

HABIBMETRO
QUARTERLY REPORT
MARCH

20
22



هَذَا فَضْلُكَ

OUR VISION

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



OUR VALUES

RESPECT

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

INTEGRITY

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

TEAMWORK

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

RESPONSIBILITY

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

COMMITMENT

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

TRUST

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



CONTENTS

Corporate Information	1
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Directors' Review	2
-------------------	---

Unconsolidated Condensed Interim Statement of Financial Position	6
------------------------------------------------------------------	---

Unconsolidated Condensed Interim Profit and Loss Account	7
----------------------------------------------------------	---

Unconsolidated Condensed Interim Statement of Comprehensive Income	8
--------------------------------------------------------------------	---

Unconsolidated Condensed Interim Statement of Changes in Equity	9
-----------------------------------------------------------------	---

Unconsolidated Condensed Interim Cash Flow Statement	10
------------------------------------------------------	----

Notes to the Unconsolidated Condensed Interim Financial Statements	11
--------------------------------------------------------------------	----

Consolidated Condensed Interim Financial Statements	43
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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Mohamedali R. Habib

PRESIDENT & CHIEF EXECUTIVE OFFICER

Mohsin A. Nathani

DIRECTORS

Anjum Z. Iqbal

Firasat Ali

Hamza Habib

Mohomed Bashir

Muhammad H. Habib

Rashid Ahmed Jafer

Tahira Raza

BOARD COMMITTEES

AUDIT

Anjum Z. Iqbal

Hamza Habib

Rashid Ahmed Jafer

CREDIT

Anjum Z. Iqbal

Mohamedali R. Habib

Mohsin A. Nathani

Muhammad H. Habib

HUMAN RESOURCE & REMUNERATION

Firasat Ali

Mohamedali R. Habib

Tahira Raza

SHARIAH BOARD

Tan Sri Dr. Mohd. Daud Bakar - Chairman

Mufti Abdul Sattar Laghari - Member

Mufti Khawaja Noor ul Hassan - Resident Member

COMPANY SECRETARY

Ather Ali Khan

REGISTERED OFFICE

Ground Floor, HabibMetro Head Office

I I Chundrigar Road,

Karachi – 74200, Pakistan

INFORMATION TECHNOLOGY

Anjum Z. Iqbal

Firasat Ali

Mohsin A. Nathani

RISK & COMPLIANCE

Anjum Z. Iqbal

Firasat Ali

Mohsin A. Nathani

Tahira Raza

SHARE REGISTRAR

CDC Share Registrar Services Limited

CDC House, 99-B, Block-B, S.M.C.H.S.,

Main Shahr-e-Faisal, Karachi - 74400

DIRECTORS' REVIEW

On behalf of the Board of Directors of Habib Metropolitan Bank, I am pleased to present the condensed interim un-audited financial statements for the quarter ended 31 March 2022.

The quarter under review concluded with uncertainty on the domestic political front. Moreover, on international front, the impact of Russia-Ukraine conflict has resulted in higher commodity prices, and with growing inflation, the global financial conditions appear to be tightening..

Local inflationary pressure continues to rise due to risks of external instability, average inflation for 9MFY22 clocked in at 12.7% as compared to 9.1% in the same period last year. Going forward, global commodity prices, including oil, are likely to remain elevated. Average inflation forecasts have been revised upwards in FY22 and are expected to show some relieve in FY23.

Current account deficit rose to USD 12.1 billion in 8MFY22 as compared to USD 0.9 billion in the same period last year. However timely demand-moderating measures and strong exports and remittances contributed to current account deficit shrink to USD 0.5 billion in February, its lowest level this fiscal year. Remittances remained strong, growing by 7.1 percent YoY during the 9MFY22 with an average of USD 2.5 billion per month. Exports performed well, and reached USD 25.1 billion with a 26.2 percent growth YoY. However, the increase in imports exceeded the growth in remittances and exports. Country imports depicted a 47.8 percent increase in the period under review and reached USD 54.9 billion. Resultantly the State Bank of Pakistan's (SBP) net foreign exchange reserves have reduced to USD 16.4 billion.

PKR depreciated by 16 percent in 9M FY22 to PKR 183.5 to USD.

In order to manage external account and price stability, the SBP decided to raise the policy rate by 250 basis points to 12.25 percent in its monetary policy meeting held on 07th April, 2022.

While the above challenges persists, however, by the Grace of Allah, HabibMetro's posted profit after tax for the quarter ended 31 March 2022 amounting to Rs. 3,584 million, an increase of 11.1 percent compared to Rs 3,226 million in the same period last year. This translates into after tax earnings per share of Rs. 3.42 per share.

The Bank's net mark-up income amounted to Rs. 7,736 million with a growth of 4.9 percent whereas non-markup income increased by 54.7 percent amounting to Rs. 3,346 million as compared to Rs. 2,162 million during the same period last year.

Investments remained near December 2021 level and amounted to Rs. 664,534 million whereas Advances grew by 7.6 percent and amounted to Rs. 428,515 million during the period under review. Meanwhile, deposits remained around December 2021 level at Rs. 773,709 million. The Bank continues to focus on low cost deposit mobilization - as a result of which, current deposits increased by 10 percent during the period under review to Rs. 294,579 million with an increased CA mix of 38.1 percent.

The Bank's Net Equity stands at Rs. 62,873 million with a capital adequacy level of 12.8 percent.

For twenty-one consecutive years, the Bank has maintained AA+ rating for Long Term, and A1+ rating for Short Term. These ratings by the Pakistan Credit Rating Agency Limited (PACRA) denote a high credit quality, with a low expectation of credit risk, and a strong capacity for timely payment of financial commitments.

During the period under review, the Bank opened 4 new branches in 3 cities in the country. With this increase, HABIBMETRO now operates a network of 463 branches in 169 cities across Pakistan, including 49 Islamic banking branches, and 218 Islamic banking windows. The Bank provides a comprehensive spectrum of banking services and products. These include specialized trade finance products and digital banking solutions such as secured mobile, internet & SMS Banking services, globally accepted Visa Cards and a nationwide network of ATMs.

Being a conscientious corporate citizen, your Bank acknowledges its corporate social responsibilities and continues to make regular contributions to a host of non-profit / social organizations with primary focus on healthcare and education.

The Bank continues to promote its digital banking channels (mobile app, internet banking, debit cards) to encapsulate the various digital banking opportunities available in the country.

In conclusion, I would like to place on record our sincere gratitude to the Ministry of Finance, the State Bank of Pakistan, and the Securities and Exchange Commission of Pakistan for their continued support and guidance to the Bank. I would also like to thank our valued customers for the trust and patronage that they continue to extend to us. Lastly, I would like to acknowledge the unwavering dedication of the staff of HABIBMETRO Bank, who continue to work tirelessly to provide our customers with uninterrupted financial services. Their efforts enable the Bank to grow from strength to strength.

On behalf of the Board

MOHSIN A. NATHANI

President & Chief Executive Officer

Karachi: 20 April 2022

بینک کی خالص ایکویٹی 12.8 فیصد کیپٹل ایڈیکوئسی کے ساتھ 62,873 ملین روپے رہی۔

پاکستان کریڈٹ ریٹنگ ایجنسی لیئڈ نے مسلسل 21 ویں سال بھی بینک کی کریڈٹ ریٹنگ طویل مدت کے لئے AA+ (ڈبل اے پلس) اور قبل مدت کے لئے A1+ (اے ون پلس) برقرار رکھی ہے۔ یہ ریٹنگ کریڈٹ کے اعلیٰ معیار، کریڈٹ رسک کے بہت کم امکان اور مالیاتی وعدوں کی بروقت ادائیگی کی مستحکم صلاحیت ظاہر کرتی ہے۔

زیر جائزہ مدت کے دوران بینک نے 3 شہروں میں 4 نئی شاخوں کا اضافہ کیا۔ اس اضافے کے ساتھ حبیب میٹرواب پاکستان بھر میں 169 شہروں میں 463 شاخوں بشمول 49 اسلامک بینکنگ کی شاخوں اور 218 اسلامک بینکنگ ونڈوز کے ساتھ بہترین، وسیع تر اور مکمل بینکاری خدمات اور پروڈکٹس فراہم کر رہا ہے۔ ان میں خصوصی تجارتی مالیاتی پروڈکٹس، ڈیجیٹل پروڈکٹس اور خدمات بشمول محفوظ SMS، انٹرنیٹ اینڈ موبائل بینکنگ سروسز، دنیا بھر میں قابل قبول ویزا کارڈ اور ملکی سطح پر اپنے کسٹمرز کے لئے ATM نیٹ ورک شامل ہیں۔

بحیثیت ایک ذمہ دار اور فعال کارپوریٹ شہری آپ کا بینک اپنی کارپوریٹ سماجی ذمہ داریوں کو بخوبی سمجھتا اور سماجی اداروں بالخصوص صحت عامہ اور تعلیم کے شعبوں میں معاونت کرتا ہے۔

بینک نے ملک میں دستیاب مختلف ڈیجیٹل بینکنگ کے مواقع سے ہم آہنگ ہونے کے لئے اپنے ڈیجیٹل بینکنگ چینلز (موبائل ایپ، انٹرنیٹ بینکنگ، ڈی بیٹ کارڈز) کو فروغ دینے کا سلسلہ جاری رکھا ہوا ہے۔

آخر میں اس موقع پر وزارت مالیات، اسٹیٹ بینک آف پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے بینک کیلئے تعاون اور ہدایات کیلئے شکریا ادا کرتے ہیں۔ ہم اپنے محترم اور قابل قدر کسٹمرز کا بھی ان کے اعتماد اور سرپرستی پر شکور ہیں جو ان کے بینک پر مستقل بھروسے کا مظہر ہے۔ آخر میں حبیب میٹرو بینک کے اسٹاف کی انتھک کاوشوں اور جدوجہد کا اعتراف کرتے ہوئے انہیں خراج تحسین پیش کرتے ہیں جو بینک کے صارفین کو بلا کا وٹ مالیاتی خدمات فراہم کر رہے ہیں۔ ان ہی کاوشوں کی بدولت بینک مضبوط سے مضبوط تر ہوتا جا رہا ہے۔

منجانب بورڈ

محسن اے۔ ناٹھانی
صدر و چیف ایگزیکٹو آفیسر

کراچی: 20 اپریل 2022

ڈائریکٹرز ریویو

میں نہایت مسرت کے ساتھ حبیب میٹرو پولیٹن بینک کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2022 کو ختم ہونے والی پہلی سہ ماہی کیلئے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کر رہا ہوں۔

زیر جائزہ سہ ماہی کا اختتام مقامی طور پر سیاسی بے یقینی اور بین الاقوامی طور پر روس اور یوکرین کے تنازع کے باعث متاثر کردہ اشیائے صرف کی قیمتوں اور عالمی مالیاتی صورتحال کے ساتھ ہوا۔

بیرونی عدم استحکام کے باعث افراط زر کا دباؤ برقرار رہا اور مالی سال 2022 کے 9 ماہ کا اوسطاً افراط زر 12.7 تک بڑھا جو کہ مقابلہ گزشتہ سال کی اسی مدت کے دوران 9.1 فیصد تھا۔ آئندہ عرصے میں عالمی اشیائے صرف کے نرخ بشمول تیل کی قیمتوں میں اضافے کا امکان ہے۔ مالی سال 2022 میں اوسط افراط زر بڑھے اور مالی سال 2023 میں کم ہونے کی پیش گوئی ہے۔

کرنٹ اکاؤنٹ خسارہ مالی سال 2022 کے 8 ماہ میں 12.1 بلین امریکی ڈالر تک بڑھ گیا جو کہ گزشتہ سال کی اسی مدت کے دوران 0.9 بلین امریکی ڈالر تھا۔ تاہم طلب کے لحاظ سے بروقت کئے گئے اقدامات، برآمدات اور ترسیلات زر میں استحکام کے باعث یہ خسارہ کم ہو کر 0.5 بلین امریکی ڈالر ہو گیا جو کہ مالی سال کی کم ترین سطح ہے۔ ترسیلات زر کی شرح مستحکم رہی اور ماہانہ اوسطاً 2.5 بلین امریکی ڈالر کے حساب سے مالی سال 2022 کے 9 ماہ کے دوران 7.1 فیصد کا سال بہ سال اضافہ ہوا۔ برآمدات کی کارکردگی بھی بہتر رہی اور سال بہ سال 26.2 فیصد اضافے کے ساتھ 25.1 بلین امریکی ڈالر تک پہنچ گئیں۔ تاہم درآمدات میں اضافہ ترسیلات زر اور برآمدات کی شرح نمونے سے زیادہ رہا۔ زیر جائزہ مدت کے دوران ملکی درآمدات 47.8 فیصد تک بڑھ کر 54.9 بلین امریکی ڈالر تک پہنچ گئیں۔ اس کے نتیجے میں اسٹیٹ بینک آف پاکستان (ایس بی پی) کے خالص غیر ملکی زرمبادلہ کے ذخائر 16.4 بلین امریکی ڈالر تک کم ہو گئے۔

پاک روپے کی قدر مالی سال 2022 کے 9 ماہ کے دوران 16 فیصد تک کم ہو کر ڈالر کے مقابلے میں 183.5 روپے ہو گئی۔

بیرونی اکاؤنٹ اور زرخوں میں استحکام لانے کی غرض سے اسٹیٹ بینک آف پاکستان نے 17 اپریل 2022 کو ہونے والے اپنے مانیٹری پالیسی کے اجلاس میں پالیسی ریٹ کو 250 پیس پوائنٹس بڑھا کر 12.25 فیصد کرنے کا فیصلہ کیا۔

اللہ تعالیٰ کے فضل و کرم سے حبیب میٹرو نے 31 مارچ 2022 کو ختم ہونے والی سہ ماہی میں اپنا منافع بعد از ٹیکس 3,584 ملین روپے ظاہر کیا جو کہ گزشتہ سال کی اسی مدت میں 3,226 ملین روپے کے مقابلے میں 11.1 فیصد زیادہ ہے۔ اس کے نتیجے میں بعد از ٹیکس فی شیئر آمدنی 3.42 روپے ہو گئی۔

بینک کے خالص مارک اپ آمدنی 4.9 فیصد بڑھ کر 7,736 ملین روپے رہی جبکہ نان مارک اپ آمدنی 54.7 فیصد تک بڑھ کر 3,346 ملین روپے ہو گئی جو کہ گزشتہ سال کی اسی مدت کے دوران 2,162 ملین روپے تھی۔

سرمایہ کار یاں دسمبر 2021 کی سطح کے قریب رہیں اور ان کا حجم 664,534 ملین روپے تھا جبکہ ایڈوانسز 7.6 فیصد بڑھ کر زیر جائزہ مدت کے دوران 428,515 ملین روپے ہو گئے اس دوران ڈپازٹس لگ بھگ دسمبر 2021 کی سطح پر برقرار رہتے ہوئے 773,709 ملین روپے پر تھے۔ بینک نے اپنی توجہ کم لاگت کے ڈپازٹس پر بڑھانے پر مرکوز رکھی۔ اور اس کے نتیجے میں زیر جائزہ مدت کے دوران کرنٹ ڈپازٹس 10 فیصد تک بڑھ کر 38.1 فیصدی اے (CA) کم کے ساتھ 294,579 ملین روپے پر جا پہنچے۔

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
<hr/> Rupees in '000 <hr/>			
ASSETS			
Cash and balances with treasury banks	6	77,886,104	83,385,865
Balances with other banks	7	5,172,255	2,995,850
Lendings to financial institutions	8	29,964,138	3,941,284
Investments	9	664,534,134	667,995,813
Advances	10	428,515,186	398,381,922
Fixed assets	11	12,458,178	12,014,494
Intangible assets	12	114,931	120,689
Deferred tax assets	13	3,217,677	3,216,521
Other assets	14	62,420,936	52,364,002
		<u>1,284,283,539</u>	<u>1,224,416,440</u>
LIABILITIES			
Bills payable	15	33,282,105	17,944,644
Borrowings	16	349,977,638	316,166,512
Deposits and other accounts	17	773,709,087	772,286,057
Liabilities against assets subject to finance lease		—	—
Sub-ordinated debts		—	—
Deferred tax liabilities		—	—
Other liabilities	18	64,441,420	55,044,575
		<u>1,221,410,250</u>	<u>1,161,441,788</u>
NET ASSETS		<u>62,873,289</u>	<u>62,974,652</u>

REPRESENTED BY

Share capital		10,478,315	10,478,315
Reserves		23,396,760	22,679,604
Deficit on revaluation of assets - net of tax	19	(890,407)	(381,836)
Unappropriated profit		29,888,621	30,198,569
		<u>62,873,289</u>	<u>62,974,652</u>

