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CORPORATE INFORMATION



Chief Financial Officer

Ashar Husain

Statutory Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

LMA Ebrahim Hosain
Barristers, Advocates & Corporate Legal Consultants

Registered Office

126-C, Old Bahawalpur Road,
Multan

Principal Office

2nd Floor, Mackinnons Building,
I.I. Chundrigar Road,
Karachi

Share Registrar

CDC Share Registrar Services Limited
CDC House 99-B, Block-B, S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi-74400.

Website

www.bankalhabib.com



DIRECTORS' REVIEW

It is our pleasure to present the un-audited financial statements of Bank AL Habib Limited along with the un-audited consolidated financial statements of Bank AL Habib Limited and the Bank's Subsidiaries AL Habib Capital Markets (Private) Limited, AL Habib Asset Management Limited, and AL Habib Exchange Company (Private) Limited for the half year ended June 30, 2024.

Alhamdolillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 2,222.2 billion as compared to Rs. 1,934 billion on December 31, 2023. In the same period, advances decreased to Rs. 792 billion from Rs. 869.5 billion, while investments increased to Rs. 1,836.1 billion from Rs. 1,503.9 billion. The pre-tax profit of the Bank for the half year ended June 30, 2024, was Rs. 40.50 billion as compared to Rs. 30.95 billion during the corresponding period last year. The profit after tax for the half year ended June 30, 2024, was Rs. 21.09 billion compared with Rs. 18.09 billion during 2023.

The Board of Directors, in its meeting held on August 07, 2024, has declared 2nd interim cash dividend of Rs. 3.50 per share i.e. 35%, in addition to 35% already paid, bringing the total cash dividend to 70% for the half year ended June 30, 2024.

By the Grace of Allah, the Bank now has a network of 1,158 offices, comprising 1,125 branches, 29 sub-branches, and 4 Representative Offices. Our branch network includes 239 Islamic Banking Branches and 2 Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2024.

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

The ratings of our unsecured, subordinated Term Finance Certificates (TFCs) are **AAA** (Triple A) for TFC-2021 and TFC-2022, and **AA+** (Double A plus) for TFC-2017 (perpetual) and TFC-2022 (perpetual). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. Further, the TFC-2022 & the TFC-2022 (perpetual) issued in 2022, were listed on Pakistan Stock Exchange (PSX) pursuant to Chapter 5C of PSX Rule Book. During the second quarter of the year, the Bank has fully redeemed its unsecured, subordinated TFC-2018 on June 06, 2024.

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

Mansoor Ali Khan
Chief Executive

Abbas D. Habib
Chairman
Board of Directors

Karachi: August 07, 2024



ڈائریکٹر کا جائزہ

ہمارے لئے یہ باعثِ سرت ہے کہ ہم 30 جون 2024 کو ختم ہونے والی ششماہی کے لئے بینک الحبیب لمبینڈ کے غیر آڈٹ شدہ مالی حسابات میں بینک الحبیب لمبینڈ کے غیر آڈٹ شدہ جموقی مالیاتی حسابات شامل بینک کی ذیلی پیشہ ویہیجیب کمپنی مارکیٹ (پارائیوٹ) لمبینڈ، الحبیب ایسٹ پیشہ ویہیجیت لمبینڈ، اور الحبیب ایچیپنی (پارائیوٹ) لمبینڈ پیشہ ویہیجیت کریں۔

الحمد للہ، زیر جائزہ مدت میں بینک کی کارکردگی اطمینان بخش رہی۔ 30 جون 2024 کو ختم ہونے والی ششماہی میں ڈپاڑس بڑھ کر 2,222.2 ملین روپے ہو گئے، جو کہ 31 دسمبر 2023 کو 1,934 ملین روپے تھے۔ اسی مدت کے دوران ایڈ و انسر 869.5 ملین روپے سے کم ہو کر 792 ملین روپے ہو گئے اور سرمایکاری 1,503.9 ملین روپے سے بڑھ کر 1,836.1 ملین روپے ہو گئی۔ 30 جون 2024 کو ختم ہونے والی ششماہی کے لئے آپ کے لئے آپ کے لئے ایک منافع 40.50 ملین روپے رہا، جبکہ گزشتہ سال اس مدت میں یہ 30.95 ملین روپے تھا۔ بینک کا بعد ازاں ملک منافع 30 جون 2024 کو ختم ہونے والی مدت کے لئے 21.09 ملین روپے رہا جبکہ گزشتہ سال یہ 18.09 ملین روپے تھا۔

بورڈ آف ڈائریکٹر نے 7 اگست 2024 کو منعقد ہونے والے اجلاس میں دوسرا عوری 35% نقد منافع مقتسمہ یعنی 3.50 روپے فی شیئر کا اعلان کیا ہے، جو کہ پہلے سے ادا شدہ 35% کے علاوہ ہے۔ جس کے بعد 30 جون 2024 کو ختم ہونے والی ششماہی تک کلیکل نقد منافع مقتسمہ کی شرح 70% پہنچ گئی ہے۔

اللہ تعالیٰ کے فضل و کرم سے بینک کا نیٹ ورک اب 158 دفاتر پر مشتمل ہے، جس میں 125 ایکٹر اور 29 ذیلی برانچ اور 4 نمائندہ دفاتر شامل ہیں۔ ہمارے برانچ نیٹ ورک میں اب 1239 اسلامی بینکاری برانچ اور 2 یونیون ملک برانچ شامل ہیں۔ برانچ میں اضافی اپنی پالیسی پر کاربندر ہتھے ہوئے ہم سال 2024 میں بھی مزید برانچ کھولنے کا ارادہ رکھتے ہیں۔

الحمد للہ، پاکستان کریڈٹ ریٹنگ ایجنٹی لمبینڈ (PACRA) نے طویل مدت کے لئے بینک کی رینکنگ AAA (ٹریپل اے) اور مختصر مدت کے لئے A1+ (اے و ان پلس) برقرار کی ہیں۔ یہ طویل مدت کریڈٹ رینکنگ AAA (ٹریپل اے) بینک کے بہترین کریڈٹ کے معیار، کم ترین کریڈٹ رسک کی توقع اور بروقت مالی ذمہ داریوں سے عہدہ برائے ہونے کی غیر معمولی صلاحیت کو ظاہر کرتی ہے۔

ہمارے انسکیوڑ، سارڈینیڈر مفناں سریٹھیمیں کی رینکنگ AAA (ٹریپل اے) برائے 2021 TFC-2022 TFC اور 2022 TFC-2022 TFC (ڈبل اے پلس) برائے 2017 TFC-2022 TFC (پر چیپل) اور 2022 TFC-2022 TFC (پر چیپل) ہیں۔ یہ رینکنگ کریڈٹ رسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ داریوں سے عہدہ برائے ہونے کی بہت مضبوط صلاحیت ہے۔ مزید برآں 2022 TFC-2022 TFC (پر چیپل) جو کہ 2022 میں ایش ہوئے پی ایس ایکس روں بک کے باب 5C کے مطابق پاکستان اسٹاک ایچیپنگ لمبینڈ پر لفڑ کئے گئے۔ سال کی دوسرا سماںی کے دوران بینک نے 6 جون 2024 کو اپنے آنیکیوڑ سارڈینیڈر 2018-2018 TFC کو مکمل طور پر ادا کر دیا ہے۔

ہم اپنے کمپنی کے مسئلہ اعتماد اور تائید، مقامی و غیر ملکی مالیاتی اداروں کے بھروسے اور تعاون، اور اسٹاٹ بینک آف پاکستان کے اُن کی رہنمائی پر، بے حد مشکور ہیں۔ ہم اپنے تمام اسناف مگر ان کا بھی ان کے خلوص، بگن اور انتخک محنت پر ان کا شکر یا ادا کرتے ہیں۔

منصور علی خان
چیف ایگریکٹو

عباس ڈی - حبیب
چیئرمین
بورڈ آف ڈائریکٹر

کراچی: ۷ اگست ۲۰۲۴ء



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bank AL Habib 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 AL Habib Limited ("the Bank") as at 30 June 2024 and the related unconsolidated condensed interim statement of profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the six-month period 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 unconsolidated condensed 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.

Other Matters

The figures of the unconsolidated condensed interim statement of profit and loss account and the unconsolidated condensed interim statement of comprehensive income for the three months period ended 30 June 2024, have not been reviewed and we do not express a conclusion on them.

The unconsolidated financial statements for the half year ended 30 June 2023 and for the year ended 31 December 2023 were respectively reviewed and audited by another firm of chartered accountants who had expressed an unmodified conclusion and opinion thereon vide their reports dated 25 August 2023 and 13 February 2024 respectively.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Taufiq.

Date: August 23, 2024

Karachi

UDIN: RR2024101068okgrE4UO

KPMG Taseer Hadi & Co.
Chartered Accountants



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Note	(Un-audited) 30 June 2024	(Audited) 31 December 2023
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	215,289,831	141,815,998
Balances with other banks	7	4,241,887	6,580,672
Lendings to financial institutions	8	—	1,649,716
Investments	9	1,836,110,690	1,503,895,348
Advances	10	791,992,267	869,458,809
Property and equipment	11	71,614,310	67,602,830
Right-of-use assets	12	12,809,788	11,969,724
Intangible assets	13	158,554	124,462
Deferred tax assets	14	10,535,193	1,792,112
Other assets	15	144,064,964	136,130,442
Total Assets		3,086,817,484	2,741,020,113
LIABILITIES			
Bills payable	17	48,919,202	48,083,103
Borrowings	18	507,127,915	477,438,034
Deposits and other accounts	19	2,222,194,957	1,934,036,510
Lease liabilities	20	15,775,875	14,633,878
Subordinated debt	21	25,990,800	29,985,200
Deferred tax liabilities		—	—
Other liabilities	22	130,232,280	110,236,595
Total Liabilities		2,950,241,029	2,614,413,320
NET ASSETS			
		136,576,455	126,606,793
REPRESENTED BY			
Share capital		11,114,254	11,114,254
Reserves		30,220,345	28,184,872
Surplus on revaluation of assets	23	15,152,184	14,712,038
Unappropriated profit		80,089,672	72,595,629
		136,576,455	126,606,793

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2024**

Note	Half year ended		Three months period ended	
	30 June 2024	30 June 2023	30 June 2024 (Rupees in '000)	30 June 2023
Mark-up / return / interest earned	26	242,315,568	161,217,841	123,223,188
Mark-up / return / interest expensed		(168,209,573)	(110,293,947)	(85,960,513)
Net mark-up / interest income		74,105,995	50,923,894	37,262,675
NON MARK-UP / INTEREST INCOME				
Fee and commission income	28	9,129,773	6,681,881	5,012,280
Dividend income		866,414	842,433	563,452
Foreign exchange income		3,463,762	3,813,530	975,837
Income / (loss) from derivatives		—	—	—
(Loss) / gain on securities - net	29	(168,187)	23,770	(388,699)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		—	—	(745)
Other income	30	877,291	390,658	414,226
Total non mark-up / interest income		14,169,053	11,752,272	6,577,096
Total income		88,275,048	62,676,166	43,839,771
NON MARK-UP / INTEREST EXPENSES				
Operating expenses	31	(39,341,000)	(32,226,169)	(21,516,064)
Workers welfare fund		(910,858)	(631,540)	(489,910)
Other charges	32	(127,846)	(169)	(1,628)
Total non mark-up / interest expenses		(40,379,704)	(32,857,878)	(22,007,602)
Profit before credit loss allowance		47,895,344	29,818,288	21,832,169
Credit loss allowance / provisions / reversals and write offs - net	33	(7,391,716)	1,127,165	(516,584)
Extra ordinary / unusual items		—	—	—
PROFIT BEFORE TAXATION		40,503,628	30,945,453	21,315,585
Taxation	34	(19,416,589)	(12,858,141)	(10,239,623)
PROFIT AFTER TAXATION		21,087,039	18,087,312	11,075,962
		(Rupees)		
Basic and diluted earnings per share	35	18.97	16.27	9.97
				6.79

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2024**

	Half year ended		Three months period ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	(Rupees in '000)			
Profit after taxation for the period	21,087,039	18,087,312	11,075,962	7,547,978
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods</i>				
Effect of translation of net investment in foreign branches	(73,231)	281,005	31,217	9,659
Movement in surplus on revaluation of debt investments through FVOCI-net of tax	2,805,407	–	1,885,747	–
Movement in deficit on revaluation of available for sale investments - net of tax	–	(3,371,891)	–	5,129,907
	2,732,176	(3,090,886)	1,916,964	5,139,566
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>				
Movement in surplus on revaluation of equity investments through FVOCI - net of tax	(653,185)	–	(57,910)	–
Movement in surplus on revaluation of available for sale equity investments - net of tax	–	(105,421)	–	(4,582)
Movement in surplus on revaluation of property and equipment - net of tax	203,480	6,506,980	203,480	6,640,998
Movement in surplus on revaluation of non-banking assets - net of tax	(31,013)	–	–	–
	(480,718)	6,401,559	145,570	6,636,416
Total comprehensive income for the period	23,338,497	21,397,985	13,138,496	19,323,960

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2024**

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of Investments		Property & Equipment / Non Banking Assets	Unappropriated Profit	Total
				Special Reserve	General Reserve					
(Rupees in '000)										
Balance as at 01 January 2023 - audited	11,114,254	19,168,074	4,556,840	126,500	540,000	(5,627,570)	6,525,255	58,838,598	95,241,951	
Comprehensive income for the half year ended 30 June 2023:										
Profit after taxation for the half year ended 30 June 2023	-	-	281,005	-	-	(3,477,312)	6,506,980	18,087,312	18,087,312	3,310,673
Other comprehensive income	-	-	281,005	-	-	(3,477,312)	6,506,980	18,087,312	18,087,312	21,397,985
Transfer to statutory reserve	-	1,808,731	-	-	-	-	-	(1,808,731)	(1,808,731)	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	-	60,576	60,576	-
Transaction with owners, recorded directly in equity										
Final cash dividend (Rs. 7.0 per share) - December 2022	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)	-
Balance as at 30 June 2023 - unaudited	11,114,254	20,976,805	4,837,845	126,500	540,000	(9,104,882)	12,971,659	67,397,777	108,859,958	
Comprehensive income for the half year ended 31 December 2023:										
Profit after taxation for the half year ended 31 December 2023	-	-	(19,485)	-	-	10,234,909	722,052	17,232,063	17,232,063	10,517,604
Other comprehensive income	-	-	(19,485)	-	-	10,234,909	722,052	16,812,191	16,812,191	27,749,667
Transfer to statutory reserve	-	1,723,207	-	-	-	-	-	(1,723,207)	(1,723,207)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	111,700	111,700	-
Transaction with owners, recorded directly in equity										
Interim cash dividend (Rs. 4.5 per share) - June 2023	-	-	-	-	-	-	-	(5,001,416)	(5,001,416)	-
Interim cash dividend (Rs. 4.5 per share) - September 2023	-	-	-	-	-	-	-	(5,001,416)	(5,001,416)	-
Balance as at 31 December 2023 - audited	11,114,254	22,700,012	4,818,360	126,500	540,000	1,130,027	13,582,011	72,595,629	126,606,793	
Effect of adoption of IFRS 9 (net of tax)	-	-	-	-	-	(1,773,407)	-	(1,321,692)	(1,321,692)	(3,095,099)
Profit after taxation for the half year ended 30 June 2024	-	-	-	-	-	-	-	21,087,039	21,087,039	-
Other comprehensive income for the half year ended 30 June 2024 - net of tax										
Effect of translation of net investment in foreign branches	-	-	(73,231)	-	-	-	-	-	-	(73,231)
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	2,805,407	-	-	-	2,805,407
Movement in surplus on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	(653,185)	-	-	-	(653,185)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	203,480	-	-	203,480
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(31,013)	-	-	(31,013)
Total other comprehensive income - net of tax	-	-	(73,231)	-	-	2,152,222	172,467	-	-	2,251,458
Transfer to statutory reserve	-	2,108,704	-	-	-	-	-	(2,108,704)	(2,108,704)	-
Loss on sale of equity investments - FVOCI	-	-	-	-	-	-	-	(826,620)	(826,620)	(826,620)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(111,136)	111,136	111,136	-
Transaction with owners, recorded directly in equity										
Final cash dividend (Rs. 5.0 per share) - December 2023	-	-	-	-	-	-	-	(5,557,127)	(5,557,127)	-
Interim cash dividend (Rs. 3.5 per share) - March 2024	-	-	-	-	-	-	-	(3,889,989)	(3,889,989)	-
Balance as at 30 June 2024 - unaudited	11,114,254	24,808,716	4,745,129	126,500	540,000	1,508,842	13,643,342	80,089,672	136,576,455	

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ASHAR HUSAIN
Chief Financial Officer

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2024**

	30 June 2024	30 June 2023
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	40,503,628	30,945,453
Less: Dividend income	(866,414)	(842,433)
	<hr/>	<hr/>
Adjustments:		
Depreciation	2,578,339	2,099,204
Depreciation on right-of-use assets	1,198,462	1,124,710
Amortisation	105,530	143,639
Workers' welfare fund	910,858	631,540
Credit loss allowance and write-offs - net	7,394,586	(1,127,211)
Gain on sale of property and equipment - net	(547,016)	(169,550)
Charge for defined benefit plan	600,000	414,000
Loss / (gain) on securities - net	168,187	(23,770)
Charge for compensated absences	211,733	121,626
Finance charges on leased assets	984,568	744,656
	<hr/>	<hr/>
Decrease / (increase) in operating assets	13,605,247	3,958,844
Lendings to financial institutions	53,242,461	34,061,864
Securities classified as FVTPL	1,649,716	15,568,607
Advances	2,934,906	95,631
Other assets	62,379,929	39,214,917
	(8,476,778)	(31,551,770)
	<hr/>	<hr/>
Increase / (decrease) in operating liabilities	58,487,773	23,327,385
Bills payable	836,099	(8,283,595)
Borrowings from financial institutions	26,398,438	(177,399,998)
Deposits	288,158,447	240,881,453
Other liabilities (excluding current taxation)	11,293,666	9,237,947
	<hr/>	<hr/>
Income tax paid	326,686,650	64,435,807
Net cash flow generated from operating activities	438,416,884	121,825,056
	<hr/>	<hr/>
CASH FLOW FROM INVESTING ACTIVITIES	(18,797,429)	(17,553,535)
Net investments in amortized cost securities	419,619,455	104,271,521
Net investments in securities classified as FVOCI		
Net investments in subsidiaries		
Dividends received	3,015,522	(53,652,246)
Investments in property and equipment	(333,222,664)	42,152,868
Proceeds from sale of property and equipment	(1,000,000)	–
Effect of translation of net investment in foreign branches	867,904	791,936
Net cash flow used in investing activities	(6,689,158)	(4,082,476)
	473,741	161,243
	(73,231)	281,005
	<hr/>	<hr/>
	(336,627,886)	(14,347,670)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of subordinated debt	(3,994,400)	(3,200)
Dividend paid	(9,315,446)	(7,658,765)
Payments of lease obligations against right-of-use assets	(1,834,574)	(1,763,463)
Net cash flow used in financing activities	(15,144,420)	(9,425,428)
	<hr/>	<hr/>
Increase in cash and cash equivalents	67,847,149	80,498,423
Cash and cash equivalents at beginning of the period	147,198,674	108,736,601
Cash and cash equivalents at end of the period	<hr/>	<hr/>
	215,045,823	189,235,024

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2024

1. STATUS AND NATURE OF BUSINESS

Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 1,125 branches (31 December 2023: 1,084 branches), 29 sub - branches (31 December 2023: 29 sub - branches), 04 representative offices (31 December 2023: 04 representative offices) and 10 booths (31 December 2023: 09 booths). The branch network of the Bank includes 02 overseas branches (31 December 2023: 02 overseas branches) and 239 Islamic Banking branches (31 December 2023: 201 Islamic Banking branches).

2. BASIS OF PREPARATION

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

2.2 Key financial information of the Islamic Banking branches is disclosed in note 40 to these unconsolidated condensed interim financial statements.

