
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u>1,510,891,819</u>	1,484,105,134
Market Risk	<u>190,231,225</u>	162,338,638
Operational Risk	<u>286,469,768</u>	286,469,768
Total	<u>1,987,592,812</u>	1,932,913,540
Common Equity Tier 1 Capital Adequacy ratio	<u>12.79%</u>	12.65%
Tier 1 Capital Adequacy Ratio	<u>13.53%</u>	13.44%
Total Capital Adequacy Ratio	<u>17.54%</u>	17.28%
<b>Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)</b>		
of which: capital conservation buffer requirement	9.00%	9.00%
of which: countercyclical buffer requirement	1.50%	1.50%
of which: D-SIB buffer requirement	1.50%	1.50%
CET1 available to meet buffers (as a percentage of risk weighted assets)	6.79%	6.65%
<b>Other information:</b>		
<b>Minimum capital requirements prescribed by the SBP</b>		
CET1 ratio (%)	9.00%	9.00%
Tier 1 ratio (%)	10.50%	10.50%
Total capital ratio (%)	13.00%	13.00%
<b>Leverage Ratio (LR)</b>	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
Eligible Tier-1 Capital	<u>268,992,249</u>	259,753,005
Total Exposure	<u>5,591,416,484</u>	5,834,019,080
<b>Leverage Ratio (%)</b>	<u>4.81%</u>	4.45%
<b>Minimum Requirement (%)</b>	<u>3.00%</u>	3.00%
<b>Liquidity Coverage Ratio (LCR)</b>		
Average High Quality Liquid Assets	<u>2,089,381,082</u>	1,879,073,951
Average Net Cash Outflow	<u>799,417,882</u>	693,860,676
<b>Liquidity Coverage Ratio (%)</b>	<u>261.36%</u>	270.81%
<b>Minimum Requirement (%)</b>	<u>100.00%</u>	100.00%
<b>Net Stable Funding Ratio (NSFR)</b>		
Total Available Stable Funding	<u>3,981,912,215</u>	3,812,112,933
Total Required Stable Funding	<u>2,378,277,918</u>	2,384,738,674
<b>Net Stable Funding Ratio (%)</b>	<u>167.43%</u>	159.85%
<b>Minimum Requirement (%)</b>	<u>100.00%</u>	100.00%

37.1 The SBP has permitted banks to adopt a transitional approach to phase in the initial impact of the ECL for stage 1 and 2 financial assets over a period of five years. Had there been no such relaxation the Bank's total CAR would have been lower by 67 bps.



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

## 38 ISLAMIC BANKING BUSINESS

The Bank operates 408 (December 31, 2023: 408) Islamic Banking branches and 553 (December 31, 2023: 553) Islamic Banking windows.

### STATEMENT OF FINANCIAL POSITION

#### ASSETS

Cash and balances with treasury banks  
Balances with other banks  
Due from financial institutions  
Investments  
Islamic financing and related assets - net  
Property and equipment  
Right-of-use assets  
Intangible assets  
Due from Head Office  
Deferred tax assets  
Other assets

Note	(Unaudited) March 31, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
	35,208,414	40,418,980
	1,096,149	476,714
38.1	36,000,000	19,500,000
38.2	259,282,164	226,552,494
38.3	201,151,101	213,054,465
	7,331,425	7,392,659
	6,671,494	6,526,100
	54,710	48,248
	-	-
	1,189,059	1,270,557
	31,982,791	23,894,137
	579,967,307	539,134,354

#### LIABILITIES

Bills payable  
Due to financial institutions  
Deposits and other accounts  
Due to Head Office  
Lease liabilities  
Subordinated debt  
Deferred tax liabilities  
Other liabilities

	39,839	40,454
38.4	23,537,997	32,119,436
38.5	484,359,472	422,709,734
	3,023,001	9,382,906
	8,988,903	8,572,063
	-	-
	-	-
	16,282,107	23,443,740
	536,231,319	496,268,333

#### NET ASSETS

#### REPRESENTED BY

Islamic Banking Fund  
Reserves  
Deficit on revaluation of investments - net of tax  
Unappropriated profit

	500,000	500,000
	-	-
	(1,237,593)	(1,322,417)
38.6	44,473,581	43,688,438
	43,735,988	42,866,021

#### Contingencies and commitments

		(Unaudited) For the three months ended	
		March 31, 2024	March 31, 2023
----- (Rupees in '000) -----			
38.7			

### PROFIT AND LOSS ACCOUNT

Profit / return earned  
Profit / return expensed  
Net profit / return

38.8	21,340,795	14,681,770
38.9	11,253,785	8,879,084
	10,087,010	5,802,686

#### Other income

Fee and commission income  
Dividend income  
Foreign exchange income  
Income from derivatives  
Gain on securities - net  
Others  
Total other income