CONTINGENCIES AND COMMITMENTS

20

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

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2022

	Note	31 March 2022	31 March 2021
		Rupees in '000	
Mark-up / return / interest earned	22	23,380,965	17,343,151
Mark-up / return / interest expensed	23	(15,645,195)	(9,970,546)
Net mark-up / interest income		7,735,770	7,372,605
Non mark-up / interest income			
Fee and commission income	24	1,885,483	1,639,033
Dividend income		64,558	35,369
Foreign exchange income		1,332,040	479,646
Income / (loss) from derivatives		—	—
Gain / (loss) on securities - net	25	49,705	1,531
Other income	26	14,375	6,798
Total non mark-up / interest income		3,346,161	2,162,377
Total Income		11,081,931	9,534,982
Non mark-up / interest expenses			
Operating expenses	27	4,665,249	3,661,140
Workers' welfare fund		114,000	107,000
Other charges	28	20,242	8,481
Total non-mark-up / interest expenses		(4,799,491)	(3,776,621)
Profit before provisions		6,282,440	5,758,361
Provisions and write offs - net	29	(387,244)	(998,861)
Extra ordinary / unusual items		—	—
Profit before taxation		5,895,196	4,759,500
Taxation	30	(2,311,057)	(1,533,606)
Profit after taxation		3,584,139	3,225,894
		Rupees	
Basic and diluted earnings per share	31	3.42	3.08

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

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman

**UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE QUARTER ENDED 31 MARCH 2022

	31 March 2022	31 March 2021
	Rupees in '000	
Profit after taxation for the period	3,584,139	3,225,894
Other comprehensive income		
Items that may be reclassified to profit and loss in subsequent periods:		
Effect of translation of net investment in an offshore branch - net of tax	328	(116)
Movement in surplus on revaluation of investments - net of tax	(504,105)	(1,630,826)
Items that will not be reclassified to profit and loss in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	(38,231)	(39,206)
Movement in surplus on revaluation of non-banking assets due to change in tax rate	-	(13,661)
Total comprehensive income	3,042,131	1,542,085

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

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman

**UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2022**

	Reserves						Surplus / (deficit) on revaluation			
	Share capital	Share premium	Special reserve	Revenue reserve	Statutory reserve	Exchange translation reserve	Investments	Non-banking assets	Un-appropriated profit	Total
	Rupees in '000									
Balance as at 1 January 2021	10,478,315	2,550,985	240,361	1,500,000	15,694,782	113	2,942,837	221,970	24,018,848	57,648,211
Profit after taxation for the period	-	-	-	-	-	-	-	-	3,225,894	3,225,894
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	(116)	(1,630,826)	(13,661)	(39,206)	(1,683,809)
Total comprehensive income	-	-	-	-	-	(116)	(1,630,826)	(13,661)	3,186,688	1,542,085
Transfer to statutory reserve	-	-	-	-	645,179	-	-	-	(645,179)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	-	(799)	799	-
- net of tax	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity										
Cash dividend (Rs. 2.50 per share) for the year ended 31 December 2020	-	-	-	-	-	-	-	-	(2,619,579)	(2,619,579)
Balance as at 31 March 2021	10,478,315	2,550,985	240,361	1,500,000	16,339,961	(3)	1,312,011	207,510	23,941,577	56,570,717
Profit after taxation for the period	-	-	-	-	-	-	-	-	10,232,679	10,232,679
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	1,764	(3,065,936)	1,314,275	16,816	(1,733,081)
Total comprehensive income	-	-	-	-	-	1,764	(3,065,936)	1,314,275	10,249,495	8,499,598
Transfer to statutory reserve	-	-	-	-	2,046,536	-	-	-	(2,046,536)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	-	(149,696)	149,696	-
- net of tax	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity										
Interim dividend (Rs. 2.00 per share) for the year ended 31 December 2021	-	-	-	-	-	-	-	-	(2,095,663)	(2,095,663)
Balance as at 31 December 2021	10,478,315	2,550,985	240,361	1,500,000	18,386,497	1,761	(1,753,925)	1,372,089	30,198,569	62,974,652
Profit after taxation for the period	-	-	-	-	-	-	-	-	3,584,139	3,584,139
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	328	(504,105)	-	(38,231)	(542,008)
Total comprehensive income	-	-	-	-	-	328	(504,105)	-	3,545,908	3,042,131
Transfer to statutory reserve	-	-	-	-	716,828	-	-	-	(716,828)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	-	-	(4,466)	4,466	-
Transactions with owners, recorded directly in equity										
Cash dividend (Rs. 3.00 per share) for the year ended 31 December 2021	-	-	-	-	-	-	-	-	(3,143,494)	(3,143,494)
Balance as at 31 March 2022	10,478,315	2,550,985	240,361	1,500,000	19,103,325	2,089	(2,258,030)	1,367,623	29,888,621	62,873,289

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

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2022

	Note	31 March 2022	31 March 2021
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the period		5,895,196	4,759,500
Less: Dividend income		(64,558)	(35,369)
		<u>5,830,638</u>	<u>4,724,131</u>
Adjustments			
Depreciation on operating fixed assets		326,863	266,746
Depreciation on right-of-use assets		298,193	228,197
Depreciation on non-banking assets		14,413	9,174
Amortization		18,935	16,457
Mark-up / return / interest expensed on lease liability against right-of-use assets		198,390	125,546
Provisions and write offs excluding recovery of written off bad debts	29	413,592	999,361
Unrealized gain on securities - held-for-trading		-	18
Net gain on sale of fixed assets		(3,118)	(3,488)
Provision against workers' welfare fund		114,000	107,000
Provision against compensated absences		13,054	10,511
Provision against defined benefit plan		56,001	42,844
		<u>1,450,323</u>	<u>1,802,366</u>
		<u>7,280,961</u>	<u>6,526,497</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(26,022,854)	(9,999,500)
Advances		(30,533,264)	(34,739,318)
Other assets (excluding dividend and non-banking assets)		(2,296,440)	(2,123,387)
		<u>(58,852,558)</u>	<u>(46,862,205)</u>
Increase / (decrease) in operating liabilities			
Bills payable		15,337,461	417,712
Borrowings from financial institutions		19,067,626	19,166,328
Deposits and other accounts		1,423,030	34,022,115
Other liabilities (excluding current taxation)		1,664,723	3,573,630
		<u>37,492,840</u>	<u>57,179,785</u>
		<u>(14,078,757)</u>	<u>16,844,077</u>
Payment against compensated absences		(7,928)	(4,489)
Income tax paid		(2,328,089)	(1,114,571)
		<u>(16,414,774)</u>	<u>15,725,017</u>
Net cash flow (used in) / generated from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in held-for-trading securities		-	(5,833,096)
Net investments in available-for-sale securities		2,015,260	(4,959,705)
Net investments in held-to-maturity securities		606,425	(1,115,256)
Dividend received		17,512	30,489
Investments in fixed assets		(767,297)	(294,896)
Investments in intangible assets		(13,177)	(71,064)
Proceeds from sale of fixed assets		6,369	3,661
Effect of translation of net investment in an offshore branch		538	(116)
		<u>1,865,630</u>	<u>(12,239,983)</u>
Net cash flow generated / (used in) from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3,168,132)	(917,190)
Payment of lease liability against right-of-use assets		(349,580)	(304,705)
		<u>(3,517,712)</u>	<u>(1,221,895)</u>
Net cash used in financing activities			
(Decrease) / increase in cash and cash equivalents		(18,066,856)	2,263,139
Cash and cash equivalents at the beginning of the period		86,351,966	52,367,519
Cash and cash equivalents at the end of the period		<u>68,285,110</u>	<u>54,630,658</u>

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

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

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH 2022

1. STATUS AND NATURE OF BUSINESS

Habib Metropolitan Bank Limited (the Bank) was incorporated in Pakistan on 3 August 1992, as a public limited company, under the Companies Ordinance, 1984 (now Companies Act, 2017) and is engaged in commercial banking and related services. Its shares are listed on the Pakistan Stock Exchange. The Bank operates 463 (31 December 2021: 459) branches, including 49 (31 December 2021: 49) Islamic banking branches, an offshore branch (Karachi Export Processing Zone branch) and 30 (31 December 2021: 30) sub branches in Pakistan. The Bank is a subsidiary of Habib Bank AG Zurich - Switzerland (the Holding Company with 51% shares in the Bank) which is incorporated in Switzerland.

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

2. BASIS OF PRESENTATION

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

2.2 Statement of Compliance

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

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

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

The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O. No. 411 (1) / 2008 dated 28 April 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of

Pakistan. IAS 3 shall be followed with effect from the financial periods beginning on or after 1 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the unconsolidated financial statements of the Bank. The SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular 02 of 2018, as amended from time to time.

The disclosures and presentation made in these unconsolidated condensed interim financial statements are based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated 22 March 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the audited unconsolidated financial statements of the Bank for the year ended 31 December 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and method of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited unconsolidated financial statements of the Bank for the year ended 31 December 2021.

3.1 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are effective in current period

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 1 January 2022 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated financial statements except for the following:

'IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation – As per State Bank of Pakistan (SBP)' BPRD Circular Letter No. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks/DFIs/MFBs effective 1 January 2022. The standard replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The aforementioned SBP circular letter contained instructions for quarterly parallel reporting purposes to the SBP only and it was stated that final instructions will be issued based on the results of parallel reporting. However, banks have submitted their reservations on instructions issued for parallel reporting through the Pakistan Banks Association (PBA) and requested that they are addressed in the final instructions to be issued. The reservations are pervasive and points of contention inter alia include, retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining local regulatory requirements related to IFRS 9 related areas on overseas branches, impact on capital adequacy ratio, adequacy of significant increase in credit risk criteria, future tax impact of any reversals, recording of expected credit loss on local currency denominated Government securities, together with further clarifications required in certain areas. Due to the fact that final instructions have not yet been issued and the reservations shared by the industry over the draft instructions are still to be addressed, the impact of application of IFRS 9 on Bank's financial statements is presently being assessed. Banks are collectively of the opinion that impact on initial application of IFRS 9 will only be reasonably estimated subsequent to issuance of final application guidelines by SBP.

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as that applied in the preparation of the audited unconsolidated financial statements for the year ended 31 December 2021.

5. RISK MANAGEMENT

The risk management policies adopted by the bank are consistent with those disclosed in the audited unconsolidated financial statements for the year ended 31 December 2021.

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		10,012,226	6,711,218
Foreign currencies		1,062,611	580,139
		<u>11,074,837</u>	<u>7,291,357</u>
With State Bank of Pakistan in			
Local currency current accounts		45,782,411	54,589,341
Foreign currencies			
- current accounts		2,420,391	1,347,685
- cash reserve account		5,567,201	5,475,902
- deposit account - special cash reserve		10,362,950	10,110,791
		<u>64,132,953</u>	<u>71,523,719</u>
With National Bank of Pakistan in			
Local currency current account		2,632,431	4,446,115
National Prize Bonds		45,883	124,674
		<u>77,886,104</u>	<u>83,385,865</u>
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		176,405	212,662
In deposit accounts		53,743	967
		<u>230,148</u>	<u>213,629</u>
Outside Pakistan			
In current accounts		4,942,107	2,782,221
		<u>5,172,255</u>	<u>2,995,850</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.1	1,500,000	441,284
Repurchase agreement lendings (Reverse Repo)	8.2	28,464,138	-
Mudaraba placements		-	3,500,000
		<u>29,964,138</u>	<u>3,941,284</u>

8.1 These carry mark-up rate of 11.50% (31 December 2021: 1.10%) per annum with maturity upto 01 April 2022 (31 December 2021: 12 January 2022).

8.2 These carry markup rate ranging from 10.10% to 12.32% (31 December 2021: Nil) per annum with maturity upto 01 April 2022 (31 December 2021: Nil).

9. INVESTMENTS

9.1 Investments by types

	31 March 2022 (Un-Audited)				31 December 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Available-for-sale securities								
Federal government securities	624,966,798	-	(3,848,469)	621,118,329	629,433,212	-	(2,848,310)	626,584,902
Shares	2,287,438	(385,899)	183,976	2,085,515	1,453,396	(380,494)	224,696	1,297,598
Non-government debt securities	12,834,559	(111,634)	(287,944)	12,434,981	11,388,952	(115,554)	(323,605)	10,949,793
Mutual funds	30,140	(10,621)	3,046	22,565	30,140	(10,426)	3,963	23,677
Real estate investment trust	832,332	-	247,702	1,080,034	672,739	-	67,969	740,708
	640,951,267	(508,154)	(3,701,689)	636,741,424	642,978,439	(506,474)	(2,875,287)	639,596,678
Held-to-maturity securities								
Federal government securities	22,462,710	-	-	22,462,710	22,469,135	-	-	22,469,135
Non-government debt securities	4,500,000	-	-	4,500,000	5,100,000	-	-	5,100,000
	26,962,710	-	-	26,962,710	27,569,135	-	-	27,569,135
Subsidiaries	830,000	-	-	830,000	830,000	-	-	830,000
Total Investments	<u>668,743,977</u>	<u>(508,154)</u>	<u>(3,701,689)</u>	<u>664,534,134</u>	<u>671,377,574</u>	<u>(506,474)</u>	<u>(2,875,287)</u>	<u>667,995,813</u>

31 March
2022
(Un-Audited) 31 December
2021
(Audited)

————— Rupees in '000 —————

9.1.1 Investments given as collateral against repo borrowing

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

Federal government securities

Market treasury bills	-	99,178,412
Pakistan investment bonds	199,780,320	83,891,118
	<u>199,780,320</u>	<u>183,069,530</u>

9.2 Provision for diminution in value of investments

Opening balance	506,474	507,587
Charge for the period / year	17,512	3,884
Reversal for the period / year	(3,920)	(4,997)
Net charge / (reversal)	13,592	(1,113)
Reversal on disposal for the period / year	(11,912)	-
Closing balance	<u>508,154</u>	<u>506,474</u>

9.3 Particulars of provision against debt securities

	31 March 2022 (Un-Audited)		31 December 2021 (Audited)	
	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees in '000			
Category of classification				
Domestic				
Loss	111,634	111,634	115,554	115,554

9.4 The market value of securities classified as held-to-maturity is Rs. 25,010,166 thousand (31 December 2021: 25,851,532 thousand).

10. ADVANCES

	Performing		Non-Performing		Total	
	31 March 2022 (Un-Audited)	31 December 2021 (Audited)	31 March 2022 (Un-Audited)	31 December 2021 (Audited)	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000					
Loans, cash credits, running finances, etc.	267,132,387	269,326,315	10,931,944	11,128,658	278,064,331	280,454,973
Islamic financing and related assets	100,918,028	78,645,641	691,813	722,390	101,609,841	79,368,031
Bills discounted and purchased	65,171,053	54,518,910	4,889,604	5,036,656	70,060,657	59,555,566
Advances - gross	433,221,468	402,490,866	16,513,361	16,887,704	449,734,829	419,378,570
Provision against non-performing advances						
- specific	-	-	(15,421,826)	(15,900,830)	(15,421,826)	(15,900,830)
- general	(5,797,817)	(5,095,818)	-	-	(5,797,817)	(5,095,818)
	(5,797,817)	(5,095,818)	(15,421,826)	(15,900,830)	(21,219,643)	(20,996,648)
Advances - net of provision	427,423,651	397,395,048	1,091,535	986,874	428,515,186	398,381,922

10.1 Particulars of advances - gross

	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
In local currency	387,601,681	369,167,849
In foreign currencies	62,133,148	50,210,721
	449,734,829	419,378,570

10.2 Advances include Rs. 16,513,361 thousand (31 December 2021: Rs.16,887,704 thousand) which have been placed under non-performing status as detailed below:

Category of classification	31 March 2022 (Un-Audited)		31 December 2021 (Audited)	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees in '000			
Domestic				
Substandard	124,701	4,341	28,740	1,098
Doubtful	1,406,915	516,321	1,462,928	529,294
Loss	14,981,745	14,901,164	15,396,036	15,370,438
	<u>16,513,361</u>	<u>15,421,826</u>	<u>16,887,704</u>	<u>15,900,830</u>

10.3 Particulars of provision against advances

	31 March 2022 (Un-Audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	15,900,830	5,095,818	20,996,648	16,417,607	2,898,168	19,315,775
Charge for the period / year	62,563	701,999	764,562	2,358,300	2,197,650	4,555,950
Reversals for the period / year	(364,562)	–	(364,562)	(2,348,278)	–	(2,348,278)
Net charge / (reversal)	(301,999)	701,999	400,000	10,022	2,197,650	2,207,672
Amount written off	(177,005)	–	(177,005)	(526,799)	–	(526,799)
Closing balance	<u>15,421,826</u>	<u>5,797,817</u>	<u>21,219,643</u>	<u>15,900,830</u>	<u>5,095,818</u>	<u>20,996,648</u>

10.3.1 General provision includes provision of Rs. 38,009 thousand (31 December 2021: Rs. 25,248 thousand) made against consumer portfolio and Rs. 3 thousand (31 December 2021: Rs. 5 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulations issued by the SBP.