2.3 These are separate financial statements of the Bank in which investments in subsidiaries and associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

2.4 Statement of compliance

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

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



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

SBP, vide its BPRD Circular No. 02 dated 09 February 2023 issued the revised format for the preparation of the annual / interim financial statements of the banks. New formats are applicable for interim / annual financial statements for period beginning on or after 01 January 2024. The implementation of the revised format has resulted in certain changes to the presentation and disclosures of various elements of the interim financial statements. The adoption of revised format has resulted in following significant changes:

- Right-of-use-assets (note 12) amounting to Rs 12,809.788 million (December 31, 2023: Rs 11,969.724 million) which were previously shown as part of property and equipment are now shown separately on the statement of financial position.
- Lease liabilities (note 20) amounting to Rs 15,775.875 million (December 31, 2023: Rs 14,633.878 million) which were previously shown as part of other liabilities are now shown separately on the statement of financial position.

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

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

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

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



3. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

3.1.1 IFRS 9 - 'Financial Instruments'

During the period, as directed by SBP vide its BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS 9: 'Financial Instruments' became applicable to Bank.

BPRD Circular No. 03 of 2022 dated July 05, 2022 issued by SBP provides detailed instructions on implementation of IFRS 9 (the Application Instructions) for ensuring smooth and consistent implementation of the standard across banks.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

The Bank has adopted IFRS 9 in its entirety from January 01, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period, as permitted under the specific transitional provisions in the standard.

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

SBP has allowed certain amendments and extended the timelines of the Application Instructions to address several banking industry concerns vide its BPRD Circular Letter No. 16 dated July 29, 2024.

3.1.2 Classification and measurement

Under the new standard, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit or loss regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are to be measured at amortized cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').



Financial liabilities are either classified as fair value through profit or loss (FVTPL), when they are held for trading purposes, or at amortized cost. Financial liabilities classified as FVTPL are measured at fair value. Financial liabilities classified at amortized cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

IFRS 9 allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different bases. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout life of the instrument. Nonetheless, banks should avoid this option for financial instruments that are categorized as Level 3 in terms of the IFRS 13 hierarchy.

3.1.3 Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account.

3.1.4 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.



3.1.5 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit, foreign exchange gains and losses and impairment are recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Profit income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

3.1.6 Application to the Bank's financial assets

Equity Securities:

Quoted equity shares are classified as FVOCI & FVTPL. Gains and losses on disposal of securities classified as FVTPL will be recycled through the profit and loss account.

The Bank has elected to designate equity shares at FVOCI as permitted under IFRS 9. These securities were previously classified as available-for-sale (AFS). The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed off.

Debt securities and Islamic financing and related assets:

Debt securities currently classified as AFS and passing the SPPI test are measured at FVOCI under IFRS 9 as the Bank's business model is to hold these assets to collect contractual cash flows and sell the investments.

Debt securities currently classified as held-to-maturity (HTM) and passing the SPPI test are measured at amortized cost under IFRS 9 as the Bank's business model is to hold these assets to collect contractual cashflows.

Debt securities that do not pass the SPPI test measured at FVTPL.



3.1.7 Derecognition

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

On derecognition of a financial asset in its entirety, the difference between:

- a) the carrying amount (measured at the date of derecognition); and
- b) the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit or loss account.

3.1.8 Modification

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.



If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset are amortised over the remaining term of the modified financial asset.

This requirement will be implemented on and after 1 October 2024 as mentioned in BPRD Circular Letter No. 16 of 2024 of SBP.

3.1.9 Impairment

The impairment requirements apply to financial assets measured at amortized cost and FVOCI - with recycling (other than equity instruments), lease receivables, and certain financing commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets where 12-month ECL is recognized are in 'Stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'Stage 3'.

Under SBP's instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. Further the bank is required to calculate ECL on its Stage 3 financial assets as higher of facility wise provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Banks are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

Based on the requirements of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment considering the following key elements:

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12- month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2).
- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.



3.1.10 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of PR issued by SBP. As per the Bank's policy, financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 3 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular no 3 of 2022. However, banks are free to choose more stringent days past due criteria.

3.1.11 Undrawn financing commitments:

When estimating lifetime ECL for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings are drawn down, based on a probability-weighting of the three scenarios.



3.1.12 Following illustration shows the reconciliation of measurement category before and after the implementation of IFRS 9 and reconciliation of carrying amount of financial assets transition on 01 January 2024:

	Carrying amount as on 31 December 2023	Remeasurement under IFRS 9	Adjustments/ reversals of provision held	Expected credit loss (ECL) - Charge	Gross impact	Tax impact	Net impact	Balances as on 01 January 2024		Measurement Category
								Before IFRS 9	After IFRS 9	
(Rupees in '000)										
ASSETS										
Cash and balances with treasury banks	141,815,998	-	-	-	-	-	-	141,815,998	Loans and receivables	Amortised cost
Balance with other banks	6,580,672	-	-	(3,544)	(3,544)	-	(3,544)	6,577,128	Loans and receivables	Amortised cost
Lending to financial institutions	1,649,716	-	-	(223)	(223)	-	(223)	1,649,493	Loans and receivables	Amortised cost
Investments										
Held to maturity										
Federal government securities	365,219,019	-	-	-	-	-	-	365,219,019	Held to maturity	Amortised cost
Foreign securities	1,145,445	-	-	-	-	-	-	1,145,445	Held to maturity	Amortised cost
Available for sale										
Federal government securities	1,108,519,495	(5,769,121)	-	-	(5,769,121)	-	(5,769,121)	1,102,750,374	Available for sale	FVOCI
Naya Pakistan certificates	-	5,769,121	-	-	5,769,121	-	5,769,121	5,769,121	Available for sale	FVTPL
Non government debt securities	9,176,783	-	-	(1,146)	(1,146)	-	(1,146)	9,175,637	Available for sale	FVOCI
Foreign securities	5,886,195	-	-	-	-	-	-	5,886,195	Available for sale	FVOCI
Shares	4,186,436	(1,937,847)	1,937,847	-	-	-	-	4,186,436	Available for sale	FVOCI - without recycling
Units of mutual funds	4,264,072	(1,539,422)	1,539,422	-	-	-	-	4,264,072	Available for sale	FVTPL
Associates	4,614,653	-	-	-	-	-	-	4,614,653	Outside the scope of IFRS 9	
Subsidiaries	883,250	-	-	-	-	-	-	883,250	Outside the scope of IFRS 9	
Advances	869,458,809	8,664,544	-	(16,517,255)	(7,852,711)	-	(7,852,711)	861,606,098	Loans and receivables	Amortised cost
Property and equipment	67,602,830	-	-	-	-	-	-	67,602,830	Outside the scope of IFRS 9	
Right-of-use assets	11,969,724	-	-	-	-	-	-	11,969,724	Outside the scope of IFRS 9	
Intangible assets	124,462	-	-	-	-	-	-	124,462	Outside the scope of IFRS 9	
Deferred tax asset	1,792,112	-	-	-	-	8,130,890	8,130,890	9,923,002	Outside the scope of IFRS 9	
Other assets										
Financial assets										
Mark to market gain on forward foreign exchange contracts	2,322,982	-	-	-	-	-	-	2,322,982	Fair value	FVTPL
Others	125,157,085	-	-	(464,364)	(464,364)	-	(464,364)	124,692,721	Loans and receivables	Amortised cost
Non financial assets	8,650,375	-	-	-	-	-	-	8,650,375	Outside the scope of IFRS 9	
	2,741,020,113	5,187,275	3,477,269	(16,986,532)	(8,321,988)	8,130,890	(191,098)	2,740,829,015		



	Carrying amount as on 31 December 2023	Remeasurement under IFRS 9	Adjustments/ reversals of provision held	Expected credit loss (ECL) - Charge	Gross impact	Tax impact	Net impact	Balances as on 01 January 2024	Measurement Category	
	(Rupees in '000)								Before IFRS 9	After IFRS 9
LIABILITIES										
Bills payable	48,083,103	-	-	-	-	-	-	48,083,103	Historical cost	Amortised cost
Borrowings	477,438,034	-	-	-	-	-	-	477,438,034	Historical cost	Amortised cost
Deposits and other accounts	1,934,036,510	-	-	-	-	-	-	1,934,036,510	Historical cost	Amortised cost
Lease Liabilities	14,633,878	-	-	-	-	-	-	14,633,878	Outside the scope of IFRS 9	
Subordinated debt	29,985,200	-	-	-	-	-	-	29,985,200	Historical cost	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9	
Other liabilities										
Financial liabilities										
Mark to market loss on forward foreign exchange contracts	2,504,312	-	-	-	-	-	-	2,504,312	Fair value	FVTPL
Others	85,127,344	-	-	2,904,001	2,904,001	-	2,904,001	88,031,345	Historical cost	Amortised cost
Non financial liabilities	22,604,939	-	-	-	-	-	-	22,604,939	Outside the scope of IFRS 9	
	2,614,413,320	-	-	2,904,001	2,904,001	-	2,904,001	2,617,317,321		
NET ASSETS	126,606,793	5,187,275	3,477,269	(19,890,533)	(11,225,989)	8,130,890	(3,095,099)	123,511,694		
REPRESENTED BY										
Share capital	11,114,254	-	-	-	-	-	-	11,114,254	Outside the scope of IFRS 9	
Reserves	28,184,872	-	-	-	-	-	-	28,184,872	Outside the scope of IFRS 9	
Surplus on revaluation of assets	14,712,038	(3,477,269)	-	(3,477,269)	1,703,862	(1,773,407)	12,938,631	Outside the scope of IFRS 9		
Unappropriated profit	72,595,629	8,664,544	3,477,269	(19,890,533)	(7,748,720)	6,427,028	(1,321,692)	71,273,937	Outside the scope of IFRS 9	
	126,606,793	5,187,275	3,477,269	(19,890,533)	(11,225,989)	8,130,890	(3,095,099)	123,511,694		

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5. FINANCIAL RISK MANAGEMENT

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



6. CASH AND BALANCES WITH TREASURY BANKS

In hand:	
Local currency	44,078,251
Foreign currencies	3,546,387
	47,624,638
In transit:	
Local currency	457,174
Foreign currencies	2,783
	459,957
With State Bank of Pakistan in:	
Local currency current accounts	118,536,841
Local currency current accounts-Islamic Banking	13,937,641
Foreign currency deposit accounts	
Cash reserve account	5,316,317
Cash reserve / special cash reserve account	
- Islamic Banking	1,028,749
Special cash reserve account	10,633,042
Local collection account	577,172
	150,029,762
With National Bank of Pakistan in:	
Local currency current accounts	16,967,501
Prize bonds	207,973
	215,289,831
	30,595,391
	4,053,352
	34,648,743
	42,390
	27,017
	69,407
	72,206,674
	10,539,360
	5,341,260
	995,250
	10,682,521
	441,796
	100,206,861

7. BALANCES WITH OTHER BANKS

In Pakistan:		
In current accounts	259,330	202,979
In deposit accounts	8,642	8,965
	267,972	211,944
Outside Pakistan:		
In current accounts	3,423,269	6,246,313
In deposit accounts	551,407	122,483
	3,974,676	6,368,796
Less: credit loss allowance	4,242,648	6,580,740
	(761)	(68)
	4,241,887	6,580,672

8. LENDINGS TO FINANCIAL INSTITUTIONS

In local currency:
Repurchase agreements lendings (reverse repo)
Pakistan Investment Bonds - 1,649,716



9. INVESTMENTS

Note	30 June 2024 (Un-audited)				31 December 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying Value
(Rupees in '000)								
9.1 Investments by type:								
FVTPL								
Federal Government Securities	2,878,808	–	–	2,878,808	–	–	–	–
Units of Mutual Funds	3,099,821	–	950,839	4,050,660	–	–	–	–
	5,978,629	–	950,839	6,929,468	–	–	–	–
FVOCI								
Federal Government Securities	1,445,386,444	(3,968,756)	2,235,524	1,443,653,212	–	–	–	–
Shares	374,892	(20,811)	406,144	760,225	–	–	–	–
Non Government Debt Securities	9,104,234	(408,666)	(90,644)	8,604,924	–	–	–	–
Foreign Securities	8,339,900	(2,825,543)	407,491	5,921,848	–	–	–	–
	1,463,205,470	(7,223,776)	2,958,515	1,458,940,209	–	–	–	–
Amortised Cost								
Federal Government Securities	363,956,564	(1,013,685)	–	362,942,879	–	–	–	–
Foreign Securities	1,391,706	(591,475)	–	800,231	–	–	–	–
Others	4,481	(4,481)	–	–	–	–	–	–
	365,352,751	(1,609,641)	–	363,743,110	–	–	–	–
Available-for-Sale Securities								
Federal Government Securities	–	–	–	–	1,113,970,241	(4,536,292)	(914,454)	1,108,519,495
Shares	–	–	–	–	4,458,197	(1,958,659)	1,686,898	4,186,436
Non Government Debt Securities	–	–	–	–	9,385,650	(99,920)	(108,947)	9,176,783
Foreign Securities	–	–	–	–	8,869,880	(2,996,506)	12,821	5,886,195
Units of Mutual Funds	–	–	–	–	3,076,021	(351,370)	1,539,421	4,264,072
	–	–	–	–	1,139,759,989	(9,942,747)	2,215,739	1,132,032,981
Held-to-Maturity Securities								
Federal Government Securities	–	–	–	–	366,531,501	(1,312,482)	–	365,219,019
Foreign Securities	–	–	–	–	1,832,291	(686,846)	–	1,145,445
Others	–	–	–	–	4,481	(4,481)	–	–
	–	–	–	–	368,368,273	(2,003,809)	–	366,364,464
Associates	4,614,653	–	–	4,614,653	4,614,653	–	–	4,614,653
Subsidiaries	9.4	1,883,250	–	1,883,250	883,250	–	–	883,250
Total Investments		1,841,034,753	(8,833,417)	3,909,354	1,836,110,690	1,513,626,165	(11,946,556)	2,215,739
								1,503,895,348



	(Un-audited) 30 June 2024	(Audited) 31 December 2023
	(Rupees in '000)	
9.1.1 Investments given as collateral		
Pakistan Investment Bonds	325,916,500	294,417,591
9.2 Credit loss allowance / provision for diminution in value of investments		
Opening balance	11,946,556	12,965,998
Impact of adoption of IFRS 9	(2,288,070)	–
Exchange adjustments	(106,053)	2,633,674
Charge / (reversal):		
ECL reversal for the period / year	(1,026,977)	(3,807,847)
Charge on diminution of investments for the period / year	307,961	237,310
Reversal on disposal during the period / year	–	(82,579)
	(719,016)	(3,653,116)
Closing Balance	8,833,417	11,946,556

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

		30 June 2024 (Un-audited)		31 December 2023 (Audited)
		Outstanding amount	Credit loss allowance / provision for diminution	Outstanding amount
(Rupees in '000)				
Domestic				
Performing	Stage 1	4,798,834	793	–
Under performing	Stage 2	3,432,089	1,954	–
Non-performing	Stage 3	Loss	779,920	405,920
		779,920	405,920	99,920
		99,920	99,920	99,920
Overseas				
Performing	Stage 1	2,059,310	31,669	2,924,573
Under performing	Stage 2	22,938,848	5,086,925	31,787,370
Non-performing	Stage 3	Loss	6,973,531	3,280,864
		6,973,531	3,280,864	7,068,481
		7,068,481	3,518,938	3,518,938
Total		40,982,532	8,808,125	41,880,344
		41,880,344	9,632,046	9,632,046

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

9.5 The market value of securities classified as amortised cost at 30 June 2024 amounted to Rs. 359,302 million (Held to maturity 31 December 2023: Rs. 360,285 million).



9.6 Summary of financial information of subsidiaries and associates

Subsidiary / associate	Country of incorporation	Percentage of holding	Assets	Liabilities	Revenue	Profit after taxation	Total comprehensive income
(Rupees in '000)							
AL Habib Capital Markets (Private) Limited	Subsidiary	Pakistan	66.67% 1,460,485	1,062,562	145,859	15,971	21,545
AL Habib Asset Management Limited	Subsidiary	Pakistan	100% 2,170,640	170,268	944,496	520,168	520,168
AL Habib Exchange Company (Private) Limited	Subsidiary	Pakistan	100% 1,080,516	49,675	101,413	30,843	30,843
AL Habib Asset Allocation Fund	Associate	Pakistan	19.57% 109,355	7,714	74,564	69,643	69,643
AL Habib Cash Fund	Associate	Pakistan	8.17% 41,844,149	332,696	7,086,469	6,568,497	6,568,497
AL Habib Income Fund	Associate	Pakistan	5.72% 7,092,576	252,396	1,096,062	1,006,062	1,006,062
AL Habib Islamic Cash Fund	Associate	Pakistan	0.56% 18,733,165	749,066	4,670,110	4,391,882	4,391,882
AL Habib Islamic Income fund	Associate	Pakistan	0.35% 7,450,568	273,469	1,167,652	1,086,925	1,086,925
AL Habib Islamic Savings Fund	Associate	Pakistan	0.72% 14,082,038	100,764	2,439,835	2,294,666	2,294,666
AL Habib Islamic Stock Fund	Associate	Pakistan	0.87% 1,474,834	316,428	375,279	356,231	356,231
AL Habib Money Market Fund	Associate	Pakistan	2.46% 24,908,159	522,644	3,515,687	3,258,776	3,258,776
AL Habib Stock Fund	Associate	Pakistan	0.72% 1,830,715	435,856	236,687	222,513	222,513

The above information is based on financial statements as on June 30, 2024.



10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) 30 June 2024	(Audited) 31 December 2023	(Un-audited) 30 June 2024	(Audited) 31 December 2023	(Un-audited) 30 June 2024	(Audited) 31 December 2023
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	641,551,195	695,176,617	31,416,256	23,670,518	672,967,451	718,847,135
Islamic financing and related assets	106,682,602	114,129,113	849,561	809,154	107,532,163	114,938,267
Bills discounted and purchased	52,594,045	61,542,273	449,961	707,670	53,044,006	62,249,943
Advances - gross	800,827,842	870,848,003	32,715,778	25,187,342	833,543,620	896,035,345
Credit loss allowance / provision against advances						
- Stage 1	7,101,137	—	—	—	7,101,137	—
- Stage 2	6,251,303	—	—	—	6,251,303	—
- Stage 3	—	—	28,198,913	—	28,198,913	—
- Specific	—	—	—	17,830,419	—	17,830,419
- General as per regulations	—	264,544	—	—	—	264,544
- General	—	8,400,000	—	—	—	8,400,000
- As per IFRS 9 in overseas branches	—	81,573	—	—	—	81,573
	13,352,440	8,746,117	28,198,913	17,830,419	41,551,353	26,576,536
Advances - net of credit loss allowance / provision	<u>787,475,402</u>	<u>862,101,886</u>	<u>4,516,865</u>	<u>7,356,923</u>	<u>791,992,267</u>	<u>869,458,809</u>



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

(Rupees in '000)

10.1 Particulars of advances (Gross)

In local currency	714,431,671	773,994,517
In foreign currencies	119,111,949	122,040,828
	<u>833,543,620</u>	<u>896,035,345</u>

10.2 Advances include Rs. 32,715.778 million (31 December 2023: Rs. 25,187.342 million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of classification	30 June 2024 (Un-audited)		31 December 2023 (Audited)	
	Non performing loans	Credit loss allowance / provision	Non performing loans	Credit loss allowance / provision
(Rupees in '000)				
Domestic				
Other assets especially mentioned (OAEM)	330,399	362,355	286,295	5,135
Substandard	590,542	543,200	2,235,618	524,859
Doubtful	17,741,659	13,981,884	9,008,280	4,446,994
Loss	<u>7,521,204</u>	<u>7,482,447</u>	<u>7,039,066</u>	<u>6,947,186</u>
	26,183,804	22,369,886	18,569,259	11,924,174
Overseas				
Loss	6,531,974	5,829,027	6,618,083	5,906,245
Total	<u>32,715,778</u>	<u>28,198,913</u>	<u>25,187,342</u>	<u>17,830,419</u>