	520,262	308,391
	-	-
	182,442	372,769
	-	-
	16,280	4,484
	-	-
	718,984	685,644
	10,805,994	6,488,330

#### Total income

#### Other expenses

Operating expenses  
Workers' Welfare Fund  
Other charges  
Total other expenses

	2,793,724	2,086,683
	152,745	94,639
	125	120
	2,946,594	2,181,442

#### Profit before credit loss allowance

Charge / (reversal) of credit loss allowance and write offs - net

	7,859,400	4,306,888
	222,158	(425,084)
	7,637,242	4,731,972

#### Profit before taxation

Taxation

	3,742,247	2,034,748
	3,894,995	2,697,224

#### Profit after taxation



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	(Unaudited) March 31, 2024	(Audited) December 31, 2023
38.1 <b>Due from Financial Institutions</b>	----- (Rupees in '000) -----	
Call money lendings	31,000,000	17,000,000
Secured lendings	5,000,000	2,500,000
	<u>36,000,000</u>	<u>19,500,000</u>

	March 31, 2024 (Unaudited)			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	----- (Rupees in '000) -----			

## Debt Instruments

### Fair value through profit and loss (FVTPL)

#### Federal Government securities

- Ijarah Sukuk

5,900	-	5	5,905
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### Fair value through other comprehensive income (FVOCI)

#### Federal Government securities

- Ijarah Sukuk
- Other Federal Government securities

194,282,026	-	(2,474,616)	191,807,410
3,727,205	-	-	3,727,205
<u>198,009,231</u>	<u>-</u>	<u>(2,474,616)</u>	<u>195,534,615</u>

#### Non-Government debt securities

- Listed
- Unlisted

44,610,211	(68,209)	44,292	44,586,294
1,401,000	(8,982)	3,673	1,395,691
<u>46,011,211</u>	<u>(77,191)</u>	<u>47,965</u>	<u>45,981,985</u>

### Amortised cost

#### Federal Government securities

- Ijarah Sukuk
- Other Federal Government securities

5,000,000	-	-	5,000,000
-	-	-	-
<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>

#### Non-Government debt securities

- Listed
- Unlisted

-	-	-	-
12,984,187	(224,528)	-	12,759,659
<u>12,984,187</u>	<u>(224,528)</u>	<u>-</u>	<u>12,759,659</u>

### Total Investments

<u>262,010,529</u>	<u>(301,719)</u>	<u>(2,426,646)</u>	<u>259,282,164</u>
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### December 31, 2023 (Audited)

Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----			

### Available for sale (AFS) securities

#### Federal Government securities

- Ijarah Sukuk
- Other Federal Government securities

164,825,661	-	(2,631,310)	162,194,351
5,543,158	-	-	5,543,158
<u>170,368,819</u>	<u>-</u>	<u>(2,631,310)</u>	<u>167,737,509</u>

#### Non-Government debt securities

- Listed
- Unlisted

44,891,462	-	36,836	44,928,298
1,401,000	-	1,500	1,402,500
<u>46,292,462</u>	<u>-</u>	<u>38,336</u>	<u>46,330,798</u>

### Held to maturity (HTM) securities

#### Non-Government debt securities

- Unlisted

12,484,187	-	-	12,484,187
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### Total Investments

<u>229,145,468</u>	<u>-</u>	<u>(2,592,974)</u>	<u>226,552,494</u>
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### March 31, 2024 (Unaudited)

