

The Complete **Ring** of **Financial Possibilities**



BML **بنك مكرمه**
Bank Makramah Ltd.

HALF YEARLY REPORT JUNE 2024

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Corporate *Information*

Board of Directors

Mr. Abdulla Nasser Abdulla Hussain Lootah
Chairman of the Board of Directors /
Non-Executive Director

Mr. Muhammad Salman Alam Fazli
Vice Chairman of the Board of Directors /
Non-Executive Director

Mr. Jawad Majid Khan
President & CEO / Executive Director

Mr. Waseem Mehdi Syed
Independent Director

Mr. Zafar Iqbal Siddiqi
Non-Executive Director

Mr. Wajahat Ahmed Baqai
Non-Executive Director

Ms. Fauzia Hasnain
Independent Director

Board Audit Committee

Ms. Fauzia Hasnain
Chairperson

Mr. Muhammad Salman Alam Fazli
Member

Mr. Zafar Iqbal Siddiqi
Member

Mr. Wajahat Ahmed Baqai
Member

Board Risk Management Committee

Mr. Wajahat Ahmed Baqai
Chairman

Mr. Muhammad Salman Alam Fazli
Member

Mr. Zafar Iqbal Siddiqi
Member

Ms. Fauzia Hasnain
Member

Board Human Resource & Remuneration Committee

Ms. Fauzia Hasnain
Chairperson

Mr. Abdulla Nasser Abdulla Hussain Lootah
Member

Mr. Muhammad Salman Alam Fazli
Member

Mr. Jawad Majid Khan
Member

Mr. Waseem Mehdi Syed
Member

Board Information Technology Committee

Mr. Zafar Iqbal Siddiqi
Chairman

Mr. Abdulla Nasser Abdulla Hussain Lootah
Member

Mr. Muhammad Salman Alam Fazli
Member

Mr. Jawad Majid Khan
Member

Mr. Waseem Mehdi Syed
Member

Board Compliance Committee

Mr. Waseem Mehdi Syed
Chairman

Mr. Abdulla Nasser Abdulla Hussain Lootah
Member

Mr. Muhammad Salman Alam Fazli
Member

Mr. Zafar Iqbal Siddiqi
Member

Mr. Wajahat Ahmed Baqai
Member

Board Special Assets Management Committee

Mr. Wajahat Ahmed Baqai
Chairman

Mr. Abdulla Nasser Abdulla Hussain Lootah
Member

Mr. Muhammad Salman Alam Fazli
Member

Mr. Jawad Majid Khan
Member

Mr. Waseem Mehdi Syed
Member

Ms. Fauzia Hasnain
Member

Shariah Board

Mufti Muhammad Najeeb Khan
Chairman

Mufti Irshad Ahmed Aijaz
Member

Dr. Noor Ahmed Shahtaz
Member

Mufti Bilal Ahmed Qazi
Member

Mufti Syed Zubair Hussain
Resident Shariah Board Member

Chief Financial Officer

Mr. Salman Zafar Siddiqi

Company Secretary

Mr. Assad Rabbani

Auditors

M/s. Yousuf Adil Chartered Accountants

Legal Advisors

Haidermota & Co
Advocates

Share Registrar

THK Associates (Private) Limited
Plot No. 32-C, Jami Commercial Street-2,
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Ext: 107-111-115

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Head Office

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Registered Office

Plot No. 9-C, F-6 Markaz, Supermarket,
Islamabad, Pakistan

Email: info@bankmakramah.com

companysecretary@bankmakramah.com

Website: www.bankmakramah.com

Purpose

BML aims for progressive and advanced banking in Pakistan, driven by values and innovation.



Vision

Our vision is to become the leading service provider in Pakistan, offering innovative and Shariah-compliant solutions.

Mission

Our mission is to synergise Islamic values with advanced banking solutions to provide customised services while nurturing the economic growth of Pakistan.



Results Driven
We create value and build relationships
with our customers by making things
happen for them.



Transparency
Our commitment to
transparency ensures that you
have full visibility into our
services, so you can trust us
with confidence.



Upliftment of the Society

We are committed to making a positive impact on communities through meaningful actions.



Sincerity to Customers

Building a trustworthy relationship with our customers is our topmost priority, achieved through ethical procedures and transparency.



Teamwork

We promote and support a diverse, yet unified team. We work as a team to meet our common goals.



DIRECTORS' REVIEW

Dear shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Review of the Bank along with the unaudited condensed interim financial statements for the half year ended June 30, 2024.

THE BANK'S PERFORMANCE

The highlights of the financial results for the half year ended June 30, 2024 are as follows:

Financial Position	Rupees in Millions
Shareholders' Equity	(15,481)
Deposits	174,261
Total Assets	284,531
Advances – net	16,383
Investments – net	196,945
Financial Performance	
Net Interest Income and Non Mark-up Income (Total Income)	(315)
Non Mark-up Expenses	3,844
(Reversals) / provisions and write offs – net	(1,724)
Loss before tax	2,436
Loss after tax	1,442
Basic and diluted loss per share – Rupees	(0.27)

While the Bank's financial statements reflect a loss for the half year ended June 30, 2024, it is important to recognise the progress made in various areas compared to the same period last year. The loss before tax reduced from Rs 2.741 billion to Rs 2.436 billion indicating an improvement in the financial performance after tax of Rs 1.442 billion for the first half of 2024 compared to the loss of Rs 1.722 billion for the comparative period last year. As a result, loss per share reduced to Re. 0.27 as opposed to Re 0.43 in the comparative prior period.

There is a significant improvement in average net investments attributed to increase in deposits, consequently, average net investments surged from Rs. 86.585 billion in the comparative prior period to Rs. 184.767 billion. This substantial increase in net average investments was complemented by enhanced net average investment yields, improving from 19.77% in the comparable prior period to 21.81% in the current period. This growth in both volume and yields led to a substantial boost in the Bank's income from investments, reaching Rs. 20.036 billion for the current period, compared to Rs. 8.490 billion in comparable prior period.

Net yields on advances also improved, reaching 19.15% for the current period, compared to 15.45% for the same period last year. However, the Bank witnessed a decrease in average net advances, totalling Rs. 16.610 billion as at June 30, 2024, compared to Rs. 19.437 billion for the comparable period last year aligning with its strategy to reduce risk-weighted assets. Income from advances ended higher at Rs. 1.582 billion for the current period, compared to Rs. 1.490 billion for the comparable prior period.

Deposits amounted to Rs. 174.261 billion as of June 30, 2024, representing an increase of Rs. 32.796 billion or 23.18% compared to the same period last year. This marks the highest deposit level in the history of the Bank. In terms of averages, the portfolio grew by Rs. 30.403 billion, or 24.02% as compared to the same period last year. Amidst stiff competition for rates, the Bank's focus remained on CASA mix and retaining non-remunerative accounts. As of June 30, 2024, the Bank's CASA ratio improved to 90.53% (June 2023: 87.66%). As at June 30, 2024, Current account was closed at Rs 54.879 billion. The average cost of deposits was managed at 13.73% for the current period despite the policy rate at 22%.

As the Bank capitalized on arbitrage opportunities, average borrowings amounted to Rs. 115.041 billion as of June 2024, compared to Rs. 43.592 billion in the same period last year, indicating an increase of Rs. 71.449 billion. Meanwhile, the overall average cost of borrowing increased to 21.80% from 18.18% in the comparative prior period.

The Bank's non-funded income totalled Rs. 1.783 billion, compared to Rs. 0.778 billion in the prior period. The main contributors to this income were fee income, gain on sale of securities and gain on sale of non-banking assets.

Despite challenges such as inflationary pressures and rising commodity prices, the Bank successfully exhibited prudent control over its operating expenses by continuously monitoring and implementing cost control initiatives. While the average CPI inflation was 18.97% for half year 2024, the Bank managed to restrict the increase in its operating expenses to 15.33% compared to the same period last year. The Bank's total non-markup expenses amounted to Rs. 3.844 billion, compared to Rs. 3.333 billion for the same period last year.

In the current period, there were net provision reversals amounting to Rs. 1.724 billion, indicating a substantial improvement from Rs. 0.832 billion in the comparative prior period.

As of June 30, 2024, the Bank's gross NPL ratio (Gross non-performing loans to Gross Advances) marginally increased to 69.44%, compared to 68.50% recorded on December 31, 2023. This increase is mainly attributed to a reduction in gross advances by Rs. 3.231 billion. Additionally, the coverage ratio as at June 2024 improved to 96.01%, compared to 94.31% on December 2023. The Bank's gross advances to deposits ratio (Gross Advances to Total Deposits) decreased to 28.53% in June 2024 from 33.74% as at December 2023, reflecting the risk averse strategic outlook.

As of June 30, 2024, the Bank's deferred tax assets (net) totalled Rs. 24.814 billion. In the current period, an additional Rs. 1.559 billion of deferred tax assets (net) was recognized.

CREDIT RATING

In 2019, VIS Credit Rating Company Limited suspended the Bank's medium to long-term rating of 'BBB -' (Triple B Minus) and its short-term rating of 'A-3' (A-Three). The Bank has initiated the rating process with VIS Credit Rating Company Limited and has requested the State Bank of Pakistan to allow the Bank to complete the credit rating exercise by September 30, 2024.

VIS Credit Rating Company Limited has issued a new rating scale for Tier-2 capital instruments. As a result, the Bank's TFC rating has been adjusted to 'B' (Single B) with a 'Rating Watch-Negative' outlook, as stated in their press release dated June 27, 2023. Previously, the Bank's TFC rating was assigned 'D' (Default) due to non-payment of its latest mark-up payment on account of lock-in-clause invoked by the Bank under the applicable Regulations of the State Bank of Pakistan (SBP).

ECONOMIC REVIEW

Pakistan's economy has been on a path of recovery since the start of FY2024 witnessing moderate economic recovery as the improvement in the worldwide economy, combined with eased import restrictions, is helping to alleviate disruptions in the supply of raw materials and providing support to industries focused on exports. To further strengthen stability, government has recently reached a staff-level agreement with IMF on a 37 months extended Fund Facility Arrangement (EFF) for 7 billion.

The Current Account posted a deficit of USD 0.7 billion for the FY24 against a deficit of USD 3.3 billion last year, indicating a substantial improvement in trade balance position. Exports increased by 11.5% and were recorded at USD 31.1 billion. The total imports increased by 0.9% reaching USD 53.2 billion (USD 52.7 billion last year). Resultantly, trade deficit recorded a decline of 12.2%.

Foreign Direct Investment (FDI) decreased by 16.9% in FY2024. Further, workers remittances recorded at USD 30.3 billion increased by 10.7% compared to last year.

Despite an increase in revenues, higher markup payments led, the government managed to reduce the fiscal deficit to 4.9% of GDP in Jul-May FY2024, from 5.5% last year. The primary balance showed a surplus of Rs. 1,620.5 billion (1.5% of GDP) during Jul-May FY2024, in contrast to a deficit of Rs. 112.0 billion (-0.81% of GDP) last year. FBR net provisional tax collection maintained its momentum, increasing by 30.8% during Jul-May FY2024 to reach Rs 8,126 billion (Rs 6,210 billion last year). The increase in revenue is primarily due to an increase of 96% in non-tax revenues, reaching Rs 2,591 billion (Rs. 1,323 billion last year).

Consumer Price Index (CPI) inflation is on declining trend and was reduced at 12.6% YOY in June 2024 as compared to 29.4% in June 2023. In the last two MPCs held on June 10, 2024 and July 29, 2024, SBP reduced the policy rate by 1.5% and 1% respectively. As a result, the policy rate is reduced to 19.5% as compared to 22% last year.

Pakistan's FX reserves stood at USD 13.115 billion on May 2024 of which SBP's reserves were USD 7.890 billion.

The performance of PSX remained remarkable in the first half of 2024 as the PSX has surged by 79.5% since July 2023 with KSE 100 index made raising to 78,445 point at June 2024.

Despite substantial challenges, the overall economic outlook is optimistic and growth prospects are expected to remain encouraging. FY 2025 is gearing towards a shift to an era of sustainable and inclusive growth with focus on sectors like IT, SMEs, minerals, tourism and agriculture which will lay the foundation for progressing towards higher and sustainable economic growth. It is therefore expected that if this positive momentum is maintained, it will further strengthen in the coming months.

ACKNOWLEDGEMENT

On behalf of the Board, we would once again like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and other regulatory authorities for their continuous guidance and support. At the same time, we would like to express our gratitude to our shareholders, our customers and the Bank's staff for their continued support.

On behalf of the Board.

Jawad Majid Khan
President and Chief Executive Officer

Fauzia Hasnain
Director

Bank Makramah Limited
August 28, 2024
Karachi

مئی 2024ء تک پاکستان کے زر مبادلہ کے ذخائر 13.115 ارب ڈالر تھے جس میں سے اسٹیٹ بینک کے ذخائر 7.890 ارب ڈالر تھے۔

2024ء کی پہلی ششماہی میں پاکستان اسٹاک ایکسچینج کی کارکردگی شاندار رہی کیونکہ جولائی 2023ء کے بعد سے پاکستان اسٹاک ایکسچینج میں 79.5 فیصد اضافہ ہوا ہے جبکہ کے ایس ای 100 انڈیکس جون 2024ء میں 78,445 پوائنٹس تک بڑھ گیا تھا۔

درپیش ضخیم چیلنجوں کے باوجود، مجموعی اقتصادی منظر نامہ امید افزا ہے اور ترقی کے امکانات حوصلہ افزا رہنے کی توقع ہے۔ مالی سال 2025ء پائیدار اور جامع ترقی کے دور کی جانب بڑھ رہا ہے جس میں آئی ٹی، ایس ایم ایز، معدنیات، سیاحت اور زراعت جیسے شعبوں پر توجہ مرکوز کی جائے گی جو بلند اور پائیدار اقتصادی نمو کی طرف پیش رفت کی بنیاد بنے گی۔ لہذا امید ہے کہ اگر اس مثبت رفتار کو برقرار رکھا گیا تو آنے والے مہینوں میں یہ مزید مستحکم ہوگی۔

تعریف و توثیق

ہم، بورڈ کی جانب سے ایک بار پھر اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن پاکستان، اور دیگر ضوابطی حکام کی مسلسل رہنمائی اور معاونت پر شکر گزار ہیں۔ نیز ہم مسلسل معاونت پر ہمارے شیئر ہولڈرز، ہمارے صارفین اور بینک کے عملے کا شکر یہ ادا کرنا چاہیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے

فوزیہ حسنین

ڈائریکٹر

جواد ماجد خان

صدر اور چیف ایگزیکٹو آفیسر

بینک کمرہ لمیٹڈ

28 اگست 2024ء

کراچی

کرڈیٹ ریٹنگ

2019ء کے دوران، وی آئی ایس کرڈیٹ ریٹنگ کمپنی لمیٹڈ نے بینک کی درمیانی تا طویل مدتی ریٹنگ 'بی بی پی' (ٹریبل بی مائنس) اور قلیل مدتی ریٹنگ 'اے-3' (اے-تھری) معطل کر دی۔ بینک وی آئی ایس کرڈیٹ ریٹنگ کمپنی لمیٹڈ کے ساتھ ریٹنگ کے عمل کا آغاز کر چکا ہے اور اسٹیٹ بینک سے درخواست کی گئی ہے کہ وہ کرڈیٹ ریٹنگ کے پراسس کی تکمیل کے لیے 30 ستمبر 2024ء تک توسیع فراہم کر دے۔

وی آئی ایس کرڈیٹ ریٹنگ کمپنی لمیٹڈ نے درجہ 2- سرمائے کے آلات کے لیے ایک نیار ریٹنگ اسکیل جاری کیا ہے۔ نتیجتاً، بینک کی ٹی ایف سی ریٹنگ کو 'ریٹنگ واچ نیگیٹو منظر نامے کے ساتھ 'بی' (سنگل بی) میں ایڈجسٹ کیا گیا ہے، جیسا کہ 27 جون، 2023ء کی پریس ریلیز میں بیان کیا گیا۔ قیل ازیس، بینک کی ٹی ایف سی ریٹنگ 'ڈی' (ڈیفالٹ) مقرر کی گئی تھی کیونکہ اسٹیٹ بینک آف پاکستان (ایس بی پی) کے قابل اطلاق ضوابط کے تحت بینک کی جانب سے لاک ان کلاز کے حوالے سے تازہ ترین مارک اپ پیمنٹ کی ادائیگی نہیں کی گئی تھی۔

اقتصادی جائزہ

مالی سال 2024ء کے آغاز سے ہی پاکستان کی معیشت بحالی کی راہ پر گامزن ہے جس میں معتدل معاشی بحالی دکھائی دے رہی ہے کیونکہ عالمی معیشت میں بہتری کے ساتھ درآمدی پابندیوں میں نرمی سے خام مال کی فراہمی میں درپیش رکاوٹ ختم کرنے اور برآمدات پر مرکز صنعتوں کو معاونت فراہم کرنے میں مدد مل رہی ہے۔ استحکام کو مزید تقویت دینے کے لیے حکومت نے حال ہی میں آئی ایم ایف کے ساتھ 7 ارب ڈالر کے لیے 37 مہینوں کے توسیعی فنڈ سہولت انتظامات (ای ایف ایف) پر عملے کی سطح کا معاہدہ کیا ہے۔

مالی سال 24ء کے لیے جاری کھاتے (کرنٹ اکاؤنٹ) کا خسارہ 0.7 ارب ڈالر تھا جبکہ گذشتہ برس 3.3 ارب ڈالر کا خسارہ ہوا تھا، جو تجارتی توازن کی پوزیشن میں نمایاں بہتری کی نشاندہی کرتا ہے۔ برآمدات میں 11.5 فیصد اضافہ ہوا اور یہ 31.1 ارب ڈالر ریکارڈ کی گئیں۔ مجموعی درآمدات 0.9 فیصد اضافے کے ساتھ 53.2 ارب ڈالر تک پہنچ گئیں (گذشتہ سال 52.7 ارب ڈالر)۔ نتیجتاً تجارتی خسارے میں 12.2 فیصد کمی درج کی گئی۔

مالی سال 2024ء میں بیرونی براہ راست سرمایہ کاری (ایف ڈی آئی) میں 16.9 فیصد کمی آئی۔ مزید برآں کارکنوں کی تسلیات زر گذشتہ سال کے مقابلے میں 10.7 فیصد اضافے کے ساتھ 30.3 ارب ڈالر ریکارڈ کی گئیں۔

محاصل میں اضافے اور مارک اپ ادائیگیوں میں اضافے کے باوجود جولائی تا مئی مالی سال 2024ء کے دوران حکومت مالی خسارے کو جی ڈی پی کے 4.9 فیصد تک لانے میں کامیاب رہی جو گذشتہ برس 5.5 فیصد تھا۔ ابتدائی توازن (پرائمری بیلنس) میں جولائی تا مئی مالی سال 2024ء کے دوران 1,620.5 ارب روپے (جی ڈی پی کی 1.56 فیصد) کا فاضل (سرپلس) دکھائی دیا جبکہ گذشتہ سال 112.0 ارب روپے (جی ڈی پی کا منفی 0.81 فیصد) کا خسارہ ہوا تھا۔ جولائی تا مئی مالی سال 2024ء کے دوران ایف بی آر کی خالص عارضی ٹیکس وصولی 30.8 فیصد اضافے کے ساتھ 8,126 ارب روپے تک پہنچ گئی (گذشتہ سال 6,210 ارب روپے)۔ محاصل میں اضافے کی بنیادی وجہ نان ٹیکس محاصل میں 96 فیصد اضافہ تھا جو 2,591 ارب روپے ہو گئے (گذشتہ سال 1,323 ارب روپے)۔

صرف اشاریہ قیمت (سی پی آئی) مہنگائی میں کارحجان ہے اور جون 2024ء میں یہ کم ہو کر 12.6 فیصد سال بسال رہی جبکہ جون 2023ء میں یہ 29.4 فیصد تھی۔ زری پالیسی کمیٹی کے 10 جون 2024ء اور 29 جولائی 2024ء کو ہونے والے گذشتہ دو اجلاسوں میں اسٹیٹ بینک نے پالیسی ریٹ میں بالترتیب 1.5 فیصد اور ایک فیصد کمی کی تھی۔ نتیجتاً پالیسی ریٹ گذشتہ سال کے 22 فیصد کے مقابلے میں کم ہو کر 19.5 فیصد رہ گیا ہے۔

موجودہ مدت کے دوران ایڈوانسز پر خالص یا قیمتیں بھی بڑھ کر 19.15 فیصد ہو گئیں جبکہ گزشتہ برس کی اسی مدت میں یہ 15.45 فیصد تھیں۔ 30 جون 2024ء تک بینک کے اوسط خالص ایڈوانسز کم ہو کر 16.610 ارب روپے رہ گئے جو اس کی بہ وزن خطرہ اثاثوں کو کم کرنے کی اس کی حکمت عملی سے ہم آہنگ ہے، جبکہ گزشتہ سال کی اسی مدت میں یہ 19.437 ارب روپے تھے۔ رواں مدت کے دوران ایڈوانسز سے حاصل ہونے والی آمدنی 1.582 ارب روپے رہی جو قبل ازیں تقابلی مدت میں 1.490 ارب روپے تھی۔

30 جون 2024ء تک امانتوں کی مالیت 174.261 ارب روپے تھی جو گزشتہ سال کی اسی مدت کے مقابلے میں 32.796 ارب روپے یا 23.18 فیصد اضافے کو ظاہر کرتی ہے۔ یہ بینک کی تاریخ میں ڈپازٹ کی بلند ترین سطح ہے۔ اوسط کے لحاظ سے پورٹ فولیو میں 30.403 ارب روپے نمونہ گزشتہ سال کے اسی عرصے کے مقابلے میں 24.02 فیصد اضافہ ہوا۔ شرح سود کی سخت مسابقت کے سبب، بینک کی توجہ سی اے ایس اے (CASA) اور غیر نفع بخش کھاتوں کو برقرار رکھنے پر مرکوز رہی۔ 30 جون 2024ء تک، بینک کا سی اے ایس اے تناسب بڑھ کر 90.53 فیصد ہو گیا (جون 2023ء: 87.66 فیصد)۔ 30 جون 2024ء تک جاری کھاتے (کرنٹ اکاؤنٹ) 54.879 ارب روپے پر بند ہوا۔ پالیسی ریٹ 22 فیصد ہونے کے باوجود رواں مدت کے دوران ڈپازٹس کی اوسط لاگت 13.73 فیصد رہی۔

چونکہ بینک نے ثالثی کے مواقع پر سرمایہ کاری کی، لہذا جون 2024ء تک اوسط قرض گیری بڑھ کر 115.041 ارب روپے ہو گئی، جبکہ گزشتہ سال کی اسی مدت میں یہ 43.592 ارب روپے تھی، جو 71.449 ارب روپے کے اضافے کو ظاہر کرتی ہے۔ دریں اثنا، قرضوں کی مجموعی اوسط لاگت گزشتہ مدت کے 18.18 فیصد سے بڑھ کر 21.80 فیصد ہو گئی۔

بینک کی نان فنڈڈ آمدنی 1.783 ارب روپے رہی جو گزشتہ مدت میں 0.778 ارب روپے تھی۔ اس آمدنی میں اہم کردار فیس کی آمدنی، تسمکات (سیکیورٹیز) کی فروخت پر فوائد اور غیر بینکاری اثاثوں کی فروخت پر منافع تھا۔

مہنگائی کے دباؤ اور اجناس کی بڑھتی ہوئی قیمتوں جیسے چیلنجوں کے باوجود، بینک نے لاگت پر قابو پانے کے اقدامات کی مسلسل نگرانی اور نفاذ کے ذریعے اپنے آپریٹنگ اخراجات پر محتاط کنٹرول کا کامیابی سے مظاہرہ کیا۔ 2024ء کی شاہی کے لیے اوسط سی پی آئی مہنگائی 18.97 فیصد تھی، لیکن بینک گزشتہ برس کی اسی مدت کے مقابلے میں اپنے آپریٹنگ اخراجات میں اضافے کو 15.33 فیصد تک محدود رکھنے میں کامیاب رہا۔ بینک کے مجموعی نان مارک اپ اخراجات 3.844 ارب روپے تھے جو گزشتہ سال کے اسی عرصے میں 3.333 ارب روپے تھے۔

رواں مدت کے دوران 1.724 ارب روپے کا خالص ترمیمی اسٹیز داؤ (reversal) درج کیا گیا جو قبل ازیں تقابلی مدت کے 0.832 ارب روپے کے مقابلے میں نمایاں بہتری کو ظاہر کرتا ہے۔

30 جون 2024ء تک بینک کے مجموعی غیر فعال قرضوں کا تناسب (مجموعی ایڈوانسز کے لیے مجموعی غیر فعال قرضے) معمولی اضافے سے 69.44 فیصد ہو گیا جبکہ 31 ستمبر 2023ء کو یہ 68.50 فیصد تھا، اس اضافے کی بنیادی وجہ مجموعی قرضوں میں 3.231 ارب روپے کی کمی ہے۔ مزید برآں، جون 2024ء میں کوریج کا تناسب دسمبر 2023ء کے 94.31 فیصد کے مقابلے میں بہتر ہو کر 96.01 فیصد ہو گیا۔ بینک کے مجموعی ایڈوانسز اور ڈپازٹس کا تناسب (مجموعی ایڈوانسز اور مجموعی امانتیں) دسمبر 2023ء کے 33.74 فیصد سے کم ہو کر جون 2024ء میں 28.53 فیصد رہ گیا، جو خطرے سے گریز کے اسٹریٹجک نقطہ نظر کی عکاسی کرتا ہے۔

30 جون 2024ء تک بینک کے موخر ٹیکس اثاثے (خالص) 24.814 ارب روپے تھے۔ رواں مدت میں 1.559 ارب روپے کے اضافی موخر ٹیکس اثاثوں (خالص) کی نشاندہی کی گئی۔

ڈائریکٹرز کا جائزہ

عزیز شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز کی جانب سے، ہم بینک کی 30 جون 2024ء کو اختتام پذیر ہونے والی ششماہی کے لیے ڈائریکٹرز کا جائزہ اور غیر آڈٹ شدہ جامع عبوری مالی گوشارے پیش کرتے ہیں:

بینک کی کارکردگی

30 جون 2024ء کو اختتام پذیر ہونے والی ششماہی کے لیے بینک کے مالی نتائج کی جھلکیاں مندرجہ ذیل ہیں:

ملین روپے	مالی صورت حال
(15,481)	شیئر ہولڈرز کی ایکویٹی
174,261	امانتیں
284,531	مجموعی اثاثے
16,383	ایڈوانسز - خالص
196,945	سرمایہ کاریاں - خالص

مالی کارکردگی

(315)	خالص سودی آمدنی اور غیر سودی آمدنی (مجموعی آمدنی)
3,844	غیر سودی اخراجات
(1,724)	استرداد / تمویں اور متروکات - خالص
2,436	خسارہ قبل از ٹیکس
1,442	خسارہ بعد از ٹیکس
(0.27)	خسارہ فی شیئر بنیادی اور سیال (diluted) - روپے

اگرچہ بینک کے مالی بیانات 30 جون 2024ء کو اختتام پذیر ہونے والی ششماہی کے دوران خسارہ ظاہر کرتے ہیں، تاہم یہ بات تسلیم کرنا ضروری ہے کہ گذشتہ برس کی اسی مدت کے مقابلے میں مختلف شعبوں میں پیش رفت ہوئی ہے۔ قبل از ٹیکس خسارہ 2,741 ارب روپے سے کم ہو کر 2,436 ارب روپے رہ گیا جو 2024ء کی پہلی ششماہی کے دوران 1,442 ارب روپے کے بعد از ٹیکس منافع کے ساتھ مالی کارکردگی میں بہتری کو ظاہر کرتا ہے جبکہ گذشتہ سال کی اسی مدت میں 1,722 ارب روپے کا نقصان ہوا تھا۔ نتیجتاً فی حصص خسارہ کم ہو کر 0.27 روپے رہ گیا جو تقابلی مدت میں 0.43 روپے تھا۔

اوسط خالص سرمایہ کاری میں نمایاں بہتری آئی ہے جس کی وجہ ڈیپازٹس میں اضافہ ہے۔ نتیجتاً، اوسط خالص سرمایہ کاری بڑھ کر 184.767 ارب روپے ہو گئی جو گذشتہ برس کی اسی مدت میں 86.585 ارب روپے تھی۔ خالص اوسط سرمایہ کاری یافتوں میں اضافے کی وجہ سے خالص اوسط سرمایہ کاریاں نمایاں طور پر بڑھ گئیں، جو موجودہ مدت کے دوران 21.81 فیصد ہو گئیں جبکہ گذشتہ برس کی اسی مدت میں 19.77 فیصد تھیں۔ حجم اور یافتوں دونوں میں اس نمو کے نتیجے میں بینک کی سرمایہ کاریوں سے ہونے والی آمدنی میں خاطر خواہ اضافہ ہو گیا جو موجودہ مدت کے دوران 20.036 ارب روپے تک پہنچ گئی جبکہ سابقہ تقابلی مدت میں یہ 8.490 ارب روپے تھی۔

**UNCONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)**

**FOR THE HALF YEAR ENDED
JUNE 30, 2024**

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF BANK MAKRAMAH LIMITED

REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Bank Makramah Limited (the Bank) as at June 30, 2024 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to the following matters:

- As disclosed in note 1.3 to the unconsolidated condensed interim financial statements, During the half year ended, the Bank has incurred a net loss of Rs. 1,442.432 million resulting in accumulated losses of Rs. 49,030.665 million and negative equity of Rs. 15,480.594 million. As per the applicable laws and regulations, the Bank is required to maintain Minimum Paid-up Capital (net of losses) (MCR) of Rs. 10 billion, Capital Adequacy Ratio (CAR) at 11.50% (inclusive of Capital Conservation Buffer of 1.50%), Leverage Ratio (LR) at 3.00%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100% as of June 30, 2024. However, the paid up capital of the Bank (net of losses), CAR and LR are negative. These conditions, along with other matters as set forth in note 1.3, indicates the existence of material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern.