10.3 Particulars of credit loss allowance against advances

	30 June 2024 (Un-audited)						31 December 2023 (Audited)		
	Stage 3	Stage 2	Stage 1	Specific	General	Total	Specific	General	Total
(Rupees in '000)									
Opening balance	5,906,246	–	81,573	11,924,173	8,664,544	26,576,536	11,606,594	6,203,173	17,809,767
Impact on adoption of IFRS 9	15,448,809	8,663,207	4,329,412	(11,924,173)	(8,664,544)	7,852,711	–	–	–
Exchange adjustments	(106,852)	–	(1,407)	–	–	(108,259)	1,751,369	9,995	1,761,364
Charge / (reversal) for the period / year									
- ECL charge for the period	8,434,394	3,294,183	5,127,420	–	–	16,855,997	–	–	–
- ECL reversal for the period	(1,480,147)	(5,706,087)	(2,435,861)	–	–	(9,622,095)	–	–	–
- Specific provision	–	–	–	–	–	–	6,774,544	–	6,774,544
- General provision as per regulations	–	–	–	–	–	–	–	(146,346)	(146,346)
- General provision	–	–	–	–	–	–	–	2,650,000	2,650,000
- As per IFRS 9 in overseas branches	–	–	–	–	–	–	–	29,295	29,295
- Reversals	–	–	–	–	–	–	(1,645,356)	–	(1,645,356)
	6,954,247	(2,411,904)	2,691,559	–	–	7,233,902	5,129,188	2,532,949	7,662,137
Amounts written off	(3,537)	–	–	–	–	(3,537)	(656,732)	–	(656,732)
Closing balance	<u>28,198,913</u>	<u>6,251,303</u>	<u>7,101,137</u>	<u>–</u>	<u>–</u>	<u>41,551,353</u>	<u>17,830,419</u>	<u>8,746,117</u>	<u>26,576,536</u>

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

10.4 Advances - Particulars of credit loss allowance

	30 June 2024 (Un-audited)		
	Stage 1	Stage 2	Stage 3
(Rupees in '000)			
Opening balance	81,573	–	5,906,246
Impact of adoption of IFRS 9	4,329,412	8,663,207	15,448,809
New advances	3,274,538	2,178,396	1,759,385
Advances derecognised or repaid	(2,023,531)	(2,299,353)	(1,437,320)
Transfer to Stage 1	520,492	(517,200)	62,774
Transfer to Stage 2	918,823	(808,769)	6,215,259
Transfer to Stage 3	1,237	(964,978)	354,149
	2,691,559	(2,411,904)	6,954,247
Amounts written off / charged off	–	–	(3,537)
Exchange adjustment	(1,407)	–	(106,852)
Closing balance	<u>7,101,137</u>	<u>6,251,303</u>	<u>28,198,913</u>



10.5 Advances - Category of classification

		30 June 2024 (Un-audited)		31 December 2023 (Audited)		
		Outstanding amount	Credit loss allowance held / provision held	Outstanding amount	Credit loss allowance held / provision held	
(Rupees in '000)						
Domestic						
Performing	Stage 1	618,244,562	7,062,532	846,318,964	—	
Under performing	Stage 2	159,863,428	6,251,303	—	—	
Non-performing	Stage 3					
Other assets especially mentioned (OAEM)		330,399	362,355	286,295	5,135	
Substandard		590,542	543,200	2,235,618	524,859	
Doubtful		17,741,659	13,981,884	9,008,280	4,446,994	
Loss		7,521,204	7,482,447	7,039,066	6,947,186	
General Provision		—	—	—	8,664,544	
		804,291,794	35,683,721	864,888,223	20,588,718	
Overseas						
Performing	Stage 1	22,719,852	38,605	24,529,039	81,573	
Non-performing - Loss	Stage 3	6,531,974	5,829,027	6,618,083	5,906,245	
		29,251,826	5,867,632	31,147,122	5,987,818	
Total		833,543,620	41,551,353	896,035,345	26,576,536	
		(Un-audited)		(Audited)		
		30 June		31 December		
Note		2024		2023		
				(Rupees in '000)		

11. PROPERTY AND EQUIPMENT

Capital work-in-progress	11.1	4,468,140	4,293,549
Property and equipment		67,146,170	63,309,281
		71,614,310	67,602,830

11.1 Capital work-in-progress

Civil works	1,876,125	1,756,006
Advance payment for purchase of equipments	433,771	613,294
Advance payment towards suppliers, contractors and property	2,116,997	1,879,756
Consultants' fee and other charges	41,247	44,493
	4,468,140	4,293,549



(Un-audited)
Half year ended

11.2 Additions to property and equipment

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

Capital work-in-progress	4,720,780	3,012,716
Property and equipment		
Leasehold land	95,379	2,455
Building on leasehold land	1,496,722	243,618
Furniture and fixture	198,392	214,437
Electrical, office and computer equipment	2,081,665	1,349,187
Vehicles	2,203,066	1,079,016
Improvements to leasehold building	367,923	476,087
	6,443,147	3,364,800
Total	11,163,927	6,377,516

11.3 Disposal of property and equipment

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

Furniture and fixture	483	1,117
Electrical, office and computer equipment	14,374	3,221
Vehicles	6,655	12,157
Improvements to leasehold building	7,846	5,245
Total	29,358	21,740

12. RIGHT-OF-USE ASSETS

BUILDINGS

At 01 January.

Cost	18,288,334	17,549,450
Accumulated depreciation	(6,318,610)	(5,477,832)
Net carrying amount	11,969,724	12,071,618
Additions during the period / year	2,131,434	2,362,122
Deletions during the period / year	(113,046)	(185,932)
Depreciation charge for the period / year	(1,198,462)	(2,298,189)
Other adjustments / transfers	20,138	20,105
Net carrying amount at the end of the period / year	12,809,788	11,969,724

13. INTANGIBLE ASSETS

Computer software 158,554 124,462



		(Un-audited) Half year ended
	30 June 2024	30 June 2023
	(Rupees in '000)	
13.1	Additions to intangible assets	
Computer software-directly purchased	<u>139,622</u>	9,258
	(Un-audited) 30 June 2024	(Audited) 31 December 2023
Note		(Rupees in '000)
14.	DEFERRED TAX ASSETS	
Deductible Temporary Differences on		
Credit loss allowance against diminution in the value of investments	4,326,152	5,851,622
Credit loss allowance against loans and advances, off-balance sheet, etc.	16,087,730	5,743,307
Workers' welfare fund	3,094,730	2,648,408
	<u>23,508,612</u>	14,243,337
Taxable Temporary Differences on		
Accelerated tax depreciation	(2,156,582)	(2,130,580)
Surplus on revaluation of securities classified as FVOCI	(1,449,673)	(1,085,712)
Surplus on revaluation of securities classified as FVTPL	(465,911)	-
Surplus on revaluation of property and equipment / non-banking assets	(8,901,253)	(9,234,933)
	<u>(12,973,419)</u>	(12,451,225)
	<u>10,535,193</u>	1,792,112
15.	OTHER ASSETS	
Income / mark-up accrued in local currency - net	88,752,031	82,921,325
Income / mark-up accrued in foreign currencies - net	1,217,534	1,213,568
Advances, deposits, advance rent and other prepayments	2,102,584	3,390,303
Non-banking assets acquired in satisfaction of claims	3,849,554	3,862,121
Mark to market gain on forward foreign exchange contracts	1,472,667	2,322,982
Acceptances	40,846,359	39,174,104
Stationery and stamps on hand	1,681,002	1,144,768
Others	4,425,858	1,855,903
	<u>144,347,589</u>	135,885,074
Less: Credit loss allowance / provision held against other assets	(480,437)	(7,815)
Other Assets (net of credit loss allowance / provision)	<u>143,867,152</u>	135,877,259
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	197,812	253,183
Other Assets-total	<u>144,064,964</u>	136,130,442
15.1	Credit loss allowance / provision held against other assets	
Mark-up accrued	472,480	-
Receivable against consumer loans	7,957	7,815
	<u>15.1.1</u>	<u>480,437</u>
	<u>7,815</u>	<u>7,815</u>



19. DEPOSITS AND OTHER ACCOUNTS

	30 June 2024 (Un-audited)			31 December 2023 (Audited)		
	In local currency	In foreign currencies	Total (Rupees in '000)	In local currency	In foreign currencies	Total
Customers						
Current deposits	699,732,553	58,549,072	758,281,625	595,309,808	56,445,179	651,754,987
Savings deposits	759,482,586	47,695,061	807,177,647	640,708,283	50,248,962	690,957,245
Term deposits	249,236,282	55,949,017	305,185,299	215,403,093	70,650,094	286,053,187
Current deposits-remunerative	239,645,065	3,469,866	243,114,931	187,912,301	5,250,507	193,162,808
Others	28,463,341	21,742,425	50,205,766	29,720,340	18,887,944	48,608,284
	1,976,559,827	187,405,441	2,163,965,268	1,669,053,825	201,482,686	1,870,536,511
Financial institutions						
Current deposits	11,391,346	888,219	12,279,565	10,386,373	515,221	10,901,594
Savings deposits	5,547,351	29	5,547,380	14,463,621	29	14,463,650
Term deposits	1,803,000	505,189	2,308,189	1,483,491	449,568	1,933,059
Current deposits-remunerative	35,740,317	2,336,228	38,076,545	35,228,067	955,619	36,183,686
Others	18,010	-	18,010	18,010	-	18,010
	54,500,024	3,729,665	58,229,689	61,579,562	1,920,437	63,499,999
	2,031,059,851	191,135,106	2,222,194,957	1,730,633,387	203,403,123	1,934,036,510
	(Un-audited) 30 June 2024			Note	(Audited) 31 December 2023	
	(Rupees in '000)				(Rupees in '000)	

20. LEASE LIABILITIES

Opening balance	14,633,878	14,213,811
Additions during the period / year	2,131,434	2,362,122
Lease payments including interest	(1,834,574)	(3,295,084)
Finance charges on leased assets	984,568	1,568,789
Deletions during the period / year	(159,534)	(235,905)
Other adjustment	20,103	20,145
Closing balance	15,775,875	14,633,878

20.1 Liabilities Outstanding

Not later than one year	1,438,480	1,335,632
Later than one year and upto five years	6,361,231	5,587,474
Over five years	7,976,164	7,710,772
Total	15,775,875	14,633,878

21. SUBORDINATED DEBT - Unsecured

Term Finance Certificates (TFCs) - VI - (Unquoted)	21.1	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII - (Unquoted)	21.2	—	3,992,000
Term Finance Certificates (TFCs) - VIII - (Unquoted)	21.3	4,995,000	4,996,000
Term Finance Certificates (TFCs) - IX - (Unquoted)	21.4	7,000,000	7,000,000
Term Finance Certificates (TFCs) - X - (Unquoted)	21.5	6,995,800	6,997,200
		25,990,800	29,985,200



21.1 Term Finance Certificates - VI - (Unquoted)

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

- 21.2** During the period, the Bank exercised the call option of Term Finance Certificates - VII in accordance with the Trust Deed and Terms and Conditions for the TFC issue, after completing the regulatory requirements. Accordingly, the said TFCs were redeemed in full on 06 June 2024.

21.3 Term Finance Certificates - VIII - (Unquoted)

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



21.4 Term Finance Certificates - IX - (Unquoted)

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

21.5 Term Finance Certificates - X - (Unquoted)

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



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

22. OTHER LIABILITIES

Mark-up / return / interest payable in local currency	7,870,749	7,172,666
Mark-up / return / interest payable in foreign currencies	741,356	1,064,432
Unearned commission and income on bills discounted	2,176,163	1,706,124
Accrued expenses	5,699,880	4,948,584
Acceptances	40,846,359	39,174,104
Unclaimed / dividend payable	1,053,639	921,969
Mark to market loss on forward foreign exchange contracts	1,434,575	2,504,312
Branch adjustment account	1,893,154	3,625,247
Payable to defined benefit plan	2,800,082	2,200,083
Charity payable	86,341	59,665
Credit loss allowance / provision against off-balance sheet items	22.1 4,001,647	226,549
Security deposits against leases / ijarah	10,575,551	9,423,299
Provision for compensated absences	1,928,796	1,717,463
Other security deposits	939,667	1,245,904
Workers' welfare fund	6,315,772	5,404,914
Payable to SBP / NBP	7,198,129	10,851,474
Insurance payable	470,325	543,505
Current taxation	11,638,004	8,565,737
ATM settlement account	14,486,620	2,564,029
Clearing and settlement account	3,134,288	1,585,454
Others	4,941,183	4,731,081
	<hr/> 130,232,280	<hr/> 110,236,595

22.1 Credit loss allowance / provision against off-balance sheet obligations

Opening balance	226,549	110,059
Impact of adoption of IFRS 9	2,904,001	–
Exchange adjustment	(362)	1,245
ECL charge for the period / year	889,055	7,905
ECL reversal for the period	(17,596)	–
Charge for the year	–	107,390
Reversal for the year	–	(50)
	<hr/> 871,459	<hr/> 115,245
Closing balance	<hr/> 4,001,647	<hr/> 226,549



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

23. SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of:

- Securities measured at FVOCI-Debt	9.1 2,552,371	—
- Securities measured at FVOCI-Equity	9.1 406,144	—
- Available for sale securities	—	2,215,739
- Property and equipment	22,417,127	22,634,109
- Non-banking assets acquired in satisfaction of claims	197,812	253,183
	25,573,454	25,103,031

Deferred tax on surplus on revaluation of:

- Securities measured at FVOCI-Debt	1,250,662	—
- Securities measured at FVOCI-Equity	199,011	—
- Available for sale securities	—	1,085,712
- Property and equipment	8,878,701	9,188,502
- Non-banking assets acquired in satisfaction of claims	92,896	116,779
	10,421,270	10,390,993
	15,152,184	14,712,038

24. CONTINGENCIES AND COMMITMENTS

Guarantees	24.1 208,258,801	185,470,538
Commitments	24.2 542,967,666	497,808,811
Other contingent liabilities	24.3 4,591,988	5,019,188
	755,818,455	688,298,537

24.1 Guarantees:

Financial guarantees	31,836,602	28,634,285
Performance guarantees	176,422,199	156,836,253
	208,258,801	185,470,538

24.2 Commitments:

Documentary credits and short term trade-related transactions - letters of credit	302,455,452	287,964,804
Commitments in respect of: - forward foreign exchange contracts	24.2.1 232,679,100	204,174,136
- forward lendings	24.2.2 3,862,135	3,955,661
Commitments for acquisition of: - Property and equipment	3,970,979	1,714,210
	542,967,666	497,808,811



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

24.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	142,096,938	123,771,146
Sale	90,582,162	80,402,990
	<u>232,679,100</u>	<u>204,174,136</u>

The maturities of above contracts are spread over the periods upto one year.

24.2.2 Commitments in respect of forward lending

3,862,135 3,955,661

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.

24.3 Other contingent liabilities

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

24.3.1 Claims against the Bank not acknowledged as debts

4,591,988 5,019,188

24.3.2 Other contingent liabilities

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

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

25. DERIVATIVE INSTRUMENTS

The Bank deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business. As per the Bank's policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Unrealised gains and losses on these contracts are recorded in the statement of financial position under "other assets / other liabilities". These products are offered to the Bank's customers to protect from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter-bank foreign exchange market.



25.1 Product Analysis

30 June 2024 (Un-audited)

Counter Parties	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
(Rupees in '000)						
Banks						
Hedging	14,503,080	95,017	97,289,842	489,902	111,792,922	584,919
Other Entities						
Hedging	120,886,178	(546,827)	–	–	120,886,178	(546,827)
Total						
Hedging	<u>135,389,258</u>	<u>(451,810)</u>	<u>97,289,842</u>	<u>489,902</u>	<u>232,679,100</u>	<u>38,092</u>

31 December 2023 (Audited)

	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
(Rupees in '000)						
Banks						
Hedging	33,947,415	587,431	67,117,360	775,893	101,064,775	1,363,324
Other Entities						
Hedging	103,109,361	(1,544,654)	–	–	103,109,361	(1,544,654)
Total						
Hedging	<u>137,056,776</u>	<u>(957,223)</u>	<u>67,117,360</u>	<u>775,893</u>	<u>204,174,136</u>	<u>(181,330)</u>



25.2 Maturity Analysis

	30 June 2024 (Un-audited)				
	Number of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	460	100,423,954	(569,844)	533,478	(36,366)
1 to 3 months	691	62,610,896	(630,792)	275,441	(355,351)
3 to 6 months	601	65,898,630	(233,939)	615,719	381,780
6 months to 1 year	41	3,745,620	—	48,029	48,029
	<u>1,793</u>	<u>232,679,100</u>	<u>(1,434,575)</u>	<u>1,472,667</u>	<u>38,092</u>
	31 December 2023 (Audited)				
Upto 1 month	379	83,672,301	(648,268)	1,093,484	445,216
1 to 3 months	568	72,676,016	(1,330,312)	660,930	(669,382)
3 to 6 months	400	41,419,915	(379,053)	465,153	86,100
6 months to 1 year	340	6,405,904	(146,679)	103,415	(43,264)
	<u>1,687</u>	<u>204,174,136</u>	<u>(2,504,312)</u>	<u>2,322,982</u>	<u>(181,330)</u>
	(Un-audited) Half year ended				
	30 June 2024	30 June 2023			
	(Rupees in '000)				

26. MARK-UP / RETURN / INTEREST EARNED

Loans and advances	66,552,658	61,453,721
Investments	175,182,191	96,376,254
Deposits with financial institutions	386,145	1,350,753
Securities purchased under resale agreements	194,574	1,946,787
Call money lendings	—	90,326
	242,315,568	161,217,841

26.1 Interest income recognised on:

Financial assets measured at amortised cost	101,874,290
Financial assets measured at FVOCI	140,441,278
	242,315,568

27. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	124,342,179	77,725,001
Borrowings from SBP	5,385,569	4,887,936
Subordinated debt	3,366,719	2,842,623
Cost of foreign currency swaps	3,077,725	3,012,082
Repurchase agreement borrowings	30,559,897	20,249,527
Finance charges on leased assets	984,568	744,656
Other borrowings	492,916	832,122
	168,209,573	110,293,947



(Un-audited)
Half year ended

Note	30 June 2024	30 June 2023
	(Rupees in '000)	
28. FEE AND COMMISSION INCOME		
Branch banking customer fees	1,062,423	994,756
Investment banking fees	31,853	37,625
Consumer finance related fees	24,647	23,074
Card related fees (debit and credit cards)	2,457,248	2,138,392
Credit related fees	207,217	187,034
Commission on trade	3,732,059	2,526,696
Commission on guarantees	511,959	416,065
Commission on cash management	126,850	127,311
Commission on home remittances	959,411	207,951
Others	16,106	22,977
	9,129,773	6,681,881

29. (LOSS) / GAIN ON SECURITIES - NET

Realised	29.1	69,025	23,770
Unrealised - measured at FVTPL		(237,212)	–
		(168,187)	23,770

29.1 Realised gain on:

Federal Government Securities	632	181	
Shares	–	23,589	
Units of Mutual Funds	68,393	–	
	69,025	23,770	

29.2 Net (loss) / gain on financial assets measured at FVOCI / FVTPL:

Net loss on investments in securities designated at FVTPL	(168,819)	–	
Net gain on financial assets measured at FVOCI	632	–	
Net gain on available for sale securities	–	23,770	
	(168,187)	23,770	

30. OTHER INCOME

Rent on property	7,598	6,187	
Gain on sale of property and equipment - net	547,016	169,550	
Recovery of expenses from customers	307,004	201,572	
Lockers rent	15,228	11,438	
Others	445	1,911	
	877,291	390,658	



(Un-audited)
Half year ended

30 June 30 June
2024 2023
(Rupees in '000)

31. OPERATING EXPENSES

	20,173,937	15,672,220
Total compensation expenses		
Property expenses		
Rent and taxes	110,424	122,486
Insurance	17,511	14,582
Utilities cost	1,540,354	1,360,982
Security (including guards)	1,102,986	862,114
Repair and maintenance (including janitorial charges)	336,828	342,540
Depreciation	1,952,966	1,782,569
	5,061,069	4,485,273
Information technology expenses		
Software maintenance	1,970,546	1,008,148
Hardware maintenance	332,488	431,512
Depreciation	538,809	354,780
Amortisation	105,530	143,639
Network charges	588,935	357,488
	3,536,308	2,295,567
Other operating expenses		
Directors' fees and allowances	20,760	22,510
Fees and allowances to Shariah Board	15,810	12,336
Insurance	468,648	439,245
Legal and professional charges	262,298	162,222
Outsourced services costs	1,387,384	1,595,046
Travelling and conveyance	309,924	211,557
NIFT and other clearing charges	130,086	107,064
Depreciation	1,285,026	1,086,565
Repair and maintenance	960,063	947,338
Training and development	54,926	63,240
Postage and courier charges	208,960	200,572
Communication	1,455,673	711,990
Stationery and printing	851,477	754,322
Marketing, advertisement and publicity	466,316	616,806
Donations	250,725	254,560
Auditors remuneration	11,028	9,021
Commission and brokerage	701,836	664,712
Entertainment and staff refreshment	336,722	296,371
Vehicle running expenses	110,934	113,636
Subscriptions and publications	154,076	172,318
CNIC verification charges	159,728	115,421
Security charges	519,572	343,434
Others	447,714	872,823
	10,569,686	9,773,109
	39,341,000	32,226,169