Stage 1	Stage 2	Stage 3	Total
----- (Rupees in '000) -----			

### 38.2.1 Particulars of credit loss allowance

- Non Government debt securities

<u>148,719</u>	<u>-</u>	<u>153,000</u>	<u>301,719</u>
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# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>38.3 Islamic financing and related assets - net</b>		
Diminishing Musharakah	91,130,754	93,090,122
Running Musharakah	46,460,457	46,748,573
Wakalah	14,757,354	15,112,848
Ijarah	4,067,200	3,771,372
Murabaha	2,143,539	1,937,342
Currency Salam	-	82,738
Tijarah	2,859,002	2,422,198
Istisna	1,815,405	2,053,597
Musawamah	1,593,083	3,191,914
Advance for Diminishing Musharakah	3,242,815	3,820,249
Advance for Ijarah	3,678,345	3,498,372
Advance for Murabaha	13,628,797	10,561,441
Advance for Salam	1,394,777	2,032,234
Advance for Istisna	12,373,737	16,079,982
Advance for Musawamah	881,566	595,848
Inventories against Murabaha	446,411	5,784,149
Inventories against Salam	2,032,234	-
Inventories against Tijarah	4,511,817	5,088,392
Inventories against Istisna	3,678,350	3,842,828
Islamic financing and related assets - gross	<b>210,695,643</b>	<b>219,714,199</b>
Credit loss allowance against Islamic financing and related assets		
- Stage 1	(769,439)	-
- Stage 2	(2,503,810)	-
- Stage 3	(5,593,734)	-
Specific	-	(5,523,177)
General	(677,559)	(1,136,557)
	<b>(9,544,542)</b>	<b>(6,659,734)</b>
Islamic financing and related assets - net of credit loss allowance	<b>201,151,101</b>	<b>213,054,465</b>
<b>38.4 Due to financial institutions</b>		
Acceptances from the SBP under:		
- Islamic export refinance scheme	10,982,347	19,406,548
- Islamic export refinance scheme for bill discounting	532,906	556,808
- Islamic long term financing facility	6,311,570	6,481,973
- Islamic financing facility for renewable energy power plants	712,164	644,321
- Islamic refinance facility for modernization of Small & Medium Enterprises (SMEs)	268,947	286,208
- Islamic refinance and credit guarantee scheme for women entrepreneurs	1,208	1,765
- Islamic refinance facility for combating COVID-19	453,337	355,448
- Islamic temporary economic refinance facility	2,275,518	2,386,365
Acceptances from Pakistan Mortgage Refinance Company	2,000,000	2,000,000
	<b>23,537,997</b>	<b>32,119,436</b>
<b>38.5 Deposits and other accounts</b>		
<b>Customers</b>		
Current deposits	112,443,922	109,005,139
Savings deposits	293,268,535	279,911,025
Term deposits	22,775,146	29,238,524
	<b>428,487,603</b>	<b>418,154,688</b>
<b>Financial Institutions</b>		
Current deposits	111,137	92,442
Savings deposits	55,459,086	4,360,958
Term deposits	301,646	101,646
	<b>55,871,869</b>	<b>4,555,046</b>
	<b>484,359,472</b>	<b>422,709,734</b>
<b>38.6 Islamic Banking business unappropriated profit</b>		
Opening Balance	43,688,438	32,922,558
Impact of adoption of IFRS 9	(3,083,456)	-
Add: Islamic Banking profit for the period / year	7,637,242	21,124,836
Less: Taxation	(3,742,247)	(10,351,170)
Less: Transferred / Remitted to Head Office	(26,396)	(7,786)
Closing Balance	<b>44,473,581</b>	<b>43,688,438</b>



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Note	(Unaudited) March 31, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
38.7	<b>Contingencies and commitments</b>		
	- Performance Guarantees	5,023,248	3,783,771
	- Commitments	62,145,546	53,232,828
		<u>67,168,794</u>	<u>57,016,599</u>
38.7.1	<b>Commitments:</b>		
	Trade-related contingent liabilities	33,861,856	30,703,557
	Commitments in respect of forward foreign exchange contracts	28,283,690	22,529,271
		<u>62,145,546</u>	<u>53,232,828</u>
38.7.1.1	<b>Commitments in respect of forward foreign exchange contracts</b>		
	Purchase	15,810,608	11,450,911
	Sale	12,473,082	11,078,360
		<u>28,283,690</u>	<u>22,529,271</u>
			(Unaudited)
			<b>For the three months ended</b>
38.8	<b>Profit / return earned</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
		----- (Rupees in '000) -----	
	On:		
	Financing	8,903,091	7,438,007
	Investments	11,763,477	7,094,626
	Amounts due from financial institutions	674,227	149,137
		<u>21,340,795</u>	<u>14,681,770</u>
38.9	<b>Profit / return expensed</b>		
	On:		
	Deposits and other accounts	9,225,033	5,899,374
	Amounts due to financial institutions	1,569,117	2,766,338
	Foreign currency deposits for Wa'ad based transactions	156,742	4,842
	Lease liability against right-of-use assets	302,893	208,530
		<u>11,253,785</u>	<u>8,879,084</u>
39	<b>NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE</b>		
39.1	The Board of Directors, in its meeting held on April 23, 2024, has declared a cash dividend of Rs 4.00 per share in respect of the quarter ended March 31, 2024 (March 31, 2023: Rs 1.50 per share). These condensed interim unconsolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.		
40	<b>DATE OF AUTHORISATION FOR ISSUE</b>		
	These condensed interim unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on April 23, 2024.		
41	<b>GENERAL</b>		
41.1	Comparative figures have been re-arranged and reclassified for comparison purposes.		

Muhammad Nassir Salim  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Moez Ahamed Jamal  
Director

Dr. Najeeb Samie  
Director