10.3.2 Particulars of provision against advances

	31 March 2022 (Un-Audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	14,914,013	5,797,817	20,711,830	15,406,254	5,095,818	20,502,072
In foreign currencies	507,813	–	507,813	494,576	–	494,576
	<u>15,421,826</u>	<u>5,797,817</u>	<u>21,219,643</u>	<u>15,900,830</u>	<u>5,095,818</u>	<u>20,996,648</u>

10.3.3 Consideration of forced sales value (FSV) for the purposes of provisioning against non-performing loans

In accordance with BSD Circular No. 1 of 21 October 2011 issued by the SBB, the Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing loans and advances. Had this benefit of FSV not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 268,954 thousand (31 December 2021: Rs. 208,257 thousand) and profit after tax would have been lower by Rs. 164,062 thousand (31 December 2021: Rs. 127,036 thousand). This amount of Rs.164,062 thousand (31 December 2021: Rs. 127,036 thousand) is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
11. FIXED ASSETS			
Capital work-in-progress	11.1	402,408	180,791
Property and equipment		12,055,770	11,833,703
		<u>12,458,178</u>	<u>12,014,494</u>
11.1 Capital work-in-progress			
Civil works		283,547	90,388
Advance to suppliers		118,861	90,403
		<u>402,408</u>	<u>180,791</u>
		31 March 2022 (Un-Audited)	31 March 2021
		Rupees in '000	
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress additions / (transfer to fixed assets) - net		221,617	(56,376)
Property and equipment			
Freehold land		243,278	—
Furniture and fixtures		36,182	52,765
Electrical, office and computer equipment		207,905	175,628
Vehicles		33,386	26,628
Lease hold improvements		24,122	96,251
Right-of-use assets		304,694	253,078
		<u>849,567</u>	<u>604,350</u>
		<u>1,071,184</u>	<u>547,974</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixtures		310	71
Electrical, office and computer equipment		50	79
Vehicles		2,891	23
		<u>3,251</u>	<u>173</u>

	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
12. INTANGIBLE ASSETS		
Computer Software	114,931	120,689
	31 March 2022 (Un-Audited)	31 March 2021
	Rupees in '000	
12.1 Additions to intangible assets		
Directly purchased - Computer Software	13,177	71,604
	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
13. DEFERRED TAX ASSETS		
Deductible temporary differences on		
- Provision for diminution in value of investments	198,180	197,524
- Provision for non performing loans and off - balance sheet obligations	2,159,469	2,561,945
- Accelerated tax depreciation	247,476	193,885
- Deferred liability on defined benefit plan	44,539	20,096
- Deficit on revaluation of investments	1,443,659	1,121,362
	4,093,323	4,094,812
Taxable temporary differences on		
- Surplus on revaluation of non-banking assets	(874,382)	(877,238)
- Exchange translation reserve	(1,264)	(1,053)
	(875,646)	(878,291)
Net deferred tax assets	3,217,677	3,216,521

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
14. OTHER ASSETS			
Income / mark-up / profit accrued in local currency - net of provision		12,028,598	11,292,467
Income / mark-up / profit accrued in foreign currencies - net of provision		13,554	92,100
Advances, deposits and other prepayments		633,596	274,871
Non-banking assets acquired in satisfaction of claims		2,290,477	2,297,568
Mark-to-market gain on forward foreign exchange contracts		6,897,921	6,217,789
Acceptances		36,952,958	29,225,097
Receivable from the SBP against encashment of government securities		125,481	20,657
Stationery and stamps on hand		102,487	110,208
Dividend receivable		55,542	8,496
Others		1,453,317	950,422
		60,553,931	50,489,675
Provision against other assets	14.1	(375,000)	(375,000)
Other assets (net of provision)		60,178,931	50,114,675
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	2,242,005	2,249,327
		62,420,936	52,364,002
14.1 Movement in provision held against other assets			
Opening balance		375,000	459,000
Charge for the period / year		-	165,000
Reversal for the period / year		-	(249,000)
		-	(84,000)
Closing balance		375,000	375,000

	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
15. BILLS PAYABLE		
In Pakistan	33,208,424	17,856,030
Outside Pakistan	73,681	88,614
	<u>33,282,105</u>	<u>17,944,644</u>
16. BORROWINGS		
Secured		
Borrowings from the SBP under		
- Export refinance scheme	72,647,641	68,897,225
- Long term financing facility - renewable energy scheme	1,982,267	1,592,554
- Long term financing facility - locally manufactured plant and machinery scheme	20,000,316	18,184,877
- Refinance for payment of wages and salaries	10,046,135	12,662,380
- Temporary economic refinance facility	29,607,248	28,219,857
- Long term financing facility-for storage of agricultural produce scheme	635,956	639,685
- Refinance facility for modernization of SME	20,049	21,228
- Refinance facility for combating COVID-19	64,977	67,754
	<u>135,004,589</u>	<u>130,285,560</u>
Repurchase agreement borrowings (Repo)	<u>200,199,800</u>	<u>182,851,203</u>
	<u>335,204,389</u>	<u>313,136,763</u>
Unsecured		
Call borrowing	-	3,000,000
Overdrawn nostro accounts	<u>14,773,249</u>	<u>29,749</u>
	<u>14,773,249</u>	<u>3,029,749</u>
	<u>349,977,638</u>	<u>316,166,512</u>

17. DEPOSITS AND OTHER ACCOUNTS

	31 March 2022 (Un-Audited)			31 December 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	250,121,313	37,875,639	287,996,952	228,774,493	36,061,897	264,836,390
Savings deposits	169,991,352	20,427,231	190,418,583	171,147,729	22,694,898	193,842,627
Term deposits	206,652,412	28,887,008	235,539,420	208,829,163	50,892,644	259,721,807
Others	23,130,007	13,952	23,143,959	19,579,290	13,692	19,592,982
	<u>649,895,084</u>	<u>87,203,830</u>	<u>737,098,914</u>	<u>628,330,675</u>	<u>109,663,131</u>	<u>737,993,806</u>
Financial institutions						
Current deposits	4,943,074	1,639,396	6,582,470	1,364,423	1,922,927	3,287,350
Savings deposits	24,191,397	-	24,191,397	26,819,408	-	26,819,408
Term deposits	5,829,600	5,628	5,835,228	4,179,000	5,415	4,184,415
Others	1,078	-	1,078	1,078	-	1,078
	<u>34,965,149</u>	<u>1,645,024</u>	<u>36,610,173</u>	<u>32,363,909</u>	<u>1,928,342</u>	<u>34,292,251</u>
	<u>684,860,233</u>	<u>88,848,854</u>	<u>773,709,087</u>	<u>660,694,584</u>	<u>111,591,473</u>	<u>772,286,057</u>

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		6,062,775	6,715,789
Mark-up / return / interest payable in foreign currencies		262,904	429,878
Unearned commission and income on bills discounted		599,205	532,943
Accrued expenses		1,283,083	1,258,346
Current taxation (provision less payments)		1,937,582	2,299,988
Acceptances		36,952,958	29,225,097
Unclaimed dividend		89,194	113,832
Branch adjustment account		1,290	558
Mark-to-market loss on forward foreign exchange contracts		4,108,550	2,939,889
Provision for compensated absences		269,841	264,715
Deferred liability on defined benefit plan		168,948	50,273
Provision against off-balance sheet obligations	18.1	32,583	32,583
Workers' welfare fund	18.2	2,136,500	2,022,500
Charity fund		7	4
Excise duty payable		2,014	2,629
Locker deposits		939,246	923,249
Advance against diminishing musharaka		17,966	82,808
Advance rental for ijarah		1,410	1,362
Security deposits against leases / ijarah		291,343	275,959
Sundry creditors		2,059,840	1,324,801
Lease liability against right-of-use assets		6,315,511	6,162,007
Withholding tax / duties		731,698	365,500
Others		176,972	19,865
		<u>64,441,420</u>	<u>55,044,575</u>
18.1 Provision against off-balance sheet obligations			
Opening balance		32,583	113,716
Reversal for the period / year		-	(81,133)
		<u>32,583</u>	<u>32,583</u>

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

- 18.2** Under the Workers' Welfare Ordinance 1971, the Bank is liable to pay workers' welfare fund (WWF) @ 2% of accounting profit before tax or taxable income, whichever is higher. The Bank has made full provision for WWF based on profit for the respective years.

The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of WWF were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgement may not currently be treated as conclusive. Accordingly the Bank maintains its provision in respect of WWF.

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
19. DEFICIT ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of			
- Non-banking assets		2,242,005	2,249,327
- Available for sale securities	9.1	(3,701,689)	(2,875,287)
		(1,459,684)	(625,960)
Less: Deferred tax on surplus / (deficit) on revaluation of			
- Non-banking assets		874,382	877,238
- Available for sale securities		(1,443,659)	(1,121,362)
		569,277	244,124
		(890,407)	(381,836)
20. CONTINGENCIES AND COMMITMENTS			
Guarantees	20.1	115,290,983	112,912,689
Commitments	20.2	614,125,794	603,735,602
Other contingent liabilities	20.3	2,341,964	3,078,218
		731,758,741	719,726,509
20.1 Guarantees			
Financial guarantees		27,354,193	44,818,267
Performance guarantees		46,316,494	41,897,915
Other guarantees		41,620,296	26,196,507
		115,290,983	112,912,689
20.2 Commitments			
Documentary credits and short-term trade-related transactions:			
Letters of credit		254,725,395	198,716,273
Commitments in respect of:			
Forward foreign exchange contracts	20.2.1	356,487,757	402,981,660
Forward lendings	20.2.2	2,522,582	1,902,213
Commitments in respect of:			
Acquisition of operating fixed assets		390,060	135,456
		614,125,794	603,735,602
20.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		185,449,546	216,511,732
Sale		171,038,211	186,469,928
		356,487,757	402,981,660

20.2.2 Commitments in respect of forward lendings

The Bank has made commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn, except for:

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
		———— Rupees in '000 ————	————
Commitments in respect of syndicate financing		<u>2,522,582</u>	<u>1,902,213</u>

20.3 Other contingent liabilities

Claims against bank not acknowledged as debt	20.3.1	2,235,908	2,972,162
Foreign Exchange repatriation case	20.3.2	<u>106,056</u>	<u>106,056</u>
		<u>2,341,964</u>	<u>3,078,218</u>

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

20.3.2 Foreign exchange repatriation case

While adjudicating foreign exchange repatriation cases of exporters, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has adjudicated penalty of Rs. 106,056 thousand, arbitrarily on the Bank. The Bank has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgment. The Honorable High Court has granted relief to Bank by way of interim orders. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

21. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business.

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

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

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

22. MARK-UP / RETURN / INTEREST EARNED

	31 March 2022	31 March 2021
	(Un-Audited)	
	Rupees in '000	
Loans and advances	6,957,870	4,853,953
Investments	16,259,843	12,169,089
Lending with financial institutions	162,615	319,593
Balances with banks	637	516
	<u>23,380,965</u>	<u>17,343,151</u>

23. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	9,380,601	6,489,648
Borrowings	4,812,127	2,458,289
Foreign currency swap cost	1,254,077	897,063
Lease liability against right-of-use assets	198,390	125,546
	<u>15,645,195</u>	<u>9,970,546</u>

24. FEE & COMMISSION INCOME

Branch banking customer fees	191,218	145,855
Credit related fees	10,600	9,555
Card related fees	169,296	127,747
Commission on trade	1,273,352	1,128,211
Commission on guarantees	158,101	151,329
Commission on remittances including home remittances	8,989	11,337
Commission on bancassurance	41,475	42,611
Commission on cash management	21,885	19,278
Others	10,567	3,110
	<u>1,885,483</u>	<u>1,639,033</u>

25. GAIN / (LOSS) ON SECURITIES - NET

Realised		
Federal government securities - net	18,098	(9,384)
Shares - net	21,887	-
Mutual funds - net	9,720	10,933
Unrealised - held-for-trading		
Federal government securities - net	-	(18)
	<u>49,705</u>	<u>1,531</u>

26. OTHER INCOME

Rent on properties	9,491	2,733
Gain on sale of fixed assets - net	3,118	3,488
Gain on sale of ijarah assets - net	1,571	219
Staff notice period and other recoveries	195	358
	<u>14,375</u>	<u>6,798</u>

	31 March 2022	31 March 2021
	(Un-Audited)	
	Rupees in '000	
27. OPERATING EXPENSES		
Total compensation expense	2,089,153	1,726,906
Property expense		
Rent & taxes	30,248	64,286
Insurance	1,171	1,016
Utilities cost	135,703	89,759
Security	156,557	112,267
Repair & maintenance	112,614	87,687
Depreciation on owned fixed assets	135,637	105,013
Depreciation on right-of-use assets	298,193	228,197
	870,123	688,225
Information technology expenses		
Software maintenance	60,144	43,353
Hardware maintenance	56,749	43,501
Depreciation	58,601	50,780
Amortisation	18,935	16,457
Network charges	76,619	58,415
	271,048	212,506
Other operating expenses		
Directors' fees and allowances	3,730	4,074
Fees and allowances to Shariah Board	5,480	2,908
Legal & professional charges	52,872	19,301
Outsourced services costs	75,528	80,080
Travelling & conveyance	89,024	57,491
NIFT clearing charges	18,831	17,464
Depreciation	132,625	110,953
Depreciation - non-banking assets	14,413	9,174
Training & development	5,996	5,237
Postage & courier charges	33,217	27,115
Communication	31,927	28,815
Subscription	79,788	48,918
Repair & maintenance	30,707	24,368
Brokerage & commission	45,712	60,804
Stationery & printing	74,519	53,410
Marketing, advertisement & publicity	76,664	29,845
Management fee	156,719	81,909
Insurance	203,656	185,497
Donations	53,850	50,070
Covid-19 expenses	5,397	7,521
Auditor's Remuneration	2,760	2,400
Security	49,708	42,317
Others	191,802	83,832
	1,434,925	1,033,503
	4,665,249	3,661,140

	Note	31 March 2022 (Un-Audited) Rupees in '000	31 March 2021 (Un-Audited) Rupees in '000
28. OTHER CHARGES			
Penalties imposed by the SBP		20,242	8,481
29. PROVISIONS AND WRITE OFFS - NET			
Provision for diminution in value of investments - net	9.2	13,592	(2,304)
Provision against loan & advances - net	10.3	400,000	1,331,798
Provision against other assets / off-balance sheet obligations		-	(330,133)
Recovery of written off bad debts		(26,348)	(500)
		387,244	998,861
30. TAXATION			
Current		1,965,682	2,045,178
Deferred		345,375	(511,572)
		2,311,057	1,533,606
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation		3,584,139	3,225,894
		Number in '000	
Weighted average number of ordinary shares		1,047,831	1,047,831
		Rupees	
Basic and diluted earnings per share		3.42	3.08

32. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than investment in subsidiaries and those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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

32.1 Fair value of financial assets

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

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

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments

	31 March 2022 (Un-Audited)				
	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
	Rupees in '000				
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	621,118,329	-	621,118,329	-	621,118,329
Sukuk certificates and bonds	7,407,274	-	7,407,274	-	7,407,274
Ordinary shares of listed companies	2,032,857	2,032,857	-	-	2,032,857
Mutual funds - open end	16,237	-	16,237	-	16,237
- close end	6,328	6,328	-	-	6,328
Real estate investment trust	1,080,034	1,080,034	-	-	1,080,034
Listed term finance certificates	1,102,707	-	1,102,707	-	1,102,707
Unlisted term finance certificates	3,925,000	-	3,925,000	-	3,925,000

Financial assets - disclosed but not measured at fair value

- Investments					
- Held-to-maturity securities					
Federal government securities	22,462,710	-	-	-	-
Certificates of investment	4,500,000	-	-	-	-
- Subsidiaries					
Ordinary shares of listed company	180,000	-	-	-	-
Ordinary shares of unlisted companies	650,000	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	52,658	-	-	-	-
	<u>664,534,134</u>	<u>3,119,219</u>	<u>633,569,547</u>	<u>-</u>	<u>636,688,766</u>

Off-balance sheet financial instruments measured at fair value

- Forward purchase of foreign exchange contracts	<u>185,449,546</u>	<u>-</u>	<u>192,329,203</u>	<u>-</u>	<u>192,329,203</u>
- Forward sale of foreign exchange contracts	<u>171,038,211</u>	<u>-</u>	<u>166,947,925</u>	<u>-</u>	<u>166,947,925</u>

On balance sheet financial instruments

	31 December 2021 (Audited)				
	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
	Rupees in '000				
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	626,584,902	-	626,584,902	-	626,584,902
Sukuk certificates and bonds	7,427,221	-	7,427,221	-	7,427,221
Ordinary shares of listed companies	1,244,940	1,244,940	-	-	1,244,940
Mutual funds - open end	17,154	-	17,154	-	17,154
- close end	6,523	6,523	-	-	6,523
Real estate investment trust	740,708	740,708	-	-	740,708
Listed term finance certificates	1,097,572	-	1,097,572	-	1,097,572
Unlisted term finance certificates	2,425,000	-	2,425,000	-	2,425,000
Financial assets - disclosed not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	22,469,135	-	-	-	-
Certificates of investment	5,100,000	-	-	-	-
- Subsidiaries					
Ordinary shares of listed company	180,000	-	-	-	-
Ordinary shares of unlisted companies	650,000	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	52,658	-	-	-	-
	<u>667,995,813</u>	<u>1,992,171</u>	<u>637,551,849</u>	<u>-</u>	<u>639,544,020</u>
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	216,511,732	-	221,433,072	-	221,433,072
- Forward sale of foreign exchange contracts	186,469,928	-	184,826,488	-	184,826,488

32.2 Fair value of non-financial assets

		31 March 2022 (Un-Audited)			
	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Non-financial assets measured at fair value					
- Non-banking assets acquired in satisfaction of claim	4,532,482	-	-	4,532,482	4,532,482
		31 December 2021 (Audited)			
	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Non-financial assets measured at fair value					
- Non-banking assets acquired in satisfaction of claim	4,546,895	-	-	4,546,895	4,546,895

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

Federal government debt securities	The fair value of government securities are valued using PKRV rates.
Debt securities other than federal government securities	The fair value is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Reuters.
Forward foreign exchange contracts	The fair values are derived using forward exchange rates applicable to their respective remaining maturities.
Mutual funds	The fair value is determined based on the net asset values published at the close of each business day.