(Un-audited)
Half year ended

Note	30 June 2024	30 June 2023
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(Rupees in '000)

32. OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	<u>127,846</u>	<u>169</u>
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33. CREDIT LOSS ALLOWANCE / PROVISIONS / REVERSALS AND WRITE OFFS - NET

Reversal of credit loss allowance / provision of diminution in value of investments - net	9.2	(719,016)	(1,274,408)
Credit loss allowance / provision against loans and advances - net	10.3	7,233,902	74,840
Credit loss allowance / provision against other assets - net	15.1.1	8,464	80
Credit loss allowance / provision against off-balance sheet items - net	22.1	871,459	(3,612)
Reversal of credit loss allowance against lendings to financial institutions		(223)	-
Reversal of credit loss allowance / provision against balance with other banks		(2,870)	46
Loss on revaluation of fixed assets		-	75,889
		<u>7,391,716</u>	<u>(1,127,165)</u>

34. TAXATION

Current	21,869,696	15,102,006
Deferred	(2,453,107)	(2,243,865)
	<u>19,416,589</u>	<u>12,858,141</u>

35. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the period	21,087,039	18,087,312
(Number)		

Weighted average number of ordinary shares	1,111,425,416	1,111,425,416
(Rupees)		

Basic and diluted earnings per share	18.97	16.27
(Rupees)		

36. FAIR VALUE MEASUREMENTS

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

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



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

36.1 Fair value of financial assets

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

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

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

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

	30 June 2024 (Un-audited)							
	Level 1	Level 2	Level 3	Total				
	(Rupees in '000)							
On balance sheet financial instruments								
Financial assets - measured at fair value								
Investments								
Federal Government Securities	–	1,446,532,020	–	1,446,532,020				
Shares - Listed	588,834	–	–	588,834				
Non-Government Debt Securities	4,681,641	3,923,283	–	8,604,924				
Foreign Securities	–	5,921,848	–	5,921,848				
Units of Mutual Funds	–	4,050,660	–	4,050,660				
Financial assets - disclosed but not measured at fair value								
Investments								
Federal Government Securities	–	358,502,237	–	358,502,237				
Non-Government Debt Securities	–	800,231	–	800,231				
Associates								
Mutual Funds	–	4,647,229	–	4,647,229				
Off-balance sheet financial instruments - measured at fair value								
Forward purchase of foreign exchange contracts	–	141,343,045	–	141,343,045				
Forward sale of foreign exchange contracts	–	91,374,147	–	91,374,147				



31 December 2023 (Audited)

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

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

Financial assets - disclosed but not measured at fair value

Investments

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

Off-balance sheet financial instruments

- measured at fair value

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

- 36.2** Certain property and equipment (land and buildings) and non banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuer (level 3 measurement) based on their assessment of the market value.
- 36.3** Foreign exchange contracts are valued using exchange rates declared by the State Bank of Pakistan.



37. SEGMENT INFORMATION

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

	Half year ended 30 June 2024 (Un-audited)		
	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Profit and loss account			
Mark-up / return / profit	234,431,026	7,884,542	242,315,568
Inter segment revenue - net	–	76,595,013	76,595,013
Non mark-up / return / interest income	3,925,658	10,243,395	14,169,053
Total income	238,356,684	94,722,950	333,079,634
Segment direct expenses	(128,696,779)	(79,892,498)	(208,589,277)
Inter segment expense allocation	(76,595,013)	–	(76,595,013)
Total expenses	(205,291,792)	(79,892,498)	(285,184,290)
Credit loss allowance	(7,391,369)	(347)	(7,391,716)
Profit before tax	25,673,523	14,830,105	40,503,628
	As at 30 June 2024 (Un-audited)		
	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Statement of financial position			
Cash and bank balances	207,936,111	11,595,607	219,531,718
Investments	1,836,110,690	–	1,836,110,690
Net inter segment lending	–	1,454,413,648	1,454,413,648
Lendings to financial institutions	–	–	–
Advances - performing	745,688,894	41,786,508	787,475,402
- non-performing net of credit loss allowance	4,470,553	46,312	4,516,865
Others	226,676,564	12,506,245	239,182,809
Total assets	3,020,882,812	1,520,348,320	4,541,231,132
Borrowings	507,127,915	–	507,127,915
Subordinated debt	25,990,800	–	25,990,800
Deposits and other accounts	818,338,620	1,403,856,337	2,222,194,957
Net inter segment borrowing	1,454,413,648	–	1,454,413,648
Others	81,749,644	113,177,713	194,927,357
Total liabilities	2,887,620,627	1,517,034,050	4,404,654,677
Equity	133,262,185	3,314,270	136,576,455
Total equity and liabilities	3,020,882,812	1,520,348,320	4,541,231,132
Contingencies and commitments	510,549,318	164,935	510,714,253



Half year ended 30 June 2023 (Un-audited)

	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Profit and loss account			
Mark-up / return / profit	139,011,679	22,206,162	161,217,841
Inter segment revenue - net	–	45,202,084	45,202,084
Non mark-up / return / interest income	2,544,471	9,207,801	11,752,272
Total income	141,556,150	76,616,047	218,172,197
Segment direct expenses	(91,427,178)	(51,724,647)	(143,151,825)
Inter segment expense allocation	(45,202,084)	–	(45,202,084)
Total expenses	(136,629,262)	(51,724,647)	(188,353,909)
Reversal / (provision)	1,137,076	(9,911)	1,127,165
Profit before tax	6,063,964	24,881,489	30,945,453

As at 31 December 2023 (Audited)

	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Statement of financial position			
Cash and bank balances	139,759,529	8,637,141	148,396,670
Investments	1,503,895,348	–	1,503,895,348
Net inter segment lending	–	1,277,340,122	1,277,340,122
Lendings to financial institutions	1,649,716	–	1,649,716
Advances - performing	811,562,903	50,538,983	862,101,886
- non-performing net of provision	7,290,737	66,186	7,356,923
Others	205,230,834	12,388,736	217,619,570
Total assets	2,669,389,067	1,348,971,168	4,018,360,235
Borrowings	477,438,034	–	477,438,034
Subordinated debt	29,985,200	–	29,985,200
Deposits and other accounts	699,206,208	1,234,830,302	1,934,036,510
Net inter segment borrowing	1,277,340,122	–	1,277,340,122
Others	62,527,369	110,426,207	172,953,576
Total liabilities	2,546,496,933	1,345,256,509	3,891,753,442
Equity	122,892,134	3,714,659	126,606,793
Total equity and liabilities	2,669,389,067	1,348,971,168	4,018,360,235
Contingencies and commitments	473,348,064	87,278	473,435,342

38. RELATED PARTY TRANSACTIONS

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

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



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

	30 June 2024 (Un-audited)					31 December 2023 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Investments										
Opening balance	-	-	883,250	4,614,653	654,086	-	-	883,250	4,614,653	386,597
Investment made during the period / year	-	-	1,000,000	-	30,000	-	-	-	-	-
(Deficit) / surplus on revaluation	-	-	-	-	(15,253)	-	-	-	-	267,489
Closing balance	-	-	1,883,250	4,614,653	668,833	-	-	883,250	4,614,653	654,086
Advances										
Opening balance	4,048	345,035	588,969	-	1,680,782	1,310	320,774	265,950	-	1,023,207
Addition during the period / year	6,320	227,076	14,969,765	-	24,117,174	26,499	277,173	32,427,242	-	31,872,765
Repaid during the period / year	(9,710)	(161,361)	(15,169,401)	-	(23,192,613)	(23,761)	(252,912)	(32,104,223)	-	(31,215,190)
Credit loss allowance	(5)	(403)	(16,670)	-	(243,309)	-	-	-	-	-
Closing balance	653	410,347	372,663	-	2,362,034	4,048	345,035	588,969	-	1,680,782
Right of use assets										
-	-	-	-	-	3,066	-	-	-	-	5,111
Other assets										
Interest / mark-up accrued	-	930	19,766	-	48,504	-	451	22,170	-	47,832
Credit loss allowance on accrued mark-up	-	(2)	(514)	-	(3,061)	-	-	-	-	-
L/C acceptances	-	-	-	-	163,262	-	-	-	-	207,281
Dividend receivable	-	-	-	9,557	-	-	-	-	11,047	-
Advance for subscription	-	-	-	-	-	-	-	1,000,000	-	-
Other receivable	-	-	32,678	-	-	-	-	25,537	-	-
Subordinated debt										
Opening balance	-	-	-	-	194,000	-	-	-	-	44,000
Issued / purchased during the period / year	-	-	-	-	-	-	-	-	-	150,000
Closing balance	-	-	-	-	194,000	-	-	-	-	194,000
Deposits and other accounts										
Opening balance	771,493	794,349	1,316,547	19,349,124	9,409,202	569,762	691,575	132,421	1,770,411	5,223,723
Received during the period / year	4,116,948	3,753,326	18,603,811	262,540,416	79,589,310	5,549,523	6,766,311	18,745,447	653,642,242	169,329,325
Withdrawn during the period / year	(3,739,367)	(3,726,049)	(18,828,473)	(276,219,813)	(81,478,541)	(5,347,792)	(6,663,537)	(17,561,321)	(636,063,529)	(165,143,846)
Closing balance	1,149,074	821,626	1,091,885	5,669,727	7,519,971	771,493	794,349	1,316,547	19,349,124	9,409,202
Other liabilities										
Interest / mark-up payable	391	4,121	-	-	6,844	921	2,456	-	-	12,008
Credit loss Allowance on off balance sheet transactions	-	-	-	-	33,460	-	-	-	-	-
Payable to staff retirement fund	-	-	-	-	2,800,082	-	-	-	-	2,200,083
Other liabilities	-	24	1,470	-	-	-	540	1,782	-	-
Contingencies and commitments										
Other Transactions - Investor Portfolio Securities										
Opening balance	-	-	45,000	-	18,863,500	-	-	120,000	-	16,314,700
Increased during the period / year	-	-	-	-	2,744,500	-	-	-	-	20,732,500
Decreased during the period / year	-	-	-	-	(22,000)	-	-	(75,000)	-	(18,183,700)
Closing balance	-	-	45,000	-	21,586,000	-	-	45,000	-	18,863,500



38.1 Related Party Transactions

	30 June 2024 (Un-audited)					30 June 2023 (Un-audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties (Rupees in '000)	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Income										
Mark-up / return / interest earned	1	10,608	47,902	–	95,722	–	8,130	24,313	–	70,793
Fee and commission income	164	300	59	48	6,258	75	357	9	66	8,872
Dividend income	–	–	–	485,387	156,492	–	–	–	426,902	82,614
Rental income	–	–	7,598	–	–	–	–	6,187	–	–
Other income	–	–	1,144	–	176	–	–	392	–	289
Expense										
Mark-up / return / interest expensed	56,287	62,525	111,312	1,021,654	906,643	45,425	46,535	13,674	446,425	510,581
Operating expenses	–	–	–	–	2,950	–	–	–	–	2,550
Brokerage and commission	–	–	8,207	–	–	–	–	2,551	–	–
Salaries and allowances	–	637,837	–	–	–	–	525,731	–	–	–
Bonus	–	206,499	–	–	–	–	115,663	–	–	–
Contribution to defined contribution plan	–	27,593	–	–	–	–	24,152	–	–	–
Contribution to defined benefit plan	–	170,865	–	–	–	–	140,455	–	–	–
Staff provident fund	–	–	–	–	614,514	–	–	–	–	515,375
Staff gratuity fund	–	–	–	–	600,000	–	–	–	–	414,000
Directors' fees	19,760	–	–	–	–	21,510	–	–	–	–
Donation	–	–	–	–	12,000	–	–	–	–	18,000
Insurance premium paid	–	–	–	–	174,455	–	–	–	–	267,517
Insurance claims settled	–	–	–	–	81,971	–	–	–	–	19,747



39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 30 June 2024	(Audited) 31 December 2023
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	11,114,254	11,114,254
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	124,182,257	106,748,559
Eligible Additional Tier 1 (ADT 1) Capital	12,995,189	13,149,415
Total Eligible Tier 1 Capital	137,177,446	119,897,974
Eligible Tier 2 Capital	41,291,494	38,239,758
Total Eligible Capital (Tier 1 + Tier 2)	178,468,940	158,137,732
Risk Weighted Assets (RWAs):		
Credit Risk	763,857,633	778,517,551
Market Risk	27,409,624	22,589,366
Operational Risk	197,102,489	197,102,489
Total	988,369,746	998,209,406
Common Equity Tier 1 Capital Adequacy ratio	12.564%	10.694%
Tier 1 Capital Adequacy Ratio	13.879%	12.011%
Total Capital Adequacy Ratio	18.057%	15.842%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	137,177,446	119,897,974
Total Exposures	3,543,627,045	3,215,463,888
Leverage Ratio	3.871%	3.729%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,273,793,814	955,564,193
Total Net Cash Outflow	465,888,328	354,165,673
Liquidity Coverage Ratio	273.412%	269.807%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,260,107,430	2,003,648,662
Total Required Stable Funding	1,185,174,929	1,226,057,068
Net Stable Funding Ratio	190.698%	163.422%

The Bank has applied transitional approach under IFRS-9 as permitted by SBP. The Bank's CAR and LR would have been 16.97% & 3.65% respectively, if full impact of IFRS-9 had been applied.



40. ISLAMIC BANKING BUSINESS

The Bank is operating with 239 (31 December 2023: 201) Islamic banking branches and 69 (31 December 2023: 138) Islamic banking windows at the end of the period / year.

STATEMENT OF FINANCIAL POSITION	Note	(Un-audited) 30 June 2024	(Audited) 31 December 2023
		(Rupees in '000)	(Rupees in '000)
ASSETS			
Cash and balances with treasury banks		22,129,068	15,978,853
Balances with other banks		8,635	8,166
Due from financial institutions		—	—
Investments	40.1	234,673,078	194,105,585
Islamic financing and related assets - net	40.2	104,972,776	114,115,766
Property and equipment		1,941,892	1,306,410
Right-of-use assets		3,830,670	3,528,398
Intangible assets		—	—
Due from Head Office		—	—
Other assets		19,366,276	17,590,335
Total Assets		386,922,395	346,633,513
LIABILITIES			
Bills payable		866,041	500,279
Due to financial institutions		40,628,100	34,472,018
Deposits and other accounts	40.3	263,017,422	255,291,936
Due to Head Office		12,048,732	2,227,700
Lease liabilities		4,693,872	4,296,489
Subordinated debt		—	—
Other liabilities		15,518,620	8,562,932
		336,772,787	305,351,354
NET ASSETS		50,149,608	41,282,159
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		—	—
Surplus on revaluation of assets		1,259,239	1,825,669
Unappropriated profit	40.4	41,290,369	31,856,490
		50,149,608	41,282,159
CONTINGENCIES AND COMMITMENTS	40.5		



PROFIT AND LOSS ACCOUNT

Note	(Un-audited) Half year ended	
	30 June 2024	30 June 2023
	(Rupees in '000)	
Profit / return earned	40.6 30,459,450	18,968,440
Profit / return expensed	40.7 (14,957,310)	(10,089,057)
Net Profit / return	<u>15,502,140</u>	<u>8,879,383</u>
Other income		
Fee and commission income	748,813	530,912
Dividend income	46,102	35,801
Foreign exchange income	123,860	84,889
Gain on securities - net	2,011	–
Other income	57,410	37,694
Total other income	<u>978,196</u>	<u>689,296</u>
Total income	<u>16,480,336</u>	<u>9,568,679</u>
Other expenses		
Operating expenses	(4,579,838)	(3,170,077)
Other charges	(115)	–
Total other expenses	<u>(4,579,953)</u>	<u>(3,170,077)</u>
Profit before credit loss allowance	11,900,383	6,398,602
Credit loss allowance and write offs - net	(800,582)	(346,964)
Profit for the period	<u>11,099,801</u>	<u>6,051,638</u>



30 June 2024 (Un-audited)				31 December 2023 (Audited)			
Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
(Rupees in '000)							

40.1 Investments by segments:

FVTPL

Units of Mutual Funds
Federal Government Securities
- Islamic Naya Pakistan Certificates

251,021	-	3,840	254,861	-	-	-	-
2,878,807	-	-	2,878,807	-	-	-	-
3,129,828	-	3,840	3,133,668	-	-	-	-

FVOCI

Federal Government Securities

- Ijarah Sukuks
- Neelum Jhelum Hydropower Co Ltd. Sukuk

224,902,603	-	1,255,456	226,158,059	-	-	-	-
1,155,000	-	12,000	1,167,000	-	-	-	-
1,122,000	(306,219)	877	816,658	-	-	-	-
3,207,375	(588)	(9,094)	3,197,693	-	-	-	-
230,386,978	(306,807)	1,259,239	231,339,410	-	-	-	-

Available-for-Sale Securities

Federal Government Securities

- Ijarah Sukuks
- Neelum Jhelum Hydropower Co Ltd. Sukuk
- Islamic Naya Pakistan Certificates

-	-	-	-	180,077,410	-	1,781,739	181,859,149
-	-	-	-	1,443,750	-	13,811	1,457,561
-	-	-	-	5,769,121	-	-	5,769,121
-	-	-	-	187,290,281	-	1,795,550	189,085,831

Non Government Debt Securities

- Listed
- Unlisted

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

Shares

- Listed Companies

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

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

- AL Habib Islamic Cash Fund
- AL Habib Islamic Savings Fund

100,000	-	-	100,000	100,000	-	-	100,000
100,000	-	-	100,000	100,000	-	-	100,000
200,000	-	-	200,000	200,000	-	-	200,000

Total Investments

233,716,806	(306,807)	1,263,079	234,673,078	192,344,317	(64,401)	1,825,669	194,105,585
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40.1.1 Particulars of credit loss allowance

30 June 2024 (un-audited)

Stage 1	Stage 2	Stage 3	Total
(Rupees in '000)			
389	418	306,000	306,807



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

40.2 Islamic financing and related assets

Ijarah	3,126,537	3,079,001
Murabaha	16,629,680	17,586,364
Diminishing Musharaka	15,027,893	16,779,105
Istisna	5,723,952	10,282,784
Islamic Long Term Financing Facility (ILTFF)	4,818,501	5,241,800
Islamic Refinance for Renewable Energy (IFRE)	2,137,888	2,224,625
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)	7,237,096	6,830,099
Islamic Refinance Facility for Modernization of SMEs (IRFSME)	129,763	52,588
Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)	146,446	157,403
Islamic Export Refinance - Istisna (IERF)	155,000	2,160,467
Musawamah	1,875,822	4,605,689
Islamic Export Refinance - Musawamah	–	6,000
Running Musharaka	5,743,803	2,479,691
Islamic Export Refinance - Running Musharaka	7,428,641	7,166,641
Financing against Bills - Musawamah	3,265,366	5,083,273
Export Finance Scheme (EFS) - Discounting	7,544,394	7,235,359
Staff Financing	2,237,347	2,013,176
Musawamah Inventory	3,336,943	3,076,506
Advance against Istisna	15,802,753	13,554,721
Advance against Istisna-IERF	1,511,847	2,249,152
Advance against Ijarah	209,500	138,636
Advance against Diminishing Musharaka	1,916,377	1,303,776
Advance against IFRE	1,468,713	666,683
Advance against ITERF	51,795	951,795
Advance against IRFSME	6,106	12,933
Gross Islamic financing and related assets	107,532,163	114,938,267
Less: Credit loss allowance against Islamic financings		
- Stage 1	(934,780)	–
- Stage 2	(798,344)	–
- Stage 3	(826,263)	–
- Specific	–	(772,444)
- General	–	(50,057)
	(2,559,387)	(822,501)
Islamic financing and related assets - net of credit loss allowance	104,972,776	114,115,766



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

40.3 Deposits and Other Accounts

Customers

Current deposits	112,308,740	91,394,207
Savings deposits	115,269,782	125,316,032
Term deposits	30,468,697	24,830,685
	<u>258,047,219</u>	<u>241,540,924</u>

Financial institutions

Current deposits	86,950	35,468
Savings deposits	4,883,253	13,715,544
	<u>4,970,203</u>	<u>13,751,012</u>
	<u>263,017,422</u>	<u>255,291,936</u>

40.4 Islamic Banking Business Unappropriated Profit

Opening Balance	31,856,490	14,205,865
Impact on adoption of IFRS 9	(1,657,854)	–
Add: Islamic Banking profit for the period / year	11,099,801	17,650,625
Loss on sale of equity investment - FVOCI	(8,068)	–
Closing Balance	<u>41,290,369</u>	<u>31,856,490</u>

40.5 Contingencies and Commitments

Guarantees	17,018,417	14,463,377
Commitments	38,888,996	28,717,529
	<u>55,907,413</u>	<u>43,180,906</u>

(Un-audited)
 Half year ended

30 June 30 June
 2024 2023
 (Rupees in '000)

40.6 Profit / Return Earned on Financing, Investments and Placement

Profit earned on:		
Financing	8,649,146	6,492,034
Investments	21,809,819	12,385,448
Placements	485	90,958
	<u>30,459,450</u>	<u>18,968,440</u>

40.7 Profit on Deposits and Other Dues Expensed

Deposits and other accounts	12,221,607	8,187,848
Due to Financial Institutions	1,287,186	1,239,649
Due to Head Office	1,151,483	450,027
Lease liability against right-of-use assets	297,034	211,533
	<u>14,957,310</u>	<u>10,089,057</u>



40.8 Profit and Loss Distribution and Pool Management

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

General Pool PKR (Mudaraba)

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

Special Pool(s) PKR (Mudaraba)

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

General Pool FCY (Mudaraba)

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

Special Pool(s) FCY (Mudaraba)

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

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

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

Equity Pool

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

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

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

Parameters associated with risk and rewards:

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

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



40.8.2 Avenues / sectors of economy / business where Mudaraba based deposits have been deployed

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

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

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

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

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

The Bank calculates the profit of the pool at every month. Profit is distributed at the Net Income level. Net Income is calculated after deducting direct costs such as cost of Murabaha, cost of Takaful, Depreciation on Ijarah Assets, and amortization of premium on sukuks and loss of investments directly incurred in deriving that Income.