- As disclosed in note 13.1 to the unconsolidated condensed interim financial statements, the Bank has recognized deferred tax asset of Rs. 24,418.292 million which is considered realizable based on financial projections of taxable profits for five years. The preparation of financial projection involves management assumptions regarding future business and economic conditions and therefore any significant change in assumptions or actual outcome that is different from assumptions, may have effect on realisability of the deferred tax asset in future.
- As disclosed in note 14.1 to the unconsolidated condensed interim financial statements, the Bank holds an immovable property which is in contravention with the provisions of Banking Companies Ordinance, 1962.

Our conclusion is not modified in respect of the matters stated above.

Other Matter

- The figures for the quarters ended June 30, 2024 and June 30, 2023 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income and figures for half year ended December 31, 2023 in unconsolidated condensed interim statement of changes in equity have not been subject to review and therefore, we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Nadeem Yousuf Adil.

Chartered Accountants

Place: Karachi

Date: August 28, 2024

UDIN: RR202410091htC6jZVMO

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	6	16,777,837	14,463,417
Balances with other banks	7	1,950,350	601,877
Lendings to financial institutions		-	-
Investments	8	196,945,358	179,899,952
Advances	9	16,383,298	18,735,149
Property and equipment	10	7,099,402	7,210,016
Right-of-use assets	11	2,430,303	2,721,205
Intangible assets	12	279,955	262,203
Deferred tax assets	13	24,814,292	23,255,236
Other assets	14	17,850,434	41,475,212
Total Assets		284,531,229	288,624,267
LIABILITIES			
Bills payable	16	1,870,682	2,162,537
Borrowings	17	112,151,136	130,369,330
Deposits and other accounts	18	174,260,787	156,960,280
Lease liabilities	19	3,129,155	3,348,737
Subordinated debt	20	1,495,515	1,495,515
Deferred tax liabilities		-	-
Other liabilities	21	7,104,548	7,100,434
Total Liabilities		300,011,823	301,436,833
NET ASSETS		<u>(15,480,594)</u>	<u>(12,812,566)</u>
REPRESENTED BY			
Share capital - net		30,500,208	30,500,208
Reserves		(425,043)	(425,043)
Surplus / (deficit) on revaluation of assets	22	3,474,906	3,970,837
Accumulated losses		(49,030,665)	(46,858,568)
		<u>(15,480,594)</u>	<u>(12,812,566)</u>

CONTINGENCIES AND COMMITMENTS

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

President / Chief Executive

Chief Financial Officer

Director

Director

Director

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

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2024

Note	Quarter Ended		Half Year Ended		
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	
	----- (Rupees in '000) -----				
Mark-up / return / interest earned	24	11,042,762	6,492,251	21,794,799	10,101,642
Mark-up / return / interest expensed	25	12,199,935	7,098,711	23,893,140	11,118,546
Net Mark-up / interest expense		(1,157,173)	(606,460)	(2,098,341)	(1,016,904)
NON MARK -UP / INTEREST INCOME					
Fee and commission income	26	255,006	148,527	523,128	283,834
Dividend income		412	206	412	206
Foreign exchange income		154,294	225,673	296,424	588,979
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	27	97,766	24,425	272,234	(452,038)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income	28	669,243	340,950	690,766	356,806
Total non-markup / interest income		1,176,721	739,781	1,782,964	777,787
Total income		19,548	133,321	(315,377)	(239,117)
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	1,994,037	1,745,160	3,844,262	3,333,151
Workers' welfare fund		-	-	-	-
Other charges		104	61	104	181
Total non-markup / interest expenses		1,994,141	1,745,221	3,844,366	3,333,332
Loss before credit loss allowance / provisions		(1,974,593)	(1,611,900)	(4,159,743)	(3,572,449)
Credit loss allowance / reversals and write offs - net	31	(631,760)	(298,010)	(1,724,052)	(831,865)
Extra ordinary / unusual items		-	-	-	-
LOSS BEFORE TAXATION		(1,342,833)	(1,313,890)	(2,435,691)	(2,740,584)
Taxation	32	(712,235)	(520,018)	(993,259)	(1,018,792)
LOSS AFTER TAXATION		(630,598)	(793,872)	(1,442,432)	(1,721,792)
----- (Rupee) -----					
Basic loss per share	33	(0.12)	(0.08)	(0.27)	(0.43)
Diluted loss per share	33	(0.12)	(0.08)	(0.27)	(0.43)

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

President / Chief Executive

Chief Financial Officer

Director

Director

Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2024

	Quarter Ended		Half Year Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----			
Loss after taxation for the period	(630,598)	(793,872)	(1,442,432)	(1,721,792)
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of investments - net of tax	-	(34,075)	-	(150,152)
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	302,471	-	(330,703)	-
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of property and equipment - net of tax	18,383	9,662	27,766	19,320
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	(3)	-	5	-
Movement in surplus on revaluation of non-banking assets - net of tax	36,588	2,311	38,909	4,624
Movement in surplus on revaluation of non-banking assets - net of tax	-	15,613	-	15,613
	54,968	27,586	66,680	39,557
Total comprehensive loss	(575,630)	(800,361)	(1,706,455)	(1,832,387)

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

President / Chief Executive

Chief Financial Officer

Director

Director

Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED JUNE 30, 2024

	Share capital		Capital reserves		Statutory reserve	Surplus / (deficit) on revaluation of		Property & equipment / Non banking assets	Property held for sale	Accumulated losses	Total
	Issued, subscribed and paid up	Discount on issue of shares	Share premium	Reserve arising on amalgamation		Investments					
(Rupees in '000)											
Balance as at January 01, 2023 (Audited)	26,391,510	(5,891,316)	1,000,000	(1,579,205)	154,162	(6,149)	3,295,706	708,079	(41,721,679)	(7,646,892)	
Loss after taxation for six months period ended June 30, 2023	-	-	-	-	-	-	-	-	-	(1,721,792)	(1,721,792)
Other comprehensive income - net of tax	-	-	-	-	-	(150,162)	23,944	15,613	-	(110,595)	(110,595)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of property & equipment to accumulated losses	-	-	-	-	-	-	(49,536)	-	-	49,536	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	(11,866)	-	-	11,866	-
Transfer from surplus on revaluation of fixed assets on sale to accumulated losses	-	-	-	-	-	-	(39,415)	-	-	39,415	-
Transfer from surplus on revaluation of property held for sale to accumulated losses	-	-	-	-	-	-	(40,035)	-	-	40,035	-
Transactions with owners, recorded directly in equity											
Issue of share capital	39,840,695	(29,840,681)	-	-	-	-	-	-	-	(166,647)	(166,647)
Share issuance cost	-	-	-	-	-	-	-	-	-	-	-
Balance as at July 01, 2023 (Un-audited)	66,222,205	(35,721,997)	1,000,000	(1,579,205)	154,162	(156,301)	3,218,643	683,657	(43,469,276)	(9,647,912)	
Loss after taxation for the six months period ended December 31, 2023	-	-	-	-	-	-	-	-	-	(3,596,824)	(3,596,824)
Other comprehensive income - net of tax	-	-	-	-	-	338,303	43,031	-	-	50,836	432,170
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of property & equipment to accumulated losses	-	-	-	-	-	-	(49,324)	-	-	49,324	-
Transfer in respect of incremental depreciation from surplus revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	(11,755)	-	-	11,755	-
Transfer from surplus on revaluation of property & equipment on sale to accumulated losses	-	-	-	-	-	-	(95,617)	-	-	95,617	-
Transfer from surplus on revaluation of property held for sale to accumulated losses	-	-	-	-	-	-	-	-	-	-	-
Balance as at January 01, 2024 (Audited)	66,222,205	(35,721,997)	1,000,000	(1,579,205)	154,162	182,002	3,105,178	683,657	(46,819,568)	(12,812,566)	
Effect of adoption of IFRS 9 - ECL (net of tax) - Note 4.12	-	-	-	-	-	(60,943)	-	-	(9,000,630)	(961,573)	
Loss after taxation for six months period ended June 30, 2024	-	-	-	-	-	-	-	-	(1,442,432)	(1,442,432)	
Other comprehensive income - net of tax	-	-	-	-	-	(330,698)	66,675	-	-	(264,023)	
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to accumulated losses	-	-	-	-	-	-	(48,061)	-	-	48,061	-
Transfer in respect of incremental depreciation from surplus revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	(11,904)	-	-	11,904	-
Transfer from surplus on revaluation of property and equipment on sale to accumulated losses	-	-	-	-	-	-	(23,135)	-	-	23,135	-
Transfer from surplus on revaluation of non-banking assets on sale to accumulated losses	-	-	-	-	-	-	(87,985)	-	-	87,985	-
Balance as at June 30, 2024 (Un-audited)	66,222,205	(35,721,997)	1,000,000	(1,579,205)	154,162	(209,631)	3,000,888	683,657	(49,030,665)	(15,460,594)	

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

President / Chief Executive

Chief Financial Officer

Director

Director

Director

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023
Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(2,435,691)	(2,740,584)
Less: Dividend income	(412)	(206)
	<u>(2,436,103)</u>	<u>(2,740,790)</u>
Adjustments:		
Depreciation on property and equipment	206,410	211,186
Depreciation on right-of-use assets	270,730	297,207
Depreciation on non-banking assets	32,248	32,607
Finance charges on leased assets	221,870	212,531
Amortization	15,380	11,604
Credit loss allowance / reversals and write offs - net	(1,723,485)	(831,438)
Gain on forward exchange contracts	(23,598)	13,072
Charge for defined benefit plan	39,723	25,009
Charge for employees compensated absences	11,997	10,392
Gain on termination of lease contracts under IFRS 16	(36,161)	(35,006)
Gain on sale of property and equipment	(46,552)	(196,725)
Gain on sale of non banking assets	(604,317)	-
Gain on partial sale of HFS property	-	(116,794)
	<u>(1,635,755)</u>	<u>(366,355)</u>
	<u>(4,071,858)</u>	<u>(3,107,145)</u>
Decrease in operating assets		
Lendings to financial institutions	-	8,477,090
Advances	3,230,680	2,020,391
Others assets (excluding advance taxation)	23,305,234	(2,380,518)
	<u>26,535,914</u>	<u>8,116,963</u>
Increase in operating liabilities		
Bills payable	(291,855)	(167,597)
Borrowings from financial institutions	(18,216,758)	71,490,726
Deposits	17,300,507	19,545,368
Other liabilities (excluding current taxation)	(143,576)	1,700,323
	<u>(1,351,682)</u>	<u>92,568,820</u>
Payment on account of staff retirement benefits	(31,911)	96,963
Income tax paid	(307,986)	(121,650)
Net cash generated from operating activities	<u>20,772,477</u>	<u>97,553,951</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net Investments in securities classified as FVOCI	(17,587,536)	-
Net Investments in securities classified as available for sale securities	-	(104,131,412)
Dividends received	412	206
Investments in property and equipment	(29,323)	(67,164)
Investments in intangible assets	(33,132)	(15,161)
Proceeds from sale of property and equipment	80,081	342,487
Proceeds from sale of non-banking assets	948,212	-
Proceeds from partial sale of HFS property	-	302,877
Net cash used in investing activities	<u>(16,721,286)</u>	<u>(103,568,167)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations against right-of-use assets	(385,118)	(449,802)
Issue of share capital	-	10,000,014
Share issuance cost	-	(166,647)
Net cash (used in) / generated flow financing activities	<u>(385,118)</u>	<u>9,383,565</u>
Effect of exchange rate changes on cash and cash equivalents	(30,379)	561,117
Increase in cash and cash equivalents	<u>3,635,694</u>	<u>3,930,466</u>
Cash and cash equivalents at beginning of the year	15,089,278	13,443,058
Cash and cash equivalents at end of the period	<u>18,724,972</u>	<u>17,373,524</u>

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

President / Chief Executive

Chief Financial Officer

Director

Director

Director

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2024

1. STATUS AND NATURE OF BUSINESS

1.1 Bank Makramah Limited (the Bank), is a banking company incorporated in Pakistan on December 09, 2005 as a public company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Bank's registered office is situated at Plot No. 9-C, F-6 Markaz, Supermarket, Islamabad, Pakistan and its principal office is situated at Summit Tower, Plot No. G-2, Block 2, Scheme 5, Clifton, Karachi, Pakistan.

The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through its 149 Conventional Banking Branches and 12 Islamic Banking Branches (December 31, 2023: 164 Conventional Banking Branches and 13 Islamic Banking Branches) in Pakistan.

1.2 In 2019, VIS Credit Rating Company Limited suspended the Bank's medium to long-term rating of 'BBB -' (Triple B Minus) and its short-term rating of 'A-3' (A-Three). The Bank has initiated the rating process with VIS Credit Rating Company Limited and requested the State Bank of Pakistan (SBP) to allow completion of the credit rating exercise by September 30, 2024.

VIS Credit Rating Company Limited has issued a new rating scale for Tier-2 capital instruments. Consequently, the Bank's TFC rating has been adjusted to 'B' (Single B) with a 'Rating Watch-Negative' outlook, as stated in their press release dated June 27, 2023. Previously, the Bank's TFC rating was assigned 'D' (Default) due to non-payment of its latest mark-up payment on account of lock-in clause invoked by the Bank under the applicable Regulations of SBP.

1.3 During the half year ended, the Bank has incurred a net loss of Rs. 1,442.432 million resulting in accumulated losses of Rs. 49,030.665 million and negative equity of Rs. 15,480.594 million. As per the applicable laws and regulations, the Bank is required to maintain Minimum Paid-up Capital (net of losses) (MCR) of Rs. 10 billion, Capital Adequacy Ratio (CAR) at 11.50% (inclusive of Capital Conservation Buffer of 1.50%), Leverage Ratio (LR) at 3.00%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100% as of June 30, 2024. However, the paid up capital of the Bank (net of losses), CAR and LR are negative.

The aforementioned conditions indicate the existence of material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern and, therefore, the Bank may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the Bank is making its best efforts to comply with the applicable capital requirements and has successfully increased its capital. To achieve this, the management has prepared a business plan, which has been approved by the Board. This plan aims to improve the Bank's capital base and risk absorption capacity, achieve compliance with applicable regulatory requirements and provide impetus to its future growth initiatives. The key assumptions considered in the business plan are as follows:

- Injection of capital;
- Sale of a portion of self-constructed property on the plot of land bearing No. G-2, Block2, Scheme No: 5;
- Reaping benefits from the expected growth of Islamic finance in Pakistan since the Bank will speed-up the implementation process of its earlier decision of conversion to a full-fledged Islamic bank;

- Recoveries from non-performing advances through strenuous and focused recovery efforts;
- Reduction in overall level of non-earning assets held by the Bank;
- Identifying opportunities for rationalization of the cost structure;
- Improvement in the risk management and technological infrastructure of the Bank to support the business plan;
- Investments / exposures in safe avenues for achieving solid growth in the core business income; and
- Income generation through avenues for mark up income and non-mark up income.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan 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;
- 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 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 SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies till further instructions. Moreover, SBP vide BPRD Circular no. 4 of 2015, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, the SECP, through S.R.O. 411(1)/2008 dated April 28, 2008 has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures', to 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 prescribed by the SBP through various circulars.

These unconsolidated condensed interim financial statements represent separate financial statements of Bank Makramah Limited in which investment in subsidiary are accounted for on the basis of direct equity interest rather on the basis of reported results. Accordingly, the consolidated condensed interim financial statements have been presented separately.

2.2 Key financial figures of the Islamic banking branches are disclosed in Note 39 to these unconsolidated condensed interim financial statements.

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

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

IFRS 9 'Financial Instruments', became effective for annual reporting on or after January 01, 2024. The impact of adaptation of IFRS 9 on the Bank's condensed interim financial statements is disclosed in note 4.1.2.

In addition, there are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2024. These are considered either not to be relevant or not to have any significant impact on the Bank's operations and therefore are not detailed in these unconsolidated financial statements.

2.5 Standards, interpretations of and amendments to existing accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for the accounting periods as stated below:

<u>Standard, Interpretation or Amendment</u>	<u>Effective date (annual periods beginning on or after)</u>
Lack of Exchangeability - Amendments to IAS 21	January 01, 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Deferred indefinitely

2.6 Critical accounting estimates and judgments

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

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention, except for:

- Certain property & equipment and non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation / impairment.
- Investments classified as FVTPL and FVOCI, which are measured at fair value.
- Commitments in respect of forward exchange contracts, which are measured at fair value.

- Right-of-use assets and their related lease liabilities, which are measured at their present value adjusted for depreciation, interest cost and lease repayments.
- Net obligation in respect of defined benefit scheme, which is measured at their present value.

3.2 Functional and Presentation Currency

These unconsolidated condensed interim financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the unconsolidated financial statements for the year ended December 31, 2023 except as disclosed in note 4.1.

4.1 Changes in accounting policies - IFRS 9 Financial Instruments

Classification of Financial Assets

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

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

Classification of Equity Instruments

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

Classification of other Financial Assets

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

Amortised Cost: These will be classified as amortised cost if the objective is to hold the asset only for collecting contractual cash flows (principal and interest).

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

FVTPL: This includes financial assets:

- which are not classified as either at amortised cost or FVOCI;
- which do not have fixed maturity

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

Subsequent Measurement

Equity and debt securities classified as FVTPL

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

Equity and debt securities classified as FVOCI

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

Other financial assets classified at amortised cost

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

Derecognition of financial assets

Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loan is classified as Stage 1 for ECL measurement purposes, unless it is deemed to be purchased originated credit impaired. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers qualitative factors such as change in currency of the loan, introduction of an equity feature, change in counterparty, or if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

The gain / (loss) on derecognition of financial asset has been calculated as the difference between the book value (including impairment) and the proceeds received.

Derecognition other than due to substantial modification of terms and conditions

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Classification of Financial Liabilities

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

Financial liabilities classified as FVTPL are measured at fair value.

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Impairment

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

Equity securities are not subject to impairment.

4.1.1 Change in reporting format

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023 and BPRD Circular letter No. 07 dated April 13, 2023, issued the revised formats for the preparation of the annual and interim financial information of the banks which are applicable for quarterly / half yearly periods beginning on or after January 01, 2024 (previously January 01, 2023). The implementation of the revised formats has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial information. Right of use assets and corresponding Lease Liability are now presented separately on the face of Statement of financial position. Previously they were presented under Property and Equipment (previously titled Fixed Assets) and Other Liabilities respectively. As a result of the this change, the Property and Equipment of the Bank decreased by Rs 2,615.198 million and Rs 2,430.303 million as of June 30, 2024 and December 31, 2023 respectively. Further, Other liabilities of the Bank decreased by Rs 3,129.155 million and Rs 3,348.737 as of June 30, 2024 and December 31, 2023 respectively.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified (Note 40).

4.1.2 Impact of IFRS 9- Financial Instruments

The Bank has opted for modified retrospective approach and has not restated comparative figures as permitted by the transitional provisions of IFRS 9. The impacts of the IFRS - 9 to the carrying amounts of financial assets and liabilities at the date of transition are recognised in the opening retained earnings and other reserves at the beginning of the current year without restating the comparative.

For disclosures in the notes to the condensed interim financial statements, the consequential amendments to IFRS 7 disclosures as a result of adoption of IFRS 9 have also been applied to the current period only. The comparative period disclosures are in line with the disclosures made in the prior period / year.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

The Bank has adopted IFRS 9 effective January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application is of Rs. 961.573 million has been recorded as an adjustment to equity at the beginning of the current accounting period. Details of impact of initial application are tabulated below:

	Balances as of		Impact due to:		Balances as of	IFRS 9 Category
	December 31, 2023	Recognition Expected Credit Losses	Adoption of revised classifications under IFRS 9	January 1, 2024 Restated		
ASSETS						
Cash and balances with treasury banks	14,463,417	-	-	14,463,417	Amortized Cost	
Balances with other banks	601,877	(501)	-	601,376	Amortized Cost	
Lendings to financial institutions	-	-	-	-	Amortized Cost	
Investments						
- Classified as Available for sale	179,668,201	-	(179,668,201)	-		
- Classified as FVOCI	-	-	179,668,201	179,668,201	FVOCI	
- Subsidiary	231,751	-	-	231,751	Not applicable	
Advances	18,735,149	(852,060)	-	17,883,089	Amortized Cost	
Property and equipment	7,210,016	-	-	7,210,016	Outside scope of IFRS 9	
Right-of-use assets	2,721,205	-	-	2,721,205	Outside scope of IFRS 9	
Intangible assets	262,203	-	-	262,203	Outside scope of IFRS 9	
Deferred tax assets	23,255,236	-	-	23,255,236	Outside scope of IFRS 9	
Other assets - Financial Assets	33,507,356	-	-	33,507,356	Amortized Cost / FVOCI*	
Other assets - Non Financial Assets	7,967,856	-	-	7,967,856	Outside scope of IFRS 9	
Total Assets	288,624,267	(852,561)	-	287,771,706		
LIABILITIES						
Bills payable	2,162,537	-	-	2,162,537	Amortized Cost	
Borrowings	130,369,330	-	-	130,369,330	Amortized Cost	
Deposits and other accounts	156,960,280	-	-	156,960,280	Amortized Cost	
Lease liabilities	3,348,737	-	-	3,348,737	Outside scope of IFRS 9	
Subordinated debt	1,495,515	-	-	1,495,515	Amortized Cost	
Deferred tax liabilities	-	-	-	-	Outside scope of IFRS 9	
Other liabilities - Financial Liabilities	5,931,521	109,012	-	6,040,533	Amortized Cost	
Other liabilities - Non-financial Liabilities	1,168,913	-	-	1,168,913	Outside scope of IFRS 9	
Total Liabilities	301,436,833	109,012	-	301,545,845		
NET ASSETS	(12,812,566)	(961,573)	-	(13,774,139)		
REPRESENTED BY						
Share capital - net	30,500,208	-	-	30,500,208	Outside scope of IFRS 9	
Reserves	(425,043)	-	-	(425,043)	Outside scope of IFRS 9	
Surplus / (deficit) on revaluation of assets	3,970,837	-	(60,943)	3,909,894	Outside scope of IFRS 9	
Accumulated losses	(46,858,568)	(961,573)	60,943	(47,759,198)	Outside scope of IFRS 9	
	(12,812,566)	(961,573)	-	(13,774,139)		

* Profit / return accrued is based on classification of underlying financial assets. Remaining other assets are classified as Amortized cost.

5. FINANCIAL RISK MANAGEMENT

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

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	4,446,802	4,607,634
Foreign currency	444,686	473,765
	4,891,488	5,081,399
With State Bank of Pakistan in		
Local currency current account	9,801,675	7,809,752
Foreign currency current account	461,490	501,148
Foreign currency deposit account	596,444	645,616
	10,859,609	8,956,516
With National Bank of Pakistan in Local currency current account	1,013,147	400,275
Prize bonds	13,593	25,227
Less: Credit loss allowance held against cash and balances with treasury banks	-	-
Cash and balances with treasury banks - net of credit loss allowance	<u>16,777,837</u>	<u>14,463,417</u>

7. BALANCES WITH OTHER BANKS

In Pakistan		
In current account	17,112	12,830
In deposit account	-	-
	17,112	12,830
Outside Pakistan		
In current account	1,859,055	512,159
In deposit account	75,927	76,888
	1,934,982	589,047
Less: Credit loss allowance held against balances with other banks	(1,744)	-
Balances with other banks - net of credit loss allowance	<u>1,950,350</u>	<u>601,877</u>

8. INVESTMENTS

June 30, 2024 (Un-audited)

81 Investments by type:

Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
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FVOCI

Federal Government Securities

- Market Treasury Bills	124,916	-	649	125,565
- Pakistan Investment Bonds	146,904,132	-	(270,321)	146,633,811
- GoP Ijarah Sukuks	47,634,812	-	68,297	47,703,109

Shares

- Fully paid up ordinary shares - Listed	99,922	-	(99,901)	21
- Fully paid up ordinary shares - Unlisted	2,830	(1,000)	-	1,830
- Preference shares - Unlisted	46,035	(46,035)	-	-

Non Government Debt Securities

- Term Finance Certificates	1,542,217	(1,542,217)	-	-
- Sukuk Bonds	2,491,667	(200,000)	(42,396)	2,249,271

198,846,531 (1,789,252) (343,672) 196,713,607

Subsidiary

396,942 (165,191) - 231,751

Total Investments

199,243,473 (1,954,443) (343,672) 196,945,358

December 31, 2023 (Audited)

Investments by type:

Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
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Available-for-sale securities

Federal Government Securities

- Market Treasury Bills	25,272,804	-	12,008	25,284,812
- Pakistan Investment Bonds	108,328,519	-	(10,996)	108,317,523
- GoP Ijarah Sukuks	43,396,876	-	341,195	43,738,071

Shares

- Fully paid up ordinary shares - Listed	99,922	(99,906)	(2)	14
- Fully paid up ordinary shares - Unlisted	2,830	(1,000)	-	1,830
- Preference shares - Unlisted	46,035	(46,035)	-	-

Non Government Debt Securities

- Term Finance Certificates	1,542,217	(1,542,217)	-	-
- Sukuk Bonds	2,569,792	(200,000)	(43,841)	2,325,951

181,258,995 (1,889,158) 298,364 179,668,201

Subsidiary

396,942 (165,191) - 231,751

Total Investments

181,655,937 (2,054,349) 298,364 179,899,952

(Un-audited) (Audited)
June 30, December 31,
2024 2023

----- (Rupees in '000) -----

81.1 Investments given as collateral - Market Value

Market Treasury Bills	-	19,453,473
Pakistan Investment Bonds	105,574,879	104,870,972
	<u>105,574,879</u>	<u>124,324,445</u>

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
8.2 Credit loss allowance / provision for diminution in value of investments		
Opening balance	2,054,349	4,176,071
Impact of reclassification on adoption of IFRS 9	(99,906)	-
Charge / reversals		
Charge for the period / year	-	26,943
Reversals for the period / year	-	(23,569)
Reversal on disposals	-	(2,125,096)
	-	(2,121,722)
Closing balance	<u>1,954,443</u>	<u>2,054,349</u>

8.3 Particulars of credit loss allowance / provision against debt securities

Category of classification	June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
	Outstanding amount	Credit loss allowance Held	Non performing investment	Provision
----- (Rupees in '000) -----				
Domestic				
Performing	Stage 1	-	-	-
Underperforming	Stage 2	-	-	-
Non-performing	Stage 3	-	-	-
Loss		<u>1,742,217</u>	<u>1,742,217</u>	<u>1,742,217</u>
		<u>1,742,217</u>	<u>1,742,217</u>	<u>1,742,217</u>

9. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Note ----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	12,677,917	13,596,524	34,201,211	35,952,899	46,879,128	49,549,423
Islamic financing and related assets	2,269,381	2,439,460	279,549	274,364	2,548,930	2,713,824
Bills discounted and purchased	245,244	641,308	47,089	47,089	292,333	688,397
Advances - gross	<u>15,192,542</u>	<u>16,677,292</u>	<u>34,527,849</u>	<u>36,274,352</u>	<u>49,720,391</u>	<u>52,951,644</u>
Credit loss allowance / provision against advances						
- Specific	-	-	-	(34,211,166)	-	(34,211,166)
- General	-	(5,329)	-	-	-	(5,329)
- Stage 1	(5,099)	-	-	-	(5,099)	-
- Stage 2	(181,236)	-	-	-	(181,236)	-
- Stage 3	-	-	(33,150,758)	-	(33,150,758)	-
	<u>(186,335)</u>	<u>(5,329)</u>	<u>(33,150,758)</u>	<u>(34,211,166)</u>	<u>(33,337,093)</u>	<u>(34,216,495)</u>
Advances - net of credit loss allowance / provision	<u>15,006,207</u>	<u>16,671,963</u>	<u>1,377,091</u>	<u>2,063,186</u>	<u>16,383,298</u>	<u>18,735,149</u>

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
9.1 Particulars of advances (Gross)	----- (Rupees in '000) -----	
In local currency	49,486,061	52,311,597
In foreign currencies	234,330	640,047
	<u>49,720,391</u>	<u>52,951,644</u>

9.2 Advances include Rs. 34,527.849 million (December 31, 2023: Rs. 36,274.352 million) which have been placed under non-performing / Stag 3 status as detailed below:

Category of Classification	June 30, 2024 (Un-audited)	
	Non Performing Loans	Credit loss allowance
	----- (Rupees in '000) -----	
Domestic		
Other Assets Especially Mentioned	1,757	202
Substandard	50,982	24,668
Doubtful	43,431	20,503
Loss	34,431,679	33,105,587
	<u>34,527,849</u>	<u>33,150,960</u>

Category of Classification	December 31, 2023 (Audited)	
	Non Performing Loans	Provision
	----- (Rupees in '000) -----	
Domestic		
Other Assets Especially Mentioned	11,034	657
Substandard	25,438	1,092
Doubtful	102,297	6,397
Loss	36,135,583	34,203,020
	<u>36,274,352</u>	<u>34,211,166</u>

9.3 Particulars of credit loss allowance / provisions against advances

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	----- (Rupees in '000) -----						
Opening balance	3,939	1,390	34,211,166	34,216,495	33,231,865	10,556	33,242,421
Impact of adoption of IFRS 9	39,060	92,134	720,866	852,060	-	-	-
Charge for the period / year	2,330	121,618	98,841	222,789	2,958,975	-	2,958,975
Reversals	(40,230)	(33,906)	(1,879,542)	(1,953,678)	(1,978,573)	(5,227)	(1,983,800)
	(37,900)	87,712	(1,780,701)	(1,730,889)	980,402	(5,227)	975,175
Amounts written off	-	-	(573)	(573)	(1,101)	-	(1,101)
Closing balance	<u>5,099</u>	<u>181,236</u>	<u>33,150,758</u>	<u>33,337,093</u>	<u>34,211,166</u>	<u>5,329</u>	<u>34,216,495</u>

9.3.1 Credit loss allowance for Stage 1 and Stage 2 represents credit loss allowance maintained against performing portfolio as required under IFRS 9.

9.3.2 The Bank has availed the Forced Sale Value (FSV) benefit of pledged stocks, mortgaged properties, plant and machinery, shares and Cash Margin / TDRs held as collateral against non-performing advances as allowed under the applicable Prudential Regulations issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 1,643.025 million (December 31, 2023: Rs. 1,982.581 million). The positive impact on the profit and loss account arising from availing this benefit - net of tax amounts to Rs. 1,002.245 million (December 31, 2023: Rs. 1,209.374 million). As per the applicable Prudential Regulations, the positive impact of FSV benefit is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

9.4 Advances - Particulars of credit loss allowance

	June 30, 2024 (Un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	----- (Rupees in '000) -----			
Opening balance	-	-	-	-
Impact of adoption of IFRS	42,999	93,524	34,932,032	35,068,555
New Advances	1,005	16,596	867	18,468
Advances derecognised or repaid	(28,876)	(24,334)	(531,977)	(585,187)
Transfer to stage 1	1,325	(8,127)	(813)	(7,615)
Transfer to stage 2	(1,344)	105,022	(1,346,752)	(1,253,074)
Transfer to stage 3	(10)	(1,445)	97,974	96,519
	(37,900)	87,712	(1,780,701)	(1,730,889)
Amounts written off / charged off	-	-	(573)	(573)
Closing balance	5,099	181,236	33,150,758	33,337,093

9.5 Advances - Category of classification

		June 30, 2024 (Un-audited)	
		Outstanding amount	Credit loss allowance Held
		----- (Rupees in '000) -----	
Performing	Stage 1	7,891,057	5,099
Underperforming	Stage 2	7,303,242	181,236
Non-Performing	Stage 3		
Substandard		50,982	24,668
Doubtful		43,431	20,503
Loss		34,431,679	33,105,587
Total		49,720,391	33,337,093

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
10. PROPERTY AND EQUIPMENT	Note ----- (Rupees in '000) -----		
Capital work-in-progress	10.1	61,395	71,286
Property and equipment		7,038,007	7,138,730
		<u>7,099,402</u>	<u>7,210,016</u>
10.1 Capital work-in-progress			
Civil works and related payments / progress billings		6,170	3,487
Advances and other payments to suppliers and contractors		55,225	67,799
Advances and other payments against capital work in progress considered doubtful		1,155,814	1,155,814
Less: Provision held there against		(1,155,814)	(1,155,814)
		-	-
		<u>61,395</u>	<u>71,286</u>
		(Un-audited)	
		June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----		
10.2 Additions to property and equipment			
The following additions have been made to property and equipment during the period:			
Capital work-in-progress - net		(9,891)	19,957
Property and equipment			
Building improvements		30,775	14,778
Furniture and fixture		4,831	2,316
Electrical, office and computer equipment		103,499	30,020
Vehicles		109	93
		139,214	47,207
		<u>129,323</u>	<u>67,164</u>
10.3 Disposal of property and equipment			
The net book value of property and equipment disposed off during the period is as follows:			
Leasehold land		-	70,000
Building on leasehold land		31,608	74,915
Building improvements		839	572
Furniture and fixture		207	-
Electrical, office and computer equipment		875	275
		<u>33,529</u>	<u>145,762</u>

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
11. RIGHT-OF-USE ASSETS	Note ----- (Rupees in '000) -----	
At January 01,		
Cost	5,553,456	5,195,266
Accumulated depreciation	<u>(2,832,251)</u>	<u>(2,241,870)</u>
Net carrying amount at January 01,	2,721,205	2,953,396
Additions during the period / year	62,430	581,344
Modifications during the period / year	(1,342)	9,197
Deletions during the period / year	(81,260)	(232,351)
Depreciation Charge for the period / year	(270,730)	(590,381)
Net Carrying amount	<u>2,430,303</u>	<u>2,721,205</u>

12. INTANGIBLE ASSETS

Capital work-in-progress	12.1	181,653	194,998
Intangible assets in use	12.2	98,302	67,205
		<u>279,955</u>	<u>262,203</u>

12.1 Capital work-in-progress

Advances to suppliers and contractors	181,653	194,998
Advances against capital work in progress considered doubtful	<u>142,522</u>	<u>142,522</u>
Less: Provision held there against	<u>(142,522)</u>	<u>(142,522)</u>
	-	-
	<u>181,653</u>	<u>194,998</u>

12.2 Intangible assets in use

Computer softwares	<u>98,302</u>	<u>67,205</u>
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12.3 Additions to intangible assets

The following additions have been made to intangible assets during the period:

	(Un-audited)	
	June 30, 2024	June 30, 2023
Capital work-in-progress - net	(13,345)	447
Directly purchased	46,477	14,714
	<u>33,132</u>	<u>15,161</u>

12.4 There were no disposals in intangible assets during the current and prior period.

13. DEFERRED TAX ASSETS

June 30, 2024 (Un-audited)

At January 01, 2024	IFRS - 9 transition impacts	Recognised in profit and loss account	Recognised in other comprehensive income	At June 30, 2024
---------------------	-----------------------------	---------------------------------------	--	------------------

(Rupees in '000)

Deductible Temporary Differences on

- Tax losses carried forward				
- Credit loss allowance against advances, off balance sheet etc.	15,511,202	-	1,266,237	-
- Credit loss allowance against Investment	9,002,927	-	11,445	-
- Provision against intangible assets	801,196	(38,963)	-	-
- Staff compensated absences	48,034	-	-	-
- Credit loss allowance against other assets	53,678	-	(429)	-
	166,759	-	-	-
	25,583,796	(38,963)	1,277,253	-

Taxable Temporary Differences on

- Surplus on revaluation of property & equipment	(1,074,691)	-	-	27,766
- Surplus on revaluation of investments	(116,362)	38,963	-	211,431
- Unrealized gain on forward exchange contracts	(10,047)	-	844	-
- Surplus on revaluation of property - held for sale	(437,092)	-	-	-
- Surplus on revaluation of non-banking assets	(313,821)	-	-	38,909
- Accelerated tax depreciation	(376,547)	-	2,853	-
	(2,328,560)	38,963	3,697	278,106
	23,255,236	-	1,280,950	278,106
				24,814,292

December 31, 2023 (Audited)

At January 01, 2023	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2023
---------------------	---------------------------------------	--	----------------------

(Rupees in '000)

Deductible Temporary Differences on

- Tax losses carried forward	13,103,981	2,407,221	-	15,511,202
- Provision against advances, off balance sheet etc.	8,121,244	881,683	-	9,002,927
- Provision for impairment loss - Investment	1,628,668	(827,472)	-	801,196
- Provision against intangible assets	48,034	-	-	48,034
- Staff compensated absences	51,077	2,601	-	53,678
- Provision against other assets	166,759	-	-	166,759
	23,119,763	2,464,033	-	25,583,796

Taxable Temporary Differences on

- Surplus on revaluation of fixed assets	(1,151,581)	-	76,890	(1,074,691)
- Surplus on revaluation of investments	3,932	-	(120,294)	(116,362)
- Unrealized gain on forward exchange contracts	(142)	(9,905)	-	(10,047)
- Surplus on revaluation of property - held for sale	(452,705)	-	15,613	(437,092)
- Surplus on revaluation of non-banking assets	(333,546)	-	19,725	(313,821)
- Accelerated tax depreciation	(403,990)	27,443	-	(376,547)
	(2,338,032)	17,538	(8,066)	(2,328,560)
	20,781,731	2,481,571	(8,066)	23,255,236

- 13.1 The net deferred tax asset has been recognized in accordance with the Bank's accounting policy. The management, based on financial projections, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realized. The projections includes certain key assumptions underlying management's estimation of profits. Any significant change in such assumptions may have effect on the recoverability of deferred tax asset. The management believes that it is probable that the Bank would be able to achieve the profits and consequently, the deferred tax amount will be fully realized in future.

14. OTHER ASSETS

(Un-audited) (Audited)
June 30, December 31,
2024 2023
Note ----- (Rupees in '000) -----

Income / mark-up accrued in local currency		8,514,015	7,915,376
Income / mark-up accrued in foreign currency		3,971	2,822
Advances, deposits, advance rent and other prepayments		457,901	370,131
Advance taxation (payments less provisions)		525,530	505,235
Non-banking assets acquired in satisfaction of claims		1,826,536	2,352,910
Branch adjustment account		99,758	-
Receivable from other banks against clearing and settlement		475,527	1,391,209
Receivable against Government Securities		-	23,000,000
Mark to market gain on forward foreign exchange contracts		37,867	27,833
Acceptances		376,449	409,685
Stationery and stamps on hand		6,657	6,792
Commission receivable on home remittance		-	184
Property - Held for sale	14.1	3,692,787	3,692,787
Others		842,003	709,558
		16,859,001	40,384,522
Less: Credit loss allowance / provision held against other assets	14.2	(834,218)	(834,729)
Other Assets (Net of credit loss allowance / provision)		16,024,783	39,549,793
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		704,902	804,670
Surplus on revaluation of property - held for sale		1,120,749	1,120,749
Other assets - total		17,850,434	41,475,212

14.1 This represents a portion of the Bank's self constructed property which has been earmarked for selling in the near future. This property is carried at lower of market value / fair value less cost to sell and carrying amount.

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Note ----- (Rupees in '000) -----		
14.2 Credit loss allowance / provision held against other assets		
Income / mark-up accrued in local currency	1,389	1,389
Advances, deposits, advance rent and other prepayments	98,008	98,008
Non-banking assets acquired in satisfaction of claims	360,107	360,107
Commission receivable on guarantees	9,880	9,880
Receivable from Dewan Group	45,310	45,310
Account receivable - sundry claims	156,035	156,546
Receivable from Speedway Fondmetal (Pakistan) Limited	25,694	25,694
Others	137,795	137,795
	834,218	834,729

14.2.1 Movement in credit loss allowance / provision held against other assets

Opening balance	834,729	832,810
Charge for the period / year	-	8,032
Reversals for the period / year	(511)	(6,000)
Amount written off	-	(113)
Closing balance	834,218	834,729

15. CONTINGENT ASSETS

There were no contingent assets at the balance sheet date.

16. BILLS PAYABLE

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
In Pakistan	1,870,682	2,162,537
Outside Pakistan	-	-
	<u>1,870,682</u>	<u>2,162,537</u>

17. BORROWINGS

Secured

Borrowings from State Bank of Pakistan
 - Under export refinance scheme
 - Under Islamic Export Refinance Scheme (IERF)
 - Under long-term financing facility
 - Refinance facility for modernization of SMEs
 - Repurchase agreement borrowings

4,690,150	4,691,400
90,000	90,000
156,874	239,398
589	1,100
<u>107,208,564</u>	<u>123,027,721</u>
112,146,177	128,049,619

Repurchase agreement borrowings

-

Total secured

112,146,177

Unsecured

Overdrawn nostro accounts

4,959

112,151,136

130,369,330

18. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	48,158,220	1,785,999	49,944,219	43,315,999	1,722,463	45,038,462
Savings deposits	98,329,956	1,495,350	99,825,306	84,046,183	2,168,138	86,214,321
Term deposits	12,124,343	3,401,091	15,525,434	14,520,225	3,489,167	18,009,392
Others	4,637,523	43,773	4,681,296	4,110,091	44,326	4,154,417
	<u>163,250,042</u>	<u>6,726,213</u>	<u>169,976,255</u>	<u>145,992,498</u>	<u>7,424,094</u>	<u>153,416,592</u>
Financial institutions						
Current deposits	206,268	47,648	253,916	230,114	43,445	273,559
Savings deposits	3,049,046	-	3,049,046	2,494,955	8	2,494,963
Term deposits	875,811	105,759	981,570	668,059	107,107	775,166
Others	-	-	-	-	-	-
	<u>4,131,125</u>	<u>153,407</u>	<u>4,284,532</u>	<u>3,393,128</u>	<u>150,560</u>	<u>3,543,688</u>
	<u>167,381,167</u>	<u>6,879,620</u>	<u>174,260,787</u>	<u>149,385,626</u>	<u>7,574,654</u>	<u>156,960,280</u>

19. LEASE LIABILITIES

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
Opening	3,348,737	3,494,834
Additions during the period / year	48,061	495,709
Deletion during the period / year	(117,422)	(311,302)
Lease payments including interest	(370,749)	(774,778)
Interest expense	221,870	435,077
Modifications	(1,342)	9,197
Closing	<u>3,129,155</u>	<u>3,348,737</u>

19.1 Liabilities Outstanding

Not later than one year	811,676	778,144
Later than one year and upto five years	1,784,010	1,890,404
Over five years	533,469	680,189
Total at the year end	<u>3,129,155</u>	<u>3,348,737</u>

20. SUBORDINATED DEBT

Issue amount	Rs.1,500,000,000
Issue date	October 27, 2011
Maturity date	October 27, 2022 (December 31, 2023: October 27, 2022)

These TFCs were issued by the Bank on October 27, 2011 for an initial tenure of seven years and maturity date of October 27, 2018. In order to protect the interest of the TFC Holders, the tenure of the TFC together with the payment of applicable redemption amounts were extended for fourth time by the Bank to October 27, 2019, October 27, 2020, October 27, 2021 and October 27, 2022 through the extraordinary resolutions passed by the TFC holders on November 19, 2018, April 10, 2019, November 20, 2019, October 22, 2020 and October 26, 2021. The Bank completed necessary regulatory formalities for these extensions and executed the amended Declaration of Trusts on July 23, 2019, September 23, 2020, July 09, 2021 and August 01, 2022. The final approval of these extensions were approved by the SBP vide its letters dated October 21, 2019, October 21, 2020, October 22, 2021 and October 24, 2022.

Subsequent to the approval granted by the TFC Holders (in their last meeting held on October 27, 2022) for extension in the maturity date and associated rescheduling of the coupon payments of the Term Finance Certificate upto October 27, 2023, the Bank after complying with all the applicable legal and regulatory requirements had furnished a formal request in SBP for seeking aforesaid extension which is currently under consideration and no formal SBP approval has been received.

Rating	'B' (Single B).
Security	Unsecured.
Redemption / profit payment frequency	The redemption / profit payment details are mentioned in the above maturity date clause.
Mark up	Base rate (6 months KIBOR - ask side) plus 325 bps.
Call option	The Bank had an option to call the TFC's subject to SBP's prior written approval, on any profit payment date after the 60th month from the last day of public subscription, with not less than 30 days prior notice to be given to the Trustee. The Call option once announced will not be revocable. Further, no premium will be paid to the TFC Holders in case the call option is exercised by the Bank.
Lock-in-clause	Neither interest nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase in the existing shortfall in MCR and CAR.

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Note	----- (Rupees in '000) -----	
21. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	3,788,751	4,236,243
Mark-up / return / interest payable in foreign currencies	4,533	1,625
Unearned income	67,302	71,476
Accrued expenses	155,144	110,084
Advance against sale of property	211,103	211,103
Acceptances	376,449	409,685
Unclaimed dividends	2,213	2,213
Mark to market loss on forward foreign exchange contracts	14,269	2,071
Payable to defined benefit plan	39,724	18,813
Charity fund balance	1,814	4,317
Branch adjustment account	-	29,074
Security deposits against lease	156,760	187,514
Payable to Bangladesh Bank	41,389	41,389
Payable to Rupali Bank - Bangladesh	16,293	16,293
Payable to vendors / creditors	434,473	367,873
Provision for compensated absences	136,535	137,637
Payable to Bank of Ceylon, Colombo	20,163	20,163
Retention money	508,657	542,370
Workers' welfare fund	13,360	13,360
Withholding taxes and government levies payable	298,388	261,913
Federal excise duty and sales tax payable	7,832	10,724
Commission payable on home remittances	72	213
Credit loss allowance against off-balance sheet obligations	21.1 113,612	-
Others	695,712	404,281
	<u>7,104,548</u>	<u>7,100,434</u>

21.1 Credit loss allowance against off-balance sheet obligations

Opening balance	-	-
Impact of adoption of IFRS 9	109,012	
Charge for the period / year	4,600	-
Reversals	-	-
	4,600	-
Amount written off	-	-
Closing balance	<u>113,612</u>	<u>-</u>

22. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of		
- Securities measured at FVOCI-Debt	8.1 (243,771)	-
- Securities measured at FVOCI-Equity	8.1 (99,901)	-
- Available for sale securities	-	298,364
- Property and equipment	3,617,824	3,689,020
- Non-banking assets acquired in satisfaction of claims	704,902	804,670
- Property - held for sale	1,120,749	1,120,749
	5,099,803	5,912,803
Deferred tax on surplus / (deficit) on revaluation of:		
- Securities measured at FVOCI-Debt	95,071	-
- Securities measured at FVOCI-Equity	38,961	-
- Available for sale securities	-	(116,362)
- Property and equipment	(1,046,925)	(1,074,691)
- Non-banking assets acquired in satisfaction of claims	(274,912)	(313,821)
- Property - held for sale	(437,092)	(437,092)
	(1,624,897)	(1,941,966)
	<u>3,474,906</u>	<u>3,970,837</u>

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	----- (Rupees in '000) -----	
23. CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	15,637,828	13,557,375
-Commitments	23.2	127,191,500	147,372,771
-Other contingent liabilities	23.3	22,298,808	22,748,472
		<u>165,128,136</u>	<u>183,678,618</u>
23.1 Guarantees:			
Financial guarantees		20,470	20,470
Performance guarantees		9,459,653	9,761,374
Other guarantees		6,157,705	3,775,531
		<u>15,637,828</u>	<u>13,557,375</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		7,759,245	8,868,111
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	6,073,133	6,935,713
- forward lending	23.2.2	6,013,817	5,985,317
Commitments for acquisition of:			
- property and equipment		34,168	109,562
- intangible assets		102,573	133,031
Other commitments	23.2.3	107,208,564	125,341,037
		<u>127,191,500</u>	<u>147,372,771</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		5,229,533	6,180,469
Sale		843,600	755,244
		<u>6,073,133</u>	<u>6,935,713</u>
23.2.2 Commitments in respect of forward lending			
Forward documentary bills		4,230,053	4,916,896
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	1,783,764	1,068,421
		<u>6,013,817</u>	<u>5,985,317</u>
23.2.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.			
		(Un-audited) June 30, 2024	(Audited) December 31, 2023
		----- (Rupees in '000) -----	
23.2.3 Other commitments			
Purchase (Repo)		107,208,564	125,341,037
23.3 Other contingent liabilities - claims against the Bank not acknowledged as debts		<u>22,298,808</u>	<u>22,748,472</u>
23.4 Contingency for tax payable			

Contingency related to tax payable is disclosed in note 32.2.

	(Un-audited) Half year ended	
	June 30, 2024	June 30, 2023
24. MARK-UP / RETURN / INTEREST EARNED	----- (Rupees in '000) -----	
On:		
Loans and advances	1,581,817	1,489,589
Investments	20,036,129	8,490,162
Lendings to financial institutions	142,020	90,948
Balances with banks	34,833	30,943
	<u>21,794,799</u>	<u>10,101,642</u>

Note

25. MARK-UP / RETURN / INTEREST EXPENSED

On:		
Deposits	10,717,553	6,406,894
Borrowings	12,469,861	3,930,187
Subordinated debt	186,263	158,192
Cost of foreign currency swaps against foreign currency deposits / borrowings	297,593	410,742
Finance cost of lease liability	221,870	212,531
	<u>23,893,140</u>	<u>11,118,546</u>

26. FEE AND COMMISSION INCOME

Branch banking customer fees	89,504	27,262
Consumer finance related fees	2,059	2,573
Card related fees (debit cards)	101,778	62,781
Credit related fees	859	1,223
Investment banking fees	-	1,322
Commission on trade	253,052	107,911
Commission on guarantees	62,464	55,693
Commission on cash management	158	21
Commission on remittances including home remittances	3,298	5,387
Commission on bancassurance	1,132	1,515
Alternate Delivery Channels	8,796	18,127
Others	28	19
	<u>523,128</u>	<u>283,834</u>

27. GAIN / (LOSS) ON SECURITIES

Realised	272,234	(452,038)
Unrealised - Measured at FVPL	-	-
	<u>272,234</u>	<u>(452,038)</u>

27.1 Realised gain / (loss) on:

Federal Government Securities	272,234	33,199
Shares	-	(485,237)
	<u>272,234</u>	<u>(452,038)</u>

	Note	(Un-audited) Half year ended	
		June 30, 2024	June 30, 2023
----- (Rupees in '000) -----			
28. OTHER INCOME			
Rent on property		3,103	3,238
Gain on sale of fixed assets - net		46,552	196,725
Gain on sale of non banking assets		604,317	-
Gain on partial sale of HFS property		-	116,794
Gain on sale of ijarah assets		623	527
Gain on termination of lease contracts under IFRS 16		36,161	35,006
Refund from Gratuity Fund		-	4,516
Others		10	-
		690,766	356,806
29. OPERATING EXPENSES			
Total compensation expense	29.1	1,318,650	1,133,266
Property expense			
Rent and taxes		59,516	41,755
Insurance - property		3,653	5,451
Insurance - non banking assets		460	392
Utilities cost		239,038	198,501
Security (including guards)		129,192	121,323
Repair and maintenance (including janitorial charges)		94,406	80,212
Depreciation on owned fixed assets		127,850	126,141
Depreciation on right-of-use assets		270,730	297,207
Depreciation on non banking assets		32,248	32,607
		957,093	903,589
Information technology expenses			
Software maintenance		121,484	73,775
Hardware maintenance		69,603	73,055
Depreciation on computer equipments		37,729	33,976
Amortisation of computer softwares		15,380	11,604
Network charges		46,564	47,268
Insurance		219	2,493
		290,979	242,171
Other operating expenses			
Directors' fees and allowances		18,000	14,700
Fees and allowances to Shariah Board		11,850	11,850
Legal and professional charges		72,740	40,250
Outsourced services costs		161,892	138,283
Travelling and conveyance		236,087	212,395
NIFT clearing charges		16,391	15,315
Depreciation		40,831	51,069
Training and development		2,915	3,877
Postage and courier charges		19,718	20,606
Communication		69,121	41,322
Stationery and printing		84,083	72,723
Marketing, advertisement and publicity		20,910	5,180
Brokerage and commission		21,165	18,344
Fee and subscription		121,244	76,585
Cash transportation and sorting charges		82,346	69,134
Entertainment		37,067	30,615
Insurance		86,527	74,343
Deposit insurance premium expense		91,122	67,432
Repair and maintenance		60,894	64,499
Auditors' remuneration		6,710	4,910
Others		15,927	20,693
		1,277,540	1,054,125
		3,844,262	3,333,151

	(Un-audited) Half year ended	
	June 30, 2024	June 30, 2023
29.1 Total compensation expense	Note	(Rupees in '000)
Fees and allowances etc.	9,922	7,522
Managerial remuneration		
i) Fixed	828,243	715,453
ii) Variable		
of which;		
a) Cash bonus / awards etc.	-	-
b) Incentives and commission	159	262
Charge for defined benefit plan	39,723	25,009
Contribution to defined contribution plan	42,262	38,386
Charge for employees compensated absences	11,997	10,392
Rent and house maintenance	266,828	231,112
Utilities	59,482	51,356
Medical	60,034	53,774
Total	1,318,650	1,133,266

30. OTHER CHARGES

Penalties imposed by State Bank of Pakistan	104	181
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31. CREDIT LOSS ALLOWANCE / REVERSALS AND WRITE OFFS - NET

Reversal of provision for diminution in value of investments	-	(510,278)
Credit loss allowance / reversal of provision against loans & advances	(1,730,889)	(328,339)
Credit loss allowance / provision against other assets	(511)	8,630
Operational loss	2,073	1,075
Recoveries against written off / charged off bad debts	(567)	(427)
Reversal of provision for advances and other payments against capital work in progress	-	(2,526)
Credit loss allowance against off-balance sheet obligations	4,600	-
Credit loss allowance on balance with other banks	1,242	-
	(1,724,052)	(831,865)

32. TAXATION

Current	32.1 & 32.2	287,691	134,133
Prior years		-	-
Deferred		(1,280,950)	(1,152,925)
		(993,259)	(1,018,792)

32.1 This represents the provision for minimum taxation made in accordance with the requirements of section 113 of the Income Tax Ordinance, 2001. Therefore, reconciliation of tax expense and accounting profit / loss has not been disclosed.

According to ICAP guide dated May 2024, minimum taxes do not qualify as income tax expense under IAS 12 Income Taxes. Instead, they should be accounted for as levy under IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Since the SBP has not officially adopted or communicated any changes to the format of the financial statements (refer note 2.3), no changes have been made to the format of the statement of profit and loss account.

32.2 The Income Tax Returns of the Bank have been submitted up to and including the Bank's financial year ended December 31, 2022 i.e. tax year 2023.

In respect of assessments of Bank Makramah Limited from tax years 2009 to tax year 2018 and 2022 the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand (net of rectification) of Rs. 418.48 million through amended assessment orders and the same have been paid / stayed / adjusted against available refunds.

In respect of assessments of Bank Makramah Limited AJK Region from tax year 2013 to tax year 2017, the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand of Rs. 57.96 million through amended assessment orders and the same have been paid / stayed / adjusted against advance tax paid.

In respect of assessments of ex-My Bank Limited (now Bank Makramah Limited) from tax year 2003 to tax year 2011, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 456.62 million through amended assessment orders and the same have been paid / adjusted against available refunds.

In respect of assessments of ex-Atlas Bank Limited (now Bank Makramah Limited) from tax year 2003 to tax year 2010, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 89.74 million through amended assessment orders and the same have been paid / adjusted against available refunds.

Such issues mainly include disallowances of mark up payable, taxation of mutual fund distribution at corporate tax rate, disallowance of provision against non-performing loans, disallowance of reversal of provisions, allocation of expenses against dividend income and capital gain, disallowances against non-banking assets, disallowances of certain HO expenses, addition to mark-up/interest earned in AJK region etc. The Bank has filed appeals before the various appellate forums against these amended assessment orders which are either pending for hearing or order.

In pursuance of SRO 1588(I)/2023 dated 21 November 2023, banking companies have been designated to be the 'sector' for the purpose of section 99D of the Income Tax Ordinance 2001, for the tax years 2022 and 2023. The Bank through its legal council has challenged the above levy, and the High Court of Sindh, has suspended the operation of the aforementioned SRO and granted stay to the Bank. Further, the Islamabad High court and the Lahore High court has suspended the operation in other similar petitions. The matter remains pending and the stay order still holds the field.

The management of the Bank is confident about the favourable outcome of the appeals hence, no provision / adjustment with respect to the above matters has been made in these unconsolidated financial statements.

		(Un-audited) Half year ended	
		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
33. BASIC AND DILUTED LOSS PER SHARE			
	Note		
Loss for the period		<u>1,442,432</u>	<u>(1,721,792)</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares - Basic		<u>5,334,220,021</u>	<u>4,024,871,389</u>
		----- (Rupee) -----	
Basic loss per share		<u>(0.27)</u>	<u>(0.43)</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares - Diluted	33.1	<u>5,334,220,021</u>	<u>4,024,871,389</u>
		----- (Rupee) -----	
Diluted loss per share		<u>(0.27)</u>	<u>(0.43)</u>

33.1 There are no potential ordinary shares outstanding as of June 30, 2024.

		(Un-audited) Half year ended	
		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
34. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks		16,777,837	16,502,490
Balances with other banks excluding credit loss allowance		1,952,094	877,527
Overdrawn nostro accounts		(4,959)	(6,493)
		<u>18,724,972</u>	<u>17,373,524</u>

35. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than 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 investment in subsidiary, 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.

35.1 Fair value of financial assets

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

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

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

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

35.2 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 categorized:

June 30, 2024 (Un-audited)				
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
- Federal Government Securities		194,462,485		194,462,485
- Shares - Listed	21			21
- Non Government Debt Securities		2,249,271		2,249,271
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted			3,848	3,848
Non-Financial assets - measured at fair value				
Property & equipment			6,611,165	6,611,165
Non banking assets acquired in satisfaction of claims			2,171,331	2,171,331
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange		5,249,200		5,249,200
Forward sale of foreign exchange		839,669		839,669

December 31, 2023 (Audited)				
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
- Federal Government Securities		177,340,406		177,340,406
- Shares - Listed	14			14
- Non Government Debt Securities		2,325,951		2,325,951
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted			3,848	3,848
Non-Financial assets - measured at fair value				
Operating fixed assets			6,740,687	6,740,687
Non banking assets acquired in satisfaction of claims			2,797,473	2,797,473
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange		6,204,424		6,204,424
Forward sale of foreign exchange		753,437		753,437

Valuation techniques used in determination of fair value

Item	Valuation approach and input used
Federal Government Securities - Unlisted	The fair values of Market Treasury Bills (MTB) and Pakistan Investment Bonds (PIB) are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV rates. The fair values of GOP Ijarah Sukuks are derived using the PKISRV rates.
Federal Government Securities - Listed	The fair value of investment in listed GOP Ijarah Sukuk are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Listed	The fair value of investment in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Unlisted	This represents breakup value of investments.
Non-Government Debt Securities	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Forward foreign exchange contracts	The valuation has been incorporated by interpolating the foreign exchange revaluation rates announced by the SBP.
Property & equipment (land and building) and non-banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties.

36. SEGMENT INFORMATION

36.1 Segment details with respect to business activities

For the half year ended June 30, 2024 (Un-audited)

Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total
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(Rupees in '000)

Profit and Loss

Net mark-up / return / profit	611,684	7,871,294	(10,208,788)	(372,531)	(2,098,341)
Inter segment revenue - net	(526,094)	(8,189,894)	14,086,934	(5,370,946)	-
Non mark-up / return / interest income	150,012	626,692	318,945	687,315	1,782,964
Total income	235,602	308,092	4,197,091	(5,056,162)	(315,377)
Segment direct expenses	128,718	55,484	2,526,115	1,134,049	3,844,366
Inter segment expense allocation	310,153	109,923	642,815	(1,062,891)	-
Total expenses	438,871	165,407	3,168,930	71,158	3,844,366
Provisions	(1,719,759)	1,242	(722)	(4,813)	(1,724,052)
Profit / (loss) before tax	1,516,490	141,443	1,028,883	(5,122,507)	(2,435,691)

As at June 30, 2024 (Un-audited)

Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total
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(Rupees in '000)

Balance Sheet

Cash and bank balances	110,484	13,823,106	4,794,597	-	18,728,187
Investments	-	196,713,608	-	231,750	196,945,358
Net inter segment lending	44,750,159	99,926,317	172,602,894	-	317,279,370
Lendings to financial institutions	-	-	-	-	-
Advances - performing	13,063,717	-	288,010	1,654,480	15,006,207
Advances - non-performing	935,122	-	425,124	16,845	1,377,091
Others	668,067	7,750,866	2,815,423	41,240,030	52,474,386
Total assets	59,527,549	318,213,897	180,926,048	43,143,105	601,810,599
Borrowings	4,937,613	107,213,523	-	-	112,151,136
Subordinated debt	-	-	-	1,495,515	1,495,515
Deposits and other accounts	5,709,426	-	168,551,361	-	174,260,787
Net inter segment borrowing	48,556,454	209,992,519	8,326,621	50,403,776	317,279,370
Others	324,056	1,007,855	4,048,066	6,724,408	12,104,385
Total liabilities	59,527,549	318,213,897	180,926,048	58,623,699	617,291,193
Equity	-	-	-	(15,480,594)	(15,480,594)
Total equity and liabilities	59,527,549	318,213,897	180,926,048	43,143,105	601,810,599
Contingencies and Commitments	50,877,122	113,281,697	-	969,317	165,128,136

For the half year ended June 30, 2023 (Un-audited)

Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total
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(Rupees in '000)

Profit and Loss

Net mark-up / return / profit	608,157	4,580,888	(6,050,110)	(155,839)	(1,016,904)
Inter segment revenue - net	(688,161)	(4,829,098)	10,123,240	(4,605,981)	-
Non mark-up / return / interest income	105,316	161,017	156,114	355,340	777,787
Total income	25,312	(87,193)	4,229,244	(4,406,480)	(239,117)
Segment direct expenses	77,991	43,490	2,262,180	949,671	3,333,332
Inter segment expense allocation	270,867	82,141	527,272	(880,280)	-
Total expenses	348,858	125,631	2,789,452	69,391	3,333,332
Provisions	(294,238)	(510,278)	(29,837)	2,488	(831,865)
(Loss) / profit before tax	(29,308)	297,454	1,469,629	(4,478,359)	(2,740,584)

As at December 31, 2023 (Audited)

Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total
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(Rupees in '000)

Balance Sheet

Cash and Bank balances	197,817	9,958,667	4,908,810	-	15,065,294
Investments	-	179,899,952	-	-	179,899,952
Net inter segment lending	3,099,470	54,276,571	144,616,478	168,729	202,161,248
Lendings to financial institutions	-	-	-	-	-
Advances - performing	14,706,718	-	384,646	1,580,599	16,671,963
Advances - non-performing	1,582,648	-	472,592	7,946	2,063,186
Others	629,959	30,187,746	3,746,440	40,359,727	74,923,872
Total Assets	20,216,612	274,322,936	154,128,966	42,117,001	490,785,515
Borrowings	5,021,898	125,347,432	-	-	130,369,330
Subordinated debt	-	-	-	1,495,515	1,495,515
Deposits and other accounts	7,971,400	-	148,988,880	-	156,960,280
Net inter segment borrowing	6,971,002	147,416,551	903,968	46,869,727	202,161,248
Others	252,312	1,558,953	4,236,118	6,564,325	12,611,708
Total liabilities	20,216,612	274,322,936	154,128,966	54,929,567	503,598,081
Equity	-	-	-	(12,812,566)	(12,812,566)
Total equity and liabilities	20,216,612	274,322,936	154,128,966	42,117,001	490,785,515
Contingencies and Commitments	49,925,894	132,276,749	-	1,475,975	183,678,618

3611 The Bank does not have any operations outside Pakistan.

37. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiary, employee benefit plans and its directors and Key Management Personnel.

The Bank 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 to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the period / year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	June 30, 2024 (Un-audited)					December 31, 2023 (Audited)				
	Parent company	Directors	Key management personnel	Subsidiary	Other related parties	Parent company	Directors	Key management personnel	Subsidiary	Other related parties
----- (Rupees in '000) -----										
Investments										
Opening balance	-	-	-	396,942	448,218	-	-	-	396,942	1,664,676
Investment made during the period / year	-	-	-	-	-	-	-	-	-	15
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	(1,216,473)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	396,942	448,218	-	-	-	396,942	448,218
Credit loss allowance / provision for diminution in value of investments										
Opening balance	-	-	-	165,191	448,203	-	-	-	165,191	448,203
Advances										
Opening balance	-	-	303,505	82,400	671,901	-	-	-	162,705	671,888
Addition during the period / year	-	-	44,714	477,653	284	-	-	210,330	846,145	13
Repaid during the period / year	-	-	(10,870)	(525,289)	(97,416)	-	-	(73,085)	(763,745)	-
Transfer in / (out) - net	-	-	94,295	-	-	-	-	-	3,555	-
Closing balance	-	-	431,644	34,764	574,769	-	-	-	303,505	82,400
Credit loss allowance/ provision held against advances	-	-	91	297	574,511	-	-	-	-	671,901

	June 30, 2024 (Un-audited)					December 31, 2023 (Audited)				
	Parent company	Directors	Key management personnel	Subsidiary	Other related parties	Parent company	Directors	Key management personnel	Subsidiary	Other related parties
(Rupees in '000)										
Other Assets										
Interest / mark-up accrued	-	-	4,484	1,269	-	-	-	-	2,559	-
Advances, deposits, advance rent and other prepayments	-	-	2,516	-	-	-	-	4,022	-	-
Other receivable	-	-	-	-	2,949	-	-	-	-	2,949
Credit loss allowance / provision held against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	109,345	15,625	84,129	779,900	-	-	19,511	57,606	2,052,046
Received during the period / year	-	174,693	525,561	2,475,595	574,259	-	-	714,248	5,600,783	3,126,796
Withdrawn during the period / year	-	(180,976)	(463,692)	(2,461,989)	(486,371)	-	-	(718,348)	(5,574,260)	(4,400,329)
Transfer (out) / in - net	-	-	2,305	-	3	-	109,345	214	-	1,387
Closing balance	-	103,062	79,799	97,735	867,791	-	109,345	15,625	84,129	779,900
Other Liabilities										
Interest / mark-up payable	-	1,715	116	-	2,242	-	1,951	298	1,792	13,355
Payable to defined benefit plan	-	-	-	-	39,724	-	-	-	-	18,813
Unearned income	-	-	-	-	-	-	-	-	-	692
Brokerage payable	-	-	-	82	-	-	-	-	2,914	-
Contingencies and Commitments										
Guarantees, letters of credit and acceptances - net of ECL	-	-	-	-	77,613	-	-	-	-	86,500
Commitments to extend credit	-	-	-	160,845	-	-	-	-	131,389	-

	For the half year ended June 30, 2024 (Un-audited)					For the half year ended June 30, 2023 (Un-audited)				
	Parent company	Directors	Key management personnel	Subsidiary	Other related parties	Parent company	Directors	Key management personnel	Subsidiary	Other related parties
	(Rupees in '000)									
Income										
Mark-up / return / interest earned	-	-	14,357	6,254	3	-	-	2,404	902	68,315
Fee and commission income	-	2	-	65	692	-	5	12	65	693
Other income	-	-	22	1,843	-	-	-	-	2,093	-
Expense										
Mark-up / return / interest expensed	-	11,070	837	10,914	69,807	-	-	447	3,945	119,296
Operating expenses:										
- Directors' fees and allowances	-	18,000	-	1,343	-	-	14,700	-	-	-
- Brokerage and commission	-	-	-	-	-	-	-	-	634	-
- Fee and subscription	-	-	689	-	-	-	-	810	-	661
- Managerial remuneration	-	-	203,727	-	856	-	-	173,938	-	-
- Contribution to defined contribution plan	-	-	-	-	42,262	-	-	-	-	38,386
- Charge for defined benefit plan	-	-	-	-	39,723	-	-	-	-	25,009
Reversal of provision for diminution in value of investment	-	-	-	-	-	-	-	-	-	(10,899)
Credit loss allowance / provision against loans and advances	-	-	17	(47)	(97,391)	-	-	-	-	-
Credit loss allowance against off-balance sheet obligations	-	-	-	-	(9,924)	-	-	-	-	-

Directors include Non-Executive Directors only. Executive Directors including the President / CEO are part of key management personnel.

38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>(19,109,662)</u>	<u>(16,937,565)</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier-1 (CET-1) Capital	<u>(44,682,707)</u>	<u>(40,909,154)</u>
Eligible Additional Tier-1 (ADT-1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier-1 Capital	<u>(44,682,707)</u>	<u>(40,909,154)</u>
Eligible Tier-2 Capital	<u>-</u>	<u>-</u>
Total Eligible Capital (Tier-1 + Tier-2)	<u>(44,682,707)</u>	<u>(40,909,154)</u>
Risk Weighted Assets (RWAs):		
Credit Risk	36,558,696	39,240,005
Market Risk	12,696,894	5,935,021
Operational Risk	7,447,378	143,387
Total	<u>56,702,968</u>	<u>45,318,413</u>
Common Equity Tier-1 Capital Adequacy Ratio	<u>-78.80%</u>	<u>-90.27%</u>
Tier-1 Capital Adequacy Ratio	<u>-78.80%</u>	<u>-90.27%</u>
Total Capital Adequacy Ratio	<u>-78.80%</u>	<u>-90.27%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	(44,682,707)	(40,909,154)
Total Exposures	398,914,329	374,092,249
Leverage Ratio	<u>-11.20%</u>	<u>-10.94%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	104,031,601	73,491,142
Total Net Cash Outflow	30,688,228	27,494,992
Liquidity Coverage Ratio	<u>339.00%</u>	<u>267.29%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	118,831,952	102,118,423
Total Required Stable Funding	67,167,922	64,870,949
Net Stable Funding Ratio	<u>176.92%</u>	<u>157.42%</u>

39. ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 12 (December 31, 2023: 13) Islamic banking branches and 31 (December 31, 2023: 35) Islamic banking windows at the end of the period.

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		2,464,244	2,064,488
Balances with other banks		96,763	102,863
Due from financial institutions	39.1	-	2,788,300
Investments	39.2	45,156,014	37,213,598
Islamic financing and related assets - net	39.3	2,364,720	2,632,858
Property and equipment		174,288	173,098
Right-of-use assets		80,854	76,654
Intangible assets		-	-
Due from Head Office		-	-
Deferred tax assets		-	-
Other assets		2,561,145	2,608,328
Total Assets		52,898,028	47,660,187
LIABILITIES			
Bills payable		289,585	444,820
Due to financial institutions	39.4	2,255,333	4,705,668
Deposits and other accounts	39.5	43,895,943	36,330,124
Due to Head Office		-	-
Lease liabilities		101,899	103,179
Subordinated debt		-	-
Deferred tax liabilities		48,668	134,120
Other liabilities		723,407	1,287,124
		47,314,835	43,005,035
NET ASSETS		5,583,193	4,655,152
REPRESENTED BY			
Islamic Banking Fund		1,000,000	1,000,000
Reserves		-	-
Surplus on revaluation of assets		86,051	219,705
Unappropriated / Unremitted profit	39.6	4,497,142	3,435,447
		5,583,193	4,655,152
CONTINGENCIES AND COMMITMENTS	39.7		

**ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2024**

		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
Profit / return earned	39.8	4,100,056	2,078,129
Profit / return expensed	39.9	<u>2,756,022</u>	<u>1,078,674</u>
Net Profit / return		1,344,034	999,455
Other income			
Fee and commission income		93,918	38,380
Dividend income		-	-
Foreign exchange loss		(13,745)	32,178
Income / (loss) from derivatives		-	-
Gain / (loss) on securities		143,338	(2,991)
Other income		1,382	8,084
Total other income		224,893	75,651
Total income		1,568,927	1,075,106
Other expenses			
Operating expenses		403,718	485,261
Workers' welfare fund		-	-
Other charges		-	-
Total other expenses		403,718	485,261
Profit before credit loss allowance / provisions		1,165,209	589,845
Credit loss allowance / reversals and write offs - net		19,869	38,293
Profit before taxation		1,145,340	551,552
Taxation		-	-
Profit after taxation		1,145,340	551,552

ISLAMIC BANKING BUSINESS
FOR THE HALF YEAR ENDED JUNE 30, 2024

		June 30, 2024 (Un-audited)			December 31, 2023 (Audited)			
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total	
39.1	Due from Financial Institutions	Note ----- (Rupees in '000) -----						
	Unsecured							
	Bai Muajjal Receivable from other Financial Institutions	39.1.1	-	-	-	2,788,300	-	2,788,300
			-	-	-	2,788,300	-	2,788,300
	Less: Credit loss allowance							
	Stage 1		-	-	-	-	-	-
	Stage 2		-	-	-	-	-	-
	Stage 3		-	-	-	-	-	-
	Due from financial institutions - net of credit loss allowance		-	-	-	2,788,300	-	2,788,300

39.1.1 This represented Bai Muajjal agreements with conventional operations of Bank Makramah Limited and carried profit rate 21.75% per annum on December 31, 2023 and are due to be matured latest by January 08, 2024.

39.2 Investments

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / Amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Investments by segments:	(Rupees in '000)							
Classified / Measured at FVOCI / Available for sale securities								
Federal Government Securities:								
- GOP Ijarah Sukuks	42,818,426	-	88,317	42,906,743	34,580,383	-	307,264	34,887,647
Non Government Debt Securities								
- Listed	2,291,667	-	(42,396)	2,249,271	2,369,792	-	(43,841)	2,325,951
Total Investments	45,110,093	-	45,921	45,156,014	36,950,175	-	263,423	37,213,598

								(Un-audited)	(Audited)	
								June 30, 2024	December 31, 2023	
39.3	Islamic financing and related assets							Note	----- (Rupees in '000) -----	
	Ijarah							513,847	479,172	
	Running Musharakah							77,063	354,382	
	Diminishing Musharakah							1,064,736	967,149	
	Diminishing Musharakah-IERF							300,000	300,000	
	Tijarah							581,998	605,998	
	Advance against Ijarah							11,286	7,123	
	Gross Islamic financing and related assets							2,548,930	2,713,824	
	Less: Credit loss allowance / provision against Islamic financings									
	-Stage 1							(704)	-	
	-Stage 2							(13,576)	-	
	-Stage 3							(169,930)	-	
	- Specific							-	(79,889)	
	- General							-	(1,077)	
								(84,210)	(80,966)	
	Islamic financing and related assets - net of credit loss allowance / provision							2,364,720	2,632,858	

39.4 Due to financial institutions

	Secured								
	Acceptances from the SBP under Islamic Export Refinance Scheme							90,000	90,000
	Total secured							90,000	90,000
	Unsecured								
	Overdrawn nostro accounts							1,015,333	115,668
	Musharakah	39.4.1						1,150,000	4,500,000
	Total unsecured							2,165,333	4,615,668
								2,255,333	4,705,668

39.4.1 This represented acceptance of funds by Islamic operations of Bank Makramah Limited from conventional operations of Bank Makramah Limited on Musharaka basis.

39.5 Deposits

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	9,047,867	654,126	9,701,993	10,873,527	615,187	11,488,714
Savings deposits	30,740,049	140,989	30,881,038	21,568,709	194,150	21,762,859
Term deposits	1,748,075	319,898	2,067,973	1,391,933	589,284	1,981,217
Others	654,984	-	654,984	664,289	-	664,289
	42,190,975	1,115,013	43,305,988	34,498,458	1,398,621	35,897,079
Financial Institutions						
Current deposits	5,641	76	5,717	5,725	78	5,803
Savings deposits	434,238	-	434,238	277,242	-	277,242
Term deposits	150,000	-	150,000	150,000	-	150,000
	589,879	76	589,955	432,967	78	433,045
	42,780,854	1,115,089	43,895,943	34,931,425	1,398,699	36,330,124

	(Un-audited) (Audited)	
	June 30, 2024	December 31, 2023
----- (Rupees in '000) -----		
39.6 Islamic Banking Business Unappropriated Profit		
Opening balance	3,435,447	1,651,555
Effect of adoption of IFRS 9	(85,251)	-
Add: Islamic Banking profit for the period / year	1,145,340	1,780,701
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to accumulated profit	1,606	3,191
Closing balance	4,497,142	3,435,447

39.7 CONTINGENCIES AND COMMITMENTS

-Guarantees	4,307,534	3,880,588
-Commitments	8,076,504	6,236,815
-Other contingent liabilities	-	-
	12,384,038	10,117,403

	(Un-audited)	
	June 30, 2024	June 30, 2023
----- (Rupees in '000) -----		

39.8 Profit / Return Earned of Financing, Investments and Placement

Profit earned on:		
Financing	73,246	119,250
Investments	3,895,766	1,257,782
Placements	131,044	701,012
Balances with banks	-	85
	4,100,056	2,078,129

39.9 Profit on Deposits and other Dues Expensed

Deposits and other accounts	2,643,489	998,450
Due to Financial Institutions	105,803	71,630
Finance cost of lease liability	6,730	8,594
	2,756,022	1,078,674

40. CORRESPONDING FIGURES

As a result of change in format for the preparation of condensed interim financial information issued by SBP as referred in note 4.1.1 and for better presentation, corresponding figures have been rearranged as follows:

Transfer from	Transfer to	December 31, 2023 Rs. in '000
Property and equipment	Right-of-use	<u>2,721,205</u>
Other liabilities	Lease liability against right-of-use assets	<u>3,348,737</u>

41. DATE OF AUTHORIZATION OF ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on August 28, 2024 by the Board of Directors of the Bank.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

**CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)**

**FOR THE HALF YEAR ENDED
JUNE 30, 2024**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	6	16,777,839	14,463,419
Balances with other banks	7	1,951,585	603,944
Lendings to financial institutions		-	-
Investments	8	196,787,550	179,747,913
Advances	9	16,348,831	18,652,824
Property and equipment	10	7,136,570	7,239,725
Right-of-use assets	11	2,430,303	2,721,205
Intangible assets	12	282,472	264,723
Deferred tax assets	13	24,759,201	23,199,809
Other assets	14	18,004,287	41,644,440
Total Assets		284,478,638	288,538,002
LIABILITIES			
Bills payable	16	1,870,682	2,162,537
Borrowings	17	112,151,136	130,369,330
Deposits and other accounts	18	174,163,052	156,876,151
Lease liabilities	19	3,129,155	3,348,737
Subordinated debt	20	1,495,515	1,495,515
Deferred tax liabilities		-	-
Other liabilities	21	7,253,714	7,212,281
Total Liabilities		300,063,254	301,464,551
NET ASSETS		<u>(15,584,616)</u>	<u>(12,926,549)</u>
REPRESENTED BY			
Share capital - net		30,500,208	30,500,208
Reserves		(425,043)	(425,043)
Surplus / (deficit) on revaluation of assets	22	3,487,118	3,977,847
Accumulated losses		(49,146,899)	(46,979,561)
		<u>(15,584,616)</u>	<u>(12,926,549)</u>
CONTINGENCIES AND COMMITMENTS	23		

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

President / Chief Executive

Chief Financial Officer

Director

Director

Director

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

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2024

	Quarter Ended		Half Year Ended		
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	
	Note ----- (Rupees in '000) -----				
Mark-up / return / interest earned	24	11,041,017	6,492,850	21,791,130	10,102,795
Mark-up / return / interest expensed	25	12,193,913	7,096,888	23,882,226	11,114,601
Net Mark-up / interest expense		(1,152,896)	(604,038)	(2,091,096)	(1,011,806)
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	278,110	160,028	565,582	306,567
Dividend income		3,563	213	3,571	221
Foreign exchange income		154,294	225,673	296,424	588,979
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	27	103,128	24,455	278,915	(452,008)
Net gains/(loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income	28	668,865	340,444	689,901	355,826
Total non-markup / interest income		1,207,960	750,813	1,834,393	799,585
Total income		55,064	146,775	(256,703)	(212,221)
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	2,020,427	1,767,052	3,893,120	3,374,147
Workers' welfare fund		-	-	-	-
Other charges	30	104	61	104	181
Total non-markup / interest expenses		2,020,531	1,767,113	3,893,224	3,374,328
Loss before credit loss allowance / provisions		(1,965,467)	(1,620,338)	(4,149,927)	(3,586,549)
Credit loss allowance / reversals and write offs - net Extra ordinary / unusual items	31	(631,713)	(298,010)	(1,724,005)	(831,865)
		-	-	-	-
LOSS BEFORE TAXATION		(1,333,754)	(1,322,328)	(2,425,922)	(2,754,684)
Taxation	32	(708,426)	(523,033)	(987,905)	(1,020,847)
LOSS AFTER TAXATION		(625,328)	(799,295)	(1,438,017)	(1,733,837)
----- (Rupee) -----					
Basic loss per share	33	(0.12)	(0.08)	(0.27)	(0.43)
Diluted loss per share	33	(0.12)	(0.08)	(0.27)	(0.43)

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

President / Chief Executive

Chief Financial Officer

Director

Director

Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2024

	Quarter Ended		Half Year Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----			
Loss after taxation for the period	(625,328)	(799,295)	1,438,017	(1,733,837)
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	(33,032)	-	(147,980)
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	302,471	-	(330,703)	-
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of property and equipment - net of tax	18,383	9,662	27,766	19,320
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	7,049	-	5,207	-
Movement in surplus on revaluation of non-banking assets - net of tax	36,588	2,311	38,909	4,624
Movement in surplus on revaluation of held for sale property - net of tax	-	15,613	-	15,613
	62,020	27,586	71,882	39,557
Total comprehensive loss	(563,308)	(771,709)	1,696,838	(1,842,260)

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

President / Chief Executive

Chief Financial Officer

Director

Director

Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED JUNE 30, 2024

	Share capital		Capital reserves		Statutory reserve	Surplus / (deficit) on revaluation of		Unappropriated / Unmitted profit / (loss)	Total
	Issued subscribed and paid up	Discount on issue of shares	Share premium account	Reserve arising on amalgamation		Investments	Property & Equipment / Non Banking Assets		
	(Rupees in '000)								
Balance as at January 01, 2023 (Audited)	26,381,510	(6,881,316)	1,000,000	(1,579,205)	154,162	(238)	3,295,706	708,079	(41,636,719)
Loss after taxation for six months period ended June 30, 2023	-	-	-	-	-	-	-	-	(1,733,637)
Other comprehensive income - net of tax	-	-	-	-	-	(147,960)	23,944	15,613	(106,423)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of property & equipment to accumulated losses	-	-	-	-	-	-	(48,536)	-	48,536
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	(11,856)	-	11,856
Transfer from surplus on revaluation of property & equipment on sale to accumulated losses	-	-	-	-	-	-	(39,415)	-	39,415
Transfer from surplus on revaluation of property held for sale to accumulated losses	-	-	-	-	-	-	(40,035)	-	40,035
Transactions with owners, recorded directly in equity									
Issue of share capital	39,840,695	(29,840,688)	-	-	-	-	-	-	10,000,014
Share issuance cost	-	-	-	-	-	-	-	-	(166,647)
Balance as at July 01, 2023 (Un-audited)	66,222,205	(35,721,997)	1,000,000	(1,579,205)	154,162	(148,218)	3,218,843	683,657	(43,396,361)
Loss after taxation for six months period ended December 31, 2023	-	-	-	-	-	-	-	-	(3,532,887)
Other comprehensive income - net of tax	-	-	-	-	-	337,230	43,031	-	52,991
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of property & equipment to accumulated losses	-	-	-	-	-	-	(48,324)	-	48,324
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	(11,755)	-	11,755
Transfer from surplus on revaluation of property & equipment on sale to accumulated losses	-	-	-	-	-	-	(95,617)	-	95,617
Transfer from surplus on revaluation of property held for sale to accumulated losses	-	-	-	-	-	-	-	-	-
Balance as at January 01, 2024 (Audited)	66,222,205	(35,721,997)	1,000,000	(1,579,205)	154,162	189,012	3,103,178	683,657	(46,379,661)
Effect of adoption of (FRS 9 - ECL (net of tax)) - Note 4.12	-	-	-	-	-	(60,943)	-	-	(900,286)
Loss after taxation for six months ended June 30, 2024	-	-	-	-	-	-	-	-	(1,438,017)
Other comprehensive income - net of tax	-	-	-	-	-	(325,468)	66,675	-	(258,821)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of property & equipment to accumulated losses	-	-	-	-	-	-	(48,061)	-	48,061
Transfer from surplus on revaluation of property and equipment on sale to accumulated losses	-	-	-	-	-	-	(23,135)	-	23,135
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	(11,904)	-	11,904
Transfer from surplus on revaluation of non-banking assets on sale to accumulated losses	-	-	-	-	-	-	(87,865)	-	87,865
Balance as at June 30, 2024 (Un-audited)	66,222,205	(35,721,997)	1,000,000	(1,579,205)	154,162	(197,427)	3,000,888	683,657	(49,146,699)

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

President / Chief Executive

Chief Financial Officer

Director

Director

Director

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023
Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(2,425,922)	(2,754,684)
Less: Dividend income	(3,571)	(221)
	<u>(2,429,493)</u>	<u>(2,754,905)</u>
Adjustments:		
Depreciation on property and equipment	206,673	211,476
Depreciation on right-of-use assets	270,730	297,207
Depreciation on non-banking assets	32,422	32,785
Finance charges on leased assets	221,870	212,531
Amortization	15,383	11,608
Credit loss allowance / reversals and write offs - net	(1,723,438)	(831,438)
(Gain) / Loss on forward exchange contracts	(23,598)	13,072
Charge for defined benefit plan	40,323	25,609
Charge for employees compensated absences	12,847	10,992
Gain on termination of lease contracts under IFRS 16	(36,161)	(35,006)
(Gain) on sale / disposal of property and equipment	(46,303)	(196,725)
Gain on sale of non banking assets	(604,317)	-
Unrealised gain - FVTPL	(4,103)	-
Gain on partial sale of HFS property	-	(116,794)
	<u>(1,637,672)</u>	<u>(364,683)</u>
	<u>(4,067,165)</u>	<u>(3,119,588)</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	-	8,477,090
Securities classified as FVTPL	15,072	-
Advances	3,183,119	2,036,633
Others assets (excluding advance taxation)	<u>23,321,505</u>	<u>(2,377,811)</u>
	<u>26,519,696</u>	<u>8,135,912</u>
(Decrease) / increase in operating liabilities		
Bills payable	(291,855)	(167,597)
Borrowings from financial institutions	(18,216,758)	71,490,726
Deposits	17,286,901	19,565,035
Other liabilities (excluding current taxation)	<u>(106,867)</u>	<u>1,677,505</u>
	<u>(1,328,579)</u>	<u>92,565,669</u>
Payment on account of staff retirement benefits	(32,751)	96,363
Income tax paid	<u>(314,744)</u>	<u>(124,737)</u>
Net cash generated from operating activities	<u>20,776,457</u>	<u>97,553,619</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net Investments in securities classified as FVOCI	(17,587,536)	-
Net Investments in securities classified as available for sale securities	-	(104,131,412)
Dividend received	3,571	221
Investments in property and equipment	(137,594)	(67,164)
Investments in intangible assets	(33,132)	(15,161)
Proceeds from sale of property and equipment	80,381	342,487
Proceeds from sale of non banking assets	948,212	-
Proceeds from partial sale of HFS property	-	302,877
Net cash used in investing activities	<u>(16,726,098)</u>	<u>(103,568,152)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations against right-of-use assets	(385,118)	(449,802)
Issue of share capital	-	10,000,014
Share issuance cost	-	(166,647)
Net cash generated from / (used in) financing activities	<u>(385,118)</u>	<u>9,383,565</u>
Effect of exchange rate changes on cash and cash equivalents	(34,182)	561,117
Increase in cash and cash equivalents	<u>3,631,059</u>	<u>3,930,149</u>
Cash and cash equivalents at beginning of the year	15,095,150	13,444,198
Cash and cash equivalents at end of the period	<u>18,726,209</u>	<u>17,374,347</u>

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

President / Chief Executive

Chief Financial Officer

Director

Director

Director

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2024

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

1.1.1 Holding Company: Bank Makramah Limited

Bank Makramah Limited (the Bank), is a banking company incorporated in Pakistan on December 09, 2005 as a public company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Bank's registered office is situated at Plot No. 9-C, F-6 Markaz, Supermarket, Islamabad, Pakistan and its principal office is situated at Summit Tower, Plot No. G-2, Block 2, Scheme 5, Clifton, Karachi, Pakistan.

The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through its 149 Conventional Banking Branches and 12 Islamic Banking Branches (December 31, 2023: 164 Conventional Banking Branches and 13 Islamic Banking Branches) in Pakistan.

In 2019, VIS Credit Rating Company Limited suspended the Bank's medium to long-term rating of 'BBB -' (Triple B Minus) and its short-term rating of 'A-3' (A-Three). The Bank has initiated the rating process with VIS Credit Rating Company Limited and requested the State Bank of Pakistan (SBP) to allow completion of the credit rating exercise by September 30, 2024.

VIS Credit Rating Company Limited has issued a new rating scale for Tier-2 capital instruments. Consequently, the Bank's TFC rating has been adjusted to 'B' (Single B) with a 'Rating Watch-Negative' outlook, as stated in their press release dated June 27, 2023. Previously, the Bank's TFC rating was assigned 'D' (Default) due to non-payment of its latest mark-up payment on account of lock-in clause invoked by the Bank under the applicable Regulations of SBP.

1.1.2 Subsidiary

Summit Capital Private Limited - 100 % Shareholding

SCPL, the subsidiary company was incorporated in Pakistan on March 08, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The subsidiary company is a corporate member / TREC holder of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited. The principal activities of the subsidiary company are equity and money market brokerage, interbank foreign exchange brokerage, commodity brokerage and research. The registered office of the subsidiary is situated at 701-702, 7th Floor, Business and Finance Centre, opposite State Bank of Pakistan, I.I. Chundrigar Road, Karachi. The Group acquired interest in SCPL by virtue of amalgamation of Atlas Bank Limited.

1.2 During the half year ended, the Group has incurred a net loss of Rs. 1,438.017 million resulting in accumulated losses of Rs. 49,146.899 million and negative equity of Rs. 15,584.616 million. As per the applicable laws and regulations, the Group is required to maintain Minimum Paid-up Capital (net of losses) (MCR) of Rs. 10 billion, Capital Adequacy Ratio (CAR) at 11.50% (inclusive of Capital Conservation Buffer of 1.50%), Leverage Ratio (LR) at 3.00%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100% as of June 30, 2024. However, the paid up capital of the Group (net of losses), CAR and LR are negative.

The aforementioned conditions indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the Group is making its best efforts to comply with the applicable capital requirements and has successfully increased its capital. The management has prepared a business plan, which has been approved by the Board. This plan aims to improve the Group's capital base and risk absorption capacity, achieve compliance with applicable regulatory requirements and provide impetus to its future growth initiatives. The key assumptions considered in the business plan are as follows:

- Injection of capital;
- Sale of a portion of self-constructed property on the plot of land bearing No. G-2, Block2, Scheme No: 5;
- Reaping benefits from the expected growth of Islamic finance in Pakistan since the Group will speed-up the implementation process of its earlier decision of conversion to a full-fledged Islamic bank;
- Recoveries from non-performing advances through strenuous and focused recovery efforts;
- Reduction in overall level of non-earning assets held by the Group;
- Identifying opportunities for rationalization of the cost structure;
- Improvement in the risk management and technological infrastructure of the Group to support the business plan;
- Investments / exposures in safe avenues for achieving solid growth in the core business income; and
- Income generation through avenues for mark-up income and non-mark up income.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements represent financial statements of the Holding Company - Bank Makramah Limited and its subsidiary. The assets & liabilities of subsidiary have been consolidated on a line-by-line basis and the investment held by the holding company is eliminated against the corresponding share capital of the subsidiary in these consolidated condensed interim financial statements.

2.2 These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan 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;
- 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 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 IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies till further instructions. Moreover, SBP vide BPRD Circular no. 4 of 2015, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, the SECP, through S.R.O. 411(1)/2008 dated April 28, 2008 has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures', to 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 prescribed by the SBP through various circulars.

2.3 Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect these return through its power over the investee.

These consolidated financial statements incorporate the financial statements of subsidiary from the date that control commences until the date that control ceases.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiary attributable to the interest which are not owned by the Group. Material intra-group balances and transactions are eliminated.

2.4 Key financial figures of the Islamic banking branches are disclosed in note 39 to these consolidated condensed interim financial statements.

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

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

IFRS 9 'Financial Instruments', became effective for annual reporting on or after January 01, 2024. The impact of adaptation of IFRS 9 on the Group's condensed interim financial statements is disclosed in note 4.1.2.

In addition, there are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 01, 2024. These are considered either not to be relevant or not to have any significant impact on the Group's operations and therefore are not detailed in these consolidated financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for the accounting periods as stated below:

<u>Standard, Interpretation or Amendment</u>	<u>Effective date (annual periods beginning on or after)</u>
Lack of Exchangeability - Amendments to IAS 21	January 01, 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Deferred indefinitely

2.8 Critical accounting estimates and judgements

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

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These consolidated condensed interim financial statements have been prepared under the historical cost convention, except for:

- Certain property & equipment and non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation / impairment.
- Investments classified as FVTPL and FVOCI, which are measured at fair value.
- Commitments in respect of forward exchange contracts, which are measured at fair value.
- Right-of-use assets and their related lease liabilities, which are measured at their present value adjusted for depreciation, interest cost and lease repayments.
- Net obligation in respect of defined benefit scheme, which is measured at their present value.

3.2 Functional and Presentation Currency

These consolidated condensed interim financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2023 except as disclosed in note 4.1.

4.1 Changes in accounting policies - IFRS 9 Financial Instruments

Classification of Financial Assets

The Group classifies its financial assets into following categories:

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

Classification of Equity Instruments

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

Classification of other Financial Assets

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

Amortised Cost: These will be classified as amortised cost if the objective is to hold the asset only for collecting contractual cash flows (principal and interest).

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

FVTPL: This includes financial assets:

- which are not classified as either at amortised cost or FVOCI; and/or
- which do not have fixed maturity.

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

Subsequent Measurement

Equity and debt securities classified as FVTPL

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

Equity and debt securities classified as FVOCI

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

Other financial assets classified at amortised cost

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

Derecognition of financial assets

Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loan is classified as Stage 1 for ECL measurement purposes, unless it is deemed to be purchased originated credit impaired. When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers qualitative factors such as change in currency of the loan, introduction of an equity feature, change in counterparty, or if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

The gain / (loss) on derecognition of financial asset has been calculated as the difference between the book value (including impairment) and the proceeds received.

Derecognition other than due to substantial modification of terms and conditions

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Classification of Financial Liabilities

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

Financial liabilities classified as FVTPL are measured at fair value.

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Impairment

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

Equity securities are not subject to impairment.

4.11 Change in reporting format

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023 and BPRD Circular letter No. 07 dated April 13, 2023, issued the revised formats for the preparation of the annual and interim financial information of the banks which are applicable for quarterly / half yearly periods beginning on or after January 01, 2024 (previously January 01, 2023). The implementation of the revised formats has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial information. Right of use assets and corresponding Lease Liability are now presented separately on the face of statement of financial position. Previously they were presented under Property and Equipment (previously titled Fixed Assets) and Other Liabilities respectively. As a result of the this change, the Property and Equipment of the Group decreased by Rs 2,430.303 million and Rs 2,721.205 million as of June 30, 2024 and December 31, 2023 respectively. Further, Other Liabilities of the Group decreased by Rs 3,129.155 million and Rs 3,348.737 as of June 30, 2024 and December 31, 2023 respectively.

The Group has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified (Note 40).

4.1.2 Impact of IFRS 9 - Financial Instruments

The Group has opted for modified retrospective approach and has not restated comparative figures as permitted by the transitional provisions of IFRS 9. The impacts of the IFRS 9 to the carrying amounts of financial assets and liabilities at the date of transition are recognised in the opening retained earnings and other reserves at the beginning of the current year without restating the comparative.

For disclosures in the notes to the condensed interim financial statements, the consequential amendments to IFRS 7 disclosures as a result of adoption of IFRS 9 have also been applied to the current period only. The comparative period disclosures are in line with the disclosures made in the prior period / year.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

The Group has adopted IFRS 9 effective January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application is of Rs. 961.229 million has been recorded as an adjustment to equity at the beginning of the current accounting period. Details of impact of initial application are tabulated below:

	Balances as of	Impact due to:		Balances as of	IFRS 9 Category
	December 31, 2023 Restated	Recognition Expected Credit Losses	Adoption of revised classifications under IFRS 9	January 1, 2024 Restated	
ASSETS					
Cash and balances with treasury banks	14,463,419	-	-	14,463,419	Amortized Cost
Balances with other banks	603,944	(501)	-	603,443	Amortized Cost
Lendings to financial institutions	-	-	-	-	Amortized Cost
Investments					
- Classified as Available for sale	179,709,544	-	(179,709,544)	-	
- Classified as Held for sale	38,369	-	(38,369)	-	
- Classified as FVOCI	-	-	179,709,544	179,709,544	FVOCI
- Classified as FVTPL	-	-	38,369	38,369	FVTPL
Advances	18,652,824	(851,716)	-	17,801,108	Amortized Cost
Property and equipment	7,239,725	-	-	7,239,725	Outside scope of IFRS 9
Right-of-use assets	2,721,205	-	-	2,721,205	Outside scope of IFRS 9
Intangible assets	264,723	-	-	264,723	Outside scope of IFRS 9
Deferred tax assets	23,199,809	-	-	23,199,809	Outside scope of IFRS 9
Other assets - Financial Assets	33,658,751	-	-	33,658,751	Amortized Cost / FVOCI*
Other assets - Non Financial Assets	7,985,689	-	-	7,985,689	Outside scope of IFRS 9
Total Assets	288,538,002	(852,217)	-	287,685,785	
LIABILITIES					
Bills payable	2,162,537	-	-	2,162,537	Amortized Cost
Borrowings	130,369,330	-	-	130,369,330	Amortized Cost
Deposits and other accounts	156,876,151	-	-	156,876,151	Amortized Cost
Lease liabilities	3,348,737	-	-	3,348,737	Outside scope of IFRS 9
Subordinated debt	1,495,515	-	-	1,495,515	Amortized Cost
Deferred tax liabilities	-	-	-	-	Outside scope of IFRS 9
Other liabilities - Financial Liabilities	6,039,337	109,012	-	6,148,349	Amortized Cost
Other liabilities - Non-financial Liabilities	1,172,944	-	-	1,172,944	Outside scope of IFRS 9
Total Liabilities	301,464,551	109,012	-	301,573,563	
	(12,926,549)	(961,229)	-	(13,887,778)	
NET ASSETS					
REPRESENTED BY					
Share capital - net	30,500,208	-	-	30,500,208	Outside scope of IFRS 9
Reserves	(425,043)	-	-	(425,043)	Outside scope of IFRS 9
Surplus / (deficit) on revaluation of assets	3,977,847	-	(60,943)	3,916,904	Outside scope of IFRS 9
Accumulated losses	(46,979,561)	(961,229)	60,943	(47,879,847)	Outside scope of IFRS 9
	(12,926,549)	(961,229)	-	(13,887,778)	

* Profit / return accrued is based on classification of underlying financial assets. Remaining other assets are classified as Amortized cost.

5. FINANCIAL RISK MANAGEMENT

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

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
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----- (Rupees in '000) -----

6. CASH AND BALANCES WITH TREASURY BANKS

In hand		
Local currency	4,446,804	4,607,636
Foreign currency	444,686	473,765
	4,891,490	5,081,401
With State Bank of Pakistan in		
Local currency current account	9,801,675	7,809,752
Foreign currency current account	461,490	501,148
Foreign currency deposit account	596,444	645,616
	10,859,609	8,956,516
With National Bank of Pakistan in Local currency current account	1,013,147	400,275
Prize bonds	13,593	25,227
Less: Credit loss allowance held against cash and balances with treasury banks	-	-
Cash and balances with treasury banks - net of credit loss allowance	16,777,839	14,463,419

7. BALANCES WITH OTHER BANKS

In Pakistan		
In current account	18,143	14,858
In deposit account	204	39
	18,347	14,897
Outside Pakistan		
In current account	1,859,055	512,159
In deposit account	75,927	76,888
	1,934,982	589,047
Less: Credit loss allowance held against balances with other banks	(1,744)	-
Balances with other banks - net of credit loss allowance	1,951,585	603,944

8. INVESTMENTS

8.1 Investments by type:

June 30, 2024 (Un-audited)			
Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----			
FVTPL			
Shares			
- Fully paid up ordinary shares - Listed	29,523	- (2,124)	27,399
FVOCI			
Federal Government Securities			
- Market Treasury Bills	124,916	- 649	125,565
- Pakistan Investment Bonds	146,904,132	- (270,321)	146,633,811
- GoP Ijarah Sukuks	47,634,812	- 68,297	47,703,109
Shares			
- Fully paid up ordinary shares - Listed	128,886	- (87,710)	41,176
- Fully paid up ordinary shares - Unlisted	8,131	(1,000)	7,131
- Preference shares - Unlisted	46,035	(46,035)	-
Non Government Debt Securities			
- Term Finance Certificates	1,542,217	(1,542,217)	-
- Sukuk Bonds	2,491,667	(200,000)	2,249,271
Units of mutual funds - Listed	68	- 20	88
	198,880,864	(1,789,252)	196,760,151
Total Investments	198,910,387	(1,789,252)	196,787,550

Total Investments

December 31, 2023 (Audited)			
Cost / Amortised cost	Provision of diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----			
Investments by type:			
Held-for-trading			
Shares			
- Fully paid up ordinary shares - Listed	44,595	- (6,226)	38,369
Available-for-sale securities			
Federal Government Securities			
- Market Treasury Bills	25,272,804	- 12,008	25,284,812
- Pakistan Investment Bonds	108,328,519	- (10,996)	108,317,523
- GoP Ijarah Sukuks	43,396,876	- 341,195	43,738,071
Shares			
- Fully paid up ordinary shares - Listed	128,886	(99,906)	35,962
- Fully paid up ordinary shares - Unlisted	8,131	(1,000)	7,131
- Preference shares - Unlisted	46,035	(46,035)	-
Non Government Debt Securities			
- Term Finance Certificates	1,542,217	(1,542,217)	-
- Sukuk Bonds	2,569,792	(200,000)	2,325,951
Units of mutual funds - Listed	68	- 26	94
	181,293,328	(1,889,158)	179,709,544
Total Investments	181,337,923	(1,889,158)	179,747,913

Investments by type:

Held-for-trading

Shares

- Fully paid up ordinary shares - Listed

Available-for-sale securities

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- GoP Ijarah Sukuks

Shares

- Fully paid up ordinary shares - Listed
- Fully paid up ordinary shares - Unlisted
- Preference shares - Unlisted

Non Government Debt Securities

- Term Finance Certificates
- Sukuk Bonds

Units of mutual funds - Listed

Total Investments

(Un-audited) (Audited)
June 30, December 31,
2024 2023

----- (Rupees in '000) -----

8.1.1 Investments given as collateral

Market Treasury Bills	-	19,453,473
Pakistan Investment Bonds	105,574,879	104,870,972
	105,574,879	124,324,445

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
8.2 Credit loss allowance / provision for diminution in value of investments		
Opening balance	1,889,158	4,010,880
Impact of reclassification on adoption of IFRS 9	(99,906)	-
Charge / reversals		
Charge for the period / year	-	26,943
Reversals for the period / year	-	(23,569)
Reversal on disposals	-	(2,125,096)
	-	(2,121,722)
Closing balance	<u>1,789,252</u>	<u>1,889,158</u>

8.3 Particulars of credit loss allowance / provision against debt securities

		June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
Domestic		Outstanding amount	Credit loss allowance held	Non Performing Investment	Provision
----- (Rupees in '000) -----					
Performing	Stage 1	-	-	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3				
Loss		1,742,217	1,742,217	1,742,217	1,742,217
Total		<u>1,742,217</u>	<u>1,742,217</u>	<u>1,742,217</u>	<u>1,742,217</u>

9. ADVANCES

		Performing		Non Performing		Total	
		(Un-audited) June 30, 2024	(Audited) December 31, 2023	(Un-audited) June 30, 2024	(Audited) December 31, 2023	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Note ----- (Rupees in '000) -----							
Loans, cash credits, running finances, etc.		12,643,153	13,514,199	34,201,211	35,952,899	46,844,364	49,467,098
Islamic financing and related assets	39.3	2,269,381	2,439,460	279,549	274,364	2,548,930	2,713,824
Bills discounted and purchased		245,244	641,308	47,089	47,089	292,333	688,397
Advances - gross		15,157,778	16,594,967	34,527,849	36,274,352	49,685,627	52,869,319
Credit loss allowance / provision against advances							
- Specific		-	-	-	(34,211,166)	-	(34,211,166)
- General	9.3	-	(5,329)	-	-	-	(5,329)
- Stage 1		(4,802)	-	-	-	(4,802)	-
- Stage 2		(81,236)	-	-	-	(81,236)	-
- Stage 3		-	-	(33,150,758)	-	(33,150,758)	-
		(86,038)	(5,329)	(33,150,758)	(34,211,166)	(33,336,796)	(34,216,495)
Advances - net of credit loss allowance / provision		<u>14,971,740</u>	<u>16,589,638</u>	<u>1,377,091</u>	<u>2,063,186</u>	<u>16,348,831</u>	<u>18,652,824</u>

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
9.1 Particulars of advances (Gross)		
	----- (Rupees in '000) -----	
In local currency	49,451,297	52,229,272
In foreign currencies	234,330	640,047
	<u>49,685,627</u>	<u>52,869,319</u>

9.2 Advances include Rs. 34,527.849 million (December 31, 2023: Rs. 36,274.352 million) which have been placed under non-performing / Stag 3 status as detailed below:

Category of Classification	June 30, 2024 (Un-audited)	
	Non performing loans	Credit loss allowance
	----- (Rupees in '000) -----	
Domestic		
Other Assets Especially Mentioned (OAEM)	1,757	202
Substandard	50,982	24,668
Doubtful	43,431	20,503
Loss	34,431,679	33,105,587
Total	<u>34,527,849</u>	<u>33,150,960</u>

Category of Classification	December 31, 2023 (Audited)	
	Non performing loans	Provision
	----- (Rupees in '000) -----	
Domestic		
Other Assets Especially Mentioned (OAEM)	11,034	657
Substandard	25,438	1,092
Doubtful	102,297	6,397
Loss	36,135,583	34,203,020
Total	<u>36,274,352</u>	<u>34,211,166</u>

9.3 Particulars of credit loss allowance / provision against advances

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	----- (Rupees in '000) -----						
Opening balance	3,939	1,390	34,211,166	34,216,495	33,231,865	10,556	33,242,421
Impact of adoption of IFRS 9	38,716	92,134	720,866	851,716	-	-	-
Charge for the period / year	2,330	121,618	98,841	222,789	2,958,975	-	2,958,975
Reversals	(40,183)	(33,906)	(1,879,542)	(1,953,631)	(1,978,573)	(5,227)	(1,983,800)
	(37,853)	87,712	(1,780,701)	(1,730,842)	980,402	(5,227)	975,175
Amounts written off	-	-	(573)	(573)	(1,101)	-	(1,101)
Closing balance	<u>4,802</u>	<u>181,236</u>	<u>33,150,758</u>	<u>33,336,796</u>	<u>34,211,166</u>	<u>5,329</u>	<u>34,216,495</u>

9.3.1 Credit loss allowance for Stage 1 and Stage 2 represents credit loss allowance maintained against performing portfolio as required under IFRS 9.

9.3.2 The Group has availed the Forced Sale Value (FSV) benefit of pledged stocks, mortgaged properties, plant and machinery, shares and Cash Margin / TDRs held as collateral against non-performing advances as allowed under the applicable Prudential Regulations issued by the State Bank of Pakistan. Had the benefit not been taken by the Group, the specific provision against non-performing advances would have been higher by Rs. 1,643.025 million (December 31, 2023: Rs. 1,982.581 million). The positive impact on the profit and loss account arising from availing this benefit - net of tax amounts to Rs. 1,002.245 million (December 31, 2023: Rs. 1,209.374 million). As per the applicable Prudential Regulations, the positive impact of FSV benefit is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

9.4 Advances - Particulars of credit loss allowance

	June 30, 2024 (Un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	----- (Rupees in '000) -----			
Opening balance	-	-	-	-
Impact of adoption of IFRS	42,655	93,524	34,932,032	35,068,211
New Advances	1,005	16,596	867	18,468
Advances derecognised or repaid	(28,829)	(24,334)	(531,977)	(585,140)
Transfer to stage 1	1,325	(8,127)	(813)	(7,615)
Transfer to stage 2	(11,344)	105,022	(1,346,752)	(1,253,074)
Transfer to stage 3	(10)	(1,445)	97,974	96,519
	(37,853)	87,712	(1,780,701)	(1,730,842)
Amounts written off /	-	-	(573)	(573)
Closing balance	4,802	181,236	33,150,758	33,336,796

9.5 Advances - Category of classification

		June 30, 2024 (Un-audited)	
		Outstanding amount	Credit loss allowance held
		----- (Rupees in '000) -----	
Performing	Stage	7,856,293	4,802
Underperforming	Stage	7,303,242	181,236
Non-Performing	Stage		
Substandard		50,982	24,668
Doubtful		43,431	20,503
Loss		34,431,679	33,105,587
Total		49,685,627	33,336,796

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
10. PROPERTY AND EQUIPMENT	Note	----- (Rupees in '000) -----	
Capital work-in-progress	10.1	63,895	73,786
Property and equipment		7,072,675	7,165,939
		<u>7,136,570</u>	<u>7,239,725</u>

10.1 Capital work-in-progress

Civil works and related payments / progress billings	8,670	5,987
Advances and other payments to suppliers and contractors	55,225	67,799
Advances and other payments against capital work in progress considered doubtful	1,155,814	1,155,814
Less: Provision held there against	(1,155,814)	(1,155,814)
	-	-
	<u>63,895</u>	<u>73,786</u>

10.2 Additions to property and equipment

The following additions have been made to property and equipment during the period:

	----- (Rupees in '000) -----	
Capital work-in-progress - net	(9,891)	19,957
Property and equipment		
Building improvements	31,079	14,778
Furniture and fixture	9,031	2,316
Electrical, office and computer equipment	107,266	30,020
Vehicles	109	93
	<u>147,485</u>	<u>47,207</u>
	<u>137,594</u>	<u>67,164</u>

10.3 Disposal of property and equipment

The net book value of property and equipment disposed off during the period is as follows:

Property and equipment		
Leasehold land	-	70,000
Building on leasehold land	31,608	74,915
Building improvements	847	572
Furniture and fixture	254	-
Electrical, office and computer equipment	1,369	275
	<u>34,078</u>	<u>145,762</u>

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
11. RIGHT-OF-USE ASSETS	----- (Rupees in '000) -----	
At January 01,		
Cost	5,553,456	5,195,266
Accumulated depreciation	<u>(2,832,251)</u>	<u>(2,241,870)</u>
Net carrying amount at January 01,	2,721,205	2,953,396
Additions during the period / year	62,430	581,344
Modifications during the period / year	(1,342)	9,197
Deletions during the period / year	(81,260)	(232,351)
Depreciation charge for the period / year	(270,730)	(590,381)
Net carrying amount	<u><u>2,430,303</u></u>	<u><u>2,721,205</u></u>

12. INTANGIBLE ASSETS

Capital work-in-progress	12.1	181,653	194,998
Intangible assets in use	12.2	100,819	69,725
		<u>282,472</u>	<u>264,723</u>

12.1 Capital work-in-progress

Advances to suppliers and contractors	181,653	194,998
Advances against capital work in progress considered doubtful	142,522	142,522
Less: Provision held there against	<u>(142,522)</u>	<u>(142,522)</u>
	-	-
	<u>181,653</u>	<u>194,998</u>

12.2 Intangible assets in use

Computer softwares	98,319	67,225
Trading Rights Entitlement Certificate	<u>2,500</u>	<u>2,500</u>
	100,819	69,725

12.3 Additions to intangible assets

The following additions have been made to intangible assets during the period:

	(Un-audited) June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
Capital work-in-progress - net	(13,345)	447
Directly purchased	46,477	14,714
Total	<u>33,132</u>	<u>15,161</u>

12.4 There were no disposals in intangible assets during the current and prior period.

13. DEFERRED TAX ASSETS

June 30, 2024 (Un-audited)					
At January 01, 2024	IFRS - 9 transition impact	Recognised in profit and loss account	Recognised in other comprehensive income	At June 30, 2024	
----- (Rupees in '000) -----					
Deductible temporary differences on					
- Tax losses carried forward	15,515,748	-	1,264,880	-	16,780,628
- Credit loss allowance against advances, off balance sheet etc.	9,002,927	-	11,445	-	9,014,372
- Credit loss allowance against investment	736,771	(38,963)	-	-	697,808
- Provision against intangible assets	48,034	-	-	-	48,034
- Staff compensated absences	54,578	-	(140)	-	54,438
- Credit loss against other assets	166,759	-	-	-	166,759
- Minimum tax	833	-	375	-	1,208
- Alternative Corporate tax	3,048	-	1,207	-	4,255
	25,528,698	(38,963)	1,277,767	-	26,767,502
Taxable temporary differences on					
- Surplus on revaluation of property & equipment	(1,074,691)	-	-	27,766	(1,046,925)
- Surplus on revaluation of investments	(116,362)	38,963	-	211,431	134,032
- Unrealized gain on forward exchange contracts	(10,047)	-	844	-	(9,203)
- Surplus on revaluation of property - held for sale	(437,092)	-	-	-	(437,092)
- Surplus on revaluation of non-banking assets	(313,821)	-	-	38,909	(274,912)
- Accelerated tax depreciation	(376,876)	-	2,675	-	(374,201)
	(2,328,889)	38,963	3,519	278,106	(2,008,301)
	23,199,809	-	1,281,286	278,106	24,759,201

December 31, 2023 (Audited)				
At January 01, 2023	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2023	
----- (Rupees in '000) -----				
Deductible Temporary differences on				
- Tax losses carried forward	13,108,527	2,407,221	-	15,515,748
- Provision against advances, off balance sheet etc.	8,121,244	881,683	-	9,002,927
- Provision for impairment loss - Investment	1,564,243	(827,472)	-	736,771
- Provision against intangible assets	48,034	-	-	48,034
- Staff compensated absences	51,955	2,623	-	54,578
- Provision against other assets	166,759	-	-	166,759
- Minimum tax	354	479	-	833
- Alternative Corporate tax	3,800	(752)	-	3,048
	23,064,916	2,463,782	-	25,528,698
Taxable Temporary Differences on				
- Surplus on revaluation of fixed asset	(1,151,581)	-	76,890	(1,074,691)
- Surplus on revaluation of investments	3,932	-	(120,294)	(116,362)
- Unrealized gain on forward exchange contracts	(142)	(9,905)	-	(10,047)
- Surplus on revaluation of property - held for sale	(452,705)	-	15,613	(437,092)
- Surplus on revaluation of non-banking assets	(333,546)	-	19,725	(313,821)
- Accelerated tax depreciation	(404,230)	27,354	-	(376,876)
	(2,338,272)	17,449	(8,066)	(2,328,889)
	20,726,644	2,481,231	(8,066)	23,199,809

- 13.1 The net deferred tax asset has been recognized in accordance with the Group's accounting policy. The management, based on financial projections, estimates that sufficient taxable profits would be available in future against which the recognized deferred tax asset could be realized. The projections include certain key assumptions underlying management's estimation of profits. Any significant change in such assumptions may have effect on the recoverability of deferred tax asset. The management believes that it is probable that the Group would be able to achieve the profits and consequently, the recognized deferred tax asset will be fully realized in future.

14. OTHER ASSETS

(Un-audited) (Audited)
June 30, December 31,
2024 2023
Note ----- (Rupees in '000) -----

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Income / mark-up accrued in local currency	8,512,746	7,912,817
Income / mark-up accrued in foreign currency	3,971	2,822
Advances, deposits, advance rent and other prepayments	504,806	393,824
Advance taxation (payments less provisions)	560,307	538,944
Non-banking assets acquired in satisfaction of claims	1,843,777	2,370,326
Branch adjustment account	99,758	-
Receivable from other banks against clearing and settlement	475,527	1,391,209
Receivable against Government Securities	-	23,000,000
Mark to market gain on forward foreign exchange contracts	37,867	27,833
Acceptances	376,449	409,685
Stationery and stamps on hand	6,657	6,792
Commission receivable on home remittance	-	184
Commission receivable on brokerage	9,492	8,355
Property - held for sale	14.1 3,692,787	3,692,787
Account receivable	102,590	144,497
Others	842,007	709,562
	<u>17,068,741</u>	<u>40,609,637</u>
Less: Credit loss allowance / provision held against other assets	14.2 (890,105)	(890,616)
Other assets (net of credit loss allowance / provision)	<u>16,178,636</u>	<u>39,719,021</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	704,902	804,670
Surplus on revaluation of property - held for sale	1,120,749	1,120,749
Other assets - total	<u>18,004,287</u>	<u>41,644,440</u>

14.1 This represents a portion of the Group's self constructed property which has been earmarked for selling in the near future. This property is carried at lower of market value / fair value less cost to sell and carrying amount.

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
14.2 Credit loss allowance / provision held against other assets	----- (Rupees in '000) -----	
Income / mark-up accrued in local currency	1,389	1,389
Advances, deposits, advance rent & other prepayments	98,008	98,008
Non-banking assets acquired in satisfaction of claims	360,107	360,107
Commission receivable on guarantees	9,880	9,880
Receivable from Dewan Group	45,310	45,310
Account receivable - sundry claims	211,922	212,433
Receivable from Speedway Fondmetal (Pakistan) Limited	25,694	25,694
Others	137,795	137,795
	<u>890,105</u>	<u>890,616</u>

14.2.1 Movement in credit loss allowance / provision held against other assets

Opening balance	890,616	888,696
Charge for the period / year	-	8,032
Reversals	(511)	(6,000)
Amount written off	-	(112)
Closing balance	<u>890,105</u>	<u>890,616</u>

15. CONTINGENT ASSETS

There were no contingent assets at the balance sheet date.

16. BILLS PAYABLE

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
In Pakistan	1,870,682	2,162,537
Outside Pakistan	-	-
	<u>1,870,682</u>	<u>2,162,537</u>

17. BORROWINGS

Secured

Borrowings from State Bank of Pakistan

- Under export refinance scheme
- Under Islamic Export Refinance Scheme (IERF)
- Under long-term financing facility
- Refinance facility for modernization of SMEs
- Repurchase agreement borrowings

4,690,150	4,691,400
90,000	90,000
156,874	239,398
589	1,100
<u>107,208,564</u>	<u>123,027,721</u>
112,146,177	128,049,619

Repurchase agreement borrowings

Total secured

-	2,313,316
<u>112,146,177</u>	<u>130,362,935</u>

Unsecured

Overdrawn nostro accounts

4,959	6,395
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<u>112,151,136</u>	<u>130,369,330</u>
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18. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	48,158,220	1,785,999	49,944,219	43,315,999	1,722,463	45,038,462
Savings deposits	98,329,956	1,495,350	99,825,306	84,046,183	2,168,138	86,214,321
Term deposits	12,124,343	3,401,091	15,525,434	14,520,225	3,489,167	18,009,392
Others	4,637,523	43,773	4,681,296	4,110,091	44,326	4,154,417
	<u>163,250,042</u>	<u>6,726,213</u>	<u>169,976,255</u>	<u>145,992,498</u>	<u>7,424,094</u>	<u>153,416,592</u>
Financial institutions						
Current deposits	206,168	47,648	253,816	230,014	43,445	273,459
Savings deposits	2,951,411	-	2,951,411	2,410,926	8	2,410,934
Term deposits	875,811	105,759	981,570	668,059	107,107	775,166
Others	-	-	-	-	-	-
	<u>4,033,390</u>	<u>153,407</u>	<u>4,186,797</u>	<u>3,308,999</u>	<u>150,560</u>	<u>3,459,559</u>
	<u>167,283,432</u>	<u>6,879,620</u>	<u>174,163,052</u>	<u>149,301,497</u>	<u>7,574,654</u>	<u>156,876,151</u>

19. LEASE LIABILITIES

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
Opening	3,348,737	3,494,834
Additions during the period / year	48,061	495,709
Deletion during the period / year	(117,422)	(311,302)
Lease payments including interest	(370,749)	(774,778)
Interest expense	221,870	435,077
Modifications	(1,342)	9,197
Closing	<u>3,129,155</u>	<u>3,348,737</u>

19.1 Liabilities Outstanding

Not later than one year	811,676	778,144
Later than one year and upto five years	1,784,010	1,890,404
Over five years	533,469	680,189
Total at the period end	<u>3,129,155</u>	<u>3,348,737</u>

20. SUBORDINATED DEBT

Issue amount	Rs.1,500,000,000
Issue date	October 27, 2011
Maturity date	October 27, 2022 (December 31, 2023: October 27, 2022)

These TFCs were issued by the Bank on October 27, 2011 for an initial tenure of seven years and maturity date of October 27, 2018. In order to protect the interest of the TFC Holders, the tenure of the TFC together with the payment of applicable redemption amounts were extended for fourth time by the Bank to October 27, 2019, October 27, 2020, October 27, 2021 and October 27, 2022 through the extraordinary resolutions passed by the TFC holders on November 19, 2018, April 10, 2019, November 20, 2019, October 22, 2020 and October 26, 2021. The Bank completed necessary regulatory formalities for these extensions and executed the amended Declaration of Trusts on July 23, 2019, September 23, 2020, July 09, 2021 and August 01, 2022. The final approval of these extensions were approved by the SBP vide its letters dated October 21, 2019, October 21, 2020, October 22, 2021 and October 24, 2022.

Subsequent to the approval granted by the TFC Holders (in their last meeting held on October 27, 2022) for extension in the maturity date and associated rescheduling of the coupon payments of the Term Finance Certificate upto October 27, 2023, the Bank after complying with all the applicable legal and regulatory requirements had furnished a formal request in SBP for seeking aforesaid extension which is currently under consideration and no formal SBP approval has been received.

Rating	'B' (Single B).
Security	Unsecured.
Redemption / profit payment frequency	The redemption / profit payment details are mentioned in the above maturity date clause.
Mark up	Base rate (6 months KIBOR - ask side) plus 325 bps.
Call option	The Bank had an option to call the TFC's subject to SBP's prior written approval, on any profit payment date after the 60th month from the last day of public subscription, with not less than 30 days prior notice to be given to the Trustee. The Call option once announced will not be revocable. Further, no premium will be paid to the TFC Holders in case the call option is exercised by the Bank.
Lock-in-clause	Neither interest nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase in the existing shortfall in MCR and CAR.

21. OTHER LIABILITIES

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note ----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency	3,788,751	4,236,243
Mark-up / return / interest payable in foreign currencies	4,533	1,625
Unearned income	67,302	71,476
Accrued expenses	158,082	115,181
Advance against sale of property	211,103	211,103
Acceptances	376,449	409,685
Unclaimed dividends	2,213	2,213
Mark to market loss on forward foreign exchange contracts	14,269	2,071
Payable to defined benefit plan	39,724	18,813
Charity fund balance	1,814	4,317
Branch adjustment account	-	29,074
Security deposits against lease	156,890	187,644
Payable to Bangladesh Bank	41,389	41,389
Payable to Rupali Bank - Bangladesh	16,293	16,293
Payable to vendors / creditors	435,971	367,873
Provision for compensated absences	141,046	141,538
Payable to Bank of Ceylon, Colombo	20,163	20,163
Retention money	508,657	542,370
Workers' welfare fund	13,360	13,360
Withholding taxes and government levies payable	300,908	264,364
Federal excise duty and sales tax payable	7,832	10,724
Commission payable on home remittances	72	213
Account payable	136,834	99,928
Credit loss allowance against off-balance sheet obligations	21.1 113,612	-
Others	696,447	404,621
	7,253,714	7,212,281

21.1 Credit loss allowance against off-balance sheet obligations

Opening balance	-	-
Impact of adoption of IFRS 9	109,012	
Charge for the period / year	4,600	-
Reversals	-	-
	4,600	-
Amount written off	-	-
Closing balance	113,612	-

22. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of		
- Securities measured at FVOCI-Debt	8.1 (243,771)	-
- Securities measured at FVOCI-Equity	8.1 (87,690)	-
- Available for sale securities	-	305,374
- Property and equipment	3,617,824	3,689,020
- Non-banking assets acquired in satisfaction of claims	704,902	804,670
- Property - held for sale	1,120,749	1,120,749
	5,112,014	5,919,813
Deferred tax on surplus / (deficit) on revaluation of:		
- Securities measured at FVOCI-Debt	95,071	-
- Securities measured at FVOCI-Equity	38,963	-
- Available for sale securities	-	(116,362)
- Property and equipment	(1,046,925)	(1,074,691)
- Non-banking assets acquired in satisfaction of claims	(274,913)	(313,821)
- Property - held for sale	(437,092)	(437,092)
	(1,624,896)	(1,941,966)
	3,487,118	3,977,847

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
23. CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	15,637,828	13,557,375
-Commitments	23.2	127,030,655	147,241,382
-Other contingent liabilities	23.3	22,298,808	22,748,472
		<u>164,967,291</u>	<u>183,547,229</u>
23.1 Guarantees:			
Financial guarantees		20,470	20,470
Performance guarantees		9,459,653	9,761,374
Other guarantees		6,157,705	3,775,531
		<u>15,637,828</u>	<u>13,557,375</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions - letters of credit		7,759,245	8,868,111
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	6,073,133	6,935,713
- forward lending	23.2.2	5,852,972	5,853,928
Commitments for acquisition of:			
- property and equipment		34,168	109,562
- intangible assets		102,573	133,031
Other commitments	23.2.3	107,208,564	125,341,037
		<u>127,030,655</u>	<u>147,241,382</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		5,229,533	6,180,469
Sale		843,600	755,244
		<u>6,073,133</u>	<u>6,935,713</u>
23.2.2 Commitments in respect of forward lending			
Forward documentary bills		4,230,053	4,916,896
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	1,622,919	937,032
		<u>5,852,972</u>	<u>5,853,928</u>
23.2.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Group without the risk of incurring significant penalty or expense.			
		(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
23.2.3 Other commitments			
Purchase (Repo)		107,208,564	125,341,037
23.3 Other contingent liabilities - claims against the Group not acknowledged as debts		<u>22,298,808</u>	<u>22,748,472</u>
23.4 Contingency for tax payable			
Contingency related to tax payable is disclosed in note 32.2.			

	Note	(Un-audited) Half year ended	
		June 30, 2024	June 30, 2023
----- (Rupees in '000) -----			
24. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		1,575,578	1,489,628
Investments		20,036,129	8,490,162
Lendings to financial institutions		142,020	90,948
Balances with banks		37,403	32,057
		<u>21,791,130</u>	<u>10,102,795</u>
25. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		10,706,639	6,402,949
Borrowings		12,469,861	3,930,187
Subordinated debt		186,263	158,192
Cost of foreign currency swaps against foreign currency deposits / borrowings		297,593	410,742
Finance cost of lease liability		221,870	212,531
		<u>23,882,226</u>	<u>11,114,601</u>
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		89,439	27,197
Consumer finance related fees		2,059	2,573
Card related fees (debit cards)		101,778	62,781
Credit related fees		859	1,223
Investment banking fees		-	1,322
Commission on trade		253,052	107,911
Commission on guarantees		62,464	55,693
Commission on cash management		158	21
Commission on remittances including home remittances		3,298	5,387
Commission on bancassurance		1,132	1,515
Alternate Delivery Channels		8,796	18,127
Commission on brokerage		42,519	22,798
Others		28	19
		<u>565,582</u>	<u>306,567</u>
27. GAIN / (LOSS) ON SECURITIES			
Realised	27.1	274,812	(452,008)
Unrealised - Measured at FVPL		4,103	-
		<u>278,915</u>	<u>(452,008)</u>
27.1 Realised gain / (loss) on:			
Federal Government Securities		272,234	33,199
Shares		2,578	(485,207)
		<u>274,812</u>	<u>(452,008)</u>
28. OTHER INCOME			
Rent on property / locker		2,484	2,258
Gain on sale of property and equipment - net		46,303	196,725
Gain on sale of non banking assets		604,317	-
Gain on partial sale of HFS property		-	116,794
Gain on sale of ijarah assets		623	527
Gain on termination of lease contracts under IFRS 16		36,161	35,006
Refund from Gratuity Fund		-	4,516
Others		13	-
		<u>689,901</u>	<u>355,826</u>

29. OPERATING EXPENSES

		(Un-audited) Half year ended	
		June 30, 2024	June 30, 2023
Note	-----	(Rupees in '000) -----	
	Total compensation expense	1,352,218	1,159,451
	Property expense		
	Rent and taxes	59,816	42,055
	Insurance - property	3,653	5,451
	Insurance - non banking assets	484	414
	Utilities cost	241,282	200,442
	Security (including guards)	129,192	121,323
	Repair and maintenance (including janitorial charges)	95,938	81,054
	Depreciation on owned property and equipment	127,863	126,154
	Depreciation on right-of-use assets	270,730	297,207
	Depreciation on non banking assets	32,422	32,785
		961,380	906,885
	Information technology expenses		
	Software maintenance	121,930	74,148
	Hardware maintenance	69,760	73,242
	Depreciation on computer equipments	37,802	34,056
	Amortisation of computer softwares	15,383	11,608
	Network charges	49,079	49,490
	Insurance	219	2,493
		294,173	245,037
	Other operating expenses		
	Directors' fees and allowances	18,000	14,700
	Fees and allowances to Shariah Board	11,850	11,850
	Legal and professional charges	73,400	41,728
	Outsourced services costs	162,054	138,445
	Travelling and conveyance	237,575	215,136
	NIFT clearing charges	16,391	15,315
	Depreciation	41,008	51,266
	Training and development	2,915	3,877
	Postage and courier charges	19,818	20,713
	Communication	70,208	42,149
	Stationery and printing	84,622	73,142
	Marketing, advertisement and publicity	20,910	5,180
	Brokerage and commission	19,824	17,712
	Fee and subscription	121,530	76,738
	Cash transportation and sorting charges	82,346	69,134
	Entertainment	37,963	31,521
	Insurance	87,754	75,338
	Deposit insurance premium expense	91,122	67,432
	Repair and maintenance	60,894	64,499
	Auditors' remuneration	7,366	5,672
	Others	17,799	21,227
		1,285,349	1,062,774
		3,893,120	3,374,147
	29.1 Total compensation expense		
	Fees and allowances etc.	9,922	7,522
	Managerial remuneration		
	i) Fixed	857,457	737,725
	ii) Variable		
	of which;		
	a) Cash bonus / awards etc.	-	-
	b) Incentives and commission	405	470
	Charge for defined benefit plan	40,323	25,609
	Contribution to defined contribution plan	43,605	39,559
	Charge for employees compensated absences	12,847	10,992
	Rent and house maintenance	266,828	231,112
	Utilities	59,482	51,356
	Medical	60,986	54,761
	Employee old age benefit institution	363	345
	Total	1,352,218	1,159,451

30. OTHER CHARGES

	(Un-audited) Half year ended	
	June 30, 2024	June 30, 2023
Note	----- (Rupees in '000) -----	
Penalties imposed by State Bank of Pakistan	<u>104</u>	<u>181</u>

31. CREDIT LOSS ALLOWANCE / REVERSALS AND WRITE OFFS - NET

(Reversal) of provision for diminution in value of investments	-	(510,278)
Credit loss allowance / (reversal) of provision against loans & advances	1,730,842	(328,339)
Credit loss allowance / provision against other assets	(511)	8,630
Operational loss	2,073	1,075
Recovery of written off / charged off bad debts	(567)	(427)
Reversal of provision for advances and other payments against capital work in progress	-	(2,526)
Credit loss allowance against off-balance sheet obligations	4,600	-
Credit loss allowance against balance with other banks	1,242	-
	<u>(1,724,005)</u>	<u>(831,865)</u>

32. TAXATION

Current	32.1 & 32.2	293,381	136,112
Prior years		-	-
Deferred		(1,281,286)	(1,156,959)
		<u>(987,905)</u>	<u>(1,020,847)</u>

32.1 This represents the provision for minimum taxation made in accordance with the requirements of section 113 of the Income Tax Ordinance, 2001. Therefore, reconciliation of tax expense and accounting profit / loss has not been disclosed.

According to ICAP guide dated May 2024, minimum taxes do not qualify as income tax expense under IAS 12 Income Taxes. Instead, they should be accounted for as levy under IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Since the SBP has not officially adopted or communicated any changes to the format of the financial statements (refer note 2.3), no changes have been made to the format of the statement of profit and loss account.

32.2 The Income Tax Returns of the Bank and its subsidiary have been submitted up to and including financial year ended December 31, 2022 i.e. tax year 2023.

In respect of assessments of Bank Makramah Limited from tax years 2009 to tax year 2018 and 2022 the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand (net of rectification) of Rs. 418.48 million through amended assessment orders and the same have been paid / stayed / adjusted against available refunds.

In respect of assessments of Bank Makramah Limited AJK Region from tax year 2013 to tax year 2017, the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand of Rs. 57.96 million through amended assessment orders and the same have been paid / stayed / adjusted against advance tax paid.

In respect of assessments of ex-My Bank Limited (now Bank Makramah Limited) from tax year 2003 to tax year 2011, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 456.62 million through amended assessment orders and the same have been paid / adjusted against available refunds.

In respect of assessments of ex-Atlas Bank Limited (now Bank Makramah Limited) from tax year 2003 to tax year 2010, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 89.74 million through amended assessment orders and the same have been paid / adjusted against available refunds.

Such issues mainly include disallowances of mark up payable, taxation of mutual fund distribution at corporate tax rate, disallowance of provision against non-performing loans, disallowance of reversal of provisions, allocation of expenses against dividend income and capital gain, disallowances against non-banking assets, disallowances of certain HO expenses, addition to mark-up/interest earned in AJK region etc. The Bank has filed appeals before the various appellate forums against these amended assessment orders which are either pending for hearing or order.

In pursuance of SRO 1588(I)/2023 dated 21 November 2023, banking companies have been designated to be the 'sector' for the purpose of section 99D of the Income Tax Ordinance 2001, for the tax years 2022 and 2023. The Bank through its legal council has challenged the above levy, and the High Court of Sindh, has suspended the operation of the aforementioned SRO and granted stay to the Bank. Further, the Islamabad High court and the Lahore High court has suspended the operation in other similar petitions. The matter remains pending and the stay order still holds the field.

The management of the Group is confident about the favourable outcome of the appeals hence, no provision / adjustment with respect to the above matters has been made in these consolidated financial statements.

		(Un-audited) Half year ended	
		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
33. BASIC AND DILUTED LOSS PER SHARE			
Loss for the period		<u>(1,438,017)</u>	<u>(1,733,837)</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares - Basic		<u>5,334,220,021</u>	<u>4,024,871,389</u>
		----- (Rupees) -----	
Basic loss per share		<u>(0.27)</u>	<u>(0.43)</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares - Diluted	33.1	<u>5,334,220,021</u>	<u>4,024,871,389</u>
		----- (Rupees) -----	
Diluted loss per share		<u>(0.27)</u>	<u>(0.43)</u>

33.1 There are no potential ordinary shares outstanding as of June 30, 2024.

		(Un-audited) Half year ended	
		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
34. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks excluding credit loss allowance		16,777,839	16,502,495
Balances with other banks excluding credit loss allowance		1,953,329	878,345
Overdrawn nostro accounts		(4,959)	(6,493)
		<u>18,726,209</u>	<u>17,374,347</u>

35. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than 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.

35.1 Fair value of financial assets

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

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

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

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

35.2 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 categorized:

June 30, 2024 (Un-audited)			
Level1	Level2	Level3	Total
----- (Rupees in '000) -----			
On balance sheet financial instruments			
Financial assets - measured at fair value			
Investments			
- Federal Government Securities	-	194,462,485	-
- Shares - Listed	68,575	-	-
- Non Government Debt Securities	-	2,249,271	-
- Units of mutual funds	-	88	-
Financial assets - disclosed but not measured at fair value			
Investments			
- Shares - Unlisted	-	-	66,112
Non-Financial assets - measured at fair value			
Operating fixed assets	-	-	6,635,853
Non banking assets acquired in satisfaction of claims	-	-	2,188,572
Off-balance sheet financial instruments - measured at fair value			
Forward purchase of foreign exchange	-	5,249,200	-
Forward sale of foreign exchange	-	839,669	-

December 31, 2023 (Audited)			
Level1	Level2	Level3	Total
----- (Rupees in '000) -----			
On balance sheet financial instruments			
Financial assets - measured at fair value			
Investments			
- Federal Government Securities	-	177,340,406	-
- Shares - Listed	74,331	-	-
- Non Government Debt Securities	-	2,325,951	-
- Units of mutual funds	-	94	-
Financial assets - disclosed but not measured at fair value			
Investments			
- Shares - Unlisted	-	-	66,112
Non-Financial assets - measured at fair value			
Operating fixed assets	-	-	6,765,092
Non banking assets acquired in satisfaction of claims	-	-	2,814,889
Off-balance sheet financial instruments - measured at fair value			
Forward purchase of foreign exchange	-	6,204,424	-
Forward sale of foreign exchange	-	753,437	-

Valuation techniques used in determination of fair value

Item	Valuation approach and input used
Federal Government Securities-Unlisted	The fair values of Market Treasury Bills (MTB) and Pakistan Investment Bonds (PIB) are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV rates. The fair values of GOP Ijarah Sukuks are derived using the PKISRV rates.
Federal Government Securities-Listed	The fair value of investment in listed GOP Ijarah Sukku are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.
Ordinary shares - Listed	The fair value of investment in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Unlisted	This represents breakup value of investments.
Non-Government Debt Securities	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Forward foreign exchange contracts	The valuation has been incorporated by interpolating the foreign exchange revaluation rates announced by the SBP.
Property & equipment (land and building) and non-banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties.

36. SEGMENT INFORMATION

36.1 Segment details with respect to business activities

For the half year ended June 30, 2024 (Un-audited)

Corporate, SME & Commercial	Treasury	Retail Banking	Brokerage Business	Others	Total
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----- (Rupees in '000) -----

Profit and Loss

Net mark-up / return / profit	617,938	7,871,294	10,219,702	11,905	(372,531)	(2,091,096)
Inter segment revenue - net	(526,094)	(8,189,894)	14,086,934	-	(5,370,946)	-
Non mark-up / return / interest income	150,012	626,692	318,880	53,337	685,472	1,834,393
Total income	241,856	308,092	4,186,112	65,242	(5,058,005)	(256,703)

Segment direct expenses	128,718	54,141	2,526,115	50,201	1,134,049	3,893,224
Inter segment expense allocation	310,153	109,923	642,815	-	(1,062,891)	-
Total expenses	438,871	164,064	3,168,930	50,201	71,158	3,893,224

Credit loss allowance	(1,719,712)	1,242	(722)	-	(4,813)	(1,724,005)
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Profit / (loss) before tax	1,522,697	142,786	1,017,904	15,041	(5,124,350)	(2,425,922)
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As at June 30, 2024 (Un-audited)

Corporate, SME & Commercial	Treasury	Retail Banking	Brokerage Business	Others	Total
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----- (Rupees in '000) -----

Balance Sheet

Cash and bank balances	110,484	13,823,106	4,794,597	1,237	-	18,729,424
Investments	-	196,713,608	-	73,942	-	196,787,550
Net inter segment lending	44,750,159	99,926,317	172,602,894	-	64,619	317,343,989
Lendings to financial institutions	-	-	-	-	-	-
Advances - performing	13,029,250	-	288,010	-	1,654,480	14,971,740
Advances - non-performing	935,122	-	425,124	-	16,845	1,377,091
Others	668,067	7,750,866	2,815,423	202,868	411,756,009	52,612,833
Total assets	59,493,082	318,213,897	180,926,048	278,047	42,911,553	601,822,627

Borrowings	4,937,613	107,213,523	-	-	-	112,151,136
Subordinated debt	-	-	-	-	1,495,515	1,495,515
Deposits and other accounts	5,709,426	-	168,453,626	-	-	174,163,052
Net inter segment borrowing	48,521,987	209,992,601	8,425,625	-	50,403,776	317,343,989
Others	324,056	1,007,773	4,046,797	150,517	6,724,408	12,253,551
Total liabilities	59,493,082	318,213,897	180,926,048	150,517	58,623,699	617,407,243

Equity	-	-	-	127,530	(15,712,146)	(15,584,616)
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Total equity and liabilities	59,493,082	318,213,897	180,926,048	278,047	42,911,553	601,822,627
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Contingencies and Commitments	50,716,277	113,281,697	-	-	969,317	164,967,291
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For the half year ended June 30, 2023 (Un-audited)

Corporate, SME & Commercial	Treasury	Retail Banking	Brokerage Business	Others	Total	
----- (Rupees in '000) -----						
Profit and Loss						
Net mark-up / return / profit	609,060	4,580,888	(6,054,055)	8,140	(155,839)	(1,011,806)
Inter segment revenue - net	(688,161)	(4,829,098)	10,123,240	-	(4,605,981)	-
Non mark-up / return / interest income	105,316	161,017	156,049	23,956	353,247	799,585
Total income	26,215	(87,193)	4,225,234	32,096	(4,408,573)	(212,221)
Segment direct expenses	77,991	42,856	2,262,180	41,625	949,676	3,374,328
Inter segment expense allocation	270,867	82,141	527,272	-	(880,280)	-
Total expenses	348,858	124,997	2,789,452	41,625	69,396	3,374,328
Credit loss allowance	(294,238)	(510,278)	(29,837)	-	2,488	(831,865)
Profit / (loss) before tax	(28,405)	298,088	1,465,619	(9,529)	(4,480,457)	(2,754,684)

As at December 31, 2023 (Audited)

Corporate, SME & Commercial	Treasury	Retail Banking	Brokerage Business	Others	Total	
----- (Rupees in '000) -----						
Balance Sheet						
Cash and Bank balances	114,461	9,958,667	4,908,810	85,425	-	15,067,363
Investments	-	179,668,201	-	79,712	-	179,747,913
Net inter segment lending	3,092,846	54,508,322	144,616,478	-	121,738	202,339,384
Lendings to financial institutions	-	-	-	-	-	-
Advances - performing	14,624,318	-	384,646	75	1,580,599	16,589,638
Advances - non-performing	1,582,648	-	472,592	-	7,946	2,063,186
Others	629,959	30,187,746	3,746,440	210,451	40,295,306	75,069,902
Total Assets	20,044,232	274,322,936	154,128,966	375,663	42,005,589	490,877,386
Borrowings	4,939,498	125,347,432	-	82,400	-	130,369,330
Subordinated debt	-	-	-	-	1,495,515	1,495,515
Deposits and other accounts	7,887,271	-	148,988,880	-	-	156,876,151
Net inter segment borrowing	6,971,002	147,416,551	903,968	178,136	46,869,727	202,339,384
Others	246,461	1,558,953	4,236,118	117,698	6,564,325	12,723,555
Total liabilities	20,044,232	274,322,936	154,128,966	378,234	54,929,567	503,803,935
Equity	-	-	-	(2,571)	(12,923,978)	(12,926,549)
Total equity and liabilities	20,044,232	274,322,936	154,128,966	375,663	42,005,589	490,877,386
Contingencies and Commitments	49,794,505	132,276,749	-	-	1,475,975	183,547,229

3611 The Group does not have any operations outside Pakistan.

37. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, employee benefit plans and its directors and Key Management Personnel.

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 to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the period / year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Parent company	Directors	Key management personnel	Other related parties	Parent company	Directors	Key management personnel	Other related parties
	----- (Rupees in '000) -----							
Investments								
Opening balance	-	-	-	448,218	-	-	-	1,664,676
Investment made during the year	-	-	-	-	-	-	-	15
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	(1,216,473)
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	448,218	-	-	-	448,218
Credit loss allowance / provision for diminution in value of investments								
	-	-	-	448,203	-	-	-	448,203
Advances								
Opening balance	-	-	303,505	671,901	-	-	162,705	671,888
Addition during the period / year	-	-	44,714	284	-	-	210,330	13
Repaid during the period / year	-	-	(0,870)	(97,416)	-	-	(73,085)	-
Transfer in / (out) - net	-	-	94,295	-	-	-	3,555	-
Closing balance	-	-	431,644	574,769	-	-	303,505	671,901
Credit loss allowance / provision held against advances								
	-	-	91	574,511	-	-	-	671,901

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)				
	Parent company	Directors	Key management personnel	Other related parties	Parent company	Directors	Key management personnel	Other related parties
----- (Rupees in '000) -----								
Other Assets								
Interest / mark-up accrued	-	-	4,484	-	-	-	-	-
Advances, deposits, advance rent and other prepayments	-	-	2,516	-	-	-	4,022	-
Other receivable	-	-	-	2,949	-	-	-	2,949
Credit loss allowance / provision held against other assets	-	-	-	-	-	-	-	-
Deposits and other accounts								
Opening balance	-	109,345	15,625	779,900	-	-	19,511	2,052,046
Received during the period / year	-	174,693	525,561	574,259	-	-	714,248	3,126,796
Withdrawn during the period / year	-	(180,976)	(463,692)	(486,371)	-	-	(718,348)	(4,400,329)
Transfer (out) / in - net	-	-	2,305	3	-	109,345	214	1,387
Closing balance	-	103,062	79,799	867,791	-	109,345	15,625	779,900
Other Liabilities								
Interest / mark-up payable	-	1,715	116	2,242	-	1,951	298	13,355
Payable to defined benefit plan	-	-	-	39,724	-	-	-	18,813
Unearned income	-	-	-	-	-	-	-	692
Contingencies and Commitments								
Guarantees, letters of credit and acceptances - net of ECL	-	-	-	77,613	-	-	-	86,500

For the half year ended June 30, 2023 (Un-audited)

	For the half year ended June 30, 2024 (Un-audited)				For the half year ended June 30, 2023 (Un-audited)			
	Parent company	Directors	Key management personnel	Other related parties	Parent company	Directors	Key management personnel	Other related parties

(Rupees in '000)

Income								
Mark-up / return / interest earned	-	-	14,357	3	-	-	2,404	68,315
Fee and commission income	-	2	-	692	-	5	12	693
Other income	-	-	22	-	-	-	-	-
Expense								
Mark-up / return / interest expensed	-	11,070	837	69,807	-	-	447	119,296
Operating expenses:								
- Directors' fees and allowances	-	18,000	-	-	-	14,700	-	-
- Brokerage and commission	-	-	-	-	-	-	-	-
- Fee and subscription	-	-	689	-	-	-	810	-
- Managerial remuneration	-	-	203,727	856	-	-	173,938	661
- Contribution to defined contribution plan	-	-	-	43,605	-	-	-	39,559
- Charge for defined benefit plan	-	-	-	40,323	-	-	-	25,609
Reversal of provision for diminution in value of investment	-	-	-	-	-	-	-	(10,899)
Credit loss allowance / provision against loans and advances	-	-	17	(97,391)	-	-	-	-
Credit loss allowance against off-balance sheet obligations	-	-	-	(9,924)	-	-	-	-

Directors include Non-Executive Directors only. Executive Directors including the President / CEO are part of key management personnel.

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u><u>(19,225,896)</u></u>	<u><u>(17,058,558)</u></u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier-1 (CET-1) Capital	<u><u>(44,372,637)</u></u>	<u><u>(40,745,819)</u></u>
Eligible Additional Tier-1 (ADT-1) Capital	<u><u>-</u></u>	<u><u>-</u></u>
Total Eligible Tier-1 Capital	<u><u>(44,372,637)</u></u>	<u><u>(40,745,819)</u></u>
Eligible Tier-2 Capital	<u><u>-</u></u>	<u><u>-</u></u>
Total Eligible Capital (Tier-1 + Tier-2)	<u><u>(44,372,637)</u></u>	<u><u>(40,745,819)</u></u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u><u>37,285,274</u></u>	<u><u>39,440,428</u></u>
Market Risk	<u><u>12,796,284</u></u>	<u><u>6,083,839</u></u>
Operational Risk	<u><u>3,800,036</u></u>	<u><u>7,447,378</u></u>
Total	<u><u>53,881,594</u></u>	<u><u>52,971,645</u></u>
Common Equity Tier-1 Capital Adequacy Ratio	<u><u>-82.35%</u></u>	<u><u>-76.92%</u></u>
Tier-1 Capital Adequacy Ratio	<u><u>-82.35%</u></u>	<u><u>-76.92%</u></u>
Total Capital Adequacy Ratio	<u><u>-82.35%</u></u>	<u><u>-76.92%</u></u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u><u>(44,372,637)</u></u>	<u><u>(40,745,819)</u></u>
Total Exposures	<u><u>416,405,441</u></u>	<u><u>374,312,880</u></u>
Leverage Ratio	<u><u>-10.66%</u></u>	<u><u>-10.89%</u></u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u><u>104,031,601</u></u>	<u><u>73,491,142</u></u>
Total Net Cash Outflow	<u><u>30,688,228</u></u>	<u><u>27,494,992</u></u>
Liquidity Coverage Ratio	<u><u>339.00%</u></u>	<u><u>267.29%</u></u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u><u>118,831,952</u></u>	<u><u>102,118,423</u></u>
Total Required Stable Funding	<u><u>67,167,922</u></u>	<u><u>64,870,949</u></u>
Net Stable Funding Ratio	<u><u>176.92%</u></u>	<u><u>157.42%</u></u>

39. ISLAMIC BANKING BUSINESS

The Group commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 12 (December 31, 2023: 13) Islamic banking branches and 31 (December 31, 2023: 35) Islamic banking windows at the end of the period.

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note ----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	2,464,244	2,064,488
Balances with other banks	96,763	102,863
Due from financial institutions	39.1 -	2,788,300
Investments	39.2 45,156,014	37,213,598
Islamic financing and related assets - net	39.3 2,364,720	2,632,858
Property and equipment	174,288	173,098
Right-of-use assets	80,854	76,654
Intangible assets	-	-
Due from Head Office	-	-
Deferred tax assets	-	-
Other assets	2,561,145	2,608,328
Total Assets	52,898,028	47,660,187
LIABILITIES		
Bills payable	289,585	444,820
Due to financial institutions	39.4 2,255,333	4,705,668
Deposits and other accounts	39.5 43,895,943	36,330,124
Due to Head Office	-	-
Lease liabilities	101,899	103,179
Subordinated debt	-	-
Deferred tax liabilities	48,668	134,120
Other liabilities	723,407	1,287,124
	47,314,835	43,005,035
NET ASSETS	5,583,193	4,655,152
REPRESENTED BY		
Islamic Banking Fund	1,000,000	1,000,000
Reserves	-	-
Surplus on revaluation of assets	86,051	219,705
Unappropriated / Unremitted profit	39.6 4,497,142	3,435,447
	5,583,193	4,655,152
CONTINGENCIES AND COMMITMENTS	39.7	

**ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2024**

	June 30, 2024	June 30, 2023
Note	(Rupees in '000)	
Profit / return earned	39.8 4,100,056	2,078,129
Profit / return expensed	39.9 2,756,022	1,078,674
Net Profit / return	1,344,034	999,455
Other income		
Fee and commission income	93,918	38,380
Dividend income	-	-
Foreign exchange loss	(13,745)	32,178
Income / (loss) from derivatives	-	-
Gain / (loss) on sale of securities	143,338	(2,991)
Other income	1,382	8,084
Total other income	224,893	75,651
Total income	1,568,927	1,075,106
Other expenses		
Operating expenses	403,718	485,261
Workers' welfare fund	-	-
Other charges	-	-
Total other expenses	403,718	485,261
Profit before credit loss allowance / provisions	1,165,209	589,845
Credit loss allowance / reversals and write offs - net	19,869	38,293
Profit before taxation	1,145,340	551,552
Taxation	-	-
Profit after taxation	1,145,340	551,552

ISLAMIC BANKING BUSINESS
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)							
39.1 Due from Financial Institutions							
Unsecured							
Bai Muajjal Receivable from other Financial Institutions	39.1.1	-	-	-	2,788,300	-	2,788,300
		-	-	-	2,788,300	-	2,788,300
Less: Credit loss allowance							
Stage 1		-	-	-	-	-	-
Stage 2		-	-	-	-	-	-
Stage 3		-	-	-	-	-	-
Due from financial institutions - net of credit loss allowance		-	-	-	2,788,300	-	2,788,300

39.1.1 This represented Bai Muajjal agreements with conventional operations of Bank Makramah Limited and carried profit rate 21.75% per annum on December 31, 2023 and are due to be matured latest by January 08, 2024.

39.2 Investments

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
Investments by segments:								
Classified / Measured at FVOCI / Available-for-sale								
Federal Government Securities:								
- GOP Ijarah Sukuks	42,818,426	-	88,317	42,906,743	34,580,383	-	307,264	34,887,647
Non Government Debt Securities								
- Listed	2,291,667	-	(42,396)	2,249,271	2,369,792	-	(43,841)	2,325,951
Total Investments	45,110,093	-	45,921	45,156,014	36,950,175	-	263,423	37,213,598

	Note	June 30, 2024	December 31, 2023
		(Un-audited)	(Audited)
(Rupees in '000)			
39.3 Islamic financing and related assets			
Ijarah		513,847	479,172
Running Musharakah		77,063	354,382
Diminishing Musharakah		1,064,736	967,149
Diminishing Musharakah-IERF		300,000	300,000
Tijarah		581,998	605,998
Advance against Ijarah		11,286	7,123
Gross Islamic financing and related assets		2,548,930	2,713,824
Less: Credit loss allowance / provision against Islamic financings			
- Stage 1		(704)	-
- Stage 2		(13,576)	-
- Stage 3		(169,930)	-
- Specific		-	(79,889)
- General		-	(1,077)
		(184,210)	(80,966)
Islamic financing and related assets - net of credit loss allowance / provision		2,364,720	2,632,858

39.4 Due to financial institutions

Secured			
Acceptances from the SBP under Islamic Export Refinance Scheme		90,000	90,000
Total secured		90,000	90,000
Unsecured			
Overdrawn nostro accounts		1,015,333	115,668
Musharakah	39.4.1	1,150,000	4,500,000
Total unsecured		2,165,333	4,615,668
		2,255,333	4,705,668

39.4.1 This represented acceptance of funds by Islamic operations of Bank Makramah Limited from conventional operations of Bank Makramah Limited on Musharakah basis.

39.5 Deposits

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	9,047,867	654,126	9,701,993	10,873,527	615,187	11,488,714
Savings deposits	30,740,049	140,989	30,881,038	21,568,709	194,150	21,762,859
Term deposits	1,748,075	319,898	2,067,973	1,391,933	589,284	1,981,217
Others	654,984	-	654,984	664,289	-	664,289
	42,190,975	1,115,013	43,305,988	34,498,458	1,398,621	35,897,079
Financial Institutions						
Current deposits	5,641	76	5,717	5,725	78	5,803
Savings deposits	434,238	-	434,238	277,242	-	277,242
Term deposits	150,000	-	150,000	150,000	-	150,000
	589,879	76	589,955	432,967	78	433,045
	42,780,854	1,115,089	43,895,943	34,931,425	1,398,699	36,330,124

	(Un-audited)	(Audited)
	June 30, 2024	December 31, 2023
----- (Rupees in '000) -----		
39.6 Islamic Banking Business Unappropriated Profit		
Opening balance	3,435,447	1,651,555
Effect of adoption of IFRS 9	(85,251)	-
Add: Islamic Banking profit for the period / year	1,145,340	1,780,701
Transfer in respect of incremental depreciation from surplus on revaluation of property & equipment to accumulated profit	1,606	3,191
Closing balance	4,497,142	3,435,447

39.7 CONTINGENCIES AND COMMITMENTS

- Guarantees	4,307,534	3,880,588
- Commitments	8,077,004	6,236,815
- Other contingent liabilities	-	-
	12,384,538	10,117,403

	(Un-audited)	
	June 30, 2024	June 30, 2023
----- (Rupees in '000) -----		
39.8 Profit / Return Earned of Financing, Investments and Placement		

Profit earned on:		
Financing	73,246	119,250
Investments	3,895,766	1,257,782
Placements	131,044	701,012
Balances with banks	-	85
	4,100,056	2,078,129

39.9 Profit on Deposits and other Dues Expensed

Deposits and other accounts	2,643,489	998,450
Due to Financial Institutions	105,803	71,630
Finance cost of lease liability	6,730	8,594
	2,756,022	1,078,674

40. CORRESPONDING FIGURES

As a result of change in forms for the preparation of condensed interim financial information issued by SBP as referred in note 4.1.1 and for better presentation, corresponding figures have been rearranged as follows:

Transfer from	Transfer to	December 31, 2023 Rs. in '000
Property and equipment	Right-of-use assets	<u>2,721,205</u>
Other liabilities	Lease liability against right-of-use assets	<u>3,348,737</u>

41. DATE OF AUTHORIZATION OF ISSUE

These consolidated condensed interim financial statements were authorised for issue on August 28, 2024 by the Board of Directors of the Group.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

BRANCH NETWORK

CONVENTIONAL BANKING BRANCHES

KARACHI

Abdullah Haroon Road Branch

282/3, Abdullah Haroon Road Area,
Saddar, Karachi
Tel: 021-35685269, 35685393,35685940
Fax: 021-35683991

Adamjee Nagar Branch

115-A/Z, Block 7/8, Tipu Sultan Road, Karachi
Tel: 021- 34312984-9
Fax: 021-34312980

Atrium Mall Branch

Shop No. 6 and 21 Ground floor,Plot No. 249,
Atrium Mall, Staff Lines, Zaibunnisa Street,
Saddar, Karachi
Tel: 021-35641001-7
Fax: 021-35641008

Badar Commercial Branch

Plot No. 41-C, Badar Commercial, Street
No. 10, Phase-V Extension, DHA Karachi
Tel: 021-35348501-3
Fax: 021-35348504

Bahadur Shah Center Branch

Bahadur Shah Center, Urdu Bazar,
Off: M.A. Jinnah Road, Karachi
Tel: 021-32768547, 32768559
Fax: 021-32765083

Barkat-e- Hyderi Branch

Almas Square, Block-G, North Nazimabad,
Karachi
Tel: 021-36628931, 36706896-7
Fax: 021-36723165

Burns Road Branch

Plot No. 55-A, Survey Sheet A.M., Artillery
Maidan Quarters (Burns Road), Karachi.
Tel: 021-32215174,75 & 76
Fax: 021-32215289

Clifton Branch

Pearl Heaven Apartments,
Khayaban-e-Roomi, Block No-5,
Clifton, Karachi
Tel: 021-35823469, 35824171, 35823619
Fax: 021-35821463

Cloth Market Branch

41, Saleh Muhammad Street, Cloth Market,
Karachi
Tel: 021-32461601-03 & 32461605
Fax: 021-32461608

Com-3, Clifton Branch

Show Room No. 12, "Com-3",
(Opp: Bar B. Q. Tonight), Block 6,
Clifton, Karachi.
Tel: 021 - 35148311 - 13
Fax:021 - 35148314

Defence Branch

55-C, Phase-II, D.H.A, Opp Toyota Motors,
Main Korangi Road, Karachi.
Tel: 021-35387809-35396263 - 35312592
Fax: 021-35387810

DHA Phase I Branch

101-C, Commercial Area 'B', Phase-1 DHA,
Karachi
Tel: 021- 35314061, 35314063-67, 35314105
Fax: 021-35314070

DHA Phase IV Branch

Plot # 129, 9th Commercial Street,
Phase IV, DHA, Karachi
Tel: 021-35313068-70
Fax: 021-35313071

Dhoraji Colony Branch

Shop # 1 & 2, Commercial Plot # C-122,
Block-IV, Dhoraji Cooperative Housing
Society, Scheme # 7, Karachi.
Tel: 021-34860774

Fish Harbour Branch

K - 3, Export Zone, Adjacent Main Auction
Hall, Fish Harbour, Karachi
PABX: 021-32315383 - 85
Fax: 021-32315386

Garden East Branch

Shop No. 1,2,3,4, 5 & 6, Jumani Centre,
Plot No. 177-B, Garden East, Karachi
Tel: 021-32243311-13
Fax: 021-32243314

Gulistan-e-Jauhar - Branch I

Plot # 118/A-B, Shop # 02, 03, 04,
Ground Floor Ruffi Paradise, Block-18,
Gulistan-e-Jauhar, Karachi
Tel: 021-34621281-4
Fax: 021-34621285

Gulshan-e-Iqbal - Branch II

B-44, Block 13/A, Main University Road,
Gulshan-e-Iqbal, Karachi
Tel: 021-34987688, 34987739-40
Fax: 021-34987689

I. I. Chundrigar Road Branch I - Unitower
Uni Towers, I.I. Chundrigar Road, Karachi.
Tel: 021-32466410-13
Fax: 021-32466500

Jami Commercial, DHA Branch
64 C, Jami Commercial Phase VII,
7th Street, DHA, Karachi
Tel: 021-35316200-07
Fax: 021-35316199

Jamshed Quarters Branch
Showroom no. 3 & 4, AB Arcade,
Plot # 714-6-1, Block A, New M.A.
Jinnah Road, Karachi
Tel: 021-34860422-23, 34860425
Fax: 021-34860424

Jodia Bazar - Branch I
A/25/28, Daryalal Street, Jodia Bazar, Karachi
Tel: 021-32500121-5
Fax: 021-32500128

Khayaban-e-Shahbaz Branch
Plot No. 21-C Khayaban-e-Shahbaz,
Phase VI, DHA, Karachi
Tel: 021-35344952, 353444957 & 35344963
Fax: 021-35344942

Khayaban-e-Tanzeem Branch
C 4-C, Tauheed Commercial,
Khayaban-e-Tanzeem, Phase-5, DHA,
Karachi
Tel: 021-35869147-35810977
& 35871640
Fax: 021-35869342

Korangi Industrial Area Branch
33/1, Sector-15, Korangi Industrial Area,
Karachi
Tel: 021-35114290, 35121294,
35122231-32
Fax: 021-35114282

Khayaban-e-Ittehad Branch
Plot No. 22-C, Khayaban-e-Ittehad,
Phase-VI, DHA, Karachi
Tel: 021-35176607-09

Malir Cantt Branch
Army Shopping Complex, Adjacent Tooba
Army Store Malir Cantonment, Karachi
Tel: 021-34196142-44
Fax: 021-34196145

M. A. Jinnah Road Branch
Mezzanine & Ground Floor,
Plot Survey # 19, Street # R.B.6.,
Shop # 3, 4, Ram Bagh Quarters 166,
M.A. Jinnah Road, Karachi
Tel: 021- 32218395, 32218409,32218428
Fax: 021-32218376

Muhammad Ali Society Branch
Plot # 4-C Commercial Area,
Muhammad Ali Co-Operative Housing
Society, Karachi
Tel: 021-34168036-37
Fax: 021-34186045

Nagan Chowrangi Branch
Shop/ Showroom #. 1, Plot #. SC-28,
Sector No. 11-H, Situated at North,
Karachi
Tel: 021-36991103, 36991104

New Challi Branch
Plot No. 27, Survey No. 27, (New Challi),
Altaf Hussain Road, Karachi.
Tel: 021 - 32423999 - 32423737
Fax: 021 - 32422051

North Karachi Industrial Area Branch
Plot No. R-14, Gabol Town, North Karachi
Industrial Area, Karachi
Tel: 021-32015919, 36995925
& 36963445
Fax: 021-36975919

North Nazimabad Branch
Shop / Showroom #. 04, Commercial
Plot # B-64, Block-L, North Nazimabad
K.D.A Scheme # - 2, Karachi
PABX # 021-36724992-94
FAX # 021-36724972

Plaza Quarters Branch
Al-Shafi Building Noman Street,
Off: M.A. Jinnah Road, Karachi
Tel: 021-32771515-16-18
Fax: 021-32771517

Rizvia Society Branch
B-12, Rizvia Cooperative Society,
Nazimabad, Karachi
Tel: 021-36600956-57
Fax: 021-36600958

S.I.T.E. Branch
B/9-B/3, Near Metro Chowrangi,
S.I.T.E. Area, Karachi
Tel: 021-32586801-4, 32587166-8
Fax: 021-32586806

Saeedabad Branch

Plot # 1004/1 & 1004-A/1 (5G/102-A & 5G/012-A/2), Saeedabad, Baldia, Mahajir Camp, Karachi
Tel: 021-32815092-94
Fax: 021-32815095

Safoora Goth Branch

Shop # 01 & 02, Vital Dreams Apartment, Block-7, Gulistan-e-Jouhar, Main University Road, Karachi
PABX # 021-34618691-93

Sea View, Clifton Branch

Plot No. G - 2, Block 2, (Ground Floor), Clifton, Karachi.
Tel: 021 - 3572020 -22
Fax: 021 - 3572023

Shahrah-e-Faisal - Branch II

Business Avenue Block-6, P.E.C.H.S., Karachi
Tel: 021-34386417-18 & 34374476
Fax: 021-34531819

Tariq Road Branch

C-51, Central Commercial Area, Near Pizza Max Tariq Road, P.E.C.H.S., Karachi
Tel: 021-34556486, 34556682
Fax: 021-34555478

Water Pump Branch

Lateef Square, Block-16, Federal 'B' Area, Main Water Pump Market, Karachi
Tel: 021-36321387, 36314817
Fax: 021-36314848

LAHORE**Allama Iqbal Town Branch**

56/12, Karim Block, Allama Iqbal Town, Lahore
Tel: 042-35434160-61, 35434163
Fax: 042-35434164

Badami Bagh Branch

25 - Peco Road Badami Bagh Lahore
Tel: 042-37724583, 37720382, 37705036
Fax: 042-37730867

Bahria Town Branch

Plot No. 31 - B, Sector 'C', Bahria Town, Lahore
Tel: 042 - 37862380 - 82
Fax: 042-37862379

Bedian Road Branch

Plot No. 3025/20925, Opposite Askari 11 Main Gate, Main Bedian Road, Lahore Cantt
Tel: 042-37165300-03
Fax: 042-37165304

Cantt Branch

Day building 1482/A, Abdul Rehman Road, Lahore Cantt
Tel: 042- 36603061-63
Fax: 042-36603065

Circular Road Branch

Babar Centre, 51, Circular Road, Lahore
Tel: 042-37379371 - 75
Fax: 042-37379370

Darogawala Branch

Near Shalimar garden G. T. Road, Darogawala, Lahore
Tel: 042-36520681-83
Fax: 042-36520684

DHA Phase- VI Branch

Property No 16-MB, Block MB, Phase VI, DHA, Lahore
Tel: 042 -37189650 -52
Fax: 042-37189653

DHA Phase-VIII Branch

Plaza No. 223, Broadway Commercial, B-Block, Phase-VIII, DHA, Lahore
Tel: 042-37199915

DHA G Block Branch

Plot # 13 G, Commercial Zone DHA, Phase-I, Lahore Cantt.
Tel: 042-35691173-78
Fax: 042-35691171

DHA Y Block Branch

163, Block Y, Phase III, DHA Lahore Cantt
Tel: 042-35692531-36
Fax: 042-35692690

Egerton Road Branch

27-Ajmal House, Egerton Road, Lahore
Tel: 042-36364522, 36364532
Fax: 042-36364542

Empress Road Branch

Plot #. 29, Empress Road, Lahore
Tel: 042-36300670-3
Fax: 042-36310362

Faisal Town Branch

853/D, Akbar Chowk, Faisal Town, Lahore
Tel: 042-35204101-3
Fax: 042-35204104

Ferozepur Road Branch

Siza Farmer Factory, Sufiabad, Lahore
Tel: 042- 35401751-3, 35401754
Fax: 042-35800094

Gulberg Branch

Plot 61, Main Gulberg, Lahore
Tel: 042-35870832-3, 35870975-6
Fax: 042-35870834

Ichra More Branch

House # 146, Muhallah Ferozpur Road,
Ichra More, Lahore
Tel: 042-37572090-93 - 042-37426301
Fax: 042-37572089

Johar Town Branch

Plot # 85, Block G/1, M. A. Johar Town,
Lahore
Tel: 042-35291172-74
Fax: 042-35171047

Kashmir Block, Allama Iqbal Town Branch

Plot # 1, Kashmir Block, Allama Iqbal Town
Scheme, Lahore
Tel: 042-37809021-24
Fax: 042-37809026

Liberty Market Branch

Shop No.02 & 03, Ground Floor, Diamond
Tower, 28 Commercial Zone, Liberty
Market, Gulberg III, Lahore
Tel: 042- 35717273, 35763308
Fax: 042-35763310

Mall Road Branch

56, Ground Floor,
Shahrah-e-Quaid-e-Azam
(The Mall), Lahore
Tel: 042-36284801-3
Fax: 042-36284805

Model Town Branch

14-15, Central Commercial Market,
Model Town, Lahore
Tel: 042-35915540-42 & 35915548
Fax: 042-35915549

New Garden Town Branch

19-A, Ali Block, New Garden Town, Lahore
Tel: 042-35911361-4
Fax: 042-35911365

Wahdat Road Branch

Mauza Ichra, Wahdat Road, Lahore
Tel: 042-37503001-3
Fax: 042-37503004

ISLAMABAD**Bahria Town Branch**

Plot # 3-4, Express Way, Sufiyan Plaza,
Phase VII, Bahria Town, Islamabad
Tel: 051- 5707360 - 63-65
Fax: 051-5707358

Barah Koh Branch

Murree Road, Tehsil / District, Islamabad
Tel: 051- 2321712- 13
Fax: 051-2321714

Blue Area Branch

20 - Al- Asghar Plaza, Blue Area, Islamabad
Tel: 051-2823204, 2872913
Fax: 051-2274276

F-10 Markaz Branch

Plot No. 08, Maroof Hospital, F-10 Markaz,
Islamabad
Tel: 051-2222860-62
Fax: 051-2222863

F-11 Markaz Branch

Plot # 29, Select Center, F-11 Markaz,
Islamabad
Tel: 051-2228027-28
Fax: 051-2228365

G-11 Markaz Branch

Shop #. 25-34, Plot # 23, Sajid Sharif Plaza,
G-11 Markaz, Islamabad
Tel: 051-2220973-6
Fax: 051-2220977

I-9 Markaz Branch

Plot # 3/L, Shops Nos. 6, 7, 13, & 14,
I-9 Markaz, Islamabad
Tel: 051-4449832-35
Fax: 051-4449836

Stock Exchange Branch

Plot # 109, East F-7/G-7, Jinnah Avenue,
Blue Area, Islamabad
Tel: 051-2806281-83
Fax: 051-2806284

Super Market Branch

Shop No. 9, Block - C, F-6 Markaz,
Islamabad
Tel: 051-2279168-170 & 051-2824533-34
Fax: 051-2279166

RAWALPINDI

Raja Bazar Branch

Raja Bazar, Rawalpindi
Tel: 051-5553504, 5557244
& 5777707 - 5534173-5557244
Fax: 051-5559544

Shamsabad Muree Road Branch

DD/29, Shamsabad Murree Road,
Ojri Kalan, Rawalpindi
Tel: 051-4854400, 4854401-03
Fax: 051-4854404

The Mall Road Branch

Shop No. 31-A/4, The Mall Road,
Opp: State Life Bldg., Saddar,
Rawalpindi Cantt.
Tel: 051-5564123, 051-5120777-80
Fax: 051-5528148

FAISALABAD

Jail Road Branch

House No. P-62, opposite Punjab Medical
College, Jail Road, Faisalabad
Tel: 041-8813541-43
Fax: 041-8813544

Kotwali Road Branch

P-12, Kotwali Road, Faisalabad
Tel: 041-2412151-53
Fax: 041-2412154

Liaquat Road Branch

Liaquat Road, Chak # 212, Faisalabad
Tel: 041-2541257-59
Fax: 041-2541255

Satiana Road Branch

679-DGM, Batala Colony, Satiana Road,
Faisalabad
Tel: 041 - 8500569 - 71
Fax: 041 - 8500568

Susan Road Branch

Chak No. 213/RB Susan Road, Faisalabad
Tel: 041-8502367-69
Fax: 041-8502371

MULTAN

Abdali Road Branch

Plot No. 66-A & 66-B/9,
Abdali Road, Multan
Tel: 061-4588171, 4588172 & 4588175-78
Fax: 061-4516762

Hussain Agahi Road Branch

2576, Hussain Agahi Road, Multan
Tel: 061-4548083, 4583268, 4583168
& 4584815
Fax: 061-4543794

Qadafi Chowk Branch

Plot # 43, Block T, New Multan Road,
Qadafi Chowk-Multan
Tel: 061-6770882-84
Fax: 061-6770889

SUKKUR

Marich Bazar Branch

B - 885, Marich Bazar, Sukkur
Tel: 071-5627781-2
Fax: 071-5627755

Workshop Road Branch

City Survey # 3403/2/1
and C.S # 3403/2M/6,
Ward-B Tooba Tower
Workshop Road, Sukkur
Tel: 071-5616663, 5616664, 5616582
Fax: 071-5616584

GUJRANWALA

GT Road Branch

B/11-S7/103, G. T. Road, Gujranwala
Tel: 055-3842751-3842729
Fax: 055-3842890

Gujranwala Branch

G.T. Rd., Opp. General Bus Stand,
Gujranwala
Tel: 055-3820401-3
Fax: 055-3820404

Wapda Town Branch

Plot # B - III, MM - 53, Hamza Centre,
Wapda Town, Gujranwala
Tel: 055-4800204-06
Fax: 055-4800203

GUJRAT

GT Road Branch

Small Estate, G. T. Road, Gujrat
Tel: 053-3534208, 3533949 & 3534208
Fax: 053-3533934

Gujrat Branch

Main GT Road Tehsil & Distt., Gujrat
Tel: 053-3517051-54
Fax: 053-3516756

Katchery Chowk Branch

Shop #. 1263 & 1270 B-II, Katchery Chowk,
Opp. Zahoor Elahi Stadium, Near
New Narala Bakers, Gujrat
Tel: 053-3601021-24
Fax: 053-3601025

PESHAWAR**Deans Trade Center Branch**

Deans Trade Centre, Islamia Road,
Peshawar
Tel: 091-5253081 -3 & 5
Fax: 091-5253080

Hayatabad Branch

Shop # 1, Hayatabad Mall, Baghee-Naran
Road, Phase II, Sector J-I, Hayatabad,
Peshawar
Tel: 091-5822923-25
Fax: 091-5822926

Main University Road Branch

Tehkal Payan, Main University Road,
Peshawar
Tel: 091-5850540-41 & 5850548-9
Fax: 091-5850546

Milad Chowk Branch

Milad Chowk, New Gate, Peshawar City
Tel: 091-2550477, 2550466, 2217131
Fax: 091-2550488

QUETTA**Fatima Jinnah Road Branch**

Plot No. Khasra No.134 & 138, Ward No. 19,
Urban # 1, Fatima Jinnah Road, Quetta
Tel: 081-2301094-95
Fax: 081-2301096

Liaquat Bazar Branch

Ainuddin Street, Quetta
Tel: 081-2837300-1
Fax: 081-2837302

M. A. Jinnah Road Branch

Ground Floor, Malik Plaza, Near
Adara-e-Saqafat, M.A. Jinnah Road,
Quetta
Tel: 081-2865590-95
Fax: 081-2865587

Regal Chowk Branch

Regal Chowk, Jinnah Road, Quetta
Tel: 081-2837028-29
Fax: 081-2825065

ABBOTTABAD**Abbottabad Branch**

Ground Floor Shalimar Motors, Ali Plaza,
Near Sethi Musjid, Mansehra Road,
Abbottabad
Tel: 0992-863158, 863148
Fax: 0992-385935

ATTOCK**Hassan Abdal Branch**

Survey No. 1269/1624, Khasra No. 1935,
G. T. Road, Hassan Abdal, District Attock
Tel: 057-2520328-331 & 2520320-321

Fateh Jang Branch

Main Rawalpindi Road, Fateh Jang Distt.,
Attock
Tel: 057-2210321-23
Fax: 057-2210324

AZAD KASHMIR**Mirpur Azad Kashmir - Branch I**

NS Tower 119 F/1, Kotli Road,
Mirpur, Azad Kashmir
Tel: 05827- 437193-97
Fax: 05827-437192

Mirpur Azad Kashmir Branch II

Ghazi Archade, 6-B/3, Part II, Allama Iqbal
Road, Mirpur, Azad Kashmir
Tel: 05827-446405, 446407-9
Fax: 05827-446406

Muzafarabad Branch

49 Garipan Chowk, Dornail,
Azad Jammu Kashmir (AJK)
Tel: 05822-924203-5
Fax: 05822-924206

Shaheed Chowk Branch

Deen Plaza, Shaheed Chowk,
Kotli, Azad Kashmir
Tel: 05826-448453-54
Fax: 05826-448455

CHAKWAL**Chakwal Branch**

Al- Noor Plaza Sabzi Mandi,
Talagang Road, Chakwal
Tel: 0543-554796, 540650-51
Fax: 0543-554797

Dalwal Branch

Village & Post Office Dalwal, Tehsil
Choha, Saidaan Shah, Distt Chakwal
Tel: 0543-582834
Fax: 0543-582842

CHAMMAN

Chamman Branch

Khashra No. 1323 & 2324,
Abdali Bazar, Dola Ram Road, Tehsil Chaman,
District Qila Abdullah, Baluchistan
Tel: 0826-618137-39
Fax: 0826-618143

DINA

Dina Branch

Mian G.T. Road Dina
Tel: 0544-634471 -3
Fax: 0544-636675

GAWADAR

Gawadar Branch

Plot Askani Hotel, Mullah Faazul Chowk,
Gawadar
Tel: 0864-212144- 212146
Fax: 0864-212147

GILGIT

Gilgit Branch

Khasra # 1103, 1112, 1113, Haji Ghulam
Hussain Building, Raja Bazar Gilgit
Tel: 05811-457366-68
Fax: 05811-457369

HARIPUR

Haripur Branch

Ground Floor, Akbar Arcade,
Main G.T. Road, Haripur
Tel: 0995-610832-34
Fax: 0995-610829

HAZRO

Hazro Branch

Plot # B -386, 386-A, Dawood Centre,
Bank Square, Ziaul Haq Road, Hazro
Tel: 057-2313283 - 85
Fax: 057-2313286

HYDERABAD

Bohri Bazar Hyderabad Branch

41/364, Saddar, Bohri Bazar, Hyderabad
Tel: 022-2730911-14
Fax: 022-2730910

Latifabad No. 7 Branch

Latifabad # 7, 5/D Unit # 7, Hyderabad
Tel: 022-3810524 & 3810525
Fax: 022-3810515

Market Chowk Branch

Shop CS # A/2772/2, Ward -A,
Market Road, Hyderabad
Tel: 022-2638451-54
Fax: 022-2638450

Qasimabad Branch

Shop No. 23, 24 & 25, Rani Arcade,
Qasimabad, Hyderabad
Tel: 022-2650742-43 & 2652204-5
Fax: 022-2650745

JEHLUM

Jhelum Branch

Property #. 1 Survey #. 222 (Part) Dada Bhai
Building, Kazim Kamal Road, Jhelum Cantt.
Tel: 0544-720216 - 18
Fax: 0544-720219

KAMOKE

Kamoke - GT Road Branch

Madni Trade Centre, G.T Road, Kamoke
Tel: 055- 6815175-76
Fax: 055-6815184

KASUR

Kasur Branch

Near Pul Qatal Gahri, Kutchery Road, Kasur
Tel: 049-2721993
Fax: 049-2721994

KOT ADDU

Kot Addu Branch

Property # 43, RH, 48/A-49-50,
Ward B-III, Kot Addu District,
Muzaffar Garh
Tel: 066-2240206-07
Fax: 066-2240208

LALAMUSA

Lalamusa Branch

G. T. Road, Lalamusa
Tel: 0537 -515694,515699,
515697,519977
Fax: 0537-515685

LARKANA

Larkana Branch

C.S. No. 1808, Pakistan Chowk, Larkana
Tel: 074-4053608-10
Fax: 074-4053611

MANDI BAHAUDDIN

Mandi Bahauddin Branch

Khasra # 143/112, Chak #51,
Bank Road, Off Railway Road,
Ghalla Mandi, Mandi Bahauddin
Tel: 0546-600901, 600903-4-5
Fax: 0546-600902

MANSEHRA

Mansehra Branch

Main Dhangri Chowk, Opposite Garden
Public School, Mansehra
PABX: 0977-391606, 303180
Fax: 0997-303135

MARDAN

The Mall Branch

Plot No. 337, 337-A, The Mall, Mardan
Tel: 0937-865344-45
Fax: 0937-865342

MIRPURKHAS

Umer Kot Road Branch

Plot No : 988 to 991 Umerkot,
Gharibabad, Mirpur Khas
Tel: 0233- 875113-7
Fax: 0233-875118

MURIDKE - Shekhupra

Muridke Branch

774, G.T. Road Muridke
Tel: 042-37950456,37994711-12
Fax: 042-37994713

NAROWAL

Katchery Road Branch

Katchery Road, Narowal
Tel: 0542-414105-7
Fax: 0542-414089

NAWABSHAH

Nawabshah Branch

Survey No. 77, Masjid Road, Nawabshah
Tel: 0244 - 372042 - 44
Fax: 0244-372045

OKARA

M. A. Jinnah Road Branch

Ghulam Mustafa Centre,
M. A. Jinnah Road, Okara.
Tel: 044-2528755, 2525355 & 2551956

RABWAH

Rabwah Branch

Plot No-9-10, Block-14, Darul Sadar,
Gol Bazar, (Chenab Nagar) Rabwah
Tel: 047-6213795-97 & 6213792
Fax: 047-621 3797

RAHIM YAR KHAN

Rahim Yar Khan Branch

31/34 Shahi Road, Rahimyar Khan
Tel: 068-5877821-5883876
Fax: 068-5876776

SADIQABAD

Sadiqabad Branch

Mozzah Khuda Bux Dehar, Macchi Goth,
KLP Road, Sadiqabad
Tel: 068- 5951303 & 5951301-2
Fax: 068-5951300

SAHIWAL

High Street Branch

558/8-1, Navid Plaza, High Street Sahiwal.
Tel: 040-4229247, 4221615,4229247
Fax: 040-4460960

SARGODHA

Sargodha Branch

Prince Cinema Market Railway Road,
Sargodha
Tel: 048-3768113-5
Fax: 048-3768116

Satellite Town Branch

Satellite Town, Ground Floor, Afzal Towers,
Plot # 302-A, Main Satellite Town, Sargodha.
Tel: 048-3221025-28
Fax: 048-3221029

SHIKARPUR

Shikarpur Branch

C.S. No. 52/33/1, Ward 'B', Lakhi Gate,
Shikarpur
Tel: 0726-522057-59
Fax: 0726-522060

SIALKOT

Kashmir Road Branch

Block 'A', ZHC, Kashmir Road, Sialkot
Tel: 052-3573304-7
Fax: 052-3573310

Paris Road Branch

B1, 16S, 71/A/1, Paris Road, Sialkot
Tel: 052-4602712-17
Fax: 052-4598849

Small Industrial Area Branch

Plot No. 32 / A, S.I.E -1,
Small Industrial Estate,
UGOKE Road, Sialkot
Tel: 052-3242690 - 92
Fax: 052-3242695

SWABI**Swabi Branch**

Property Bearing No. 3361,
Main Mardan Road, Swabi
Tel: 0938-222968 - 69
Fax: 0938-221572

TANDO ALLAH YAR**Tando Allah Yar Branch**

C-1, Survey # 274,
Main Road, Tando Allah Yar
Tel: 022-2763181-83
Fax: 022-2763184

TURBAT**Main Bazar Branch**

Main Bazar, Turbat
Tel: 0852-413874 & 411606
Fax: 0852-414048

WAH CANTT**Wah Cantt Branch**

Plot No. 17/37, Civic Center,
Aslam Market, Wah Cantt
Tel: 051- 4902238-39 & 4902241
Fax: 051-4902240

ISLAMIC BANKING BRANCHES

KARACHI

Fish Harbour Branch

Plot No. L - 2, Block "L" Fish Harbour,
Dockyard Road, West Wharf, Karachi
PABX: 021-32312166-68
Fax: 021-32312165

Fortune Tower Branch

Showroom # 9, Ground Floor Plot # 43/1-A,
Fortune Towers, P.E.C.H.S, Block-6
Shahrah-e-Faisal, Karachi
PABX: 021-32368002-4
Fax: 021-32368008

I. I. Chundrigar Road Branch II

5-Business & Finance Centre, Opposite
State Bank of Pakistan, Karachi.
Tel: 021-32438212, 32472176, 32471796
Fax: 021-32438218

Zamzama Branch

Shop No. 3, 4, 5, 6 & 7, Plot No. 16-C, 2nd
Zamzama Commercial Lane DHA, Karachi
Tel: 021 - 35373135-7
Fax: 021 - 35373138

LAHORE

PIA Society Islamic Banking Branch

Plot # 40, Block-D, Main Boulevard PIA
Society, Opp Wapda Town Roundabout,
Lahore
Tel: 042-35189957 - 59
Fax: 042-35210895

CHILLAS

Chillas Branch

Khasra No. 02, Bazar Area, Chillas,
District Baltistan
Tel: 05812 - 450702-3
Fax: 05812-450704

SKARDU

Skardu Branch

Khasra No. 1265/39, Yadgar Chowk,
Tehsil Skardu, District Baltistan
Tel: 05815 - 456693-94
Fax: 05815-456696

ISLAMABAD

DHA Phase-II Branch

Plot No. 7, Street SSZBS Al Nahayaan,
Sector-A, DHA Phase-2, Near Al Ghurair,
Main Boulevard, Islamabad
Tel: 051-4918314 -16
Fax: 051-4918317

Naval Anchorage Branch

Plot # 19, Commercial No. 2, Naval Officers
Housing Scheme Anchorage, Islamabad
Tel: 051 - 5159126 - 28
Fax: 051 - 5159129

CHITRAL

Chitral Branch

Attalique Bazar, Bank Square,
Opp: NBP Building, Chitral
Tel: 0943 - 412536-37
Fax: 0943 - 414352"

HYDERBAD

DHA Plaza Branch

Shop No. 1 & 2, Block "C", Defence Plaza,
Thandi Sarak, Hyderabad
Tel: 022- 2108474, 2108478
Fax: 022-210847

RAWALPINDI

Bahria Town Branch Phase-IV

Plot # 1, Bahria Town, Civic Centre,
Phase IV, Rawalpindi
Tel: 051-5733945-46
Fax: 051-5733967