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

Non-banking assets acquired in satisfaction of claim	Non-banking assets are valued by professionally qualified 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 has not been provided.
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33. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	31 March 2022 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Profit and Loss				
Net mark-up / return / interest / profit	12,056,663	(4,239,500)	(81,393)	7,735,770
Inter segment revenue - net	(11,304,952)	7,559,419	3,745,533	-
Non mark-up / return / interest income	288,291	165,740	2,892,130	3,346,161
Total Income	1,040,002	3,485,659	6,556,270	11,081,931
Segment direct expenses	(62,614)	-	-	(62,614)
Inter segment expense allocation	-	(1,302,636)	(3,434,241)	(4,736,877)
Total expenses	(62,614)	(1,302,636)	(3,434,241)	(4,799,491)
Provisions and write offs -net	(13,592)	-	(373,652)	(387,244)
Profit before tax	963,796	2,183,023	2,748,377	5,895,196
Balance Sheet				
Cash and bank balances	4,834,749	32,639,289	45,584,321	83,058,359
Investments - net	664,534,134	-	-	664,534,134
Net inter segment lending	-	315,023,113	146,877,338	461,900,451
Lendings to financial institutions	29,964,138	-	-	29,964,138
Advances - performing	-	9,527,483	423,693,985	433,221,468
Advances - non-performing	-	51,008	16,462,353	16,513,361
Provision against advances	-	(103,340)	(21,116,303)	(21,219,643)
Others	15,203,637	3,499,099	59,508,986	78,211,722
Total assets	714,536,658	360,636,652	671,010,680	1,746,183,990
Borrowings	214,973,049	-	135,004,589	349,977,638
Subordinated debt	-	-	-	-
Deposits and other accounts	-	324,233,890	449,475,197	773,709,087
Net inter segment borrowing	461,900,451	-	-	461,900,451
Others	4,165,994	16,451,003	77,106,528	97,723,525
Total liabilities	681,039,494	340,684,893	661,586,314	1,683,310,701
Net Assets	33,497,164	19,951,759	9,424,366	62,873,289
Equity				62,873,289
Contingencies and commitments	356,487,757	10,877,618	364,393,366	731,758,741

31 March 2021 (Un-Audited)				
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Profit and Loss				
Net mark-up / return / interest / profit	10,439,215	(2,805,536)	(261,074)	7,372,605
Inter segment revenue - net	(8,041,034)	4,864,392	3,176,642	-
Non mark-up / return / interest income	(173,840)	125,021	2,211,196	2,162,377
Total Income	2,224,341	2,183,877	5,126,764	9,534,982
Segment direct expenses	(58,574)	-	-	(58,574)
Inter segment expense allocation	-	(989,265)	(2,728,782)	(3,718,047)
Total expenses	(58,574)	(989,265)	(2,728,782)	(3,776,621)
Provisions and write offs -net	2,304	8,579	(1,009,744)	(998,861)
Profit before tax	2,168,071	1,203,191	1,388,238	4,759,500
31 December 2021 (Audited)				
Balance Sheet				
Cash and bank balances	2,649,703	34,684,524	49,047,488	86,381,715
Investments - net	667,995,813	-	-	667,995,813
Net inter segment lending	-	305,348,808	160,736,928	466,085,736
Lendings to financial institutions	3,941,284	-	-	3,941,284
Advances - performing	-	7,405,032	395,085,834	402,490,866
Advances - non-performing	-	46,465	16,841,239	16,887,704
Provision against advances	-	(67,479)	(20,929,169)	(20,996,648)
Others	14,155,052	3,400,723	50,159,931	67,715,706
Total assets	688,741,852	350,818,073	650,942,251	1,690,502,176
Borrowings	185,880,952	-	130,285,560	316,166,512
Subordinated debt	-	-	-	-
Deposits and other accounts	-	321,412,476	450,873,581	772,286,057
Net inter segment borrowing	466,085,736	-	-	466,085,736
Others	3,170,266	10,164,454	59,654,499	72,989,219
Total liabilities	655,136,954	331,576,930	640,813,640	1,627,527,524
Net Assets	33,604,898	19,241,143	10,128,611	62,974,652
Equity				62,974,652
Contingencies and commitments	402,981,660	10,555,599	306,189,250	719,726,509

34. TRANSACTIONS WITH RELATED PARTIES

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

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

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

	31 March 2022 (Un-Audited)						
	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Balances with other banks							
In current accounts	266,052	-	176,339	-	-	-	442,391
Investments							
Opening balance	-	3,930,000	-	-	-	-	3,930,000
Investment made during the period	-	4,800,000	-	-	-	-	4,800,000
Investment redeemed / disposed off during the period	-	(3,400,000)	-	-	-	-	(3,400,000)
Closing balance	-	5,330,000	-	-	-	-	5,330,000
Advances							
Opening balance	-	-	5,272,235	195,796	-	-	5,468,031
Addition during the period	-	-	35,217,920	31,239	-	-	35,249,159
Repaid during the period	-	-	(33,435,813)	(16,691)	-	-	(33,452,504)
Closing balance	-	-	7,054,342	210,344	-	-	7,264,686
Other Assets							
Mark-up / return / interest accrued	-	54,053	7,758	-	-	-	61,811
Prepayments / advance deposits / other receivables	468	836	60,662	-	-	-	61,966
	468	54,889	68,420	-	-	-	123,777
Deposits and other accounts							
Opening balance	174,007	786,214	25,194,705	313,576	813,302	1,770,568	29,052,372
Received during the period	2,661,584	34,072,577	612,109,576	526,948	1,157,820	2,064,909	652,593,414
Withdrawn during the period	(2,634,116)	(33,796,577)	(611,604,862)	(496,927)	(1,251,367)	(3,008,604)	(652,792,453)
Closing balance	201,475	1,062,214	25,699,419	343,597	719,755	826,873	28,853,333
Other Liabilities							
Mark-up / return / interest payable	-	3,963	72,196	1,330	4,432	11,403	93,324
Management fee payable for technical and consultancy services*	94,776	-	-	-	-	-	94,776
Other payables	-	-	595	-	670	168,948	170,213
	94,776	3,963	72,791	1,330	5,102	180,351	358,313
Contingencies & commitments							
Transaction-related contingent liabilities	-	-	7,517,901	-	-	-	7,517,901
Trade-related contingent liabilities	-	-	4,511,683	-	-	-	4,511,683
	-	-	12,029,584	-	-	-	12,029,584

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

31 December 2021 (Audited)

	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Balances with other banks							
In current accounts	184,060	–	217,741	–	–	–	401,801
Investments							
Opening balance	–	2,505,000	–	–	–	–	2,505,000
Investment made during the year	–	11,625,000	–	–	–	–	11,625,000
Investment redeemed / disposed off during the year	–	(10,200,000)	–	–	–	–	(10,200,000)
Closing balance	–	3,930,000	–	–	–	–	3,930,000
Advances							
Opening balance	–	–	4,592,651	195,938	–	–	4,788,589
Addition during the year	–	–	50,576,167	72,882	–	–	50,649,049
Repaid during the year	–	–	(49,896,583)	(73,024)	–	–	(49,969,607)
Closing balance	–	–	5,272,235	195,796	–	–	5,468,031
Other Assets							
Mark-up / return / interest accrued	–	34,156	12,176	–	–	–	46,332
Prepayments / advance deposits / other receivables	468	175	53,123	–	–	–	53,766
	468	34,331	65,299	–	–	–	100,098
Deposits & other accounts							
Opening balance	213,306	761,695	8,616,374	282,595	661,230	1,583,951	12,119,151
Received during the year	16,783,470	137,039,859	2,471,984,583	2,073,559	4,685,345	6,965,148	2,639,531,964
Withdrawn during the year	(16,822,769)	(137,015,340)	(2,455,406,252)	(2,042,578)	(4,533,273)	(6,778,531)	(2,622,598,743)
Closing balance	174,007	786,214	25,194,705	313,576	813,302	1,770,568	29,052,372
Other Liabilities							
Mark-up / return / interest payable	–	3,530	140,634	1,977	3,248	9,993	159,382
Management fee payable for technical and consultancy services*	76,826	–	–	–	–	–	76,826
Other payables	–	–	470	–	670	50,273	51,413
	76,826	3,530	141,104	1,977	3,918	60,266	287,621
Contingencies & commitments							
Transaction-related contingent liabilities	–	–	7,353,818	–	–	–	7,353,818
Trade-related contingent liabilities	–	–	3,929,204	–	–	–	3,929,204
	–	–	11,283,022	–	–	–	11,283,022

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

Transactions during the period

	For the period ended 31 March 2022 (Un-Audited)					
	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000					
Income						
Mark-up / return / interest earned	–	83,084	42,478	3,129	–	–
Fee and commission income	407	222	67,143	–	39	–
Rent income	1,404	1,362	2,128	–	–	–
Expense						
Mark-up / return / interest expensed	–	10,248	266,308	4,745	8,163	17,932
Commission / brokerage / bank charges paid	111	–	131	–	–	–
Salaries and allowances	–	–	–	243,618	–	–
Directors' fees and allowances	–	–	–	–	3,730	–
Charge to defined benefit plan	–	–	–	–	–	56,001
Contribution to defined contribution plan	–	–	–	–	–	69,858
Insurance premium expenses	–	–	5,879	–	–	–
Management fee expense for technical and consultancy services *	156,719	–	–	–	–	–
Donation	–	–	480	–	–	–

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

Transactions during the period

	For the period ended 31 March 2021 (Un-Audited)					
	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000					
Income						
Mark-up / return / interest earned	–	39,121	17,948	2,738	–	–
Fee and commission income	555	187	68,787	–	8	–
Rent income	1,404	1,282	–	–	–	–
Expenses						
Mark-up / return / interest expensed	–	11,667	169,523	3,447	8,633	44,581
Commission / brokerage / bank charges paid	437	2	432	–	–	–
Salaries and allowances	–	–	–	194,528	–	–
Directors' fees and allowances	–	–	–	–	4,074	–
Charge to defined benefit plan	–	–	–	–	–	42,488
Contribution to defined contribution plan	–	–	–	–	–	62,139
Insurance premium expenses	–	–	3,344	–	–	–
Management fee expense for technical and consultancy services *	81,909	–	–	–	–	–
Donation	–	–	480	–	–	–

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

35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,478,315	10,478,315
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) Capital	61,051,809	61,269,601
Eligible additional tier 1 (ADT 1) Capital	–	–
Total eligible tier 1 capital	61,051,809	61,269,601
Eligible tier 2 capital	5,662,265	4,961,773
Total eligible capital (tier 1 + tier 2)	66,714,074	66,231,374
Risk Weighted Assets (RWAs):		
Credit risk	453,576,058	396,800,985
Market risk	3,682,125	7,211,352
Operational risk	65,559,513	65,559,513
Total	522,817,696	469,571,850
CET 1 capital adequacy ratio	11.68%	13.05%
Tier 1 capital adequacy ratio	11.68%	13.05%
Total capital adequacy ratio	12.76%	14.10%
Minimum capital requirements prescribed by SBP		
CET 1 capital adequacy ratio	6.00%	6.00%
Tier 1 capital adequacy ratio	7.50%	7.50%
Total capital adequacy ratio	11.50%	11.50%
The Bank use simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.		
Leverage Ratio (LR):		
Eligible tier-1 capital	61,051,809	61,269,601
Total exposures	1,683,657,433	1,574,755,326
Leverage ratio	3.63%	3.89%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	525,210,226	526,946,577
Total net cash outflow	259,709,884	238,721,264
Liquidity coverage ratio	202%	221%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	732,604,937	673,882,160
Total required stable funding	382,849,997	357,301,438
Net stable funding ratio	191%	189%

36. ISLAMIC BANKING BUSINESS

The bank is operating 49 (31 December 2021: 49) Islamic banking branches and 218 (31 December 2021: 218) Islamic banking windows at the end of the period.

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
		———— Rupees in '000 ————	————
ASSETS			
Cash and balances with treasury banks		6,458,485	8,065,686
Balances with other banks		—	—
Due from financial institutions	36.1	—	3,500,000
Investments	36.2	27,092,601	30,384,762
Islamic financing and related assets - net	36.3	100,928,288	78,657,187
Fixed assets	36.4	650,909	635,471
Intangible assets		—	—
Due from Head office		—	5,125,784
Other assets		4,439,534	3,017,034
		<u>139,569,817</u>	<u>129,385,924</u>
LIABILITIES			
Bills payable		1,460,354	1,445,125
Due to financial institutions		33,426,052	32,048,365
Deposits and other accounts	36.5	85,012,132	83,953,361
Due to Head office		6,678,286	—
Subordinated debt		—	—
Other liabilities		3,693,477	2,731,703
		<u>130,270,301</u>	<u>120,178,554</u>
NET ASSETS			
		<u>9,299,516</u>	<u>9,207,370</u>
REPRESENTED BY			
Islamic Banking Fund		9,004,587	7,504,413
Reserves		—	—
Surplus / (deficit) on revaluation of assets		(477,829)	(725,275)
Unappropriated profit	36.6	772,758	2,428,232
		<u>9,299,516</u>	<u>9,207,370</u>
CONTINGENCIES AND COMMITMENTS			
	36.7		

The profit and loss account of the Bank's Islamic banking branches for the period ended 31 March 2022 is as follows:

	Note	31 March 2022 (Un-Audited)	31 March 2021
		Rupees in '000	
Profit / return earned	36.8	2,069,216	1,476,021
Profit / return expensed	36.9	(1,173,466)	(901,086)
Net Profit / return		895,750	574,935
Other income			
Fee and commission income		114,132	79,727
Dividend income		–	279
Foreign exchange income		28,827	20,505
Income / (loss) from derivatives		–	–
Gain / (loss) on securities - net		(11)	2,554
Other income		1,577	262
Total other income		144,525	103,327
Total Income		1,040,275	678,262
Other expenses			
Operating expenses		296,808	203,751
Workers' welfare fund		–	–
Other charges		–	–
Total other expenses		296,808	203,751
Profit before provisions		743,467	474,511
Provisions and write offs - net		29,291	3,711
Profit before taxation		772,758	478,222

36.1 Due from Financial Institutions

	31 March 2022 (Un-Audited)			31 December 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Unsecured						
Mudaraba placements	-	-	-	3,500,000	-	3,500,000