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

The Bank's profit sharing ratio during the quarter was 50% (31 December 2023: 50%) of Net Income and the depositors' profit sharing ratio was 50% (31 December 2023: 50%) of Net Income.

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

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



40.8.4 Mudarib share and HIBA distributed to depositor's pool and specific pool

	30 June 2024 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share (Percentage)	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	17,113,405	6,685,202	39.06%	3,015,081	45.10%
FCY Pool	236,138	159,811	67.68%	24,606	15.40%
30 June 2023 (Un-audited)					
LCY Pool	10,981,993	4,081,234	37.16%	1,804,607	44.22%
FCY Pool	110,325	79,348	71.92%	12,304	15.51%

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

	(Un-audited) Half year ended	
	30 June 2024	30 June 2023
	(Percentage)	
Profit rate earned	19.40%	15.66%
Profit rate distributed	10.51%	8.99%

41. GENERAL

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

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

41.3 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation in accordance with the new format prescribed by SBP.

41.4 The Board of Directors, in its meeting held on 07 August 2024, has announced an interim cash dividend of Rs. 3.50 per share (30 June 2023: Rs. 4.50 per share).

42. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 07 August 2024.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Note	(Un-audited) 30 June 2024	(Audited) 31 December 2023
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	215,584,807	141,816,023
Balances with other banks	7	4,384,313	6,662,922
Lendings to financial institutions	8	—	1,649,716
Investments	9	1,836,301,713	1,504,488,304
Advances	10	791,622,141	868,868,391
Property and equipment	11	71,692,798	67,614,531
Right-of-use assets	12	12,833,632	11,969,724
Intangible assets	13	248,566	212,691
Deferred tax assets	14	10,534,640	1,790,812
Other assets	15	145,008,115	137,128,649
Total Assets		3,088,210,725	2,742,201,763
LIABILITIES			
Bills payable	17	48,919,202	48,083,103
Borrowings	18	507,127,915	477,438,034
Deposits and other accounts	19	2,221,129,176	1,933,731,281
Lease liabilities	20	15,789,655	14,633,878
Subordinated debt	21	25,990,800	29,985,200
Deferred tax liabilities	22	—	—
Other liabilities		131,024,100	110,603,569
Total Liabilities		2,949,980,848	2,614,475,065
NET ASSETS			
		138,229,877	127,726,698
REPRESENTED BY			
Share capital		11,114,254	11,114,254
Reserves		30,220,345	28,184,872
Surplus on revaluation of assets	23	15,150,660	14,706,663
Unappropriated profit		81,611,977	73,595,373
Equity attributable to the shareholders of the Holding company		138,097,236	127,601,162
Non-controlling interest	24	132,641	125,536
Total equity		138,229,877	127,726,698
CONTINGENCIES AND COMMITMENTS	25		

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2024**

Note	Half year ended		Three months period ended	
	30 June 2024	30 June 2023	30 June 2024 (Rupees in '000)	30 June 2023
Mark-up / return / interest earned	27 242,291,511	161,218,500	123,219,135	86,413,227
Mark-up / return / interest expensed	28 (168,117,010)	(110,289,546)	(85,921,793)	(60,109,831)
Net mark-up / interest income		74,174,501	50,928,954	37,297,342
				26,303,396
NON MARK-UP / INTEREST INCOME				
Fee and commission income	29 9,978,843	6,941,124	5,545,879	3,806,930
Dividend income		361,598	276,062	270,347
Foreign exchange income		3,463,762	975,837	1,115,503
Income / (loss) from derivatives		—	—	—
(Loss) / gain on securities-net	30 (168,113)	24,216	(388,625)	(321)
Net gain / (loss) on derecognition of financial assets measured at amortised cost		—	—	—
Share of profit from associates		661,701	353,821	280,877
Other income	31 896,593	474,310	424,621	143,762
Total non mark-up / interest income		15,194,384	12,066,045	7,187,595
Total income		89,368,885	62,994,999	44,484,937
				31,920,494
NON MARK-UP / INTEREST EXPENSES				
Operating expenses	32 (39,587,713)	(32,342,519)	(21,653,902)	(17,301,686)
Workers welfare fund		(927,711)	(500,621)	(296,559)
Other charges	33 (127,846)	(636,514)	(1,628)	(99)
		(169)		
Total non mark-up / interest expenses		(40,643,270)	(32,979,202)	(22,156,151)
Profit before credit loss allowance		48,725,615	30,015,797	22,328,786
				14,322,150
Credit loss allowance / provisions / reversals and write offs - net	34 (7,391,716)	1,122,094	(517,347)	141,824
Extra ordinary / unusual items		—	—	—
PROFIT BEFORE TAXATION		41,333,899	31,137,891	21,811,439
Taxation	35 (19,719,119)	(12,928,810)	(10,428,733)	(6,880,761)
PROFIT AFTER TAXATION		21,614,780	18,209,081	11,382,706
Attributable to:				
Shareholders of the Holding Company		21,609,600	18,213,895	11,378,902
Non-controlling interest		5,180	(4,814)	3,804
				(2,922)
21,614,780		18,209,081	11,382,706	7,583,213
(Rupees)				
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	36	19.44	16.39	10.24
				6.83

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2024**

	Half year ended		Three months period ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	(Rupees in '000)			
Profit after taxation for the period	21,614,780	18,209,081	11,382,706	7,583,213
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods</i>				
Effect of translation of net investment in foreign branches	(73,231)	281,005	31,217	9,659
Movement in surplus on revaluation of debt investments through FVOCI-net of tax	2,806,007	–	1,886,446	–
Movement in deficit on revaluation of available for sale investments-net of tax	–	(3,376,483)	–	5,127,761
	2,732,776	(3,095,478)	1,917,663	5,137,420
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>				
Movement in surplus on revaluation of equity investments through FVOCI - net of tax	(648,009)	–	(50,374)	–
Movement in surplus on revaluation of available for sale equity investments - net of tax	–	(104,814)	–	26,338
Movement in surplus on revaluation of property and equipment - net of tax	203,480	6,506,980	203,480	6,640,998
Movement in surplus on revaluation of non-banking assets - net of tax	(31,013)	–	–	–
	(475,542)	6,402,166	153,106	6,667,336
Total comprehensive income for the period	23,872,014	21,515,769	13,453,475	19,387,969
Attributable to:				
Shareholders of the Holding Company	23,864,909	21,523,066	13,446,926	19,391,782
Non-controlling interest	7,105	(7,297)	6,549	(3,813)
	23,872,014	21,515,769	13,453,475	19,387,969

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

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Chief Executive

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Director

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Director

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Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2024**

	Attributable to the shareholders of the Holding Company										
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of Investments		Property & Equipment / Non Banking Assets	Unappropriated Profit	Sub-total	Non-controlling interest
				Special Reserve	General Reserve	(Rupees in '000)					
Balance as at 01 January 2023-audited	11,114,254	19,168,074	4,556,840	126,500	540,000	(5,625,680)	6,525,255	59,228,689	95,634,912	113,694	95,748,606
Comprehensive income for the half year ended 30 June 2023:											
Profit after taxation for the half year ended 30 June 2023											
Other comprehensive income											
Transfer to statutory reserve											
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax											
Transaction with owners, recorded directly in equity											
Final cash dividend (Rs. 7.0 per share)-December 2022											
Balance as at 30 June 2023-unaudited	11,114,254	20,976,805	4,837,845	126,500	540,000	(9,104,494)	12,971,859	67,915,431	109,378,000	106,397	109,484,397
Comprehensive income for the half year ended 31 December 2023:											
Profit after taxation for the half year ended 31 December 2023											
Other comprehensive income											
Transfer to statutory reserve											
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax											
Transaction with owners, recorded directly in equity											
Interim cash dividend (Rs. 4.5 per share) - June 2023											
Interim cash dividend (Rs. 4.5 per share) - September 2023											
Balance as at 31 December 2023-audited	11,114,254	22,700,012	4,818,360	126,500	540,000	1,124,652	13,582,011	73,558,373	127,601,162	125,536	127,726,698
Effect of adoption of IFRS 9 (net of tax)											
Profit after taxation for the half year ended 30 June 2024											
Other comprehensive income for the half year ended 30 June 2024 - net of tax											
Effect of translation of net investment in foreign branches											
Movement in surplus on revaluation of investments in debt instruments - net of tax											
Movement in surplus on revaluation of investments in equity instruments - net of tax											
Movement in surplus on revaluation of property and equipment - net of tax											
Movement in surplus on revaluation of non-banking assets - net of tax											
Total other comprehensive income - net of tax											
Transfer to statutory reserve											
Loss on sale of equity investment - FVOCI											
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax											
Transaction with owners, recorded directly in equity											
Final cash dividend (Rs. 5.0 per share) - December 2023											
Interim cash dividend (Rs. 3.5 per share) - March 2024											
Balance as at 30 June 2024-unaudited	11,114,254	24,808,716	4,745,129	126,500	540,000	1,507,318	13,643,342	81,611,977	138,097,236	132,641	138,229,877

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

MANSOOR ALI KHAN
Chief Executive

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ASHAR HUSAIN
Chief Financial Officer

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2024**

	30 June 2024	30 June 2023
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	41,333,899	31,137,891
Less: Dividend income	(361,598)	(421,175)
	<hr/> 40,972,301	<hr/> 30,716,716
Adjustments:		
Depreciation	2,584,413	2,101,972
Depreciation on right-of-use assets	1,205,254	1,124,710
Amortisation	107,472	144,858
Workers' welfare fund	927,711	636,514
Credit loss allowance and write offs-net	7,394,586	(1,122,140)
Gain on sale of property and equipment-net	(547,016)	(169,543)
Charge for defined benefit plan	600,000	414,000
Loss / (gain) on securities-net	168,113	(24,216)
Share of profit from associates	(661,701)	(474,310)
Charge for compensated absences	211,733	121,626
Finance charges on leased assets	986,170	744,656
	<hr/> 12,976,735	<hr/> 3,498,127
Decrease / (increase) in operating assets	53,949,036	34,214,843
Lendings to financial institutions	1,649,716	15,568,607
Securities classified as FVTPL	2,934,906	93,633
Advances	62,159,637	39,216,172
Other assets	(8,421,722)	(31,557,185)
	<hr/> 58,322,537	<hr/> 23,321,227
Increase / (decrease) in operating liabilities		
Bills payable	836,099	(8,283,595)
Borrowings from financial institutions	26,398,438	(177,399,998)
Deposits	287,397,895	240,830,092
Other liabilities (excluding current taxation)	11,626,167	9,295,192
	<hr/> 326,258,599	<hr/> 64,441,691
Income tax paid	438,530,172	121,977,761
	(19,025,206)	(17,648,102)
	<hr/> 419,504,966	<hr/> 104,329,659
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in amortized cost securities	2,868,157	(53,652,246)
Net investments in securities classified as FVOCI	(333,224,595)	42,180,505
Net investments in associates	218,779	319,494
Dividends received	363,088	370,678
Investments in property and equipment	(6,765,800)	(4,087,614)
Proceeds from sale of property and equipment	473,792	161,270
Effect of translation of net investment in foreign branches	(73,231)	281,005
Net cash flow used in investing activities	(336,139,810)	(14,426,908)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of subordinated debt	(3,994,400)	(3,200)
Dividend paid	(9,315,446)	(7,658,765)
Payment of lease obligations against right-of-use assets	(1,853,033)	(1,763,463)
Net cash flow used in financing activities	(15,162,879)	(9,425,428)
Increase in cash and cash equivalents	68,202,277	80,477,323
Cash and cash equivalents at beginning of the period	<hr/> 147,280,948	<hr/> 108,774,793
Cash and cash equivalents at end of the period	<hr/> 215,483,225	<hr/> 189,252,116

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2024**

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

Holding Company

- Bank AL Habib Limited

Subsidiaries

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

1.2 Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 1,125 branches (31 December 2023: 1,084 branches), 29 sub - branches (31 December 2023: 29 sub - branches), 04 representative offices (31 December 2023: 04 representative offices) and 10 booths (31 December 2023: 09 booths). The branch network of the Bank includes 02 overseas branches (31 December 2023: 02 overseas branches) and 239 Islamic Banking branches (31 December 2023: 201 Islamic Banking branches).

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

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

The Company is managing following funds:

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



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

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

2. BASIS OF PRESENTATION

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

2.2 Key financial information of the Islamic Banking branches is disclosed in note 41 to these consolidated condensed interim financial statements.

2.3 Statement of Compliance

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

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

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

SBP, vide its BPRD Circular No. 02 dated 09 February 2023 issued the revised format for the preparation of the annual / interim financial statements of the banks. New formats are applicable for interim / annual financial statements for period beginning on or after 01 January 2024. The implementation of the revised format has resulted in certain changes to the presentation and disclosures of various elements of the interim financial statements. The adoption of revised format has resulted in following significant changes:



- Right-of-use-assets (note 12) amounting to Rs. 12,833.632 million (31 December 2023: Rs. 11,969.724 million) which were previously shown as part of property and equipment are now shown separately on the consolidated statement of financial position.
- Lease liabilities (note 20) amounting to Rs. 15,789.655 million (31 December 2023: Rs. 14,633.878 million) which were previously shown as part of other liabilities are now shown separately on the consolidated statement of financial position.

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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



3.1.1 IFRS 9 - 'Financial Instruments'

During the period, as directed by the SBP vide its BPRD Circular Letter No. 07 of 2023 dated 13 April 2023, IFRS 9: 'Financial Instruments' became applicable to the Bank.

BPRD Circular No. 03 of 2022 issued by SBP provides detailed instructions on implementation of IFRS 9 (the Application Instructions) for ensuring smooth and consistent implementation of the standard across banks.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

The Bank has adopted IFRS 9 in its entirety from 01 January 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period, as permitted under the specific transitional provisions in the standard.

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

SBP has allowed certain amendments and extended the timelines of the Application Instructions to address several banking industry concerns vide its BPRD Circular Letter No. 16 dated 29 July 2024.

3.1.2 Classification and measurement

Under the new standard, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit or loss regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are to be measured at amortized cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').

Financial liabilities are either classified as fair value through profit or loss (FVTPL), when they are held for trading purposes, or at amortized cost. Financial liabilities classified as FVTPL are measured at fair value. Financial liabilities classified at amortized cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

IFRS 9 allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different bases. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout life of the instrument. Nonetheless, banks should avoid this option for financial instruments that are categorized as Level 3 in terms of the IFRS 13 hierarchy.



3.1.3 Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account.

3.1.4 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.

3.1.5 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit, foreign exchange gains and losses and impairment are recognised in profit or loss.



Debt investments at FVOCI

These assets are subsequently measured at fair value. Profit income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

3.1.6 Application to the Bank's financial assets

Equity Securities:

Quoted equity shares are classified as FVOCI & FVTPL. Gains and losses on disposal of securities classified as FVTPL will be recycled through the profit and loss account.

The Bank has elected to designate equity shares at FVOCI as permitted under IFRS 9. These securities were previously classified as available-for-sale (AFS). The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed off.

Debt securities and Islamic financing and related assets:

Debt securities currently classified as AFS and passing the SPPI test are measured at FVOCI under IFRS 9 as the Bank's business model is to hold these assets to collect contractual cash flows and sell the investments.

Debt securities currently classified as held-to-maturity (HTM) and passing the SPPI test are measured at amortized cost under IFRS 9 as the Bank's business model is to hold these assets to collect contractual cashflows.

Debt securities that do not pass the SPPI test measured at FVTPL.

3.1.7 Derecognition

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.



On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount (measured at the date of derecognition); and
- the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit or loss account.

3.1.8 Modification

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset are amortised over the remaining term of the modified financial asset.

This requirement will be implemented on and after 1 October 2024 as mentioned in BPRD Circular Letter No. 16 of 2024 of SBP.



3.1.9 Impairment

The impairment requirements apply to financial assets measured at amortized cost and FVOCI - with recycling (other than equity instruments), lease receivables, and certain financing commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets where 12-month ECL is recognized are in 'Stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'Stage 3'.

Under SBP's instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. Further the bank is required to calculate ECL on its Stage 3 financial assets as higher of facility wise provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Banks are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

Based on the requirements of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment considering the following key elements:

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12- month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2).
- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

3.1.10 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.



As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of PR issued by SBP. As per Bank's policy, financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 3 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular no 3 of 2022. However, banks are free to choose more stringent days past due criteria.

3.1.11 Undrawn financing commitments

When estimating lifetime ECL for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings are drawn down, based on a probability-weighting of the three scenarios.



3.1.12 Following illustration shows the reconciliation of measurement category before and after the implementation of IFRS 9 and reconciliation of carrying amount of financial assets transition on 01 January 2024:

	Carrying amount as on 31 December 2023	Remeasurements under IFRS 9	Adjustments/ reversals of provision held	Expected credit loss (ECL) - Charge	Gross impact	Tax impact	Net impact	Balances as on 01 January 2024	Measurement Category	
	(Rupees in '000)							Before IFRS 9	After IFRS 9	
ASSETS										
Cash and balances with treasury banks	141,816,023	-	-	-	-	-	-	141,816,023	Loans and receivables	Amortised cost
Balance with other banks	6,662,922	-	-	(3,544)	(3,544)	-	(3,544)	6,659,378	Loans and receivables	Amortised cost
Lendings to financial institutions	1,649,716	-	-	(223)	(223)	-	(223)	1,649,493	Loans and receivables	Amortised cost
Investments										
Held to maturity										
Federal government securities	365,219,019	-	-	-	-	-	-	365,219,019	Held to maturity	Amortised cost
Foreign securities	1,145,445	-	-	-	-	-	-	1,145,445	Held to maturity	Amortised cost
Available for sale										
Federal government securities	1,108,601,004	(5,769,121)	-	-	(5,769,121)	-	(5,769,121)	1,102,831,883	Available for sale	FVOCI
Naya Pakistan certificates	-	5,769,121	-	-	5,769,121	-	5,769,121	5,769,121	Available for sale	FVTPL
Non government debt securities	9,176,783	-	-	(1,146)	(1,146)	-	(1,146)	9,175,637	Available for sale	FVOCI
Foreign securities	5,886,195	-	-	-	-	-	-	5,886,195	Available for sale	FVOCI
Shares	4,197,679	(1,937,847)	1,937,847	-	-	-	-	4,197,679	Available for sale	FVOCI - without recycling
Units of mutual funds	4,264,072	(1,539,422)	1,539,422	-	-	-	-	4,264,072	Available for sale	FVTPL
Associates	5,998,107	-	-	-	-	-	-	5,998,107	Outside the scope of IFRS 9	
Advances	868,868,391	8,664,544	-	(16,517,255)	(7,852,711)	-	(7,852,711)	861,015,680	Loans and receivables	Amortised cost
Property and equipment	67,614,531	-	-	-	-	-	-	67,614,531	Outside the scope of IFRS 9	
Right-of-use assets	11,969,724	-	-	-	-	-	-	11,969,724	Outside the scope of IFRS 9	
Intangible assets	212,691	-	-	-	-	-	-	212,691	Outside the scope of IFRS 9	
Deferred tax asset	1,790,812	-	-	-	-	8,130,890	8,130,890	9,921,702	Outside the scope of IFRS 9	
Other assets										
Financial assets										
Mark to market gain on forward foreign exchange contracts	2,322,982	-	-	-	-	-	-	2,322,982	Fair value	FVTPL
Others	126,117,158	-	-	(464,364)	(464,364)	-	(464,364)	125,652,794	Loans and receivables	Amortised cost
Non financial assets	8,688,509	-	-	-	-	-	-	8,688,509	Outside the scope of IFRS 9	
	2,742,201,763	5,187,275	3,477,269	(16,986,532)	(8,321,988)	8,130,890	(191,098)	2,742,010,665		



	Carrying amount as on 31 December 2023	Remeasurement under IFRS 9	Adjustments/ reversals of provision held	Expected credit loss (ECL) - Charge	Gross impact	Tax impact	Net impact	Balances as on 01 January 2024	Measurement Category
	(Rupees in '000)							Before IFRS 9	After IFRS 9
LIABILITIES									
Bills payable	48,083,103	-	-	-	-	-	-	48,083,103	Historical cost
Borrowings	477,438,034	-	-	-	-	-	-	477,438,034	Amortised cost
Deposits and other accounts	1,933,731,281	-	-	-	-	-	-	1,933,731,281	Historical cost
Lease Liabilities	14,633,878	-	-	-	-	-	-	14,633,878	Outside the scope of IFRS 9
Subordinated debt	29,985,200	-	-	-	-	-	-	29,985,200	Historical cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	Amortised cost
Other liabilities									Outside the scope of IFRS 9
Financial liabilities									
Mark to market loss on forward foreign exchange contracts	2,504,312	-	-	-	-	-	-	2,504,312	Fair value
Others	85,531,726	-	-	2,904,001	2,904,001	-	2,904,001	88,435,727	Historical cost
Non financial liabilities	22,567,531	-	-	-	-	-	-	22,567,531	Amortised cost
	2,614,475,065	-	-	2,904,001	2,904,001	-	2,904,001	2,617,379,066	Outside the scope of IFRS 9
NET ASSETS	127,726,698	5,187,275	3,477,269	(19,890,533)	(11,225,989)	8,130,890	(3,095,099)	124,631,599	
REPRESENTED BY									
Share capital	11,114,254	-	-	-	-	-	-	11,114,254	Outside the scope of IFRS 9
Reserves	28,184,872	-	-	-	-	-	-	28,184,872	Outside the scope of IFRS 9
Surplus on revaluation of assets	14,706,663	(3,477,269)	-	-	(3,477,269)	1,703,862	(1,773,407)	12,933,256	Outside the scope of IFRS 9
Unappropriated profit	73,595,373	8,664,544	3,477,269	(19,890,533)	(7,748,720)	6,427,028	(1,321,692)	72,273,681	Outside the scope of IFRS 9
Non-controlling interest	125,536	-	-	-	-	-	-	125,536	Outside the scope of IFRS 9
	127,726,698	5,187,275	3,477,269	(19,890,533)	(11,225,989)	8,130,890	(3,095,099)	124,631,599	Outside the scope of IFRS 9

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. FINANCIAL RISK MANAGEMENT

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



6. CASH AND BALANCES WITH TREASURY BANKS

In hand:

Local currency	44,098,418	30,595,416
Foreign currencies	3,820,889	4,053,352
	47,919,307	34,648,768

In transit:

Local currency	457,174	42,390
Foreign currencies	2,783	27,017
	459,957	69,407

With State Bank of Pakistan in:

Local currency current accounts	118,537,148	72,206,674
Local currency current accounts-Islamic Banking	13,937,641	10,539,360
Foreign currency deposit accounts		
Cash reserve account	5,316,317	5,341,260
Cash reserve / special cash reserve account		
- Islamic Banking	1,028,749	995,250
Special cash reserve account	10,633,042	10,682,521
Local collection account	577,172	441,796
	150,030,069	100,206,861

With National Bank of Pakistan in:

Local currency current accounts	16,967,501	6,585,694
Prize bonds	207,973	305,293
	215,584,807	141,816,023

7. BALANCES WITH OTHER BANKS

In Pakistan:

In current accounts	272,994	211,983
In deposit accounts	137,404	82,211
	410,398	294,194

Outside Pakistan:

In current accounts	3,423,269	6,246,313
In deposit accounts	551,407	122,483

Less: credit loss allowance

3,423,269	6,246,313
551,407	122,483
3,974,676	6,368,796
4,385,074	6,662,990
(761)	(68)
4,384,313	6,662,922

8. LENDINGS TO FINANCIAL INSTITUTIONS

In local currency:

Repurchase agreements lendings (reverse repo)
 Pakistan Investment Bonds - 1,649,716



9. INVESTMENTS

	30 June 2024 (Un-audited)				31 December 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance / provision for diminution	Surplus / (deficit)	Carrying Value
	(Rupees in '000)							
9.1 Investments by type:								
FVTPL								
Federal Government Securities	2,878,808	–	–	2,878,808	–	–	–	–
Units of Mutual Funds	3,099,821	–	950,839	4,050,660	–	–	–	–
	5,978,629	–	950,839	6,929,468	–	–	–	–
FVOCI								
Federal Government Securities	1,445,480,073	(3,968,756)	2,226,008	1,443,737,325	–	–	–	–
Shares	388,870	(24,003)	411,777	776,644	–	–	–	–
Non Government Debt Securities	9,104,234	(408,666)	(90,644)	8,604,924	–	–	–	–
Foreign Securities	8,339,900	(2,825,543)	407,491	5,921,848	–	–	–	–
	1,463,313,077	(7,226,968)	2,954,632	1,459,040,741	–	–	–	–
Amortised Cost								
Federal Government Securities	364,103,929	(1,013,685)	–	363,090,244	–	–	–	–
Foreign Securities	1,391,706	(591,475)	–	800,231	–	–	–	–
Others	4,481	(4,481)	–	–	–	–	–	–
	365,500,116	(1,609,641)	–	363,890,475	–	–	–	–
Available-for-Sale Securities								
Federal Government Securities	–	–	–	–	1,114,061,865	(4,536,292)	(924,569)	1,108,601,004
Shares	–	–	–	–	4,472,175	(1,961,851)	1,687,355	4,197,679
Non Government Debt Securities	–	–	–	–	9,385,650	(99,920)	(108,947)	9,176,783
Foreign Securities	–	–	–	–	8,869,880	(2,996,506)	12,821	5,886,195
Units of Mutual Funds	–	–	–	–	3,076,021	(351,370)	1,539,421	4,264,072
	–	–	–	–	1,139,865,591	(9,945,939)	2,206,081	1,132,125,733
Held-to-Maturity Securities								
Federal Government Securities	–	–	–	–	366,531,501	(1,312,482)	–	365,219,019
Foreign Securities	–	–	–	–	1,832,291	(686,846)	–	1,145,445
Others	–	–	–	–	4,481	(4,481)	–	–
	–	–	–	–	368,368,273	(2,003,809)	–	366,364,464
Associates	6,441,029	–	–	6,441,029	5,998,107	–	–	5,998,107
Total Investments	1,841,232,851	(8,836,609)	3,905,471	1,836,301,713	1,514,231,971	(11,949,748)	2,206,081	1,504,488,304



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

9.1.1 Investments given as collateral

Pakistan Investment Bonds	<u>325,916,500</u>	<u>294,417,591</u>
9.2 Credit loss allowance / provision for diminution in value of investments		
Opening balance	11,949,748	12,993,983
Impact of adoption of IFRS 9	(2,288,070)	–
Exchange adjustments	(106,053)	2,633,674
Charge / (reversal):		
ECL reversal for the period / year	(1,026,977)	(3,807,847)
Charge on diminution of investments for the period / year	307,961	240,502
Reversal on disposal during the period / year	–	(110,564)
	(719,016)	(3,677,909)
Closing Balance	<u>8,836,609</u>	<u>11,949,748</u>

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

		30 June 2024 (Un-audited)	31 December 2023 (Audited)	
		Outstanding amount	Credit loss allowance / provision for diminution	Outstanding amount
Domestic				
Performing	Stage 1	4,798,834	793	–
Under performing	Stage 2	3,432,089	1,954	–
Non-performing	Stage 3	779,920	405,920	99,920
Loss				99,920
Overseas				
Performing	Stage 1	2,059,310	31,669	2,924,573
Under performing	Stage 2	22,938,848	5,086,925	31,787,370
Non-performing	Stage 3	6,973,531	3,280,864	7,068,481
Loss				3,518,938
Total		<u>40,982,532</u>	<u>8,808,125</u>	<u>41,880,344</u>
				<u>9,632,046</u>

- 9.4** The market value of securities classified as amortised cost at 30 June 2024 amounted to Rs. 359,450 million (Held to maturity 31 December 2023: Rs. 360,285 million).



9.5 Summary of financial information of associates

	Associate	Country of incorporation	Percentage of holding	Assets	Liabilities	Revenue	Profit after taxation	Total comprehensive income
(Rupees in '000)								
AL Habib Asset Allocation Fund	Associate	Pakistan	83.53%	109,355	7,714	74,564	69,643	69,643
AL Habib Cash Fund	Associate	Pakistan	8.17%	41,844,149	332,696	7,086,469	6,568,497	6,568,497
AL Habib Income Fund	Associate	Pakistan	5.77%	7,092,576	252,396	1,096,062	1,006,062	1,006,062
AL Habib Islamic Cash Fund	Associate	Pakistan	1.32%	18,733,165	749,066	4,670,110	4,391,882	4,391,882
AL Habib Islamic Income fund	Associate	Pakistan	0.35%	7,450,568	273,469	1,167,652	1,086,925	1,086,925
AL Habib Islamic Savings Fund	Associate	Pakistan	9.06%	14,082,038	100,764	2,439,835	2,294,666	2,294,666
AL Habib Islamic Stock Fund	Associate	Pakistan	0.87%	1,474,834	316,428	375,279	356,231	356,231
AL Habib Money Market Fund	Associate	Pakistan	2.58%	24,908,159	522,644	3,515,687	3,258,776	3,258,776
AL Habib Stock Fund	Associate	Pakistan	0.72%	1,830,715	435,856	236,687	222,513	222,513
AL Habib Government Securities Fund	Associate	Pakistan	0.01%	20,075,926	183,570	2,642,190	2,440,989	2,440,989
AL Habib Pension Fund	Associate	Pakistan	28.14%	484,247	1,527	100,036	95,748	95,748
AL Habib Islamic Pension Fund	Associate	Pakistan	38.57%	365,331	4,825	88,145	84,061	84,061
AL Habib Fixed Return Fund Plan 9	Associate	Pakistan	0.76%	1,464,667	25,837	149,202	141,681	141,681
AL Habib Fixed Return Fund Plan 10	Associate	Pakistan	2.10%	521,714	7,690	50,111	47,907	47,907
AL Habib Fixed Return Fund Plan 11	Associate	Pakistan	0.03%	3,237,811	33,505	221,965	214,425	214,425
AL Habib Islamic GOKP Pension Fund	Associate	Pakistan	95.33%	34,815	76	3,281	3,190	3,190
AL Habib GOKP Pension Fund	Associate	Pakistan	95.91%	34,658	82	3,327	3,225	3,225
AL Habib Islamic Munafa Fund Plan 3	Associate	Pakistan	0.01%	8,689,670	59,245	410,099	397,765	397,765

The above information is based on financial statements as on June 30, 2024.



10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) 30 June 2024	(Audited) 31 December 2023	(Un-audited) 30 June 2024	(Audited) 31 December 2023	(Un-audited) 30 June 2024	(Audited) 31 December 2023
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	641,181,069	694,586,199	31,416,256	23,670,518	672,597,325	718,256,717
Islamic financing and related assets	106,682,602	114,129,113	849,561	809,154	107,532,163	114,938,267
Bills discounted and purchased	52,594,045	61,542,273	449,961	707,670	53,044,006	62,249,943
Advances - gross	800,457,716	870,257,585	32,715,778	25,187,342	833,173,494	895,444,927
Credit loss allowance / provision against advances						
- Stage 1	7,101,137	-	-	-	7,101,137	-
- Stage 2	6,251,303	-	-	-	6,251,303	-
- Stage 3	-	-	28,198,913	-	28,198,913	-
- Specific	-	-	-	17,830,419	-	17,830,419
- General as per regulations	-	264,544	-	-	-	264,544
- General	-	8,400,000	-	-	-	8,400,000
- As per IFRS 9 in overseas branches	-	81,573	-	-	-	81,573
	13,352,440	8,746,117	28,198,913	17,830,419	41,551,353	26,576,536
Advances - net of credit loss allowance / provision	787,105,276	861,511,468	4,516,865	7,356,923	791,622,141	868,868,391



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

10.1 Particulars of advances (Gross)

In local currency	714,061,545	773,404,099
In foreign currencies	119,111,949	122,040,828
	<u>833,173,494</u>	<u>895,444,927</u>

10.2 Advances include Rs. 32,715.778 million (31 December 2023: Rs. 25,187.342 million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of classification	30 June 2024 (Un-audited)		31 December 2023 (Audited)	
	Non performing loans	Credit loss allowance / provision	Non performing loans	Credit loss allowance / provision
(Rupees in '000)				
Domestic				
Other assets especially mentioned (OAEM)	330,399	362,355	286,295	5,135
Substandard	590,542	543,200	2,235,618	524,859
Doubtful	17,741,659	13,981,884	9,008,280	4,446,994
Loss	7,521,204	7,482,447	7,039,066	6,947,186
	26,183,804	22,369,886	18,569,259	11,924,174
Overseas				
Loss	6,531,974	5,829,027	6,618,083	5,906,245
Total	32,715,778	28,198,913	25,187,342	17,830,419



10.3 Particulars of credit loss allowance against advances

	30 June 2024 (Un-audited)						31 December 2023 (Audited)		
	Stage 3	Stage 2	Stage 1	Specific	General	Total	Specific	General	Total
	(Rupees in '000)								
Opening balance	5,906,246	–	81,573	11,924,173	8,664,544	26,576,536	11,606,594	6,203,173	17,809,767
Impact on adoption of IFRS 9	15,448,809	8,663,207	4,329,412	(11,924,173)	(8,664,544)	7,852,711	–	–	–
Exchange adjustments	(106,852)	–	(1,407)	–	–	(108,259)	1,751,369	9,995	1,761,364
Charge / (reversal) for the period / year									
- ECL charge for the period	8,434,394	3,294,183	5,127,420	–	–	16,855,997	–	–	–
- ECL reversal for the period	(1,480,147)	(5,706,087)	(2,435,861)	–	–	(9,622,095)	6,774,544	–	6,774,544
- Specific provision	–	–	–	–	–	–	–	(146,346)	(146,346)
- General provision as per regulations	–	–	–	–	–	–	–	2,650,000	2,650,000
- General provision	–	–	–	–	–	–	–	29,295	29,295
- As per IFRS 9 in overseas branches	–	–	–	–	–	–	(1,645,356)	–	(1,645,356)
- Reversals	–	–	–	–	–	–	5,129,188	2,532,949	7,662,137
	6,954,247	(2,411,904)	2,691,559	–	–	7,233,902	(3,537)	(656,732)	(656,732)
Amounts written off	(3,537)	–	–	–	–	(3,537)	–	–	–
Closing balance	<u>28,198,913</u>	<u>6,251,303</u>	<u>7,101,137</u>	<u>–</u>	<u>–</u>	<u>41,551,353</u>	<u>17,830,419</u>	<u>8,746,117</u>	<u>26,576,536</u>

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

10.4 Advances - Particulars of credit loss allowance

	30 June 2024 (Un-audited)		
	Stage 1	Stage 2	Stage 3
	(Rupees in '000)		
Opening balance	81,573	–	5,906,246
Impact of adoption of IFRS 9	4,329,412	8,663,207	15,448,809
New advances	<u>3,274,538</u>	<u>2,178,396</u>	<u>1,759,385</u>
Advances derecognised or repaid	<u>(2,023,531)</u>	<u>(2,299,353)</u>	<u>(1,437,320)</u>
Transfer to Stage 1	<u>520,492</u>	<u>(517,200)</u>	<u>62,774</u>
Transfer to Stage 2	<u>918,823</u>	<u>(808,769)</u>	<u>6,215,259</u>
Transfer to Stage 3	<u>1,237</u>	<u>(964,978)</u>	<u>354,149</u>
	<u>2,691,559</u>	<u>(2,411,904)</u>	<u>6,954,247</u>
Amounts written off / charged off	–	–	(3,537)
Exchange adjustment	(1,407)	–	(106,852)
Closing balance	<u>7,101,137</u>	<u>6,251,303</u>	<u>28,198,913</u>



10.5 Advances - Category of classification

		30 June 2024 (Un-audited)		31 December 2023 (Audited)	
		Outstanding amount	Credit loss allowance held / provision held	Outstanding amount	Credit loss allowance held / provision held
(Rupees in '000)					
Domestic					
Performing	Stage 1	617,874,436	7,062,532	845,728,546	—
Under performing	Stage 2	159,863,428	6,251,303	—	—
Non-performing	Stage 3				
Other assets especially mentioned (OAEM)		330,399	362,355	286,295	5,135
Substandard		590,542	543,200	2,235,618	524,859
Doubtful		17,741,659	13,981,884	9,008,280	4,446,994
Loss		7,521,204	7,482,447	7,039,066	6,947,186
General Provision		—	—	—	8,664,544
		803,921,668	35,683,721	864,297,805	20,588,718
Overseas					
Performing	Stage 1	22,719,852	38,605	24,529,039	81,573
Non-performing - Loss	Stage 3	6,531,974	5,829,027	6,618,083	5,906,245
		29,251,826	5,867,632	31,147,122	5,987,818
Total		833,173,494	41,551,353	895,444,927	26,576,536
		(Un-audited)		(Audited)	
		30 June	31 December	2024	2023
Note					
		(Rupees in '000)			

11. PROPERTY AND EQUIPMENT

Capital work-in-progress	11.1	4,479,098	4,293,549
Property and equipment		67,213,700	63,320,982
		71,692,798	67,614,531

11.1 Capital work-in-progress

Civil works	1,876,125	1,756,006
Advance payment for purchase of equipments	433,771	613,294
Advance payment towards suppliers, contractors and property	2,127,955	1,879,756
Consultants' fee and other charges	41,247	44,493
	4,479,098	4,293,549



(Un-audited)
Half year ended

30 June

2024 2023

(Rupees in '000)

11.2 Additions to property and equipment

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

Capital work-in-progress	4,731,738	3,012,716
Property and equipment		
Leasehold land	95,379	2,455
Building on leasehold land	1,496,722	243,618
Furniture and fixture	203,730	214,437
Electrical, office and computer equipment	2,112,115	1,353,008
Vehicles	2,214,961	1,079,124
Improvements to leasehold building	382,199	476,087
	6,505,106	3,368,729
Total	11,236,844	6,381,445

11.3 Disposal of property and equipment

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

Furniture and fixture	483	1,117
Electrical, office and computer equipment	14,425	3,255
Vehicles	6,655	12,157
Improvements to leasehold building	7,846	5,245
Total	29,409	21,774