36.2 Investments by segments

	31 March 2022 (Unaudited)				31 December 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Federal Government Securities:								
Ijarah Sukuk	14,523,148	-	(179,362)	14,343,786	19,523,163	-	(396,332)	19,126,831
Islamic naya Pakistan certificate mudaraba investment pool	841,542	-	-	841,542	730,711	-	-	730,711
	15,364,690	-	(179,362)	15,185,328	20,253,874	-	(396,332)	19,857,542
Non Government Debt Securities								
Listed	7,025,740	-	(307,626)	6,718,114	7,076,163	-	(336,554)	6,739,609
Unlisted	5,180,000	-	9,159	5,189,159	3,780,000	-	7,611	3,787,611
	12,205,740	-	(298,467)	11,907,273	10,856,163	-	(328,943)	10,527,220
Total investments	27,570,430	-	(477,829)	27,092,601	31,110,037	-	(725,275)	30,384,762

36.3 Islamic financing and related assets - net

	31 March 2022 (Un-Audited)				31 December 2021 (Audited)			
	Financing	Advances	Inventory	Total	Financing	Advances	Inventory	Total
	Rupees in '000							
Ijarah	608,831	272,572	-	881,403	583,298	128,997	-	712,295
Ijarah - Islamic long term financing facility	51,507	-	-	51,507	74,207	-	-	74,207
Murabaha	5,801,285	695,608	-	6,496,893	6,105,881	563,205	-	6,669,086
Working capital musharaka	35,050,415	-	-	35,050,415	21,050,328	-	-	21,050,328
Diminishing musharaka	13,797,655	1,278,177	-	15,075,832	11,736,112	377,959	-	12,114,071
Salam	88,090	-	-	88,090	128,000	-	-	128,000
Istisna	3,419,125	3,160,713	3,132,791	9,712,629	2,677,387	3,040,426	-	5,717,813
Al-bai	396,435	-	214,237	610,672	536,632	-	16,961	553,593
Diminishing musharaka:								
- Islamic long term financing facility	1,195,796	1,823,799	-	3,019,595	863,436	1,528,029	-	2,391,465
- Islamic refinance scheme for payment of wages and salaries	818,088	93,534	-	911,622	1,046,640	93,534	-	1,140,174
- Islamic financing facility for storage of agricultural produce	-	598,035	-	598,035	-	598,035	-	598,035
- Islamic temporary economic refinance facility	1,953,818	11,505,115	-	13,458,933	422,229	13,064,204	-	13,486,433
- Islamic financing facility for renewable energy	-	275,301	-	275,301	-	250,848	-	250,848
Islamic Export Refinance								
- Murabaha	494,697	-	-	494,697	760,819	-	-	760,819
- Working capital musharaka	12,496,179	-	-	12,496,179	10,257,000	-	-	10,257,000
- Salam	60,000	-	-	60,000	60,000	61,920	-	121,920
- Istisna	1,150,600	679,700	-	1,830,300	2,259,110	1,075,000	-	3,334,110
- Al-bai	417,144	-	80,594	497,738	7,834	-	-	7,834
Gross Islamic financing and related assets	77,799,665	20,382,554	3,427,622	101,609,841	58,568,913	20,782,157	16,961	79,368,031
Less: provision against non-performing Islamic financings								
- Specific	(673,924)	-	-	(673,924)	(704,654)	-	-	(704,654)
- General	(7,629)	-	-	(7,629)	(6,190)	-	-	(6,190)
	(681,553)	-	-	(681,553)	(710,844)	-	-	(710,844)
Islamic financing and related assets - net of provision	77,118,112	20,382,554	3,427,622	100,928,288	57,858,069	20,782,157	16,961	78,657,187

36.4 Fixed assets and other liabilities

At 31 March 2022, fixed asset include right-of-use assets of Rs. 549,628 thousand (31 December 2021: 545,830 thousand) and other liabilities include related lease liability of Rs. 616,814 thousand (31 December 2021: 615,776 thousand).

36.5 Deposits

	31 March 2022 (Unaudited)			31 December 2021 (Audited)		
	Customers	Financial Institutions	Total	Customers	Financial Institutions	Total
	Rupees in '000					
Current deposits	31,624,325	184,085	31,808,410	27,676,595	67,307	27,743,902
Savings deposits	31,839,840	4,908,795	36,748,635	31,155,998	5,875,671	37,031,669
Term deposits	14,607,889	238,320	14,846,209	17,285,722	217,000	17,502,722
Others	1,608,878	–	1,608,878	1,675,068	–	1,675,068
	<u>79,680,932</u>	<u>5,331,200</u>	<u>85,012,132</u>	<u>77,793,383</u>	<u>6,159,978</u>	<u>83,953,361</u>

36.6 Unappropriated profit

	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
Opening balance	2,428,232	1,367,552
Add: islamic banking profit for the period	772,758	2,428,232
Less: taxation	–	–
Less: reserves	–	–
Less: transferred to head office	(2,428,232)	(1,367,552)
Closing balance	<u>772,758</u>	<u>2,428,232</u>

36.7 Contingencies and commitments

Guarantees	8,623,496	8,252,346
Commitments	23,786,506	22,215,654
	<u>32,410,002</u>	<u>30,468,000</u>

	31 March 2022	31 March 2021
	(Un-Audited)	
	Rupees in '000	
36.8 Profit / return earned of financing, investments and placement		
Financing	1,383,929	929,276
Investments	597,459	488,899
Placements	87,828	57,846
	<u>2,069,216</u>	<u>1,476,021</u>
36.9 Profit / return on deposits and other dues expensed		
Deposits and other accounts	1,010,166	810,242
Due to financial institutions	146,853	77,735
Discount expense on lease liability against right-of-use assets	16,447	13,109
	<u>1,173,466</u>	<u>901,086</u>

37. GENERAL

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

37.2 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation. However, no major reclassification have been made.

38. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on 20 April 2022 by the Board of Directors of the Bank.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman



[Subsidiary of Habib Bank AG Zurich]

Habib Metropolitan Bank Ltd.

[Subsidiary of Habib Bank AG Zurich]

Consolidated Accounts for the quarter
ended 31 March 2022
(Un-audited)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
<hr/> Rupees in '000 <hr/>			
ASSETS			
Cash and balances with treasury banks	6	77,886,484	83,386,045
Balances with other banks	7	5,334,218	3,203,963
Lendings to financial institutions	8	29,964,138	3,941,284
Investments	9	660,071,808	664,937,053
Advances	10	443,523,374	411,792,976
Fixed assets	11	12,516,733	12,077,475
Intangible assets	12	157,516	163,187
Deferred tax assets	13	3,221,180	3,218,163
Other assets	14	62,517,441	52,471,202
		<u>1,295,192,892</u>	<u>1,235,191,348</u>

LIABILITIES

Bills payable	15	33,282,105	17,944,644
Borrowings	16	356,539,042	322,779,155
Deposits and other accounts	17	773,015,000	771,649,729
Liabilities against assets subject to finance lease		—	—
Sub-ordinated debts		—	—
Deferred tax liabilities		—	—
Other liabilities	18	65,473,615	55,928,557
		<u>1,228,309,762</u>	<u>1,168,302,085</u>
NET ASSETS		<u>66,883,130</u>	<u>66,889,263</u>

REPRESENTED BY

Share capital		10,478,315	10,478,315
Reserves		23,615,916	22,898,760
Deficit on revaluation of assets - net of tax	19	(867,756)	(357,063)
Unappropriated profit		<u>30,078,589</u>	<u>30,370,219</u>
		63,305,064	63,390,231
Non-controlling interest		<u>3,578,066</u>	<u>3,499,032</u>
		<u>66,883,130</u>	<u>66,889,263</u>

CONTINGENCIES AND COMMITMENTS

20

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

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman

**CONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)**
FOR THE QUARTER ENDED 31 MARCH 2022

	Note	31 March 2022	31 March 2021
		Rupees in '000	
Mark-up / return / interest earned	22	23,744,171	17,540,956
Mark-up / return / interest expensed	23	(15,806,948)	(10,026,213)
Net mark-up / interest income		7,937,223	7,514,743
Non mark-up / interest income			
Fee and commission income	24	1,899,555	1,656,724
Dividend income		69,090	39,523
Foreign exchange income		1,332,040	479,646
Income / (loss) from derivatives		–	–
Gain / (loss) on securities - net	25	49,705	1,531
Other income	26	14,605	6,477
Total non mark-up / interest income		3,364,995	2,183,901
Total income		11,302,218	9,698,644
Non mark-up / interest expenses			
Operating expenses	27	4,734,879	3,724,625
Workers' welfare fund		116,378	109,029
Other charges	28	20,242	8,481
Total non-mark-up / interest expenses		(4,871,499)	(3,842,135)
Profit before provisions		6,430,719	5,856,509
Provisions and write offs - net	29	(408,299)	(989,923)
Extra ordinary / unusual items		–	–
Profit before taxation		6,022,420	4,866,586
Taxation	30	(2,339,809)	(1,537,139)
Profit after taxation		3,682,611	3,329,447
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the holding company		3,602,372	3,245,431
Non-controlling interest		80,239	84,016
		3,682,611	3,329,447
		Rupees	
Basic and diluted earnings per share	31	3.44	3.10

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

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Chairman

**CONSOLIDATED CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE QUARTER ENDED 31 MARCH 2022

	31 March 2022	31 March 2021
	Rupees in '000	
Profit after taxation for the period	3,682,611	3,329,447
Other comprehensive income		
Items that may be reclassified to profit and loss in subsequent periods:		
Effect of translation of net investment in an offshore branch - net of tax	328	(116)
Movement in surplus on revaluation of investments - net of tax	(507,432)	(1,618,405)
Items that will not be reclassified to profit and loss in subsequent periods:		
Remeasurement (loss) / gain on defined benefit obligations - net of tax	(38,146)	(39,206)
Movement in surplus on revaluation of non-banking assets due to change in tax rate	-	(13,661)
Total comprehensive income	<u>3,137,361</u>	<u>1,658,059</u>
Equity shareholders of the holding company	3,058,327	1,561,073
Non-controlling interest	<u>79,034</u>	<u>96,986</u>
	<u>3,137,361</u>	<u>1,658,059</u>

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

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Director

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Director

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Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED 31 MARCH 2022

	Reserves					Surplus / (deficit) on revaluation						
	Share capital	Share premium	Special reserve	Revenue reserve	Statutory reserve	Exchange translation reserve	Investments	Non-banking assets	Un-appropriated profit	Sub total	Non-controlling interest	Total
	Rupees in '000											
Balance as at 1 January 2021	10,478,315	2,550,985	240,361	1,500,000	15,838,056	113	2,961,171	221,970	24,207,141	57,998,112	3,339,639	61,337,751
Profit after taxation for the period	-	-	-	-	-	-	-	-	3,245,431	3,245,431	84,016	3,329,447
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	(116)	(1,631,375)	(13,661)	(39,206)	(1,684,358)	12,970	(1,671,388)
Total comprehensive income	-	-	-	-	-	(116)	(1,631,375)	(13,661)	3,206,225	1,561,073	96,986	1,658,059
Transfer to statutory reserve	-	-	-	-	645,179	-	-	-	(645,179)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	-	-	(799)	799	-	-	-
Transactions with owners, recorded directly in equity												
Cash dividend (Rs. 2.50 per share) for the year ended 31 December 2020	-	-	-	-	-	-	-	-	(2,619,579)	(2,619,579)	-	(2,619,579)
Balance as at 31 March 2021	10,478,315	2,550,985	240,361	1,500,000	16,483,235	(3)	1,329,796	207,510	24,149,407	56,939,606	3,436,625	60,376,231
Profit after taxation for the period	-	-	-	-	-	-	-	-	10,272,283	10,272,283	260,541	10,532,824
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	1,764	(3,058,948)	1,314,275	16,914	(1,725,995)	59,482	(1,666,513)
Total comprehensive income	-	-	-	-	-	1,764	(3,058,948)	1,314,275	10,289,197	8,546,288	320,023	8,866,311
Transfer to statutory reserve	-	-	-	-	2,122,418	-	-	-	(2,122,418)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	-	-	(149,696)	149,696	-	-	-
Transactions with owners, recorded directly in equity												
Interim dividend (Rs. 2.00 per share) for the year ended 31 December 2021	-	-	-	-	-	-	-	-	(2,095,663)	(2,095,663)	-	(2,095,663)
Profit distribution by First Habib Modaraba (Rs. 1.40 per certificate) for the period ended 30 June 2021	-	-	-	-	-	-	-	-	-	-	(254,016)	(254,016)
Profit distribution by Habib Metropolitan Modaraba (Rs. 0.40 per certificate) for the period ended 30 June 2021	-	-	-	-	-	-	-	-	-	-	(3,600)	(3,600)
Balance as at 31 December 2021	10,478,315	2,550,985	240,361	1,500,000	18,605,653	1,761	(1,729,152)	1,372,089	30,370,219	63,390,231	3,499,032	66,889,263
Profit after taxation	-	-	-	-	-	-	-	-	3,602,372	3,602,372	80,239	3,682,611
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	328	(506,227)	-	(38,146)	(544,045)	(1,205)	(545,250)
Total comprehensive income	-	-	-	-	-	328	(506,227)	-	3,564,226	3,058,327	79,034	3,137,361
Transfer to statutory reserve	-	-	-	-	716,828	-	-	-	(716,828)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	-	-	-	-	-	(4,466)	4,466	-	-	-
Transactions with owners, recorded directly in equity												
Cash dividend (Rs. 3.00 per share) for the year ended 31 December 2021	-	-	-	-	-	-	-	-	(3,143,494)	(3,143,494)	-	(3,143,494)
Balance as at 31 March 2022	10,478,315	2,550,985	240,361	1,500,000	19,322,481	2,089	(2,235,379)	1,367,623	30,078,589	63,305,064	3,578,066	66,883,130

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

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Chief Financial Officer

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MOHOMED BASHIR
Director

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Director

MOHAMEDALI R. HABIB
Chairman

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2022

	Note	31 March 2022	31 March 2021
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the period		6,022,420	4,866,586
Less: Dividend income		(69,090)	(39,523)
		<u>5,953,330</u>	<u>4,827,063</u>
Adjustments			
Depreciation on operating fixed assets		331,026	270,477
Depreciation on right-of-use assets		299,462	229,363
Depreciation on non-banking assets		14,413	9,174
Amortization		18,991	16,475
Mark-up / return / interest expensed on lease liability against right-of-use assets		199,208	126,164
Provisions and write offs excluding recovery of written off bad debts	29	434,647	990,423
Unrealized gain on securities - held-for-trading		-	18
Net gain on sale of fixed assets		(3,118)	(3,831)
Provision against workers welfare fund		116,378	109,029
Provision against compensated absences		13,422	10,511
Provision against defined benefit plan		56,912	44,046
		<u>1,481,341</u>	<u>1,801,849</u>
		7,434,671	6,628,912
(Increase) / decrease in operating assets			
Lendings to financial institutions		(26,022,854)	(9,999,500)
Advances		(32,150,628)	(35,459,996)
Other assets (excluding current taxation, dividend and non-banking assets)		(2,286,570)	(2,098,587)
		<u>(60,460,052)</u>	<u>(47,558,083)</u>
Increase / (decrease) in operating liabilities			
Bills payable		15,337,461	417,712
Borrowings from financial institutions		19,016,387	18,555,097
Deposits and other accounts		1,365,271	34,053,078
Other liabilities (excluding current taxation)		1,792,369	3,580,093
		<u>37,511,488</u>	<u>56,605,980</u>
		(15,513,893)	15,676,809
Payment against compensated absences		(8,296)	(4,489)
Contribution to defined benefit plan		-	(1,275)
Income tax paid		(2,337,227)	(1,141,770)
Net cash flow generated from / (used in) operating activities		<u>(17,859,416)</u>	<u>14,529,275</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in held-for-trading securities		-	(5,833,096)
Net investments in available-for-sale securities		2,015,096	(4,959,634)
Net investments in held-to-maturity securities		2,006,425	84,744
Dividend received		22,044	34,643
Investments in fixed assets		(771,826)	(295,953)
Investments in intangible assets		(13,318)	(71,064)
Proceeds from sale of fixed assets		6,369	5,845
Effect of translation of net investment in an offshore branch		538	(116)
Net cash flow generated from / (used in) investing activities		<u>3,265,328</u>	<u>(11,034,631)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3,168,669)	(917,622)
Payment of lease liability against right-of-use assets		(350,049)	(305,020)
Net cash used in financing activities		<u>(3,518,718)</u>	<u>(1,222,642)</u>
Increase in cash and cash equivalents		<u>(18,112,806)</u>	<u>2,272,002</u>
Cash and cash equivalents at beginning of the period		<u>86,560,259</u>	<u>52,649,776</u>
Cash and cash equivalents at end of the period		<u>68,447,453</u>	<u>54,921,778</u>

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

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH 2022

1. STATUS AND NATURE OF BUSINESS

The Group comprises of Habib Metropolitan Bank Limited (the holding company), Habib Metropolitan Financial Services Limited and Habib Metropolitan Modaraba Management Company (Private) Limited (wholly owned subsidiary companies) and First Habib Modaraba and Habib Metro Modaraba (managed by Habib Metropolitan Modaraba Management Company (Private) Limited).

Holding Company

Habib Metropolitan Bank Limited (the holding company) was incorporated in Pakistan on 3 August 1992, as a public limited company, under the Companies Ordinance, 1984 (now Companies Act, 2017) and is engaged in commercial banking and related services. Its shares are listed on the Pakistan Stock Exchange. The holding company operates 463 (31 December 2021: 459) branches, including 49 (31 December 2021: 49) Islamic banking branches and an offshore branch (Karachi Export Processing Zone branch), and 30 (31 December 2021: 30) sub branches in Pakistan. The holding company is a subsidiary of Habib Bank AG Zurich - Switzerland (the ultimate parent company with 51% shares in the holding company) which is incorporated in Switzerland. The registered office of the holding company is situated at HabibMetro Head Office, II Chundrigar Road, Karachi.

Subsidiary Companies

Habib Metropolitan Financial Services Limited - 100% holding

Habib Metropolitan Financial Services Limited was incorporated in Pakistan on 28 September 2007 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the subsidiary company is located at 1st Floor, GPC 2, Block 5, Kheকাশan Clifton, Karachi. The subsidiary company is a corporate member of the Pakistan Stock Exchange Limited and engaged in equity brokerage services.

Habib Metropolitan Modaraba Management Company (Private) Limited - 100% holding

Habib Metropolitan Modaraba Management Company (Private) Limited (Modaraba management company) was incorporated in Pakistan on 01 June 2015 as a private limited under the Companies Ordinance, 1984 (now Companies Act, 2017) and Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The registered office of the subsidiary company is located at 6th Floor, HBZ Plaza, II Chundrigar Road, Karachi.

First Habib Modaraba - 10% holding

First Habib Modaraba (FHM) is a perpetual, multi-purpose modaraba having its registered office at 6th Floor, HBZ Plaza, II Chundrigar Road, Karachi. It is listed on the Pakistan Stock Exchange and engaged in the business of leasing (Ijarah), Musharaka, Murabaha financing and other related business.

Habib Metro Modaraba - 70% holding

Habib Metro Modaraba (HMM) which is a perpetual, multi-purpose modaraba having its registered office at 3rd floor Al-Manzoor Building, II Chundrigar Road, Karachi. HMM's primary business activities are residual value car financing and provision of finance for solar power solutions on the basis of Ijarah / rental / musharakah or any other approved modes of financing. The holding company and the Modaraba Management Company own 60% and 10% of the certificates of HMM respectively.

2. BASIS OF PREPARATION

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

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic mode, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

Key financial figures of the Islamic banking branches of the holding company are disclosed in note 36 to these consolidated financial statements.

2.2 Statement of Compliance

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

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

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

The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O. No. 411 (1) / 2008 dated 28 April 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning on or after 1 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the holding company.

The SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFRS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular 02 of 2018, as amended from time to time.

The disclosures and presentation made in these consolidated condensed interim financial statements have been based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated 22 March 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

3. SIGNIFICANT ACCOUNTING POLICY

The significant accounting policies and method of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2021.

3.1 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are effective in current period

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after 1 January 2022 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these consolidated condensed interim financial statements except for the following:

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation – As per State Bank of Pakistan (SBP) BPRD Circular Letter No. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks/DFIs/MFBs effective 1 January 2022. The standard replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The aforementioned SBP circular letter contained instructions for quarterly parallel reporting purposes to the SBP only and it was stated that final instructions will be issued based on the results of parallel reporting. However, banks have submitted their reservations on instructions issued for parallel reporting through the Pakistan Banks Association (PBA) and requested that they are addressed in the final instructions to be issued. The reservations are pervasive and points of contention inter alia include, retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining local regulatory requirements related to IFRS 9 related areas on overseas branches, impact on capital adequacy ratio, adequacy of significant increase in credit risk criteria, future tax impact of any reversals, recording of expected credit loss on local currency denominated Government securities, together with further clarifications required in certain areas. Due to the fact that final instructions have not yet been issued and the reservations shared by the industry over the draft instructions are still to be addressed, the impact of application of IFRS 9 on Bank's financial statements is presently being assessed. Banks are collectively of the opinion that impact on initial application of IFRS 9 will only be reasonably estimated subsequent to issuance of final application guidelines by SBP.

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as that applied in the preparation of the audited consolidated financial statements for the year ended 31 December 2021.

5. RISK MANAGEMENT

The risk management policies adopted by the Group are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2021.

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		10,012,378	6,711,228
Foreign currencies		1,062,611	580,139
		<u>11,074,989</u>	<u>7,291,367</u>
With State Bank of Pakistan in			
Local currency current accounts		45,782,639	54,589,511
Foreign currencies			
- current accounts		2,420,391	1,347,685
- cash reserve account		5,567,201	5,475,902
- deposit account - special cash reserve		10,362,950	10,110,791
		<u>64,133,181</u>	<u>71,523,889</u>
With National Bank of Pakistan in			
Local currency current accounts		2,632,431	4,446,115
National Prize Bonds		45,883	124,674
		<u>77,886,484</u>	<u>83,386,045</u>
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		177,814	213,855
In deposit accounts		214,297	207,887
		<u>392,111</u>	<u>421,742</u>
Outside Pakistan			
In current accounts		4,942,107	2,782,221
		<u>5,334,218</u>	<u>3,203,963</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.1	1,500,000	441,284
Repurchase agreement lendings (Reverse Repo)	8.2	28,464,138	3,500,000
		<u>29,964,138</u>	<u>3,941,284</u>

8.1 These carry mark-up rate of 11.50% (31 December 2021: 1.10%) per annum with maturity upto 01 April 2022 (31 December 2021: 12 January 2022).

8.2 These carry markup rate ranging from 10.10% to 12.32% (31 December 2021: Nil) per annum with maturity upto 01 April 2022 (31 December 2021: Nil).

9. INVESTMENTS

9.1 Investments by types

	31 March 2022 (Un-Audited)				31 December 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Available-for-sale securities								
Federal government securities	625,065,449	-	(3,848,580)	621,216,869	629,531,699	-	(2,848,287)	626,683,412
Shares	2,512,076	(385,899)	374,797	2,500,974	1,678,034	(380,494)	419,113	1,716,653
Non-government debt securities	12,914,559	(111,634)	(287,944)	12,514,981	11,468,952	(115,554)	(323,605)	11,029,793
Mutual funds	30,140	(10,621)	3,046	22,565	30,140	(10,426)	3,963	23,677
Real estate investment trust	832,332	-	247,702	1,080,034	672,739	-	67,969	740,708
	641,354,556	(508,154)	(3,510,979)	637,335,423	643,381,564	(506,474)	(2,680,847)	640,194,243
Held-to-maturity securities								
Federal government securities	22,736,385	-	-	22,736,385	22,742,810	-	-	22,742,810
Non-government debt securities	-	-	-	-	2,000,000	-	-	2,000,000
	22,736,385	-	-	22,736,385	24,742,810	-	-	24,742,810
Total Investments	664,090,941	(508,154)	(3,510,979)	660,071,808	668,124,374	(506,474)	(2,680,847)	664,937,053

31 March
2022
(Un-Audited)

31 December
2021
(Audited)

Rupees in '000

9.1.1 Investments given as collateral against repo borrowing

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

Federal government securities

Market treasury bills	-	99,178,412
Pakistan investment bonds	199,780,320	83,891,118
	<u>199,780,320</u>	<u>183,069,530</u>

9.2 Provision for diminution in value of investments

Opening balance	506,474	507,587
Charge for the period / year	17,512	3,884
Reversal for the period / year	(3,920)	(4,997)
Net charge / (reversal)	13,592	(1,113)
Reversal on disposal for the period / year	(11,912)	-
Closing balance	<u>508,154</u>	<u>506,474</u>

9.3 Particulars of provision against debt securities

Category of classification	31 March 2022 (Un-Audited)		31 December 2021 (Audited)	
	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees in '000			
Domestic				
Loss	111,634	111,634	115,554	115,554

9.4 The market value of securities classified as held-to-maturity is Rs. 20,783,841 thousand (31 December 2021: 23,025,207 thousand).

10. ADVANCES

	Performing		Non-Performing		Total	
	31 March 2022 (Un-Audited)	31 December 2021 (Audited)	31 March 2022 (Un-Audited)	31 December 2021 (Audited)	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000					
Loans, cash credits, running finances, etc.	267,132,387	269,326,315	10,931,944	11,128,658	278,064,331	280,454,973
Islamic financing and related assets	115,988,343	92,143,804	822,845	808,210	116,811,188	92,952,014
Bills discounted and purchased	65,171,053	54,518,910	4,889,604	5,036,656	70,060,657	59,555,566
Advances - gross	448,291,783	415,989,029	16,644,393	16,973,524	464,936,176	432,962,553
Provision against non-performing advances						
- specific	-	-	(15,552,858)	(15,986,650)	(15,552,858)	(15,986,650)
- general	(5,859,944)	(5,182,927)	-	-	(5,859,944)	(5,182,927)
	(5,859,944)	(5,182,927)	(15,552,858)	(15,986,650)	(21,412,802)	(21,169,577)
Advances - net of provisions	442,431,839	410,806,102	1,091,535	986,874	443,523,374	411,792,976

10.1 It includes loans and advances of First Habib Modaraba and Habib Metro Modaraba amounting to Rs. 14,884,635 thousand (31 December 2021: Rs. 13,280,411 thousand) and Rs. 316,712 thousand (31 December 2021: Rs. 303,572 thousand) respectively. Furthermore, it includes the Islamic banking operations of the holding company amounting to Rs. 101,609,841 thousand (31 December 2021: Rs. 79,368,031 thousand) as disclosed in note 36.3 to these consolidated financial statements.

10.2 Particulars of advances - gross

	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
In local currency	402,803,028	382,751,832
In foreign currencies	62,133,148	50,210,721
	464,936,176	432,962,553

10.3 Advances include Rs. 16,644,393 thousand (31 December 2021 : Rs. 16,973,524 thousand) which have been placed under non-performing status as detailed below:

Category of classification	31 March 2022 (Un-Audited)		31 December 2021 (Audited)	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees in '000			
Domestic				
Substandard	124,701	4,341	28,740	1,098
Doubtful	1,406,915	516,321	1,462,928	529,294
Loss	15,112,777	15,032,196	15,481,856	15,456,258
	<u>16,644,393</u>	<u>15,552,858</u>	<u>16,973,524</u>	<u>15,986,650</u>

10.4 Particulars of provision against advances

	31 March 2022 (Un-Audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	15,986,650	5,182,927	21,169,577	16,417,607	3,027,679	19,445,286
Charge for the period / year	118,268	677,017	795,285	2,444,120	2,155,248	4,599,368
Reversals for the period / year	(375,055)	–	(375,055)	(2,348,278)	–	(2,348,278)
Net charge / (reversal)	(256,787)	677,017	420,230	95,842	2,155,248	2,251,090
Amount written off	(177,005)	–	(177,005)	(526,799)	–	(526,799)
Closing balance	<u>15,552,858</u>	<u>5,859,944</u>	<u>21,412,802</u>	<u>15,986,650</u>	<u>5,182,927</u>	<u>21,169,577</u>

10.4.1 General provision includes provision of Rs. 38,009 thousand (31 December 2021: Rs. 25,248 thousand) made against consumer portfolio and Rs. 3 thousand (31 December 2021: Rs. 5 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulations issued by the SBP.

10.4.2 Particulars of provision against advances

	31 March 2022 (Un-Audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	15,045,045	5,859,944	20,904,989	15,492,074	5,182,927	20,675,001
In foreign currencies	507,813	–	507,813	494,576	–	494,576
	<u>15,552,858</u>	<u>5,859,944</u>	<u>21,412,802</u>	<u>15,986,650</u>	<u>5,182,927</u>	<u>21,169,577</u>

10.4.3 Consideration of forced sales value (FSV) for the purposes of provisioning against non-performing loans

In accordance with BSD Circular No. 1 of 21 October 2011 issued by the SBP, the holding company has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing loans and advances. Had this benefit of FSV not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 268,954 thousand (31 December 2021: Rs. 208,257 thousand) and profit after tax would have been lower by Rs. 164,062 thousand (31 December 2021: Rs. 127,036 thousand). This amount of Rs.164,062 thousand (31 December 2021: Rs. 127,036 thousand) is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
11. FIXED ASSETS			
Capital work-in-progress	11.1	406,514	185,038
Property and equipment		12,110,219	11,892,437
		<u>12,516,733</u>	<u>12,077,475</u>
11.1 Capital work-in-progress			
Civil works		283,547	90,388
Advance to suppliers		<u>122,967</u>	<u>94,650</u>
		<u>406,514</u>	<u>185,038</u>
		31 March 2022 (Un-Audited)	31 March 2021
		Rupees in '000	
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress additions / (transfer to fixed assets) - net		221,476	(56,494)
Property and equipment			
Freehold land		243,278	—
Furniture and fixtures		36,217	52,765
Electrical, office and computer equipment		209,288	176,286
Vehicles		36,638	26,865
Lease hold improvements		24,122	96,531
Right-of-use assets		301,171	253,078
		<u>850,714</u>	<u>605,525</u>
		<u>1,072,190</u>	<u>549,031</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixtures		310	97
Electrical office and computer equipment		50	79
Vehicles		2,891	1,838
		<u>3,251</u>	<u>2,014</u>

	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
12. INTANGIBLE ASSETS		
Computer software	115,916	121,587
Management rights	41,600	41,600
	<u>157,516</u>	<u>163,187</u>
	31 March 2022 (Un-Audited)	31 March 2021 (Audited)
	Rupees in '000	
12.1 Additions to intangible assets		
Directly purchased - Computer software	<u>13,318</u>	<u>71,064</u>
	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
13. DEFERRED TAX ASSETS		
Deductible temporary differences on		
- Provision for diminution in value of investments	198,180	197,524
- Provision for non performing loans and off - balance sheet obligation	2,171,684	2,568,293
- Accelerated tax depreciation	248,729	200,837
- Deferred liability on defined benefit plan	45,862	21,017
- Deferred liability on compensated absences	440	440
- Deficit on revaluation of investments	1,423,923	1,101,223
- Others	8,008	7,120
	<u>4,096,826</u>	<u>4,096,454</u>
Taxable temporary differences on		
- Surplus on revaluation of non-banking assets	(874,382)	(877,238)
- Exchange translation reserve	(1,264)	(1,053)
	<u>(875,646)</u>	<u>(878,291)</u>
Net deferred tax assets	<u>3,221,180</u>	<u>3,218,163</u>

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
14. OTHER ASSETS			
Income / mark-up / profit accrued in local currency - net of provision		11,983,343	11,260,644
Income / mark-up / profit accrued in foreign currencies - net of provision		13,554	92,100
Advances, deposits and other prepayments		774,147	283,056
Non-banking assets acquired in satisfaction of claims		2,290,477	2,297,568
Mark to market gain on forward foreign exchange contracts		6,897,921	6,217,789
Acceptances		36,952,958	29,225,097
Receivable from the SBP against encashment of government securities		125,481	20,657
Stationery and stamps on hand		102,773	110,374
Dividend receivable		55,542	8,496
Others		1,457,141	1,083,170
		60,653,337	50,598,951
Provision against other assets	14.1	(377,901)	(377,076)
Other assets (net of provision)		60,275,436	50,221,875
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	2,242,005	2,249,327
		62,517,441	52,471,202
14.1 Movement in provision held against other assets			
Opening balance		377,076	462,880
Charge for the period / year		825	165,000
Reversal for the period / year		-	(249,619)
		825	(84,619)
Amount written off		-	(1,185)
		377,901	377,076

	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
15. BILLS PAYABLE		
In Pakistan	33,208,424	17,856,030
Outside Pakistan	73,681	88,614
	<u>33,282,105</u>	<u>17,944,644</u>
16. BORROWINGS		
Secured		
Borrowings from the SBP under		
- Export refinance scheme	72,647,641	68,897,225
- Long term financing facility - renewable energy scheme	1,982,267	1,592,554
- Long term financing facility - locally manufactured plant and machinery scheme	20,000,316	18,184,877
- Refinance for payment of wages and salaries	10,046,135	12,662,380
- Temporary economic refinance facility	29,607,248	28,219,857
- Long term financing facility-for storage of agricultural produce scheme	635,956	639,685
- Refinance facility for modernization of SME	20,049	21,228
- Refinance facility for combating COVID-19	64,977	67,754
	<u>135,004,589</u>	<u>130,285,560</u>
Repurchase agreement borrowings (Repo)	<u>200,199,800</u>	<u>182,851,203</u>
	<u>335,204,389</u>	<u>313,136,763</u>
Unsecured		
Certificates of investment	5,822,592	5,863,977
Call borrowing	-	3,000,000
Musharika borrowing	738,812	748,666
Overdrawn nostro accounts	14,773,249	29,749
	<u>21,334,653</u>	<u>9,642,392</u>
	<u>356,539,042</u>	<u>322,779,155</u>

17. DEPOSITS AND OTHER ACCOUNTS

	31 March 2022 (Un-Audited)			31 December 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	250,121,313	37,875,639	287,996,952	228,774,493	36,061,897	264,836,390
Savings deposits	169,991,352	20,427,231	190,418,583	171,147,729	22,694,898	193,842,627
Term deposits	206,652,412	28,887,008	235,539,420	208,829,163	50,892,644	259,721,807
Others	23,130,007	13,952	23,143,959	19,579,290	13,692	19,592,982
	<u>649,895,084</u>	<u>87,203,830</u>	<u>737,098,914</u>	<u>628,330,675</u>	<u>109,663,131</u>	<u>737,993,806</u>
Financial institutions						
Current deposits	4,780,908	1,639,396	6,420,304	1,240,863	1,922,927	3,163,790
Savings deposits	23,951,476	-	23,951,476	26,524,236	-	26,524,236
Term deposits	5,537,600	5,628	5,543,228	3,961,404	5,415	3,966,819
Others	1,078	-	1,078	1,078	-	1,078
	<u>34,271,062</u>	<u>1,645,024</u>	<u>35,916,086</u>	<u>31,727,581</u>	<u>1,928,342</u>	<u>33,655,923</u>
	<u>684,166,146</u>	<u>88,848,854</u>	<u>773,015,000</u>	<u>660,058,256</u>	<u>111,591,473</u>	<u>771,649,729</u>

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
Rupees in '000			
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		6,087,152	6,807,583
Mark-up / return / interest payable in foreign currencies		262,904	429,878
Unearned commission and income on bills discounted		599,205	532,943
Accrued expenses		1,690,168	1,507,731
Current taxation (provision less payments)		1,773,474	2,114,976
Acceptances		36,952,958	29,225,097
Unclaimed dividend		138,506	163,681
Branch adjustment account		1,290	558
Mark-to-market loss on forward foreign exchange contracts		4,108,550	2,939,889
Provision for compensated absences		269,841	264,715
Deferred liability on defined benefit plan		176,297	56,626
Provision against off-balance sheet obligations	18.1	32,583	32,583
Workers' welfare fund	18.2	2,171,620	2,055,242
Charity fund		651	4
Excise duty payable		2,014	2,629
Locker deposits		939,246	923,249
Advance against diminishing musharaka		152,459	201,567
Advance rental for ijarah		3,849	1,362
Security deposits against leases / ijarah		396,161	385,938
Sundry creditors		2,467,589	1,694,627
Lease liability against right-of-use assets		6,337,758	6,187,428
Withholding tax / duties		731,768	365,630
Others		177,572	34,621
		65,473,615	55,928,557
18.1 Provision against off-balance sheet obligations			
Opening balance		32,583	113,716
Reversal for the period / year		-	(81,133)
Closing balance		32,583	32,583

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

- 18.2** Under the Workers' Welfare Ordinance 1971, the holding company is liable to pay workers' welfare fund (WWF) @ 2% of accounting profit before tax or taxable income, whichever is higher. The holding company has made full provision for WWF based on profit for the respective years.

The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of WWF were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions, the judgement may not currently be treated as conclusive. Accordingly the holding company maintains its provision in respect of WWF.

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
Rupees in '000			
19. DEFICIT ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of			
- Non-banking assets		2,242,005	2,249,327
- Available for sale securities	9.1	(3,510,979)	(2,680,847)
		(1,268,974)	(431,520)
Less: Deferred tax on surplus / (deficit) on revaluation of			
- Non-banking assets		874,382	877,238
- Available for sale securities		(1,423,923)	(1,101,223)
		549,541	223,985
		(719,433)	(207,535)
		(148,323)	(149,528)
Less : Surplus pertaining to non-controlling interest		(867,756)	(357,063)
20. CONTINGENCIES AND COMMITMENTS			
Guarantees	20.1	115,290,983	112,912,689
Commitments	20.2	615,208,899	604,750,338
Other contingent liabilities	20.3	2,341,964	3,078,218
		<u>732,841,846</u>	<u>720,741,245</u>
20.1 Guarantees			
Financial guarantees		27,354,193	44,818,267
Performance guarantees		46,316,494	41,897,915
Other guarantees		41,620,296	26,196,507
		<u>115,290,983</u>	<u>112,912,689</u>
20.2 Commitments			
Documentary credits and short-term trade-related transactions:			
Letters of credit		254,725,395	198,716,273
Commitments in respect of:			
Forward foreign exchange contracts	20.2.1	356,487,757	402,981,660
Forward lendings	20.2.2	3,605,687	2,916,949
Acquisition of operating fixed assets		390,060	135,456
		<u>360,483,504</u>	<u>406,034,065</u>
		<u>615,208,899</u>	<u>604,750,338</u>
20.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		185,449,546	216,511,732
Sale		171,038,211	186,469,928
		<u>356,487,757</u>	<u>402,981,660</u>

20.2.2 Commitments in respect of forward lendings

The Group has made commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn, except for:

Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
Commitments in respect of syndicate financing	2,522,582	1,902,213
Commitments in respect of other financing transactions	1,083,105	1,014,736
	<u>3,605,687</u>	<u>2,916,949</u>

20.3 Other contingent liabilities

Claims against holding company not acknowledged as debt	20.3.1	2,235,908	2,972,162
Foreign exchange repatriation case	20.3.2	106,056	106,056
		<u>2,341,964</u>	<u>3,078,218</u>

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

20.3.2 Foreign exchange repatriation case

While adjudicating foreign exchange repatriation cases of exporters, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has adjudicated penalty of Rs. 106,056 thousand, arbitrarily on the holding company. The holding company has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgment. The Honorable High Court has granted relief to holding company by way of interim orders. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the holding company and therefore no provision has been made against the impugned penalty.

21. DERIVATIVE FINANCIAL INSTRUMENTS

The holding company deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business.

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

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

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

22. MARK-UP / RETURN / INTEREST EARNED

	31 March 2022	31 March 2021
	(Un-Audited)	(Un-Audited)
	Rupees in '000	Rupees in '000
Loans and advances	7,389,898	5,082,759
Investments	16,187,479	12,133,333
Lending with financial institutions	162,615	319,593
Balances with banks	4,179	5,271
	<u>23,744,171</u>	<u>17,540,956</u>

23. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	9,367,225	6,481,246
Borrowings	4,986,438	2,521,745
Foreign currency swap cost	1,254,077	897,063
Lease liability against right-of-use assets	199,208	126,159
	<u>15,806,948</u>	<u>10,026,213</u>

24. FEE & COMMISSION INCOME

Branch banking customer fees	191,196	145,855
Credit related fees	10,600	9,555
Card related fees	169,296	127,747
Commission on trade	1,273,352	1,128,211
Commission on guarantees	158,101	151,329
Commission on remittances including home remittances	8,989	11,337
Commission on bancassurance	41,475	42,611
Commission on cash management	21,885	19,278
Others	24,661	20,801
	<u>1,899,555</u>	<u>1,656,724</u>

25. GAIN / (LOSS) ON SECURITIES - NET

Realised		
Federal government securities	18,098	(9,384)
Shares	21,887	-
Mutual funds	9,720	10,933
Unrealised - held-for-trading		
Federal government securities	-	(18)
	<u>49,705</u>	<u>1,531</u>

26. OTHER INCOME

Rent on properties	8,785	2,069
Gain on sale of fixed assets - net	3,118	3,831
Gain on sale of ijarah assets - net	2,507	219
Staff notice period and other recoveries	195	358
	<u>14,605</u>	<u>6,477</u>

	31 March 2022	31 March 2021
	(Un-Audited)	
	Rupees in '000	
27. OPERATING EXPENSES		
Total compensation expense	2,131,173	1,766,174
Property expense		
Rent & taxes	30,626	65,043
Insurance	1,171	1,016
Utilities cost	136,853	90,885
Security	156,676	112,342
Repair & maintenance	113,652	89,046
Depreciation on owned fixed assets	135,637	105,013
Depreciation on right-of-use assets	299,462	229,363
	874,077	692,708
Information technology expenses		
Software maintenance	60,235	43,353
Hardware maintenance	56,749	43,501
Depreciation	58,601	50,780
Amortisation	18,991	16,475
Network charges	76,619	58,415
	271,195	212,524
Other operating expenses		
Directors' fees and allowances	3,730	4,074
Fees and allowances to Shariah Board	5,480	2,908
Legal & professional charges	57,196	24,862
Outsourced services costs	75,528	80,080
Travelling & conveyance	90,082	58,474
NIFT clearing charges	18,831	17,464
Depreciation	136,788	114,684
Depreciation - non-banking assets	14,413	9,174
Training & development	6,042	5,313
Postage & courier charges	33,411	27,435
Communication	33,350	30,192
Subscription	84,809	50,335
Repair & maintenance	30,707	24,368
Brokerage & commission	45,864	61,662
Stationery & printing	75,115	54,168
Marketing, advertisement & publicity	77,106	29,845
Management fee	156,719	81,889
Insurance	204,040	185,572
Donations	53,850	50,070
Covid-19 expenses	5,397	7,521
Auditors' Remuneration	4,034	2,696
Security	49,708	42,317
Others	196,234	88,116
	1,458,434	1,053,219
	4,734,879	3,724,625

	Note	31 March 2022 (Un-Audited)	31 March 2021 (Un-Audited)
		Rupees in '000	
28. OTHER CHARGES			
Penalties imposed by the SBP		20,242	8,481
29. PROVISIONS AND WRITE OFFS - NET			
Provision for diminution in value of investments - net	9.2	13,592	(2,304)
Provision against loan & advances - net	10.4	420,230	1,323,248
Provision against other assets / off-balance sheet obligations		825	(330,521)
Recovery of written off bad debts		(26,348)	(500)
		408,299	989,923
30. TAXATION			
Current		1,995,725	2,049,451
Deferred		344,084	(512,312)
		2,339,809	1,537,139
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit attributable to equity shareholders of the holding company		3,602,372	3,245,431
		Number in '000	
Weighted average number of ordinary shares		1,047,831	1,047,831
		Rupees	
Basic and diluted earnings per share		3.44	3.10

32. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than investment those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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

32.1 Fair value of financial assets

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

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

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments

	31 March 2022 (Un-Audited)				
	Carrying / notional value	Fair value			
		Level 1	Level 2	Level 3	Total
		Rupees in '000			
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	621,216,869	-	621,216,869	-	621,216,869
Sukuk certificates and bonds	7,487,274	-	7,487,274	-	7,487,274
Ordinary shares of listed companies	2,448,316	2,448,316	-	-	2,448,316
Mutual funds - open end	16,237	-	16,237	-	16,237
- close end	6,328	6,328	-	-	6,328
Real estate investment trust	1,080,034	1,080,034	-	-	1,080,034
Listed term finance certificates	1,102,707	-	1,102,707	-	1,102,707
Unlisted term finance certificates	3,925,000	-	3,925,000	-	3,925,000

Financial assets - disclosed but not measured at fair value

- Investments					
- Held-to-maturity securities					
Federal government securities	22,736,385	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	52,658	-	-	-	-
	<u>660,071,808</u>	<u>3,534,678</u>	<u>633,748,087</u>	<u>-</u>	<u>637,282,765</u>

Off-balance sheet financial instruments measured at fair value

- Forward purchase of foreign exchange contracts	<u>185,449,546</u>	<u>-</u>	<u>192,329,203</u>	<u>-</u>	<u>192,329,203</u>
- Forward sale of foreign exchange contracts	<u>171,038,211</u>	<u>-</u>	<u>166,947,925</u>	<u>-</u>	<u>166,947,925</u>

On balance sheet financial instruments

31 December 2021 (Audited)					
	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	626,683,412	-	626,683,412	-	626,683,412
Sukuk certificates and bonds	7,507,221	-	7,507,221	-	7,507,221
Ordinary shares of listed companies	1,663,995	1,663,995	-	-	1,663,995
Mutual funds - open end	17,154	-	17,154	-	17,154
- close end	6,523	6,523	-	-	6,523
Real estate investment trust	740,708	740,708	-	-	740,708
Listed term finance certificates	1,097,572	-	1,097,572	-	1,097,572
Unlisted term finance certificates	2,425,000	-	2,425,000	-	2,425,000
Financial assets - disclosed but not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	22,742,810	-	-	-	-
Certificates of investment	2,000,000	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	52,658	-	-	-	-
	664,937,053	2,411,226	637,730,359	-	640,141,585
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	216,511,732	-	221,433,072	-	221,433,072
- Forward sale of foreign exchange contracts	186,469,928	-	184,826,488	-	184,826,488

32.2 Fair value of non-financial assets

31 March 2022 (Un-Audited)					
Carrying / notional value	Fair value				Total
	Level 1	Level 2	Level 3		
Rupees in '000					
Non-financial assets measured at fair value					
- Non-banking assets acquired in satisfaction of claim	4,532,482	-	-	4,532,482	4,532,482
31 December 2021 (Audited)					
Carrying / notional value	Fair value				Total
	Level 1	Level 2	Level 3		
Rupees in '000					
Non-financial assets measured at fair value					
- Non-banking assets acquired in satisfaction of claim	4,546,895	-	-	4,546,895	4,546,895

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

Federal government debt securities	The fair value of government securities are valued using PKRV rates.
Debt securities other than federal government securities	The fair value is determined using the prices / rates available on Mutual Funds, Association of Pakistan (MUFAP) / Reuters.
Forward foreign exchange contracts	The fair values are derived using forward exchange rates applicable to their respective remaining maturities.
Mutual funds	The fair value is determined based on the net asset values published at the close of each business day.

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

Non-banking assets acquired in satisfaction of claim	Non-banking assets are valued by professionally qualified 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 has not been provided.
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33. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	31 March 2022 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Profit and Loss				
Net mark-up / return / interest / profit	12,060,820	(4,239,500)	115,903	7,937,223
Inter segment revenue - net	(11,304,952)	7,559,419	3,745,533	-
Non mark-up / return / interest income	298,068	165,740	2,901,187	3,364,995
Total income	1,053,936	3,485,659	6,762,623	11,302,218
Segment direct expenses	(78,392)	-	(69,668)	(148,060)
Inter segment expense allocation	-	(1,302,636)	(3,420,803)	(4,723,439)
Total expenses	(78,392)	(1,302,636)	(3,490,471)	(4,871,499)
Provisions and write offs -net	(14,417)	-	(393,882)	(408,299)
Profit before tax	961,127	2,183,023	2,878,270	6,022,420
Balance Sheet				
Cash and bank balances	4,839,953	32,639,289	45,741,460	83,220,702
Investments - net	660,071,808	-	-	660,071,808
Net inter segment lending	-	315,023,113	156,726,829	471,749,942
Lendings to financial institutions	29,964,138	-	-	29,964,138
Advances - performing	-	9,527,485	438,764,298	448,291,783
Advances - non-performing	-	51,008	16,593,385	16,644,393
Provision against advances	-	(103,340)	(21,309,462)	(21,412,802)
Others	15,347,363	3,499,099	59,566,408	78,412,870
Total Assets	710,223,262	360,636,652	696,082,920	1,766,942,834
Borrowings	214,973,049	-	141,565,993	356,539,042
Subordinated debt	-	-	-	-
Deposits and other accounts	-	324,233,890	448,781,110	773,015,000
Net inter segment borrowing	471,749,942	-	-	471,749,942
Others	4,338,069	16,451,003	77,966,648	98,755,720
Total liabilities	691,061,060	340,684,893	668,313,751	1,700,059,704
Net Assets	19,162,202	19,951,759	27,769,169	66,883,130
Equity				66,883,130
Contingencies and Commitments	356,487,757	10,877,618	365,476,471	732,841,846

31 March 2021 (Un-Audited)

	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Profit and Loss				
Net mark-up / return / interest / profit	10,442,950	(2,805,536)	(122,671)	7,514,743
Inter segment revenue - net	(8,041,034)	4,864,392	3,176,642	-
Non mark-up / return / interest income	(159,328)	125,021	2,218,208	2,183,901
Total income	2,242,588	2,183,877	5,272,179	9,698,644
Segment direct expenses	(73,432)	-	(62,175)	(135,607)
Inter segment expense allocation	(213)	(989,265)	(2,717,050)	(3,706,528)
Total expenses	(73,645)	(989,265)	(2,779,225)	(3,842,135)
Provisions and write offs -net	2,692	8,579	(1,001,194)	(989,923)
Profit before tax	2,171,635	1,203,191	1,491,760	4,866,586

31 December 2021 (Audited)

Balance Sheet				
Cash and bank balances	2,654,519	34,684,524	49,250,965	86,590,008
Investments - net	664,937,053	-	-	664,937,053
Net inter segment lending	-	305,348,808	160,736,933	466,085,741
Lendings to financial institutions	3,941,284	-	-	3,941,284
Advances - performing	-	7,405,032	408,583,997	415,989,029
Advances - non-performing	-	46,465	16,927,059	16,973,524
Provision against advances	-	(67,479)	(21,102,098)	(21,169,577)
Others	14,284,585	3,400,723	50,244,719	67,930,027
Total Assets	685,817,441	350,818,073	664,641,575	1,701,277,089
Borrowings	185,880,952	-	136,898,203	322,779,155
Subordinated debt	-	-	-	-
Deposits and other accounts	-	321,412,476	450,237,253	771,649,729
Net inter segment borrowing	466,085,741	-	-	466,085,741
Others	3,302,064	10,164,454	60,406,683	73,873,201
Total liabilities	655,268,757	331,576,930	647,542,139	1,634,387,826
Net Assets	30,548,684	19,241,143	17,099,436	66,889,263
Equity				66,889,263
Contingencies and commitments	402,981,660	10,555,599	307,203,986	720,741,245

34. TRANSACTIONS WITH RELATED PARTIES

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

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

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

	31 March 2022 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Balances with other banks						
In current accounts	266,052	176,339	-	-	-	442,391
Advances						
Opening balance	-	5,288,310	195,796	-	-	5,484,106
Addition during the period	-	35,217,920	31,239	-	-	35,249,159
Repaid during the period	-	(33,441,696)	(16,691)	-	-	(33,458,387)
Closing balance	-	7,064,534	210,344	-	-	7,274,878
Other Assets						
Mark-up / return / interest accrued	-	7,758	-	-	-	7,758
Prepayments / advance deposits / other receivable	468	60,662	-	-	-	61,130
	468	68,420	-	-	-	68,888
Deposits and other accounts						
Opening balance	174,007	25,154,287	313,576	813,302	1,810,988	28,266,160
Received during the period	2,661,584	612,012,723	526,948	1,157,820	2,161,760	618,520,835
Withdrawn during the period	(2,634,116)	(611,575,878)	(496,927)	(1,251,367)	(3,037,588)	(618,995,876)
Closing balance	201,475	25,591,132	343,597	719,755	935,160	27,791,119
Other liabilities						
Mark-up / return / interest payable	-	71,066	1,330	4,432	12,533	89,361
Management fee payable for technical and consultancy services *	94,776	-	-	-	-	94,776
Other payables	-	595	-	670	176,297	177,562
	94,776	71,661	1,330	5,102	188,830	361,699
Contingencies and commitments						
Transaction-related contingent liabilities	-	7,517,901	-	-	-	7,517,901
Trade-related contingent liabilities	-	4,511,683	-	-	-	4,511,683
	-	12,029,584	-	-	-	12,029,584

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

	31 December 2021 (Audited)				
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000				
Balances with other banks					
In current accounts	184,060	217,741	–	–	–
	<u>184,060</u>	<u>217,741</u>	<u>–</u>	<u>–</u>	<u>–</u>
Advances					
Opening balance	–	4,639,385	195,938	–	–
Addition during the year	–	50,576,167	72,882	–	–
Repaid during the year	–	(49,927,242)	(73,024)	–	–
Closing balance	<u>–</u>	<u>5,288,310</u>	<u>195,796</u>	<u>–</u>	<u>–</u>
Other Assets					
Mark-up / return / interest accrued	–	12,176	–	–	–
Prepayments / advance deposits / Other receivables	468	53,123	–	–	–
	<u>468</u>	<u>65,299</u>	<u>–</u>	<u>–</u>	<u>–</u>
Deposits and other accounts					
Opening balance	213,306	8,573,734	282,595	661,230	1,626,592
Received during the year	16,783,470	2,471,954,097	2,073,559	4,685,345	6,995,634
Withdrawn during the year	(16,822,769)	(2,455,373,544)	(2,042,578)	(4,533,273)	(6,811,238)
Closing balance	<u>174,007</u>	<u>25,154,287</u>	<u>313,576</u>	<u>813,302</u>	<u>1,810,988</u>
Other liabilities					
Mark-up / return / interest payable	–	140,001	1,977	3,248	10,626
Management fee payable for technical and consultancy services *	76,826	–	–	–	–
Other payables	–	470	–	670	50,273
	<u>76,826</u>	<u>140,471</u>	<u>1,977</u>	<u>3,918</u>	<u>60,899</u>
Contingencies and commitments					
Transaction-related contingent liabilities	–	7,353,818	–	–	–
Trade-related contingent liabilities	–	3,929,204	–	–	–
	<u>–</u>	<u>11,283,022</u>	<u>–</u>	<u>–</u>	<u>–</u>

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

Transactions during the period

	For the period ended 31 March 2022 (Un-Audited)				
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000				
Income					
Mark-up / return / interest earned	–	43,295	3,129	–	–
Fee and commission income	407	67,143	–	39	–
Rent income	1,404	2,128	–	–	–
Expense					
Mark-up/ return / interest expensed	–	268,601	4,745	8,163	18,328
Commission / brokerage / bank charges paid	111	131	–	–	–
Salaries and allowances	–	–	243,618	–	–
Directors' fees and allowances	–	–	–	3,730	–
Charge to defined benefit plan	–	–	–	–	56,826
Contribution to defined contribution plan	–	–	–	–	70,673
Insurance premium expenses	–	5,879	–	–	–
Management fee expense for technical and consultancy services *	156,719	–	–	–	–
Donation	–	480	–	–	–

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

Transactions during the period

	For the period ended 31 March 2021 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Income						
Mark-up / return / interest earned	–	20,305	2,738	–	–	23,043
Fee and commission income	555	68,787	–	8	–	69,350
Rent income	1,404	–	–	–	–	1,404
Expenses						
Mark-up / return/ interest expensed	–	168,669	3,447	8,633	45,435	226,184
Commission / brokerage / bank charges paid	437	432	–	–	–	869
Salaries and allowances	–	–	194,528	–	–	194,528
Directors' fees and allowances	–	–	–	4,074	–	4,074
Charge to defined benefit plan	–	–	–	–	44,046	44,046
Contribution to defined contribution plan	–	–	–	–	63,557	63,557
Insurance premium expenses	–	3,344	–	–	–	3,344
Management fee expense for technical and consultancy services *	81,909	–	–	–	–	81,909
Donation	–	480	–	–	–	480

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

35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,478,315	10,478,315
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) Capital	62,458,711	62,494,114
Eligible additional tier 1 (ADT 1) Capital	153,053	150,253
Total eligible tier 1 capital	62,611,764	62,644,367
Eligible tier 2 capital	6,049,030	5,332,119
Total eligible capital (tier 1 + tier 2)	68,660,794	67,976,486
Risk Weighted Assets (RWAs):		
Credit risk	463,348,141	406,395,001
Market risk	3,682,125	7,211,352
Operational risk	66,887,787	66,887,787
Total	533,918,053	480,494,140
CET 1 capital adequacy ratio	11.70%	13.01%
Tier 1 capital adequacy ratio	11.73%	13.04%
Total capital adequacy ratio	12.86%	14.15%
Minimum capital requirements prescribed by SBP		
CET 1 capital adequacy ratio	6.00%	6.00%
Tier 1 capital adequacy ratio	7.50%	7.50%
Total capital adequacy ratio	11.50%	11.50%

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

Leverage Ratio (LR):		
Eligible tier-1 capital	62,611,764	62,644,367
Total exposures	1,695,607,306	1,586,376,608
Leverage ratio	3.69%	3.95%

36. ISLAMIC BANKING BUSINESS

The holding company is operating 49 (31 December 2021: 49) Islamic banking branches and 218 (31 December 2021: 218) Islamic banking windows at the end of the period.

	Note	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks		6,458,485	8,065,686
Balances with other banks		–	–
Due from financial institutions	36.1	–	3,500,000
Investments	36.2	27,092,601	30,384,762
Islamic financing and related assets – net	36.3	100,928,288	78,657,187
Fixed assets	36.4	650,909	635,471
Intangible assets		–	–
Due from Head office		–	5,125,784
Other assets		4,439,534	3,017,034
Total Assets		139,569,817	129,385,924
LIABILITIES			
Bills payable		1,460,354	1,445,125
Due to financial institutions		33,426,052	32,048,365
Deposits and other accounts	36.5	85,012,132	83,953,361
Due to Head office		6,678,286	–
Subordinated debt		–	–
Other liabilities		3,693,477	2,731,703
		130,270,301	120,178,554
NET ASSETS			
		9,299,516	9,207,370
REPRESENTED BY			
Islamic Banking Fund		9,004,587	7,504,413
Reserves		–	–
Surplus / (deficit) on revaluation of assets		(477,829)	(725,275)
Unappropriated profit	36.6	772,758	2,428,232
		9,299,516	9,207,370
CONTINGENCIES AND COMMITMENTS			
	36.7		

The profit and loss account of the Bank's Islamic banking branches for the period ended 31 March 2022 is as follows:

	Note	31 March 2022 (Un-Audited) Rupees in '000	31 March 2021
Profit / return earned	36.8	2,069,216	1,476,021
Profit / return expensed	36.9	(1,173,466)	(901,086)
Net Profit / return		895,750	574,935
Other income			
Fee and commission income		114,132	79,727
Dividend income		–	279
Foreign exchange income		28,827	20,505
Income / (loss) from derivatives		–	–
Gain / (loss) on securities - net		(11)	2,554
Other income		1,577	262
Total other income		144,525	103,327
Total Income		1,040,275	678,262
Other expenses			
Operating expenses		296,808	203,751
Workers' welfare fund		–	–
Other charges		–	–
Total other expenses		296,808	203,751
Profit before provisions		743,467	474,511
Provisions and write offs - net		29,291	3,711
Profit before taxation		772,758	478,222

36.1 Due from Financial Institutions

	31 March 2022 (Un-Audited)			31 December 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Unsecured						
Mudaraba placements	-	-	-	3,500,000	-	3,500,000

36.2 Investments by segments

	31 March 2022 (Unaudited)				31 December 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Federal Government Securities:								
Ijarah Sukuk	14,523,148	-	(179,362)	14,343,786	19,523,163	-	(396,332)	19,126,831
Islamic naya Pakistan certificate mudaraba investment pool	841,542	-	-	841,542	730,711	-	-	730,711
	15,364,690	-	(179,362)	15,185,328	20,253,874	-	(396,332)	19,857,542
Non Government Debt Securities								
Listed	7,025,740	-	(307,626)	6,718,114	7,076,163	-	(336,554)	6,739,609
Unlisted	5,180,000	-	9,159	5,189,159	3,780,000	-	7,611	3,787,611
	12,205,740	-	(298,467)	11,907,273	10,856,163	-	(328,943)	10,527,220
Total investments	27,570,430	-	(477,829)	27,092,601	31,110,037	-	(725,275)	30,384,762

36.3 Islamic financing and related assets - net

	31 March 2022 (Un-Audited)				31 December 2021 (Audited)			
	Financing	Advances	Inventory	Total	Financing	Advances	Inventory	Total
	Rupees in '000							
Ijarah	608,831	272,572	-	881,403	583,298	128,997	-	712,295
Ijarah - Islamic long term financing facility	51,507	-	-	51,507	74,207	-	-	74,207
Murabaha	5,801,285	695,608	-	6,496,893	6,105,881	563,205	-	6,669,086
Working capital musharaka	35,050,415	-	-	35,050,415	21,050,328	-	-	21,050,328
Diminishing musharaka	13,797,655	1,278,177	-	15,075,832	11,736,112	377,959	-	12,114,071
Salam	88,090	-	-	88,090	128,000	-	-	128,000
Istisna	3,419,125	3,160,713	3,132,791	9,712,629	2,677,387	3,040,426	-	5,717,813
Al-bai	396,435	-	214,237	610,672	536,632	-	16,961	553,593
Diminishing musharaka:								
- Islamic long term financing facility	1,195,796	1,823,799	-	3,019,595	863,436	1,528,029	-	2,391,465
- Islamic refinance scheme for payment of wages and salaries	818,088	93,534	-	911,622	1,046,640	93,534	-	1,140,174
- Islamic financing facility for storage of agricultural produce	-	598,035	-	598,035	-	598,035	-	598,035
- Islamic temporary economic refinance facility	1,953,818	11,505,115	-	13,458,933	422,229	13,064,204	-	13,486,433
- Islamic financing facility for renewable energy	-	275,301	-	275,301	-	250,848	-	250,848
Islamic Export Refinance								
- Murabaha	494,697	-	-	494,697	760,819	-	-	760,819
- Working capital musharaka	12,496,179	-	-	12,496,179	10,257,000	-	-	10,257,000
- Salam	60,000	-	-	60,000	60,000	61,920	-	121,920
- Istisna	1,150,600	679,700	-	1,830,300	2,259,110	1,075,000	-	3,334,110
- Al-bai	417,144	-	80,594	497,738	7,834	-	-	7,834
Gross Islamic financing and related assets	77,799,665	20,382,554	3,427,622	101,609,841	58,568,913	20,782,157	16,961	79,368,031
Less: provision against non-performing Islamic financings								
- Specific	(673,924)	-	-	(673,924)	(704,654)	-	-	(704,654)
- General	(7,629)	-	-	(7,629)	(6,190)	-	-	(6,190)
	(681,553)	-	-	(681,553)	(710,844)	-	-	(710,844)
Islamic financing and related assets - net of provision	77,118,112	20,382,554	3,427,622	100,928,288	57,858,069	20,782,157	16,961	78,657,187

36.4 Fixed assets and other liabilities

At 31 March 2022, fixed asset include right-of-use assets of Rs. 549,628 thousand (31 December 2021: 545,830 thousand) and other liabilities include related lease liability of Rs. 616,814 thousand (31 December 2021: 615,776 thousand).

36.5 Deposits

	31 March 2022 (Unaudited)			31 December 2021 (Audited)		
	Customers	Financial Institutions	Total	Customers	Financial Institutions	Total
	Rupees in '000					
Current deposits	31,624,325	184,085	31,808,410	27,676,595	67,307	27,743,902
Savings deposits	31,839,840	4,908,795	36,748,635	31,155,998	5,875,671	37,031,669
Term deposits	14,607,889	238,320	14,846,209	17,285,722	217,000	17,502,722
Others	1,608,878	–	1,608,878	1,675,068	–	1,675,068
	<u>79,680,932</u>	<u>5,331,200</u>	<u>85,012,132</u>	<u>77,793,383</u>	<u>6,159,978</u>	<u>83,953,361</u>

36.6 Unappropriated profit

	31 March 2022 (Un-Audited)	31 December 2021 (Audited)
	Rupees in '000	
Opening balance	2,428,232	1,367,552
Add: islamic banking profit for the period	772,758	2,428,232
Less: taxation	–	–
Less: reserves	–	–
Less: transferred to head office	(2,428,232)	(1,367,552)
Closing balance	<u>772,758</u>	<u>2,428,232</u>

36.7 Contingencies and commitments

Guarantees	8,623,496	8,252,346
Commitments	<u>23,786,506</u>	<u>22,215,654</u>
	<u>32,410,002</u>	<u>30,468,000</u>

	31 March 2022	31 March 2021
	(Un-Audited)	
	Rupees in '000	
36.8 Profit / return earned of financing, investments and placement		
Profit earned on:		
Financing	1,383,929	929,276
Investments	597,459	488,899
Placements	87,828	57,846
	<u>2,069,216</u>	<u>1,476,021</u>
36.9 Profit / return on deposits and other dues expensed		
Deposits and other accounts	1,010,166	810,242
Due to financial institutions	146,853	77,735
Discount expense on lease liability against right-of-use assets	16,447	13,109
	<u>1,173,466</u>	<u>901,086</u>

37. GENERAL

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

37.2 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation. However, no major reclassification have been made.

38. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on 20 April 2022 by the Board of Directors of the holding company.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman



Habib Metropolitan Bank Ltd.
HabibMetro Head Office
I.I. Chundrigar Road
Karachi, Pakistan

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