12 BIGHT-OF-LIFE ASSETS

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

At 01 January,		
Cost	18,288,334	17,549,450
Accumulated depreciation	(6,318,610)	(5,477,832)
Net carrying amount	11,969,724	12,071,618
Additions during the period / year	2,162,070	2,362,122
Deletions during the period / year	(113,046)	(185,932)
Depreciation charge for the period / year	(1,205,254)	(2,298,189)
Other adjustments / transfers	20,138	20,105
Net carrying amount at the end of the period / year	12,833,632	11,969,724

13. INTANGIBLE ASSETS

Computer software	165,396	129,521
TRE certificates	2,500	2,500
Management rights	80,670	80,670
	248,566	212,691



(Un-audited)
Half year ended

30 June 2024	30 June 2023
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(Rupees in '000)

13.1 Additions to intangible assets

Computer software-directly purchased

143,347

10,466

Note 30 June 2024	(Audited) 31 December 2023
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(Rupees in '000)

14. DEFERRED TAX ASSETS

Deductible Temporary Differences on

Credit loss allowance against diminution in the value of investments
Credit loss allowance against loans and advances, off-balance sheet, etc.
Workers' welfare fund
Others

4,326,152	5,851,622
16,087,730	5,743,307
3,094,730	2,648,408
2,324	–
23,510,936	14,243,337

Taxable Temporary Differences on

Accelerated tax depreciation
Surplus on revaluation of securities classified as FVOCI
Surplus on revaluation of securities classified as FVTPL
Surplus on revaluation of property and equipment / non-banking assets
Others

(2,156,690)	(2,130,590)
(1,449,673)	(1,085,712)
(468,680)	–
(8,901,253)	(9,234,933)
–	(1,290)
(12,976,296)	(12,452,525)
10,534,640	1,790,812

15. OTHER ASSETS

Income / mark-up accrued in local currency - net
Income / mark-up accrued in foreign currencies - net
Advances, deposits, advance rent and other prepayments
Non-banking assets acquired in satisfaction of claims
Mark to market gain on forward foreign exchange contracts
Acceptances
Stationery and stamps on hand
Others

88,740,241	82,900,496
1,217,534	1,213,568
2,148,442	3,428,437
3,849,554	3,862,121
1,472,667	2,322,982
40,846,359	39,174,104
1,681,002	1,144,768
5,334,941	2,836,805
145,290,740	136,883,281

Less: Credit loss allowance / provision held against other assets

15.1

(480,437)	(7,815)
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Other Assets (net of credit loss allowance / provision)

144,810,303	136,875,466
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Surplus on revaluation of non-banking assets

197,812	253,183
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acquired in satisfaction of claims

145,008,115	137,128,649
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Other Assets-total

15.1.1

480,437	7,815
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19. DEPOSITS AND OTHER ACCOUNTS

	30 June 2024 (Un-audited)			31 December 2023 (Audited)		
	In local currency	In foreign currencies	Total (Rupees in '000)	In local currency	In foreign currencies	Total
Customers						
Current deposits	699,732,553	58,549,072	758,281,625	595,309,808	56,445,179	651,754,987
Savings deposits	759,482,586	47,695,061	807,177,647	640,708,283	50,248,962	690,957,245
Term deposits	249,236,282	55,949,017	305,185,299	215,403,093	70,650,094	286,053,187
Current deposits-remunerative	239,645,065	3,469,866	243,114,931	187,912,301	5,250,507	193,162,808
Others	28,463,341	21,742,425	50,205,766	29,720,340	18,887,944	48,608,284
	1,976,559,827	187,405,441	2,163,965,268	1,669,053,825	201,482,686	1,870,536,511
Financial institutions						
Current deposits	11,391,344	828,277	12,219,621	10,386,373	515,221	10,901,594
Savings deposits	5,020,025	29	5,020,054	14,166,873	29	14,166,902
Term deposits	1,803,000	505,189	2,308,189	1,483,491	449,568	1,933,059
Current deposits-remunerative	35,261,806	2,336,228	37,598,034	35,219,586	955,619	36,175,205
Others	18,010	-	18,010	18,010	-	18,010
	53,494,185	3,669,723	57,163,908	61,274,333	1,920,437	63,194,770
	2,030,054,012	191,075,164	2,221,129,176	1,730,328,158	203,403,123	1,933,731,281
	(Un-audited) 30 June 2024			(Audited) 31 December 2023		
Note						
	(Rupees in '000)					

20. LEASE LIABILITIES

Opening balance	14,633,878	14,213,811
Additions during the period / year	2,162,071	2,362,122
Lease payments including interest	(1,853,033)	(3,295,084)
Finance charges on leased assets	986,170	1,568,789
Deletions during the period / year	(159,534)	(235,905)
Other adjustment	20,103	20,145
Closing balance	15,789,655	14,633,878

20.1 Liabilities Outstanding

Not later than one year	1,441,315	1,335,632
Later than one year and upto five years	6,370,086	5,587,474
Over five years	7,978,254	7,710,772
Total	15,789,655	14,633,878

21. SUBORDINATED DEBT - Unsecured

Term Finance Certificates (TFCs) - VI - (Unquoted)	21.1	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII - (Unquoted)	21.2	-	3,992,000
Term Finance Certificates (TFCs) - VIII - (Unquoted)	21.3	4,995,000	4,996,000
Term Finance Certificates (TFCs) - IX - (Unquoted)	21.4	7,000,000	7,000,000
Term Finance Certificates (TFCs) - X - (Unquoted)	21.5	6,995,800	6,997,200
		25,990,800	29,985,200



21.1 Term Finance Certificates - VI - (Unquoted)

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

- 21.2 During the period, the Bank exercised the call option of Term Finance Certificates - VII in accordance with the Trust Deed and Terms and Conditions for the TFC issue, after completing the regulatory requirements. Accordingly, the said TFCs were redeemed in full on 06 June 2024.

21.3 Term Finance Certificates - VIII - (Unquoted)

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



21.4 Term Finance Certificates - IX - (Unquoted)

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

21.5 Term Finance Certificates - X - (Unquoted)

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



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

(Rupees in '000)

22. OTHER LIABILITIES

Mark-up / return / interest payable in local currency	7,871,099	7,172,666
Mark-up / return / interest payable in foreign currencies	741,356	1,064,432
Unearned commission and income on bills discounted	2,176,163	1,706,124
Accrued expenses	5,726,320	4,957,186
Acceptances	40,846,359	39,174,104
Unclaimed / dividend payable	1,053,639	921,969
Mark to market loss on forward foreign exchange contracts	1,434,575	2,504,312
Branch adjustment account	1,893,154	3,625,247
Payable to defined benefit plan	2,800,082	2,200,083
Charity payable	86,341	59,665
Credit loss allowance / provision against off-balance sheet items	22.1 4,001,647	226,549
Security deposits against leases / ijarah	10,575,551	9,423,299
Provision for compensated absences	1,928,796	1,719,861
Other security deposits	939,667	1,245,904
Workers' welfare fund	6,351,862	5,424,142
Payable to SBP / NBP	7,198,129	10,851,474
Insurance payable	470,325	543,505
Payable against sale of marketable securities on behalf of customers	589,669	369,055
Current taxation	11,654,682	8,506,703
ATM settlement account	14,486,620	2,564,029
Clearing and settlement account	3,134,288	1,585,454
Others	5,063,776	4,757,806
	131,024,100	110,603,569

22.1 Credit loss allowance / provision against off-balance sheet obligations

Opening balance	226,549	110,059
Impact of adoption of IFRS 9	2,904,001	–
Exchange adjustment	(362)	1,245
ECL charge for the period / year	889,055	7,905
ECL reversal for the period	(17,596)	–
Charge for the year	–	107,390
Reversal for the year	–	(50)
	871,459	115,245
Closing balance	4,001,647	226,549



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

23. SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of:

- Securities measured at FVOCI-Debt	23.1.1	2,546,027	—
- Securities measured at FVOCI-Equity	23.1.2	410,964	—
- Available for sale securities	23.1.3	—	2,210,364
- Property and equipment		22,417,127	22,634,109
- Non-banking assets acquired in satisfaction of claims		197,812	253,183
		25,571,930	25,097,656

Deferred tax on surplus on revaluation of:

- Securities measured at FVOCI-Debt	23.1.1	1,250,662	—
- Securities measured at FVOCI-Equity	23.1.2	199,011	—
- Available for sale securities	23.1.3	—	1,085,712
- Property and equipment		8,878,701	9,188,502
- Non-banking assets acquired in satisfaction of claims		92,896	116,779
		10,421,270	10,390,993
		15,150,660	14,706,663

23.1 Investments

23.1.1 Securities measured at FVOCI - Debt	2,542,855	—
Non-controlling interest	3,172	—
	2,546,027	—
Less: related deferred tax	1,250,662	—
	1,295,365	—
23.1.2 Securities measured at FVOCI - Equity	411,777	—
Non-controlling interest	(813)	—
Less: related deferred tax	410,964	—
	199,011	—
	211,953	—
23.1.3 Available for sale securities	—	2,206,081
Non-controlling interest	—	4,283
	—	2,210,364
Less: related deferred tax	—	1,085,712
	—	1,124,652



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

24. NON-CONTROLLING INTEREST

Opening balance	125,536	113,694
Profit attributable to non-controlling interest	5,180	2,274
Profit on equity attributable to non-controlling interest	1,925	9,568
Closing balance	<u>132,641</u>	<u>125,536</u>

25. CONTINGENCIES AND COMMITMENTS

Guarantees	25.1 208,258,801	185,470,538
Commitments	25.2 542,980,226	497,808,811
Other contingent liabilities	25.3 4,591,988	5,019,188
	<u>755,831,015</u>	<u>688,298,537</u>

25.1 Guarantees:

Financial guarantees	31,836,602	28,634,285
Performance guarantees	176,422,199	156,836,253
	<u>208,258,801</u>	<u>185,470,538</u>

25.2 Commitments:

Documentary credits and short term trade-related transactions		
- letters of credit	302,455,452	287,964,804
Commitments in respect of:		
- forward foreign exchange contracts	25.2.1 232,679,100	204,174,136
- forward lendings	25.2.2 3,862,135	3,955,661
Commitments for acquisition of:		
- Property and equipment	3,983,539	1,714,210
	<u>542,980,226</u>	<u>497,808,811</u>

25.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	142,096,938	123,771,146
Sale	90,582,162	80,402,990
	<u>232,679,100</u>	<u>204,174,136</u>

The maturities of above contracts are spread over the periods upto one year.

25.2.2 Commitments in respect of forward lending

3,862,135

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) 30 June 2024	(Audited) 31 December 2023
25.3 Other contingent liabilities		(Rupees in '000)

25.3.1 Claims against the Bank not acknowledged as debts 4,591,988 5,019,188

25.3.2 Other contingent liabilities

There is no material change in Bank's tax contingencies as disclosed in note 23.4 to the annual financial statements for the year ended 31 December 2023 except for Deputy Commissioner Inland Revenue (DCIR) has passed an order against Federal Excise Duty levy on certain items pertaining to accounting year 2020 and 2021. This has resulted in aggregate net tax impact of Rs. 52.403 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned orders.

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

26. DERIVATIVE INSTRUMENTS

The Bank deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business. As per the Bank's policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Unrealised gains and losses on these contracts are recorded in the statement of financial position under "other assets / other liabilities". These products are offered to the Bank's customers to protect from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter-bank foreign exchange market.



26.1 Product Analysis

Counter Parties	30 June 2024 (Un-audited)					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss) (Rupees in '000)	Notional Principal	Mark to Market gain / (loss)
Banks Hedging	14,503,080	95,017	97,289,842	489,902	111,792,922	584,919
Other Entities Hedging	120,886,178	(546,827)	–	–	120,886,178	(546,827)
Total Hedging	135,389,258	(451,810)	97,289,842	489,902	232,679,100	38,092
31 December 2023 (Audited)						
Counter Parties	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss) (Rupees in '000)	Notional Principal	Mark to Market gain / (loss)
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss) (Rupees in '000)	Notional Principal	Mark to Market gain / (loss)
Banks Hedging	33,947,415	587,431	67,117,360	775,893	101,064,775	1,363,324
Other Entities Hedging	103,109,361	(1,544,654)	–	–	103,109,361	(1,544,654)
Total Hedging	137,056,776	(957,223)	67,117,360	775,893	204,174,136	(181,330)



26.2 Maturity Analysis

	Number of contracts	Notional Principal	30 June 2024 (Un-audited)		
			Mark to Market		Net
			Negative	Positive	
			(Rupees in '000)		
Upto 1 month	460	100,423,954	(569,844)	533,478	(36,366)
1 to 3 months	691	62,610,896	(630,792)	275,441	(355,351)
3 to 6 months	601	65,898,630	(233,939)	615,719	381,780
6 months to 1 year	41	3,745,620	—	48,029	48,029
	<u>1,793</u>	<u>232,679,100</u>	<u>(1,434,575)</u>	<u>1,472,667</u>	<u>38,092</u>
			31 December 2023 (Audited)		
Upto 1 month	379	83,672,301	(648,268)	1,093,484	445,216
1 to 3 months	568	72,676,016	(1,330,312)	660,930	(669,382)
3 to 6 months	400	41,419,915	(379,053)	465,153	86,100
6 months to 1 year	340	6,405,904	(146,679)	103,415	(43,264)
	<u>1,687</u>	<u>204,174,136</u>	<u>(2,504,312)</u>	<u>2,322,982</u>	<u>(181,330)</u>
			(Un-audited) Half year ended		
			30 June 2024	30 June 2023	
			(Rupees in '000)		

27. MARK-UP / RETURN / INTEREST EARNED

Loans and advances	66,510,373	61,441,738
Investments	175,192,255	96,386,714
Deposits with financial institutions	394,309	1,352,935
Securities purchased under resale agreements	194,574	1,946,787
Call money lendings	—	90,326
	242,291,511	161,218,500

27.1 Interest income recognised on:

Financial assets measured at amortised cost	101,844,301
Financial assets measured at FVOCI	140,447,210
	242,291,511

28. MARK-UP / RETURN / INTEREST EXPENDED

Deposits	124,247,664	77,720,600
Borrowings from SBP	5,385,569	4,887,936
Subordinated debt	3,366,719	2,842,623
Cost of foreign currency swaps	3,077,725	3,012,082
Repurchase agreement borrowings	30,559,897	20,249,527
Finance charges on leased assets	986,170	744,656
Other borrowings	493,266	832,122
	168,117,010	110,289,546



(Un-audited)
Half year ended

Note	30 June 2024	30 June 2023
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(Rupees in '000)

29. FEE AND COMMISSION INCOME

Branch banking customer fees	1,062,423	994,756
Investment banking fees	31,853	37,625
Consumer finance related fees	24,647	23,074
Card related fees (debit and credit cards)	2,457,248	2,138,392
Credit related fees	207,217	187,034
Commission on trade	3,732,059	2,526,696
Commission on guarantees	511,959	416,065
Commission on cash management	126,850	127,311
Commission on home remittances	959,411	207,951
Management fee	747,800	229,357
Brokerage income	91,649	30,468
Others	25,727	22,395
	9,978,843	6,941,124

30. (LOSS) / GAIN ON SECURITIES-NET

Realised	30.1	69,099	24,113
Unrealised - measured at FVTPL		(237,212)	103
		(168,113)	24,216

30.1 Realised gain on:

Federal Government Securities	632	181
Shares	–	23,932
Units of Mutual Funds	68,467	–
	69,099	24,113

30.2 Net (loss) / gain on financial assets measured at FVOCI / FVTPL:

Net (loss) / gain on investment in securities designated at FVTPL	(168,745)	103
Net gain on financial assets measured at FVOCI	632	181
Net gain on available for sale securities	–	23,932
	(168,113)	24,216

31. OTHER INCOME

Gain on sale of property and equipment - net	547,016	169,543
Recovery of expenses from customers	307,004	201,572
Lockers rent	15,228	11,438
Income on margin financing	13,486	5,018
Profit on PSX exposure	13,414	2,208
Others	445	1,911
	896,593	391,690



(Un-audited)
Half year ended

30 June 2024	30 June 2023
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(Rupees in '000)

32. OPERATING EXPENSES

Total compensation expenses	20,345,690	15,780,071
Property expenses		
Rent and taxes	112,017	123,264
Insurance	17,511	14,582
Utilities cost	1,542,960	1,362,864
Security (including guards)	1,105,031	862,747
Repair and maintenance (including janitorial charges)	339,031	342,540
Depreciation	1,961,073	1,782,932
	5,077,623	4,488,929
Information technology expenses		
Software maintenance	1,970,546	1,008,148
Hardware maintenance	338,188	432,795
Depreciation	541,646	356,502
Amortisation	107,472	144,858
Network charges	590,341	357,488
	3,548,193	2,299,791
Other operating expenses		
Directors' fees and allowances	21,135	23,081
Fees and allowances to Shariah Board	15,810	12,336
Insurance	472,149	441,756
Legal and professional charges	272,987	167,131
Outsourced services costs	1,387,384	1,595,046
Travelling and conveyance	311,637	212,785
NIFT and other clearing charges	136,545	110,892
Depreciation	1,286,948	1,087,248
Repair and maintenance	973,709	947,874
Training and development	54,926	63,240
Postage and courier charges	209,116	200,572
Communication	1,461,412	714,989
Stationery and printing	853,033	754,711
Marketing, advertisement and publicity	474,232	619,846
Donations	250,725	254,656
Auditors remuneration	12,084	9,734
Commission and brokerage	700,071	664,546
Entertainment and staff refreshment	337,824	296,781
Vehicle running expenses	113,122	128,022
Subscriptions and publications	169,415	175,004
CNIC verification charges	160,002	115,421
Security charges	519,635	343,434
Others	422,306	834,623
	10,616,207	9,773,728
	39,587,713	32,342,519



**(Un-audited)
Half year ended**

Note	30 June 2024	30 June 2023
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(Rupees in '000)

33. OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	127,846	169
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**34. CREDIT LOSS ALLOWANCE / PROVISIONS / REVERSALS
AND WRITE OFFS-NET**

Reversal of credit loss allowance / provision of diminution in value of Investments - net	9.2	(719,016)	(1,269,337)
Credit loss allowance / provision against loans and advances - net	10.3	7,233,902	74,840
Credit loss allowance / provision against other assets - net	15.1.1	8,464	80
Credit loss allowance / provision against off-balance sheet items-net	22.1	871,459	(3,612)
Reversal of credit loss allowance against lendings to financial institutions		(223)	-
Reversal of credit loss allowance / provision against balance with other banks		(2,870)	46
Loss on revaluation of fixed assets		-	75,889
	7,391,716	(1,122,094)	

35. TAXATION

Current	22,173,185	15,171,846
Deferred	(2,454,066)	(2,243,036)
	19,719,119	12,928,810

**36. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE
TO EQUITY HOLDERS OF THE HOLDING COMPANY**

Profit for the period attributable to equity holders of the Holding Company	21,609,600	18,213,895
	(Number)	
Weighted average number of ordinary shares	1,111,425,416	1,111,425,416
	(Rupees)	

Basic and diluted earnings per share	19.44	16.39
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37. FAIR VALUE MEASUREMENTS

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

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



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

37.1 Fair value of financial assets

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

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

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

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

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

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

	30 June 2024 (Un-audited)							
	Level 1	Level 2	Level 3	Total				
	(Rupees in '000)							
On balance sheet financial instruments								
Financial assets-measured at fair value								
Investments								
Federal Government Securities	–	1,446,616,133	–	1,446,616,133				
Shares - Listed	613,211	–	–	613,211				
Non-Government Debt Securities	4,681,641	3,923,283	–	8,604,924				
Foreign Securities	–	5,921,848	–	5,921,848				
Units of Mutual Funds	–	4,050,660	–	4,050,660				
Financial assets-disclosed but not measured at fair value								
Investments								
Federal Government Securities	–	358,650,490	–	358,650,490				
Non-Government Debt Securities	–	800,231	–	800,231				
Associates								
Mutual Funds	–	6,441,029	–	6,441,029				
Off-balance sheet financial instruments - measured at fair value								
Forward purchase of foreign exchange contracts	–	141,343,045	–	141,343,045				
Forward sale of foreign exchange contracts	–	91,374,147	–	91,374,147				



31 December 2023 (Audited)

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

On balance sheet financial instruments

Financial assets-measured at fair value

Investments

Federal Government Securities	–	1,108,601,004	–	1,108,601,004
Shares	4,026,024	–	–	4,026,024
Non-Government Debt Securities	4,988,532	4,188,251	–	9,176,783
Foreign Securities	–	5,886,195	–	5,886,195
Units of Mutual Funds	–	4,264,072	–	4,264,072

Financial assets-disclosed but not measured at fair value

Investments

Federal Government Securities	–	358,464,148	–	358,464,148
Non-Government Debt Securities	–	1,823,596	–	1,823,596
Associates				
Mutual Funds	–	5,998,107	–	5,998,107

Off-balance sheet financial instruments

- measured at fair value

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

- 37.2** Certain property and equipment (land and buildings) and non banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuer (level 3 measurement) based on their assessment of the market value.
- 37.3** Foreign exchange contracts are valued using exchange rates declared by the State Bank of Pakistan.



38. SEGMENT INFORMATION

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

	Half year ended 30 June 2024 (Un-audited)					
	Commercial banking	Retail banking	Retail brokerage	Asset management	Currency exchange	Total
	(Rupees in '000)					
Profit and loss account						
Mark-up / return / profit	234,288,610	7,884,542	26,816	2,191	89,352	242,291,511
Inter segment revenue-net	100,756	76,595,013	-	-	-	76,695,769
Non mark-up / return / interest income	4,072,085	10,243,395	119,043	747,800	12,061	15,194,384
Total income	238,461,451	94,722,950	145,859	749,991	101,413	334,181,664
Segment direct expenses	(128,544,324)	(79,892,498)	(119,181)	(146,298)	(57,979)	(208,760,280)
Inter segment expense allocation	(76,595,013)	-	(8,795)	(39,412)	(52,549)	(76,695,769)
Total expenses	(205,139,337)	(79,892,498)	(127,976)	(185,710)	(110,528)	(285,456,049)
Credit loss allowance	(7,391,369)	(347)	-	-	-	(7,391,716)
Profit / (loss) before tax	25,930,745	14,830,105	17,883	564,281	(9,115)	41,333,899
As at 30 June 2024 (Un-audited)						
	Commercial banking	Retail banking	Retail brokerage	Asset management	Currency exchange	Total
	(Rupees in '000)					
Statement of financial position						
Cash and bank balances	206,870,330	11,595,607	658,059	21,843	823,281	219,969,120
Investments	1,834,251,793	-	108,490	1,794,065	147,365	1,836,301,713
Net inter segment lending	1,917,359	1,454,413,648	-	-	-	1,456,331,007
Lendings to financial institutions	-	-	-	-	-	-
Advances - performing	745,317,560	41,786,508	43	1,165	-	787,105,276
- non-performing - net of credit loss allowance	4,470,553	46,312	-	-	-	4,516,865
Others	226,704,610	12,506,245	652,395	344,808	109,693	240,317,751
Total assets	3,019,532,205	1,520,348,320	1,418,987	2,161,881	1,080,339	4,544,541,732
Borrowings	506,756,579	-	371,336	-	-	507,127,915
Subordinated debt	25,990,800	-	-	-	-	25,990,800
Deposits and other accounts	817,272,839	1,403,856,337	-	-	-	2,221,129,176
Net inter segment borrowing	1,454,413,648	-	167,359	750,000	1,000,000	1,456,331,007
Others	81,697,190	113,177,713	649,728	158,831	49,495	195,732,957
Total liabilities	2,886,131,056	1,517,034,050	1,188,423	908,831	1,049,495	4,406,311,855
Equity	133,401,149	3,314,270	230,564	1,253,050	30,844	138,229,877
Total equity and liabilities	3,019,532,205	1,520,348,320	1,418,987	2,161,881	1,080,339	4,544,541,732
Contingencies and commitments	510,549,318	164,935	-	-	-	510,714,253



Half year ended 30 June 2023 (Un-audited)

	Commercial banking	Retail banking	Retail brokerage	Asset management	Currency exchange	Total
	(Rupees in '000)					
Profit and loss account						
Mark-up / return / profit	138,982,965	22,206,162	28,152	1,221	-	161,218,500
Inter segment revenue-net	-	45,202,084	-	-	-	45,202,084
Non mark-up / return / interest income	2,504,986	9,207,801	43,776	309,482	-	12,066,045
Total income	141,487,951	76,616,047	71,928	310,703	-	218,486,629
Segment direct expenses	(91,391,697)	(51,724,647)	(85,626)	(66,778)	-	(143,268,748)
Inter segment expense allocation	(45,202,084)	-	-	-	-	(45,202,084)
Total expenses	(136,593,781)	(51,724,647)	(85,626)	(66,778)	-	(188,470,832)
Credit loss allowance	1,132,005	(9,911)	-	-	-	1,122,094
Profit / (loss) before tax	6,026,175	24,881,489	(13,698)	243,925	-	31,137,891

As at 31 December 2023 (Audited)

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

39. RELATED PARTY TRANSACTIONS

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

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



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

	30 June 2024 (Un-audited)				31 December 2023 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	5,998,107	654,086	-	-	5,533,810	386,597
Investment made during the period / year	-	-	6,044,090	30,000	-	-	5,426,104	-
Investment adjusted / redeemed / disposed off during the period / year	-	-	(5,601,168)	-	-	-	(4,961,807)	-
(Deficit) / surplus on revaluation	-	-	-	(15,253)	-	-	-	267,489
Closing balance	-	-	6,441,029	668,833	-	-	5,998,107	654,086
Advances								
Opening balance	4,048	345,035	-	1,680,782	1,310	320,774	-	1,023,207
Addition during the period / year	6,320	227,076	-	24,117,174	26,499	277,173	-	31,872,765
Repaid during the period / year	(9,710)	(161,361)	-	(23,192,613)	(23,761)	(252,912)	-	(31,215,190)
Credit loss allowance	(5)	(403)	-	(243,309)	-	-	-	-
Closing balance	653	410,347	-	2,362,034	4,048	345,035	-	1,680,782
Right of use assets								
-	-	-	-	3,066	-	-	-	5,111
Other assets								
Interest / mark-up accrued	-	930	-	48,504	-	451	-	47,832
Credit loss allowance on accrued mark-up	-	(2)	-	(3,061)	-	-	-	-
L/C acceptances	-	-	-	163,262	-	-	-	207,281
Remuneration receivable from funds	-	-	328,509	-	-	-	169,807	-
Other receivable	-	-	1,385	-	-	-	1,905	15
Subordinated debt								
Opening balance	-	-	-	194,000	-	-	-	44,000
Issued / purchased during the period / year	-	-	-	-	-	-	-	150,000
Closing balance	-	-	-	194,000	-	-	-	194,000
Deposits and other accounts								
Opening balance	771,493	794,349	19,349,124	9,409,202	569,762	691,575	1,770,411	5,223,723
Received during the period / year	4,116,948	3,753,326	262,540,416	79,589,310	5,549,523	6,766,311	653,642,242	169,329,325
Withdrawn during the period / year	(3,739,367)	(3,726,049)	(276,219,813)	(81,478,541)	(5,347,792)	(6,663,537)	(636,063,529)	(165,143,846)
Closing balance	1,149,074	821,626	5,669,727	7,519,971	771,493	794,349	19,349,124	9,409,202
Other liabilities								
Interest / mark-up payable	391	4,121	-	6,844	921	2,456	-	12,008
Credit loss Allowance on off balance sheet transactions	-	-	-	33,460	-	-	-	-
Payable to staff retirement fund	-	-	-	2,800,082	-	-	-	2,200,083
Other liabilities	-	24	-	2,739	-	540	-	-
Contingencies and commitments								
-	-	-	-	1,714,137	-	-	-	1,193,643
Other Transactions-Investor Portfolio Securities								
Opening balance	-	-	-	18,863,500	-	-	-	16,314,700
Increased during the period / year	-	-	-	2,744,500	-	-	-	20,732,500
Decreased during the period / year	-	-	-	(22,000)	-	-	-	(18,183,700)
Closing balance	-	-	-	21,586,000	-	-	-	18,863,500



39.1 Related Party Transactions

	30 June 2024 (Un-audited)				30 June 2023 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	1	10,608	–	95,722	–	8,130	–	70,793
Fee and commission income	164	300	748,949	8,143	75	357	229,607	8,872
Share of profit from associates	–	–	661,701	–	–	–	474,310	–
Dividend income	–	–	–	156,492	–	–	–	82,614
Other income	–	–	–	176	–	–	–	289
Expense								
Mark-up / return / interest expensed	56,287	62,525	1,021,654	906,643	45,425	46,535	446,425	510,581
Operating expenses	–	–	–	2,950	–	–	–	2,550
Salaries and allowances	–	664,004	–	–	–	549,305	–	–
Bonus	–	210,499	–	–	–	118,330	–	–
Contribution to defined contribution plan	–	29,193	–	–	–	25,489	–	–
Contribution to defined benefit plan	–	170,865	–	–	–	140,455	–	–
Staff provident fund	–	–	–	620,523	–	–	–	519,826
Staff gratuity fund	–	–	–	600,000	–	–	–	414,000
Directors' fees	19,910	–	–	–	21,685	–	–	–
Donation	–	–	–	12,000	–	–	–	18,000
Insurance premium paid	–	–	–	174,979	–	–	–	267,919
Insurance claims settled	–	–	–	81,971	–	–	–	19,747



40. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 30 June 2024	(Audited) 31 December 2023
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	<u>11,114,254</u>	<u>11,114,254</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	125,614,550	107,694,949
Eligible Additional Tier 1 (ADT 1) Capital	12,981,628	13,064,657
Total Eligible Tier 1 Capital	138,596,178	120,759,606
Eligible Tier 2 Capital	41,249,372	38,633,723
Total Eligible Capital (Tier 1 + Tier 2)	179,845,550	159,393,329
Risk Weighted Assets (RWAs):		
Credit Risk	759,839,299	776,751,725
Market Risk	28,550,385	23,201,297
Operational Risk	198,314,614	198,314,614
Total	986,704,298	998,267,636
Common Equity Tier 1 Capital Adequacy ratio	12.731%	10.788%
Tier 1 Capital Adequacy Ratio	14.046%	12.097%
Total Capital Adequacy Ratio	18.227%	15.967%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	138,596,178	120,759,606
Total Exposures	3,544,796,993	3,216,546,903
Leverage Ratio	3.910%	3.754%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,274,168,166	955,708,404
Total Net Cash Outflow	464,917,625	354,045,468
Liquidity Coverage Ratio	274.063%	269.939%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,261,668,266	2,004,560,176
Total Required Stable Funding	1,185,378,804	1,226,713,919
Net Stable Funding Ratio	190.797%	163.409%

The Group has applied transitional approach under IFRS-9 as permitted by SBP. The Group's CAR and LR would have been 17.14% & 3.68% respectively, if full impact of IFRS-9 had been applied.



41. ISLAMIC BANKING BUSINESS

The Bank is operating with 239 (31 December 2023: 201) Islamic banking branches and 69 (31 December 2023: 138) Islamic banking windows at the end of the period / year.

STATEMENT OF FINANCIAL POSITION	Note	(Un-audited) 30 June 2024	(Audited) 31 December 2023
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		22,129,068	15,978,853
Balances with other banks		8,635	8,166
Due from financial institutions		—	—
Investments	41.1	234,673,078	194,105,585
Islamic financing and related assets - net	41.2	104,972,776	114,115,766
Property and equipment		1,941,892	1,306,410
Right-of-use assets		3,830,670	3,528,398
Intangible assets		—	—
Due from Head Office		—	—
Other assets		19,366,276	17,590,335
Total Assets		386,922,395	346,633,513
LIABILITIES			
Bills payable		866,041	500,279
Due to financial institutions		40,628,100	34,472,018
Deposits and other accounts	41.3	263,017,422	255,291,936
Due to Head Office		12,048,732	2,227,700
Lease liabilities		4,693,872	4,296,489
Subordinated debt		—	—
Other liabilities		15,518,620	8,562,932
		336,772,787	305,351,354
NET ASSETS		50,149,608	41,282,159
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		—	—
Surplus on revaluation of assets		1,259,239	1,825,669
Unappropriated profit	41.4	41,290,369	31,856,490
		50,149,608	41,282,159
CONTINGENCIES AND COMMITMENTS	41.5		



PROFIT AND LOSS ACCOUNT

Note	(Un-audited) Half year ended	
	30 June 2024	30 June 2023
(Rupees in '000)		
Profit / return earned	41.6 30,459,450	18,968,440
Profit / return expensed	41.7 (14,957,310)	(10,089,057)
Net Profit / return	15,502,140	8,879,383
Other income		
Fee and commission income	748,813	530,912
Dividend income	46,102	35,801
Foreign exchange income	123,860	84,889
Gain on securities - net	2,011	–
Other income	57,410	37,694
Total other income	978,196	689,296
Total income	16,480,336	9,568,679
Other expenses		
Operating expenses	(4,579,838)	(3,170,077)
Other charges	(115)	–
Total other expenses	(4,579,953)	(3,170,077)
Profit before credit loss allowance	11,900,383	6,398,602
Credit loss allowance and write offs - net	(800,582)	(346,964)
Profit for the period	11,099,801	6,051,638



30 June 2024 (Un-audited)				31 December 2023 (Audited)			
Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
(Rupees in '000)							

41.1 Investments by segments:

FVTPL

Units of Mutual Funds
Federal Government Securities
- Islamic Naya Pakistan Certificates

251,021	-	3,840	254,861	-	-	-	-
2,878,807	-	-	2,878,807	-	-	-	-
3,129,828	-	3,840	3,133,668	-	-	-	-

FVOCI

Federal Government Securities
- Ijarah Sukuks
- Neelum Jhelum Hydropower Co Ltd. Sukuk
Non Government Debt Securities
- Listed
- Unlisted

224,902,603	-	1,255,456	226,158,059	-	-	-	-
1,155,000	-	12,000	1,167,000	-	-	-	-
1,122,000	(306,219)	877	816,658	-	-	-	-
3,207,375	(588)	(9,094)	3,197,693	-	-	-	-
230,386,978	(306,807)	1,259,239	231,339,410	-	-	-	-

Available-for-Sale Securities

Federal Government Securities
- Ijarah Sukuks
- Neelum Jhelum Hydropower Co Ltd. Sukuk
- Islamic Naya Pakistan Certificates

-	-	-	-	180,077,410	-	1,781,739	181,859,149
-	-	-	-	1,443,750	-	13,811	1,457,561
-	-	-	-	5,769,121	-	-	5,769,121
-	-	-	-	187,290,281	-	1,795,550	189,083,831

Non Government Debt Securities

- Listed
- Unlisted

-	-	-	-	1,122,000	-	1,602	1,123,602
-	-	-	-	3,363,625	-	(25,374)	3,338,251

Shares

- Listed Companies

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

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

- AL Habib Islamic Cash Fund
- AL Habib Islamic Savings Fund

100,000	-	-	100,000	100,000	-	-	100,000
100,000	-	-	100,000	100,000	-	-	100,000
200,000	-	-	200,000	200,000	-	-	200,000

Total Investments

233,716,806	(306,807)	1,263,079	234,673,078	192,344,317	(64,401)	1,825,669	194,105,585
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41.1.1 Particulars of credit loss allowance

30 June 2024 (un-audited)

	Stage 1	Stage 2	Stage 3	Total
(Rupees in '000)				
Non Government debt securities	389	418	306,000	306,807



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

41.2 Islamic financing and related assets

Ijarah	3,126,537	3,079,001
Murabaha	16,629,680	17,586,364
Diminishing Musharaka	15,027,893	16,779,105
Istisna	5,723,952	10,282,784
Islamic Long Term Financing Facility (ILTFF)	4,818,501	5,241,800
Islamic Refinance for Renewable Energy (IFRE)	2,137,888	2,224,625
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)	7,237,096	6,830,099
Islamic Refinance Facility for Modernization of SMEs (IRFSME)	129,763	52,588
Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)	146,446	157,403
Islamic Export Refinance - Istisna (IERF)	155,000	2,160,467
Musawamah	1,875,822	4,605,689
Islamic Export Refinance - Musawamah	-	6,000
Running Musharaka	5,743,803	2,479,691
Islamic Export Refinance - Running Musharaka	7,428,641	7,166,641
Financing against Bills - Musawamah	3,265,366	5,083,273
Export Finance Scheme (EFS) - Discounting	7,544,394	7,235,359
Staff Financing	2,237,347	2,013,176
Musawamah Inventory	3,336,943	3,076,506
Advance against Istisna	15,802,753	13,554,721
Advance against Istisna-IERF	1,511,847	2,249,152
Advance against Ijarah	209,500	138,636
Advance against Diminishing Musharaka	1,916,377	1,303,776
Advance against IFRE	1,468,713	666,683
Advance against ITERF	51,795	951,795
Advance against IRFSME	6,106	12,933
Gross Islamic financing and related assets	107,532,163	114,938,267
Less: Credit loss allowance against Islamic financings		
- Stage 1	(934,780)	-
- Stage 2	(798,344)	-
- Stage 3	(826,263)	-
- Specific	-	(772,444)
- General	-	(50,057)
	(2,559,387)	(822,501)
Islamic financing and related assets - net of credit loss allowance	104,972,776	114,115,766



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

41.3 Deposits and Other Accounts

Customers

Current deposits	112,308,740	91,394,207
Savings deposits	115,269,782	125,316,032
Term deposits	30,468,697	24,830,685
	258,047,219	241,540,924

Financial institutions

Current deposits	86,950	35,468
Savings deposits	4,883,253	13,715,544
	4,970,203	13,751,012
	263,017,422	255,291,936

41.4 Islamic Banking Business Unappropriated Profit

Opening Balance	31,856,490	14,205,865
Impact on adoption of IFRS 9	(1,657,854)	–
Add: Islamic Banking profit for the period / year	11,099,801	17,650,625
Loss on sale of equity investment - FVOCI	(8,068)	–
Closing Balance	41,290,369	31,856,490

41.5 Contingencies and Commitments

Guarantees	17,018,417	14,463,377
Commitments	38,888,996	28,717,529
	55,907,413	43,180,906

(Un-audited)
 Half year ended

30 June 30 June
 2024 2023
 (Rupees in '000)

41.6 Profit / Return Earned on Financing, Investments and Placement

Profit earned on:		
Financing	8,649,146	6,492,034
Investments	21,809,819	12,385,448
Placements	485	90,958
	30,459,450	18,968,440

41.7 Profit on Deposits and Other Dues Expensed

Deposits and other accounts	12,221,607	8,187,848
Due to Financial Institutions	1,287,186	1,239,649
Due to Head Office	1,151,483	450,027
Lease liability against right-of-use assets	297,034	211,533
	14,957,310	10,089,057



41.8 Profit and Loss Distribution and Pool Management

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

General Pool PKR (Mudaraba)

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

Special Pool(s) PKR (Mudaraba)

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

General Pool FCY (Mudaraba)

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

Special Pool(s) FCY (Mudaraba)

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

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

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

Equity Pool

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

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

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

Parameters associated with risk and rewards:

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

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



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

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

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

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

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

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

The Bank calculates the profit of the pool at every month. Profit is distributed at the Net Income level. Net Income is calculated after deducting direct costs such as cost of Murabaha, cost of Takaful, Depreciation on Ijarah Assets, and amortization of premium on sukuks and loss of investments directly incurred in deriving that Income.

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

The Bank's profit sharing ratio during the quarter was 50% (31 December 2023: 50%) of Net Income and the depositors' profit sharing ratio was 50% (31 December 2023: 50%) of Net Income.

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

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



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

	30 June 2024 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share (Percentage)	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	17,113,405	6,685,202	39.06%	3,015,081	45.10%
FCY Pool	236,138	159,811	67.68%	24,606	15.40%
30 June 2023 (Un-audited)					
LCY Pool	10,981,993	4,081,234	37.16%	1,804,607	44.22%
FCY Pool	110,325	79,348	71.62%	12,304	15.51%

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

	(Un-audited) Half year ended	
	30 June 2024	30 June 2023
	(Percentage)	
Profit rate earned	19.40%	15.66%
Profit rate distributed	10.51%	8.99%

42. GENERAL

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

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

42.3 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation in accordance with the new format prescribed by SBP.

42.4 The Board of Directors, in its meeting held on 07 August 2024, has announced an interim cash dividend of Rs. 3.50 per share (30 June 2023: Rs. 4.50 per share).

43. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 07 August 2024.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman