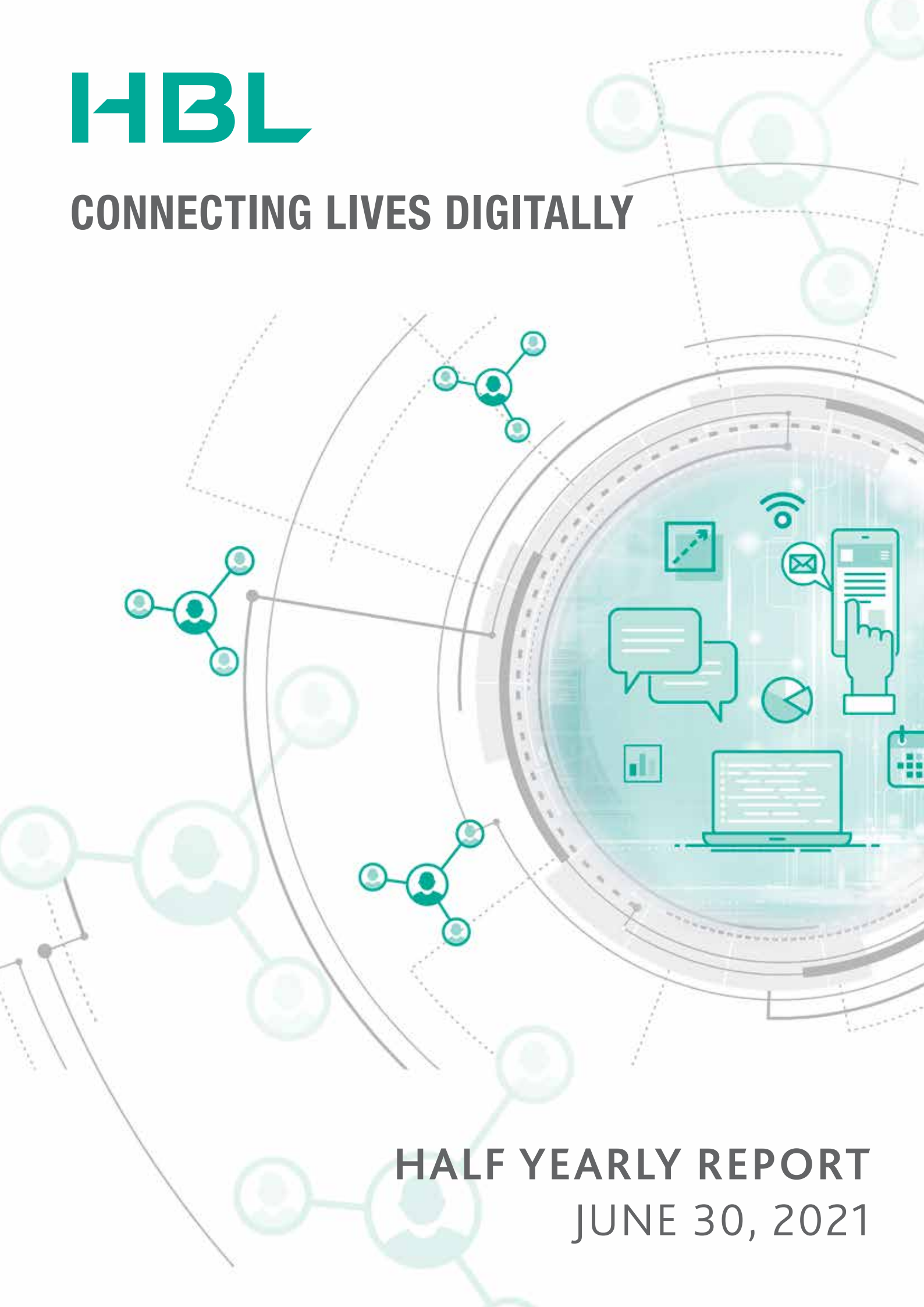




**CONNECTING LIVES DIGITALLY**



**HALF YEARLY REPORT**  
**JUNE 30, 2021**



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# Corporate Information

## Board of Directors

**Mr. Sultan Ali Allana**  
Chairman

**Mr. Shaffiq Dharamshi**  
Director

**Mr. Moez Ahamed Jamal**  
Director

**Mr. Salim Raza**  
Director

**Dr. Najeeb Samie**  
Director

**Mr. Khaleel Ahmed**  
Director

**Ms. Saba Kamal**  
Director

**Mr. Muhammad Aurangzeb**  
President & CEO

**Chief Operating Officer**  
Mr. Sagheer Mufti

**Chief Financial Officer**  
Mr. Rayomond Kotwal

**Company Secretary**  
Ms. Neelofar Hameed

**Legal Advisors**  
Mandviwalla and Zafar  
Legal Consultants and Advocates

**Auditors**  
KPMG Taseer Hadi & Co.  
Chartered Accountants

## Share Registrar

CDC Share Registrar Services Limited  
CDC House, 99 – B, Block 'B',  
S.M.C.H.S., Main Shakra-e-Faisal  
Karachi – 74400, Pakistan  
Tel: Customer Support Services  
(Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)  
Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)

## HBL Corporate Secretariat

Phone: (92-21) 37137543  
Fax: (92-21) 35148370

## Principal Office

Habib Bank Limited  
HBL Tower, Plot no. G-4,  
KDA Scheme 5, Block 7 Clifton,  
Karachi, Pakistan  
Phone: (92-21) 33116030

## Registered Office

Habib Bank Limited  
9th Floor, Habib Bank Tower,  
Jinnah Avenue, Blue Area,  
Islamabad, Pakistan.  
Phone: (92-51) 2270856, (92-51) 2821183  
Fax: (92-51) 2872205

## Websites:

Corporate Website:  
[www.hbl.com](http://www.hbl.com)

## Internet Banking:

[www.hbl.com/personal/digital-banking/hbl-internetbanking](http://www.hbl.com/personal/digital-banking/hbl-internetbanking)

## Konnect:

[www.hbl.com/konnect](http://www.hbl.com/konnect)

 [hblbank](https://www.facebook.com/hblbank) |  [HBLPak](https://twitter.com/HBLPak)



# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



# Directors' Review

On behalf of the Board of Directors, we are pleased to present the Consolidated Financial Statements for the six months ended June 30, 2021

## Macroeconomic Review

Pakistan's economy has demonstrated resilience, with real GDP growth of 3.9% surpassing earlier projections. Industrial output has rebounded well, as evident from a 14.6% growth in the Large-Scale Manufacturing (LSM) Index during 11MFY'21. The services sector, which faced the brunt of Covid-19 induced lockdowns, is also expected to post a rise of 4.4% during FY21. Headline inflation in Jun'21 fell to 9.7%, as a result of normalizing food prices, somewhat offset by an increase in prices of petroleum products. Average inflation in FY21 was 8.9%, at the higher end of the SBP's projected range of 7.0% – 9.0%, but lower than the 10.7% recorded in FY20.

The Current Account recorded a decade-low deficit of USD 1.9 billion for FY'21, 58% lower than the deficit of USD 4.5 billion in FY'20. Remittance flows have supported the current account, remaining sustainably above USD 2 billion per month for the entire year, rising by 27% to USD 29.4 billion. Exports have picked up pace, growing by 13.7% during FY'21 to historical highs. However, a steep rise in imports, driven by the resumption of economic activity and rising oil prices, has led to a widening of the trade deficit which increased by 33.3% to USD 28.2 billion.

The stability on the external front has led to a build-up in FX reserves which rose to USD 23.3 billion by the end of June 2021. Inflows from the IMF on account of the third tranche of the EFF, assistance from other multilateral sources and tapping international bond markets through a structured medium-term note (MTN) program have provided support to the reserves position. An enthusiastic response to the Roshan Digital Accounts program has seen inflows of USD 1.8 billion. Despite these positive developments, the Rupee came under pressure towards the end of Q2'21, reversing gains made in Q1'21 and depreciating by 3% against the USD.

The fiscal deficit for 9MFY'21 reduced to 3.6% of GDP, from 3.8% in the same period last year. Importantly, the Government has managed to increase its primary surplus to Rs 452 billion (1.0% of GDP) from Rs 194 billion (0.4% of GDP) during this period. The FY'21 deficit is projected at 7.1% and is targeted to reduce to 6.3% for FY'22 based on revenue growth expectations. Tax collection numbers have also been encouraging throughout FY'21 with net collection of Rs 4.7 trillion representing a growth of 18% over last year and exceeding the target for FY'21.

In 1H'21, the equity market witnessed a growth of 8.2%, with the KSE100 index briefly surpassing the 48,000 level. Activity on the bourse increased, with its highest ever traded volumes recorded in May. Notably, the PSX saw strong equity raising activity during FY'21, with 7 new issues, the highest since FY'07. Positive moves in the Federal Budget in June provided impetus to the equity market which closed the fiscal year with a 7-year high return of 37.6%.

The SBP continues to keep the interest rate unchanged at 7.0% since May 2020. In its latest Monetary Policy Statement (MPS), the SBP noted the tailwinds from a steady recovery, declining inflation expectations and strong consumer and business confidence. Simultaneously, the MPS highlighted that the headwinds arising from uncertainty around the pandemic continued to warrant an accommodative monetary policy. However, in its forward guidance, while maintaining its prior stance that the policy rate would remain broadly unchanged, the SBP pointed out that demand-fuelled inflation or balance of payments pressures could necessitate monetary tightening. Industry deposits have increased by 10.7% since December 2020; lending has also started to pick-up with advances growing by 6%. Banking spreads have reduced by 105 bps in H1'21 compared to H1'20, reflecting the impact of asset repricing.

## Financial Performance

HBL has delivered a consolidated profit before tax of Rs 31.2 billion for the first half of 2021, a growth of 21% over the Rs 25.8 billion reported for the first half of 2020. This has been achieved as a result of continued strong performance by the domestic franchise – where all key activity drivers remain on an upward trajectory – helped by the absence of New York costs and improvements in the International business. Concurrently, the Bank's profit after tax has increased from Rs 15.2 billion in H1'20 to Rs 18.0 billion in H1'21, with earnings per share rising from Rs 10.32 to Rs 12.04 over the same period.

The Bank has achieved significant milestones during the second quarter of 2021 as HBL became the first bank in Pakistan to achieve a balance sheet footing of Rs 4 trillion, a growth of 7% over Dec'20. This was achieved on the back of strong deposit mobilization as HBL's total deposits grew by 10%, crossing the Rs 3 trillion threshold, to reach Rs 3.1 trillion. HBL achieved another industry first, crossing the Rs 1 trillion mark in current accounts, which increased by 10% over Dec'20 to Rs 1.1 trillion. With credit demand gathering momentum, domestic advances increased by 4%,

crossing Rs 1 trillion for the first time. The Bank's Consumer business continues to perform exceptionally well, with its industry-leading loan book growing by 14% over Dec'20 to Rs 90 billion. With continuing rebuilding of the international lending book – which grew by 20% – HBL's total advances increased by 7% over Dec'20 to Rs 1.3 trillion.

Despite the industry-wide margin compression due to the low interest rate environment, HBL's net interest income grew by 3% to Rs 64.9 billion in H1'21; an increase of Rs 350 billion in average deposits drove an average balance sheet growth of Rs 400 billion, across both domestic and international businesses. Excluding capital gains, the Bank's non-fund income demonstrated a robust growth of 62% over H1'20. Fees and commissions were the main driver of this strong performance, increasing by 32%, to nearly Rs 12.0 billion. The growth in fees was broad-based, with double-digit increases across most key lines, but with standout contributions from Cards and Consumer Finance, and a solid growth in trade, where volumes increased by over 85%. Total revenue of the Bank thus increased by 3% over H1'20 to Rs 82.5 billion.

HBL's administrative expenses reduced by 2% over H1'20, despite continuing investment in digital initiatives, technology infrastructure upgrades and people. Consequently, the Bank's cost to income ratio (excluding capital gains) improved from 65.3% in H1'20 to 57.8% in H1'21. Total provisions reduced by 32% over H1'20 to Rs 3.7 billion in H1'21, with the latter mainly emanating from prudent subjective provisioning. Total NPLs of the Bank have declined by Rs 5.5 billion over Dec'20 and, coupled with a rise in lending, resulted in the infection ratio reducing to an all-time low of 5.5% in Jun'21. HBL's specific coverage also improved to 88.2%.

## Movement in Reserves

	Rs in million
Unappropriated profit brought forward	138,208
Profit attributable to equity holders of the Bank	17,656
Re-measurement gain on defined benefit obligations of associates – net of tax	4
Transferred from surplus on revaluation of assets – net of tax	160
	17,820
Profit available for appropriation	156,028
<b>Appropriations:</b>	
Transferred to statutory reserves	(1,913)
Cash dividend – Final 2020	(4,401)
Cash dividend – Q1 2021	(2,567)
Total appropriations	(8,881)
<b>Unappropriated profit carried forward</b>	<b>147,147</b>
<b>Earnings per share (Rs)</b>	<b>12.04</b>

## Capital Ratios

Despite the higher profitability, the Bank's Capital Adequacy Ratio (CAR) declined due to the impact of Rupee depreciation (Tier 1 CAR : 25 bps, Total CAR : 28 bps), and a sharp increase in Risk Weighted Assets, some of which is transient. The consolidated Tier 1 CAR of 13.1% and the total CAR of 16.8% remain well ahead of regulatory requirements.

## Credit Ratings

During the quarter, the Bank's credit ratings were re-affirmed by VIS Credit Rating Company Ltd at AAA/A-1+ for long term and short term respectively. The rating of its TFCs issued as Additional Tier 1 Capital have been reaffirmed as AA+. The Outlook on all ratings is Stable. The ratings incorporate HBL's position as the largest commercial bank in the country, its strong domestic franchise and diversified operations, and reflect its robust liquidity, sound capitalization and asset quality, and systemic importance.



## Dividend

The Board of Directors, in its meeting held on July 29, 2021, has declared an interim cash dividend of Rs 1.75 per share (17.5%) for the quarter ended June 30, 2021.

## Future Outlook

The country's growth momentum appears sustainable, driven by recovery in the manufacturing and services sectors. GDP growth is projected at 4.8% in FY'22 on the back of spending and supportive revenue measures. The current inflation projection of 8.2% for FY'22 is credible but rising fuel and utility prices could pose an upside risk. The Government's and SBP's collaborative focus towards housing finance, along with directed lending targets for the banking sector, should boost growth in the construction sector, having a multiplier effect and lifting allied industries as well. The recent budget is balanced but growth-oriented; while no new major taxes have been announced, measures have been introduced to improve tax administration and widen the tax base.

Pakistan's vaccination program is on track; the government opened vaccination for everyone aged 19 or older, driven by an influx of Chinese vaccines. However, the latest surge in Covid-19 cases and the prevalence of the Delta variant poses a real challenge. The accelerated roll-out of vaccines, which are now becoming mandatory, is critical and, along with social distancing measures, must be strictly enforced. However, in the short-term, these will dampen economic growth.

FY'21 has seen positive developments in the external position with the build-up of reserves and the earlier appreciation of the Rupee. However, the fragility of the external account has been driven home by the abrupt reversal in June. Higher oil prices and rising industrial imports will keep the import bill elevated and continue to exert pressure on the Current Account, exacerbating the currency weakness. The ability of the Government to tap international bond markets under the MTN program, as demonstrated by the raising of USD 1 billion in July is a welcome note. However, the timely and successful completion of the 6th IMF review under the EFF, now scheduled for September will, as always, be critical to further boost FX reserves and restore external account stability, ensuring that business sentiments remain anchored. The ability and willingness of the Government to address structural issues – governance and privatization of SOEs, broadening the tax base and addressing the circular debt – will be key to the success of the EFF program and require urgent attention.

HBL has continued its momentum from the first quarter, with all businesses and activity drivers showing improved performance. The real drivers of these strong results are our customers, who are at the heart of all we do. We remain focused on developing solutions tailored to their needs and simplifying banking to deliver them a superior experience. At HBL, the technology company with a banking license, we are accelerating our digital assets and footprint to provide a broad range of innovative client-centric products and are gratified to have been recently rewarded with numerous prestigious awards in this space.

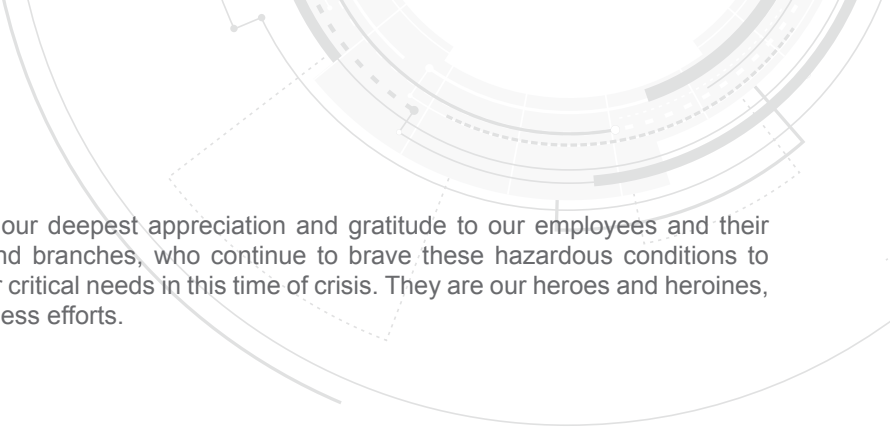
HBLPSL, our tribute to the millions of passionate Pakistani fans successfully concluded during the quarter. We are delighted that our efforts to promote Pakistan and cricket were recognized by external stakeholders; the HBLPSL digital show won at both the prestigious Effie Awards as well as the Pakistan Digital Awards. HBL continues to partner with the Government, providing thought leadership across multiple fronts. We reaffirm our commitment to supporting customers and the real economy, particularly in these challenging times. Our staff have stepped up and delivered throughout the pandemic, and HBL has adopted industry-leading measures for their support. The Bank continues to further its diversity agenda, hiring and elevating women to key positions, and is making progress on its initiative to hire differently-abled individuals in all areas of its operations.

## Appreciation and Acknowledgement

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

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





Lastly, but certainly not the least, we express our deepest appreciation and gratitude to our employees and their families, especially in customer facing units and branches, who continue to brave these hazardous conditions to ensure that our customers are able to meet their critical needs in this time of crisis. They are our heroes and heroines, and we salute them for their dedication and tireless efforts.

On behalf of the Board

**Muhammad Aurangzeb**  
**President & Chief Executive Officer**

July 29, 2021

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

## مالیاتی کارکردگی

سال 2021ء کی پہلی ششماہی کے لیے HBL کا مجموعی قبل از محصول منافع 31.2 ارب روپے رہا، جو 2020ء کی پہلی ششماہی کے 25.8 ارب روپے منافع کے مقابلے میں 21% زیادہ ہے۔ یہ ملکی فریجیٹ کی مسلسل مستحکم کارکردگی کا نتیجہ ہے، جہاں سرگرمی کے تمام اہم عوامل مثبت سمت میں آگے بڑھ رہے ہیں، نیز نیویارک کے اخراجات ختم ہونے اور بین الاقوامی کاروبار میں بہتری سے بھی مدد ملی۔ نتیجتاً، بینک کا بعد از محصول منافع 2020ء کی پہلی ششماہی میں 15.2 ارب روپے سے بڑھ کر 2021ء کی پہلی ششماہی میں 18.0 ارب روپے ہو گیا، جبکہ اسی عرصے کے دوران فی حصص آمدنی 10.32 روپے سے بڑھ کر 12.04 روپے ہو گئی۔

بینک نے 2021ء کی دوسری سہ ماہی کے دوران نمایاں سنگ میل عبور کیے اور HBL پاکستان میں 4 کھرب روپے کی بیلنس شیٹ حاصل کرنے والا پہلا بینک بن گیا، جو دسمبر 2020ء کے مقابلے میں 7% اضافہ ہے۔ یہ کارکردگی ڈپازٹس میں مستحکم اضافے کے باعث ممکن ہوئی جہاں HBL کے مجموعی ڈپازٹس میں 10% اضافہ ہوا، جو 3 کھرب روپے کی حد کو عبور کرتے ہوئے 3.1 کھرب روپے تک پہنچ گئے۔ HBL نے انڈسٹری میں پہلی بار ایک اور ہدف حاصل کرتے ہوئے کرنٹ اکاؤنٹس میں 1 کھرب روپے کا سنگ میل عبور کیا جو دسمبر 2020ء کے مقابلے میں 10% اضافے کے ساتھ 1.1 کھرب روپے ہو گئے۔ کریڈٹ کی طلب میں اضافے کے رجحان کے ساتھ، ملکی قرضے 4% سے بڑھ کر پہلی بار 1 کھرب روپے سے تجاوز کر گئے۔ بینک کے کنزیومر بزنس نے مسلسل غیر معمولی طور پر بہتر کارکردگی کا مظاہرہ جاری رکھا، جس کے قرضوں کا کھاتہ دسمبر 2020ء کے مقابلے میں 14% اضافے کے بعد 90 ارب روپے ہو گیا جو انڈسٹری میں سرفہرست ہے۔ بین الاقوامی قرضوں کے کھاتے کی تشکیل نو کا عمل جاری رہا، جن میں 20% اضافہ ہوا، اور HBL کے مجموعی قرضے دسمبر 2020ء کے مقابلے میں 7% اضافے کے ساتھ 1.3 کھرب روپے ہو گئے۔

کم شرح سود کے باعث انڈسٹری بھر میں دباؤ کے باوجود، HBL کی خالص منافع آمدن 2021ء کی پہلی ششماہی میں 3% اضافے کے ساتھ 64.9 ارب روپے ہو گئی؛ ملکی اور غیر ملکی دونوں کاروباروں میں اوسط ڈپازٹس میں 350 ارب روپے کے اضافے کے باعث اوسط بیلنس شیٹ میں 400 ارب روپے کا اضافہ ہوا۔ حاصلات سرمایہ سے قطع نظر، بینک کی غیر سرمایہ آمدن نے 2020ء کی پہلی ششماہی کے مقابلے میں 62% کی بھرپور ترقی کی۔ فیس اور کمیشن اس مستحکم کارکردگی کے اہم عوامل رہے، جو 32% اضافے کے ساتھ تقریباً 12.0 ارب روپے ہو گئے۔ فیس میں وسیع پیمانے پر اضافہ ہوا جو تقریباً تمام اہم شعبوں میں دہرے ہندسے پر مشتمل تھا، جس میں کارڈز اور کنزیومر فنانس کی نمایاں کارکردگی کے ساتھ ٹریڈ کی بھرپور ترقی کا بھی کردار تھا جس کے حجم میں 85% سے زیادہ اضافہ ہوا۔ چنانچہ بینک کی مجموعی آمدنی 2020ء کی پہلی ششماہی کے مقابلے میں 3% اضافے کے ساتھ 82.5 ارب روپے ہو گئی۔

ڈیجیٹل منصوبوں، ٹیکنالوجی انفراسٹرکچر کو اپ گریڈ کرنے اور اپنے عملے میں مسلسل سرمایہ کاری کے باوجود 2020ء کی پہلی ششماہی کے مقابلے میں HBL کے انتظامی اخراجات میں 2% کمی واقع ہوئی۔ نتیجتاً، بینک کی لاگت سے آمدن کا تناسب (حاصلات سرمایہ کے بغیر) 2020ء کی پہلی ششماہی میں 65.3% تھا جو 2021ء کی پہلی ششماہی میں بہتر ہو کر 57.8% ہو گیا۔ 2020ء کی پہلی ششماہی کے مقابلے میں مجموعی پروٹون 32% سے کم ہو کر 2021ء کی پہلی ششماہی میں 3.7 ارب روپے ہو گیا، جبکہ موخر الذکر کا بیشتر حصہ محتاط انفرادی پروٹون پر مشتمل ہے۔ بینک کے مجموعی NPLs میں دسمبر 2020ء کے مقابلے میں 5.5 ارب روپے کی کمی ہوئی اور، قرضوں میں اضافے کے ساتھ مل کر، جون 2021ء میں انفیکشن کا تناسب کم ہو کر اب تک کی سب سے کم شرح 5.5% پر آ گیا۔ HBL کی مخصوص کوریج بھی بہتری کے ساتھ 88.2% ہو گئی۔

## ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے، 30 جون 2021ء کو اختتام پذیر ہونے والی ششماہی کے مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

## کلیاتی اقتصادیات کا جائزہ

پاکستان کی معیشت نے GDP کی حقیقی نمو میں 3.9% اضافے کے ساتھ ابھر کر گزشتہ تینوں سہ ماہیوں سے تجاوز کیا ہے۔ صنعتی پیداوار میں زبردست بحالی ہوئی ہے جو مالی سال 2021ء کے 11 ماہ کے دوران بڑے پیمانے پر مینوفیکچرنگ (LSM) انڈیکس میں 14.6% اضافے سے ظاہر ہے۔ خدمات کے شعبے کو Covid-19 کے سبب لاک ڈاؤن سے نقصان اٹھانا پڑا، اس میں ابھی مالی سال 2021ء کے دوران بھی 4.4% اضافے کی توقع کی جا رہی ہے۔ پٹرولیم مصنوعات کی قیمتوں میں اضافے کے باعث غذائی قیمتیں معمول پر لانے کے نتیجے میں جون 21 میں عمومی افراط زر کم ہو کر 9.7% ہو گئی۔ مالی سال 2021ء میں اوسط افراط زر 8.9% رہی، جو SBP کے تخمینے کی حد 7.0% تا 9.0% سے زیادہ ہے، لیکن مالی سال 2020ء کی ریکارڈ کی گئی 10.7% سے کم ہے۔

کرنٹ اکاؤنٹ میں مالی سال 2021ء کے لیے دس سالہ کم ترین خسارہ 1.9 ارب امریکی ڈالر ریکارڈ کیا گیا، جو مالی سال 2020ء کے خسارے 4.5 ارب امریکی ڈالر سے 58% کم ہے۔ ترسیلات زر کے بہاؤ نے کرنٹ اکاؤنٹ کو سہارا دیا، جو پورا سال مستقل 2 ارب امریکی ڈالر ماہانہ سے اوپر رہا اور 27% تک بڑھ کر 29.4 ارب امریکی ڈالر ہو گیا۔ برآمدات میں تیزی سے مالی سال 2021ء کے دوران 13.7% اضافے سے تاریخی بلندی حاصل ہوئی ہے۔ تاہم، اقتصادی سرگرمی کی بحالی اور تیل کی بڑھتی ہوئی قیمتوں کے نتیجے میں درآمدات میں تیزی سے تجارتی خسارہ بڑھا ہے جو 33.3% اضافے سے 28.2 ارب امریکی ڈالر تک پہنچ گیا ہے۔

بیرونی میدان میں پائیداری کے نتیجے میں زرمبادلہ کے ذخائر میں اضافہ جون 2021ء کے آخر تک بڑھ کر 23.3 ارب امریکی ڈالر ہو گیا۔ EFF کی تیسری قسط کی صورت میں IMF کی امداد، دیگر کثیر جہتی ذرائع سے معاونت اور ایک اسٹرکچرڈ میڈیم ٹرم نوٹ (MTN) پروگرام کے ذریعے بین الاقوامی بانڈ مارکیٹوں کی چھان بھٹک سے ذخائر کی صورت حال بہتر ہوئی۔ روشن ڈیجیٹل اکاؤنٹس پروگرام کے پُر جوش رد عمل میں 1.8 ارب امریکی ڈالر آمدنی دیکھنے میں آئی ہے۔ ان مثبت تبدیلیوں کے باوجود، سال 2021ء کی دوسری سہ ماہی کے اختتام میں روپیہ زیر دباؤ آگیا، جس نے سال 2021ء کی پہلی سہ ماہی میں حاصل ہونے والا منافع پلٹ دیا اور امریکی ڈالر کے مقابلے میں 3% سے کم ہو گیا۔

مالی سال 2021ء کے نو ماہ کے لیے مالی خسارہ کم ہو کر GDP کا 3.6% ہو گیا، جو گزشتہ سال اسی مدت کے لیے 3.8% تھا۔ یہ بات اہمیت کی حامل ہے کہ اس مدت میں حکومت اپنا بنیادی سرپلس 194 ارب روپے (GDP کا 0.4%) سے 452 ارب روپے (GDP کا 1.0%) تک بڑھانے میں کامیاب رہی۔ مالی سال 2021ء کے خسارے کا تخمینہ 7.1% ہے اور مالی سال 2022ء میں اس میں 6.3% تک کمی متوقع ہے جس کا انحصار محصول میں اضافے کی توقعات پر ہے۔ پورے مالی سال 2021ء کے دوران ٹیکس وصولی کے اعداد و شمار بھی حوصلہ افزا رہے ہیں جس میں خالص وصولی 4.7 کھرب روپے، پچھلے سال کے مقابلے میں 18% نمو ظاہر کر رہی ہے جو مالی سال 2021ء کے ہدف سے زیادہ ہے۔

سال 2021ء کی پہلی ششماہی میں KSE 100 انڈیکس کے مختصر طور پر 48,000 کی سطح عبور کرنے کے ساتھ ایکویٹی مارکیٹ میں 8.2% نمو نظر آئی۔ بازار حصص میں سرگرمیاں بڑھ گئیں، مئی میں اب تک کاسب سے بڑا تجارتی حجم ریکارڈ کیا گیا۔ PSX نے خصوصاً مالی سال 21 کے دوران 7 نئے لیسٹرز کے ساتھ ایکویٹی میں اضافے کی بھرپور سرگرمی دیکھی، جو مالی سال 2007ء کے بعد بلند ترین ہے۔ جون میں وفاقی بجٹ میں مثبت پیش رفت سے ایکویٹی مارکیٹ کو تقویت ملی جس سے مالی سال 7 سالہ منافع کی اعلیٰ ترین سطح 37.6% پر بند کیا گیا۔

SBP مئی 2020ء سے شرح سود کو 7.0% پر برقرار رکھ رہا ہے۔ اپنے تازہ ترین مالیاتی پالیسی بیان (MPS) میں، SBP نے مستحکم ریکوری کے مثبت اثرات، مہنگائی میں اضافے کی توقعات کی تردید اور صارفین اور کاروباری اعتماد میں اضافے کے بارے میں بیان کیا ہے۔ اس کے ساتھ ساتھ، MPS میں وبائی امراض کے باعث غیر یقینی صورتحال سے پیدا ہونے والے منفی اثرات کے باوجود ایک مناسب مالیاتی پالیسی کی ضمانت پر روشنی ڈالی گئی ہے۔ تاہم، اس کی آئندہ رہنمائی میں، اپنے سابقہ موقف کو برقرار رکھتے ہوئے کہ پالیسی کی شرح وسیع پیمانے پر وہی رہے گی، SBP نے نشاندہی کی ہے کہ طلب سے بڑھنے والی مہنگائی یا ادائیگیوں کے توازن کے دباؤ سے مالیاتی تنگی پیدا ہو سکتی ہے۔ صنعتی ذخائر میں دسمبر 2020ء سے 10.7% اضافہ ہوا ہے۔ قرضہ جات میں بھی ایڈوانس کی 6% نمو سے تیزی آئی ہے۔ سال 2020ء کی پہلی ششماہی کے مقابلے میں سال 2021ء کی پہلی ششماہی میں بینکنگ سپر ایڈوانس 105 بی پی ایس تک کم ہو گیا ہے، جس سے اثاثوں کی قیمت میں تبدیلی کے اثرات ظاہر ہوتے ہیں۔

## مستقبل کی صورت حال

مینوفیکچرنگ اور خدمات کے شعبوں میں بحالی کے سبب ملکی ترقی کی رفتار مستحکم نظر آرہی ہے۔ مالی سال 22 میں GDP کی نمو کا تخمینہ 4.8% ہے جس کا انحصار اخراجات اور معاون محصولی اقدامات پر ہے۔ مالی سال 2022ء کے لیے افراط زر کی 8.2% کی موجودہ پیش گوئی مستند ہے لیکن ایندھن اور یوٹیلٹی کی قیمتوں میں اضافے سے خطرہ لاحق ہو سکتا ہے۔ حکومت اور SBP کی مشترکہ توجہ ہاؤسنگ فنڈز کے ساتھ ساتھ بینکنگ سیکٹر کے لیے ہدایتی قرضے کے اہداف سے تعمیری شعبے میں ترقی ہوگی جس کا دور رس اثر اس سے وابستہ دیگر صنعتوں کو بھی ابھارے گا۔ حالیہ بجٹ متوازن لیکن ترقی پر مبنی ہے جس میں کسی نئے بڑے ٹیکس کا اعلان نہیں کیا گیا ہے، تاہم ٹیکس ایڈمنسٹریشن اور ٹیکس میں بہتری اور وسعت کے اقدامات پیش کیے گئے ہیں۔

پاکستان میں ویکی نیشن پروگرام درست روش پر ہے۔ حکومت نے چینی ویکسین کی درآمد کے بعد 19 سال یا اس سے زیادہ عمر کے لوگوں کے لیے ویکی نیشن کھول دی ہے۔ تاہم، Covid-19 کیسز میں تازہ ترین اضافے اور ڈیلٹا ویریننٹ کی موجودگی سے ایک حقیقی خطرہ درپیش ہے۔ ویکسین جواب لازمی قرار دے دی گئی ہے، اسے لگانے کے عمل میں تیزی نہایت اہم ہے اور سماجی دوری کے اقدامات کے ساتھ اس پر سختی سے عمل درآمد ضروری ہے۔ تاہم، عارضی طور پر یہ معاشی نمو کو کم کر دیں گے۔

مالی سال 2021ء میں بیرونی صورتحال میں ذخائر میں اضافے اور روپے کی قدر افزائی کے ساتھ مثبت تبدیلیاں دیکھی گئیں۔ البتہ، بیرونی اکاؤنٹ کی نزاکت جون میں اچانک الٹ جانے سے واپس آگئی۔ تیل کی قیمت میں اضافے اور بڑھتی ہوئی صنعتی درآمدات، درآمدی بل کو بھاری رکھیں گے اور کرنسی کو کمزور کرتے ہوئے کرنٹ اکاؤنٹ پر دباؤ ڈالتے رہیں گے۔ حکومت کی MTN پروگرام کے تحت بین الاقوامی بانڈ مارکیٹوں کی چھان بھٹک کی صلاحیت جولائی میں 1 ارب امریکی ڈالر کے اضافے سے ظاہر ہوئی جو کہ خوش آئند ہیں۔ تاہم، اب EFF کے تحت ستمبر میں ہونے والے چھٹے IMF جائزے کی بروقت اور کامیاب تکمیل، ہمیشہ کی طرح، زرمبادلہ کے ذخائر میں مزید اضافے اور بیرونی اکاؤنٹ کی مستحکم بحالی کے لیے اہم ثابت ہوگی، اس یقین دہانی کے ساتھ کہ کاروباری جذبات برقرار رہیں۔ حکومت کی ساختی مسائل کو حل کرنے کی صلاحیت اور عزم - SOEs کی نگرانی اور نجکاری، ٹیکس میں کی وسعت اور گردشی قرضوں کا حل - EFF پروگرام کی کامیابی کی کنجی ہوگی اور اس پر فوری توجہ کی ضرورت ہے۔

HBL نے تمام کاروباری اداروں اور سرگرمیوں میں بہترین کارکردگی کے ساتھ پہلی سہ ماہی سے ہی اپنی رفتار برقرار رکھی ہے۔ ان بہترین نتائج کے اصل محرک ہمارے صارفین ہیں، جو ہمارے تمام کاموں کی اساس ہیں۔ ہم ان کی ضروریات کے مطابق حل تلاش کرنے اور بینکاری کو آسان بنانے پر توجہ مرکوز رکھتے ہیں تاکہ ان کو ایک اعلیٰ تجربہ فراہم کیا جاسکے۔ بینکاری کا لائسنس رکھنے والی ایک ٹیکنالوجی کمپنی کی حیثیت سے HBL میں، ہم اپنے ڈیجیٹل اثاثوں کو فروغ دے رہے ہیں اور جدید کلائنٹ کی مرکزیت پر مبنی مصنوعات کی ایک وسیع رینج فراہم کرنے کے لیے قدم بڑھا رہے ہیں اور حال ہی میں اس حیثیت میں متعدد معزز ایوارڈز سے نوازے جانے پر مشکور ہیں۔

HBLPSL، لاکھوں پرجوش پاکستانی شائقین کو ہمارا پیش کردہ خراج تحسین، اس سہ ماہی کے دوران کامیابی کے ساتھ اختتام پذیر ہوا۔ ہمیں خوشی ہے کہ ہماری پاکستان اور کرکٹ کو فروغ دینے کی کوششوں کو بیرونی اسٹیک ہولڈرز نے تسلیم کیا۔ HBLPSL ڈیجیٹل شونے دو مستند ایف ایل اے پاکستان ڈیجیٹل ایوارڈ بھی جیتے۔ HBL نے حکومت کے ساتھ شراکت جاری رکھی ہے، اور متعدد میدانوں میں فکر انگیز قیادت فراہم کر رہا ہے۔ ہم خصوصاً ان مشکل حالات میں صارفین اور حقیقی معیشت کی معاونت کے عزم کی توثیق کرتے ہیں۔ ہمارے عملے نے وبا کے دوران آگے بڑھ کر کام کیا اور نتائج دیے اور HBL نے ان کی معاونت میں صنعتی قائدانہ اقدامات کیے ہیں۔ بینک اپنے متنوع ایجنڈا کے فروغ کے لیے کوشاں ہے، خواتین کی اہم عہدوں پر تقرری اور ترقی پر کام کر رہا ہے، اور اپنے تمام شعبوں میں مختلف اہلیت کے حامل افراد کی خدمات حاصل کرنے کے اقدام پر پیش رفت کر رہا ہے۔

## اظہار تشکر

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

## ذخائر میں اتار چڑھاؤ

ملین روپے

138,208

افتتاحی غیر تخصیص شدہ منافع

17,656
4
160
17,820
156,028

بینک ایکویٹی کے حامل افراد کے لیے قابل ادائیگی منافع وضاحت شدہ منفعت کی ذمہ داریوں پر منافع کی دوبارہ پیمائش۔ محصول کا خالص اثاثہ جات کی دوبارہ تشخیص پر سرپلس سے منتقل شدہ۔ محصول کا خالص

مناسب کارروائی کے لیے دستیاب منافع

## مختلف مدوں میں رکھی گئی رقم:

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ۔ حتیٰ 2020ء

نقد منافع منقسمہ۔ پہلی سہ ماہی 2021ء

مجموعی مناسب کارروائیاں

افتتاحی غیر تخصیص شدہ منافع

(1,913)
(4,401)
(2,567)
(8,881)
147,147

12.04

فی حصص (شیر) آمدن (روپے)

## سرمائے کا تناسب

زیادہ منافع کے باوجود، روپے کی قدر میں کمی اور پُر خطر اثاثہ جات میں عارضی اضافے کے باعث بینک کے کیپٹل ایڈیکویسی ریشو (CAR) میں کمی ہوئی (Tier 1 CAR: 25، مجموعی CAR: 28)۔ مجموعی Tier 1 CAR کا 13.1% اور کل CAR کا 16.8% ریگولیٹری شرائط سے کافی زیادہ رہا۔

## کریڈٹ ریٹنگ

مذکورہ سہ ماہی کے دوران، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے طویل المیعاد اور قلیل المیعاد کے لیے بالترتیب بینک کی کریڈٹ ریٹنگز + A-1 / AAA کی دوبارہ توثیق کی۔ اضافی Tier 1 سرمائے کے طور پر جاری کردہ TFCs کی ریٹنگ کی بھی + AA کے طور پر توثیق ہوئی۔ تمام ریٹنگ کا منظر نامہ مستحکم ہے۔ یہ ریٹنگز ملک میں سب سے بڑے کمرشل بینک کے طور پر HBL کے مقام، اس کی مستحکم ملکی فریچائز اور متنوع آپریشنز کی نشاندہی کرتی ہیں، اور بینک کی مضبوط لیکویڈیٹی، قابل اعتماد سرمایہ کاری اور اثاثہ جات کے معیار، اور نظام کی اہمیت کی عکاس ہیں۔

## منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 29 جولائی 2021ء کو منعقدہ اجلاس میں 30 جون 2021ء کو ختم ہونے والی سہ ماہی کے لیے 1.75 روپے فی حصص (17.5%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔



ہم اپنے صارفین کے احسان مند ہیں جو اپنے کاروبار اور اعتماد کے ذریعے اپنا بھروسہ جاری رکھے ہوئے ہیں۔ ہمارے حصص یافتگان نے ثابت قدمی سے ہمارا ساتھ دیا ہے اور اُن کے ساتھ ساتھ ہم تمام اسٹیک ہولڈرز کے انتہائی شکر گزار ہیں۔ بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پُر عزم ہے اور ہم اپنے اسٹیک ہولڈرز کو یقین دلاتے ہیں کہ اس خطے میں ہم اپنی کاروباری صنعت میں عروج پر ہوں گے۔

آخر میں، ہم اپنے تمام ملازمین اور اُن کے اہل خانہ، بالخصوص کسٹمر کا سامنا کرنے والے یونٹس اور برانچوں میں موجود عملے کے تیر دل سے شکر گزار ہیں، جنہوں نے ان خطرناک حالات میں بہادری کا مظاہرہ کرتے ہوئے اس بحران میں ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنائی۔ یہ ہمارے ہیر واور ہیر وکن ہیں اور ہم اُن کے عزم اور انتھک محنت کے لیے انہیں خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ

معیز احمد جمال  
ڈائریکٹر

محمد اورنگزیب  
صدر اور چیف ایگزیکٹو آفیسر

29 جولائی 2021ء

# Condensed Interim Consolidated Statement of Financial Position

As at June 30, 2021

	Note	(Unaudited) June 30, 2021	(Audited) December 31, 2020
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks	5	379,894,164	375,280,120
Balances with other banks	6	48,234,081	56,533,829
Lendings to financial institutions	7	145,746,153	30,154,193
Investments	8	2,007,151,335	1,948,576,822
Advances	9	1,310,290,303	1,223,510,222
Fixed assets	10	94,422,431	89,190,210
Intangible assets	11	10,870,230	10,412,880
Deferred tax assets		-	-
Other assets	12	126,959,412	115,404,542
		<b>4,123,568,109</b>	<b>3,849,062,818</b>
<b>LIABILITIES</b>			
Bills payable	13	53,579,426	46,434,199
Borrowings	14	506,821,070	544,107,826
Deposits and other accounts	15	3,113,461,750	2,830,371,390
Liabilities against assets subject to finance lease		-	-
Subordinated debt	16	12,374,000	22,356,000
Deferred tax liabilities	17	8,360,621	10,387,859
Other liabilities	18	156,282,064	129,910,297
		<b>3,850,878,931</b>	<b>3,583,567,571</b>
<b>NET ASSETS</b>			
		<b>272,689,178</b>	<b>265,495,247</b>
<b>REPRESENTED BY</b>			
<b>Shareholders' equity</b>			
Share capital		14,668,525	14,668,525
Reserves		72,760,089	72,062,025
Surplus on revaluation of assets - net of tax	19	33,200,494	36,004,914
Unappropriated profit		147,147,449	138,208,223
Total equity attributable to the equity holders of the Bank		<b>267,776,557</b>	<b>260,943,687</b>
Non-controlling interest		<b>4,912,621</b>	<b>4,551,560</b>
		<b>272,689,178</b>	<b>265,495,247</b>

## CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Dr. Najeeb Samie  
Director

Salim Raza  
Director

Khaleel Ahmed  
Director

# Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the six months ended June 30, 2021

	Note	January 01 to June 30, 2021	January 01 to June 30, 2020	April 01 to June 30, 2021	April 01 to June 30, 2020
(Rupees in '000)					
Mark-up / return / profit / interest earned	22	126,863,614	143,131,563	63,400,712	70,485,749
Mark-up / return / profit / interest expensed	23	61,999,976	80,056,387	31,006,348	35,424,033
Net mark-up / return / profit / interest income		64,863,638	63,075,176	32,394,364	35,061,716
<b>Non mark-up / interest income</b>					
Fee and commission income	24	11,777,235	8,899,718	5,872,874	4,169,171
Dividend income		343,165	196,897	225,563	117,378
Share of profit of associates and joint venture		1,235,837	1,227,025	976,517	971,676
Foreign exchange income / (loss)		1,463,809	(742,336)	568,008	451,432
Income / (loss) from derivatives		890,867	258,278	(288,420)	538,582
Gain on securities - net	25	1,481,644	6,706,856	1,687,994	4,426,886
Other income	26	416,786	97,077	344,607	190,889
Total non mark-up / interest income		17,609,343	16,643,515	9,387,143	10,866,014
Total income		82,472,981	79,718,691	41,781,507	45,927,730
<b>Non mark-up / interest expenses</b>					
Operating expenses	27	46,851,946	47,672,039	22,949,969	22,032,846
Workers' Welfare Fund - charge		635,279	516,746	316,133	355,227
Other charges	28	51,862	232,608	9,629	410
Total non mark-up / interest expenses		47,539,087	48,421,393	23,275,731	22,388,483
<b>Profit before provisions and taxation</b>		34,933,894	31,297,298	18,505,776	23,539,247
Provisions/ (reversals) and write offs - net	29	3,736,925	5,467,852	1,817,015	4,842,579
<b>Profit before taxation</b>		31,196,969	25,829,446	16,688,761	18,696,668
<b>Taxation</b>	30	13,166,999	10,640,834	7,218,648	7,616,158
<b>Profit after taxation</b>		18,029,970	15,188,612	9,470,113	11,080,510
<b>Attributable to:</b>					
Equity holders of the Bank		17,656,237	15,143,498	9,320,386	11,047,353
Non-controlling interest		373,733	45,114	149,727	33,157
		18,029,970	15,188,612	9,470,113	11,080,510
<b>Rupees</b>					
<b>Basic and diluted earnings per share</b>	31	12.04	10.32	6.35	7.53

The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Dr. Najeer Samie  
Director

Salim Raza  
Director

Khaleel Ahmed  
Director

# Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended June 30, 2021

	January 01 to June 30, 2021	January 01 to June 30, 2020	April 01 to June 30, 2021	April 01 to June 30, 2020
	(Rupees in '000)			
<b>Profit after taxation for the period attributable to:</b>				
Equity holders of the Bank	17,656,237	15,143,498	9,320,386	11,047,353
Non-controlling interest	373,733	45,114	149,727	33,157
	18,029,970	15,188,612	9,470,113	11,080,510
<b>Other comprehensive income / (loss)</b>				
<i>Items that may be reclassified to the profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax, attributable to:				
Equity holders of the Bank	(1,399,298)	3,584,096	2,991,430	413,048
Non-controlling interest	(2,540)	17,046	35,239	5,269
	(1,401,838)	3,601,142	3,026,669	418,317
Increase / (decrease) in share of exchange translation reserve of associates- net of tax	185,377	(26,464)	4,892	58,466
Movement in surplus / deficit on revaluation of investments - net of tax, attributable to:				
Equity holders of the Bank	(2,568,711)	14,905,012	1,180,597	9,155,705
Non-controlling interest	(9,106)	25,421	(3,245)	46,522
	(2,577,817)	14,930,433	1,177,352	9,202,227
Movement in share of surplus / deficit on revaluation of investments of associates - net of tax	(76,302)	(134,168)	(31,978)	(40,585)
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods:</i>				
Share of remeasurement gain on defined benefit obligations of associates - net of tax	3,458	2,644	115	-
<b>Total comprehensive income</b>	<b>14,162,848</b>	<b>33,562,199</b>	<b>13,647,163</b>	<b>20,718,935</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Bank	13,867,957	33,474,618	13,465,442	20,633,987
Non-controlling interest	294,891	87,581	181,721	84,948
	<b>14,162,848</b>	<b>33,562,199</b>	<b>13,647,163</b>	<b>20,718,935</b>

The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

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President and  
Chief Executive Officer

Rayomond Kotwal  
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Dr. Najeeb Samie  
Director

Salim Raza  
Director

Khaleel Ahmed  
Director

# Condensed Interim Consolidated Statement of Changes In Equity (Unaudited)

For the six months ended June 30, 2021

	Attributable to shareholders of the Bank										Non-controlling interest	Total
	Share capital	Statutory		Reserves			Unappropriated profit	Surplus/(Deficit) on revaluation of		Sub Total		
		Joint venture and subsidiary	Bank	Exchange translation	Non-distributable capital	Capital reserve on acquisition of common control entity		Investments	Fixed / Non Banking Assets			
(Rupees in '000)												
Balance as at December 31, 2019	14,668,525	1,239,213	33,463,859	31,167,030	547,115	(156,706)	114,550,097	3,530,150	21,345,233	220,354,516	4,396,996	224,751,512
Comprehensive income for the six months ended June 30, 2020												
Profit after taxation for the six months ended June 30, 2020	-	-	-	-	-	-	15,143,498	-	-	15,143,498	45,114	15,188,612
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	3,584,096	-	-	-	-	-	3,584,096	17,046	3,601,142
Decrease in share of exchange translation reserve of associates - net of tax	-	-	-	(26,464)	-	-	-	-	-	(26,464)	-	(26,464)
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	2,644	-	-	2,644	-	2,644
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	-	14,905,012	-	14,905,012	25,421	14,930,433
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	-	(134,168)	-	(134,168)	-	(134,168)
Transferred to statutory reserves	-	121,339	1,492,478	-	-	-	15,146,142	14,770,844	-	33,474,618	87,581	33,562,199
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	(1,613,817)	-	-	-	-	-
Exchange gain realised on capital reduction in subsidiary under liquidation - net of tax	-	-	-	(1,082,350)	-	-	-	-	-	(1,082,350)	-	(1,082,350)
Reversal of deferred tax asset recognised on subsidiary under liquidation	-	-	-	-	-	-	(108,817)	-	-	(108,817)	-	(108,817)
Exchange loss realised on closure of Bank branch - net of tax	-	-	-	1,151,197	-	-	-	-	-	1,151,197	-	1,151,197
Transactions with owners, recorded directly in equity												
Final cash dividend - Rs 1.25 per share declared subsequent to the year ended December 31, 2019	-	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)	-	(1,833,565)
1st interim cash dividend - Rs 1.25 per share	-	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)	-	(1,833,565)
	-	-	-	-	-	-	(3,667,130)	-	-	(3,667,130)	-	(3,667,130)
Balance as at June 30, 2020	14,668,525	1,360,552	34,956,337	34,793,509	547,115	(156,706)	124,330,834	18,300,994	21,321,156	250,122,316	4,484,295	254,606,611
Comprehensive income for the six months ended December 31, 2020												
Profit after taxation for the six months ended December 31, 2020	-	-	-	-	-	-	15,748,773	-	-	15,748,773	(24,036)	15,724,737
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	(1,266,600)	-	-	-	-	-	(1,266,600)	59,674	(1,206,926)
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	81,330	-	-	-	-	-	81,330	-	81,330
Remeasurement (loss) / gain on defined benefit obligations - net of tax	-	-	-	-	-	-	(157,138)	-	-	(157,138)	486	(156,652)
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	5,168	-	-	5,168	-	5,168
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	-	(9,926,806)	6,167,217	(3,759,589)	31,423	(3,728,166)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	-	169,145	-	169,145	-	169,145
Transferred to statutory reserves	-	86,598	1,659,890	-	-	-	15,596,803	(9,757,661)	6,167,217	10,821,089	67,547	10,888,636
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	(1,746,488)	-	-	-	-	-
	-	-	-	-	-	-	27,074	(26,792)	282	(282)	-	-
Balance as at December 31, 2020	14,668,525	1,447,150	36,616,227	33,608,239	547,115	(156,706)	138,208,223	8,543,333	27,461,581	260,943,687	4,551,560	265,495,247
Comprehensive income for the six months ended June 30, 2021												
Profit after taxation for the six months ended June 30, 2021	-	-	-	-	-	-	17,656,237	-	-	17,656,237	373,733	18,029,970
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	(1,399,298)	-	-	-	-	-	(1,399,298)	(2,540)	(1,401,838)
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	185,377	-	-	-	-	-	185,377	-	185,377
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	3,458	-	-	3,458	-	3,458
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	-	(2,568,711)	-	(2,568,711)	(9,106)	(2,577,817)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	-	(76,302)	-	(76,302)	-	(76,302)
Transferred to statutory reserves	-	164,922	1,748,432	-	-	-	17,659,695	(2,645,013)	-	13,800,761	362,087	14,162,848
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	(1,913,354)	-	-	-	-	-
Exchange gain realised on liquidation of subsidiary - net of tax	-	-	-	(1,369)	-	-	160,433	-	(159,407)	1,026	(1,026)	-
	-	-	-	(1,369)	-	-	-	-	-	(1,369)	-	(1,369)
Transactions with owners, recorded directly in equity												
Final cash dividend - Rs 3 per share declared subsequent to the year ended December 31, 2020	-	-	-	-	-	-	(4,400,556)	-	-	(4,400,556)	-	(4,400,556)
1st interim cash dividend - Rs 1.75 per share	-	-	-	-	-	-	(2,566,992)	-	-	(2,566,992)	-	(2,566,992)
	-	-	-	-	-	-	(6,967,548)	-	-	(6,967,548)	-	(6,967,548)
Balance as at June 30, 2021	14,668,525	1,612,072	38,364,659	32,392,949	547,115	(156,706)	147,147,449	5,898,320	27,302,174	267,776,557	4,912,621	272,689,178

The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

**Muhammad Aurangzeb**  
President and  
Chief Executive Officer

**Rayomond Kotwal**  
Chief Financial Officer

**Dr. Najeer Samie**  
Director

**Salim Raza**  
Director

**Khaleel Ahmed**  
Director



# Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the six months ended June 30, 2021

	January 01 to June 30, 2021	January 01 June 30, 2020
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	31,196,969	25,829,446
Dividend income	(343,165)	(196,897)
Share of profit of associates and joint venture	(1,235,837)	(1,227,025)
	(1,579,002)	(1,423,922)
	<b>29,617,967</b>	<b>24,405,524</b>
<b>Adjustments:</b>		
Depreciation	3,334,792	2,906,716
Amortisation	480,630	362,273
Depreciation on right-of-use assets	1,670,210	1,912,902
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	2,029,590	1,084,498
Mark-up / return / profit / interest expensed on subordinated debt	658,751	1,558,580
(Reversal of) / provision for diminution in value of investments	(782,991)	580,563
Provision against loans and advances	2,388,850	4,993,601
Provision against other assets	1,042,488	111,638
Provision against off-balance sheet obligations	1,454,777	16,045
Unrealised gain on held-for-trading securities	(14,158)	(126,403)
Exchange loss / (gain) on goodwill	5,878	(37,692)
Exchange gain realised on liquidation of subsidiary - net of tax	(1,369)	(1,082,350)
Exchange loss realised on closure of bank branch - net of tax	-	1,151,197
Gain on sale of fixed assets - net	(42,017)	(2,457)
Gain on sale of non-banking asset	(16,000)	-
Workers' Welfare Fund	635,279	516,746
	<b>12,844,710</b>	<b>13,945,857</b>
	<b>42,462,677</b>	<b>38,351,381</b>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(115,591,960)	(35,387,496)
Held-for-trading securities	(90,732,993)	155,566,807
Advances	(89,168,931)	12,708,158
Other assets (excluding advance taxation)	(13,829,458)	4,307,090
	<b>(309,323,342)</b>	<b>137,194,559</b>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	7,145,227	12,089,394
Borrowings from financial institutions	(37,286,756)	(72,183,388)
Deposits and other accounts	283,090,360	225,040,262
Other liabilities	20,516,601	(2,682,093)
	<b>273,465,432</b>	<b>162,264,175</b>
	<b>6,604,767</b>	<b>337,810,115</b>
	<b>(12,411,894)</b>	<b>(4,533,179)</b>
	<b>(5,807,127)</b>	<b>333,276,936</b>
Income tax paid		
<b>Net cash flows (used in) / generated from operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	75,421,661	(347,661,481)
Net investment in held-to-maturity securities	(46,342,605)	9,712,681
Net investment in associates	782,160	341,043
Dividend received	347,268	190,095
Investments in fixed assets	(7,457,390)	(3,061,647)
Investments in intangible assets	(943,858)	(885,130)
Proceeds from sale of fixed assets	58,576	14,567
Proceeds from sale of non-banking asset	216,000	-
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	(1,213,921)	3,557,632
<b>Net cash flows generated from / (used in) investing activities</b>	<b>20,867,891</b>	<b>(337,792,240)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Effect of translation of net investment by non-controlling interest in subsidiary	(2,540)	17,046
Repayment of subordinated debt	(9,982,000)	(2,000)
Repayment of mark-up on subordinated debt	(946,148)	(1,602,754)
Payment of lease liability against right-of-use assets	(2,067,436)	(2,222,894)
Dividend paid	(5,748,344)	(2,820,729)
<b>Net cash flows used in financing activities</b>	<b>(18,746,468)</b>	<b>(6,631,331)</b>
<b>Decrease in cash and cash equivalents during the period</b>	<b>(3,685,704)</b>	<b>(11,146,635)</b>
Cash and cash equivalents at the beginning of the period	433,710,606	401,791,523
Effect of exchange rate changes on cash and cash equivalents	(1,896,657)	7,050,748
	<b>431,813,949</b>	<b>408,842,271</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>428,128,245</b>	<b>397,695,636</b>

The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

**Muhammad Aurangzeb**  
President and  
Chief Executive Officer

**Rayomond Kotwal**  
Chief Financial Officer

**Dr. Najeeb Samie**  
Director

**Salim Raza**  
Director

**Khaleel Ahmed**  
Director

# Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

## 1 THE GROUP AND ITS OPERATIONS

The Group consists of:

### Holding company

- Habib Bank Limited, Pakistan

### Subsidiaries

- Habib Allied Holding Limited – 90.50% shareholding
- HBL Bank UK Limited – 90.50% effective shareholding
- Habib Currency Exchange (Private) Limited – 100% shareholding
- HBL Asset Management Limited – 100% shareholding
- The First Microfinance Bank Limited - 50.51% shareholding
- Habib Bank Financial Services (Private) Limited – 100% shareholding

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at 9th Floor, Habib Bank Tower, Jinnah Avenue, Blue Area, Islamabad and its principal office is at HBL Tower, Plot # G-4, KDA Scheme 5, Block 7, Clifton, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,637 (December 31, 2020: 1,659) branches inside Pakistan including 161 (December 31, 2020: 62) Islamic Banking Branches and 38 (December 31, 2020: 38) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A. (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

- 1.1 Habib Finance International Limited (HFIL) had voluntarily surrendered its banking license in 2019 and was under voluntary liquidation. HFIL's final general meeting to conclude the liquidation was held on February 19, 2021 and the company stands formally dissolved as on May 19, 2021. The entire capital has been repatriated to Pakistan.
- 1.2 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.
- 1.3 The Bank has decided to exit its operations in Mauritius and is at an advanced stage of discussions with a potential buyer.

## 2 BASIS OF PRESENTATION

### 2.1 STATEMENT OF COMPLIANCE

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

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

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

- 2.2 The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019, and IAS 34. These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

### 2.3 Standards, interpretations of and amendments to existing accounting and reporting standards that have become effective in the current year.

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 01, 2021. These are considered either to not be relevant or not to have any significant impact on the Group's financial statements.

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

### 2.4 Standards and amendments to existing accounting and reporting standards that are not yet effective.

As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 01, 2022. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed and implementation guidelines are awaited.

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

### 2.5 Critical accounting estimates and judgements

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2020.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2020.

## 4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2020.

## 5 CASH AND BALANCES WITH TREASURY BANKS

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
In hand		
Local currency	44,484,728	41,262,666
Foreign currencies	5,662,328	16,341,859
	<u>50,147,056</u>	<u>57,604,525</u>
With State Bank of Pakistan in		
Local currency current accounts	146,031,700	130,745,447
Foreign currency current accounts	7,974,917	6,788,327
Foreign currency deposit accounts	15,464,590	13,768,677
	<u>169,471,207</u>	<u>151,302,451</u>
With other Central Banks in		
Foreign currency current accounts	37,466,171	47,941,657
Foreign currency deposit accounts	11,575,089	11,120,595
	<u>49,041,260</u>	<u>59,062,252</u>
With National Bank of Pakistan in		
Local currency current accounts	108,708,413	104,866,634
Local currency deposit account	936,660	697,247
	<u>109,645,073</u>	<u>105,563,881</u>
National Prize Bonds	1,589,568	1,747,011
	<u>379,894,164</u>	<u>375,280,120</u>

## 6 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	244,560	2,284,347
In deposit accounts	5,517,676	7,060,497
	<u>5,762,236</u>	<u>9,344,844</u>
Outside Pakistan		
In current accounts	24,692,613	30,271,581
In deposit accounts	17,779,232	16,917,404
	<u>42,471,845</u>	<u>47,188,985</u>
	<u>48,234,081</u>	<u>56,533,829</u>

## 7 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	11,875,437	-
Repurchase agreement lendings (reverse repo)	80,983,676	24,896,835
Bai Muajjal receivable with:		
- State Bank of Pakistan	-	5,257,358
- Other financial institutions	52,887,040	-
	<u>145,746,153</u>	<u>30,154,193</u>

# Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

8	INVESTMENTS	Note	June 30, 2021 (Unaudited)				December 31, 2020 (Audited)			
			Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1	Investments by type		(Rupees in '000)							
	<b>Held-for-trading (HFT) securities</b>									
	<i>Federal Government securities</i>									
	- Market Treasury Bills		195,998,910	-	(7,831)	195,991,079	105,568,935	-	(13,658)	105,555,277
	- Pakistan Investment Bonds		25,563,006	-	10,987	25,573,993	25,655,331	-	19,066	25,674,397
	<i>Shares</i>									
	- Listed companies		548,845	-	(11,715)	537,130	137,682	-	8,542	146,224
	<i>Foreign securities</i>									
	- Government debt securities		101,222	-	22,717	123,939	102,884	-	23,578	126,462
			222,211,983	-	14,158	222,226,141	131,464,832	-	37,528	131,502,360
	<b>Available-for-sale (AFS) securities</b>									
	<i>Federal Government securities</i>									
	- Market Treasury Bills		502,918,595	-	31,851	502,950,446	525,077,889	-	1,445,950	526,523,839
	- Pakistan Investment Bonds		703,009,544	-	6,121,638	709,131,182	784,493,994	-	10,689,727	795,183,721
	- Ijarah Sukuks		84,408,528	-	325,190	84,733,718	67,678,595	-	(322,645)	67,355,950
	- Government of Pakistan US Dollar Bonds		15,986,512	(402,288)	589,748	16,173,972	10,410,050	(392,763)	645,468	10,662,755
	- Government of Pakistan US Dollar Sukuks		388,570	(9,798)	27,399	406,171	706,395	(20,567)	49,222	735,050
	- Other Federal Government securities		1,143,790	-	-	1,143,790	530,538	-	-	530,538
	<i>Shares</i>									
	- Listed companies		7,630,650	(2,072,069)	1,103,879	6,662,460	7,975,054	(2,983,143)	846,869	5,838,780
	- Unlisted companies		5,140,438	(93,096)	-	5,047,342	4,899,328	(87,125)	-	4,812,203
	<i>Non-Government debt securities</i>									
	- Listed		50,118,562	(89,802)	627,414	50,656,174	46,943,545	-	321,860	47,265,405
	- Unlisted		1,651,878	(250,877)	22,500	1,423,501	1,671,878	(270,877)	22,500	1,423,501
	<i>Foreign securities</i>									
	- Government debt securities		51,075,957	(515,823)	623,648	51,183,782	45,617,541	(565,331)	(10,504)	45,041,706
	- Non-Government debt securities- Listed		11,541,376	(895,377)	148,853	10,794,852	14,601,331	(927,366)	76,457	13,750,422
	- Equity securities - Unlisted		5,659	(295)	-	5,364	5,913	(321)	-	5,592
	<i>National Investment Unit Trust units</i>		11,113	-	39,188	50,301	11,113	-	35,726	46,839
	<i>Real Estate Investment Trust units</i>		55,000	-	100	55,100	55,000	-	(2,000)	53,000
	<i>Preference shares</i>									
	- Listed		744,400	-	84,000	828,400	744,400	-	155,400	899,800
	- Unlisted		176,985	(121,846)	-	55,139	-	-	-	-
			1,436,007,557	(4,451,271)	9,745,408	1,441,301,694	1,511,422,564	(5,247,493)	13,954,030	1,520,129,101
	<b>Held-to-maturity (HTM) securities</b>	8.2								
	<i>Federal Government securities</i>									
	- Market Treasury Bills		328,260	-	-	328,260	292,316	-	-	292,316
	- Pakistan Investment Bonds		265,734,366	-	-	265,734,366	216,844,554	-	-	216,844,554
	- Other Federal Government securities		10,794,000	-	-	10,794,000	10,794,000	-	-	10,794,000
	<i>Non-Government debt securities</i>									
	- Listed		2,498,697	-	-	2,498,697	4,277,922	-	-	4,277,922
	- Unlisted		18,796,592	-	-	18,796,592	17,826,657	-	-	17,826,657
	<i>Foreign Securities</i>									
	- Government debt securities		12,782,619	-	-	12,782,619	13,617,545	(13)	-	13,617,532
	- Non-Government debt securities									
	- Listed		322,492	(7,827)	-	314,665	1,197,341	(14,650)	-	1,182,691
	- Unlisted		248,756	(1,409)	-	247,347	312,842	(1,516)	-	311,326
			311,505,782	(9,236)	-	311,496,546	265,163,177	(16,179)	-	265,146,998
	<b>Investments in associates and joint venture</b>	8.1.1	32,195,761	-	(68,807)	32,126,954	31,742,084	-	56,279	31,798,363
	<b>Total Investments</b>		<u>2,001,921,083</u>	<u>(4,460,507)</u>	<u>9,690,759</u>	<u>2,007,151,335</u>	<u>1,939,792,657</u>	<u>(5,263,672)</u>	<u>14,047,837</u>	<u>1,948,576,822</u>

8.1.1 This represents the Group's share of (deficit) / surplus on investments held by these entities.

## 8.1.2 Investments given as collateral

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

### Federal Government securities

- Market Treasury Bills	4,399,587	113,807,278
- Pakistan Investment Bonds	266,976,780	207,400,499
- Government of Pakistan US Dollar Bonds	1,509,606	-

### Foreign securities

- Government debt securities	3,217,867	-
- Non-Government debt securities - Listed	1,985,076	-
	<u>278,088,916</u>	<u>321,207,777</u>

(Unaudited)  
June 30,  
2021  
(Audited)  
December 31,  
2020  
(Rupees in '000)

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

- 8.2 The market value of investments classified as held-to-maturity amounted to Rs. 314,070.590 million (December 31, 2020: Rs 267,655.188 million).

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
8.3 Particulars of provision held against diminution in the value of investments		
Opening balance	5,263,672	5,504,910
Exchange adjustments	(20,174)	68,085
Charge / (reversal)		
Charge for the period / year	292,175	1,400,035
Reversal for the period / year	(104,240)	(15,065)
Reversal on disposal during the period / year	(970,926)	(1,694,293)
Net reversal	(782,991)	(309,323)
Closing balance	4,460,507	5,263,672

- 8.4 Particulars of provision against debt securities

	(Unaudited) June 30, 2021		(Audited) December 31, 2020	
Category of classification	Non Performing Investments	Provision	Non Performing Investments	Provision
Domestic	(Rupees in '000)			
Loss	250,877	250,877	270,877	270,877
Overseas				
Overdue by:				
181 to 365 days	-	-	878,616	878,616
>365	872,243	872,243	-	-
	1,123,120	1,123,120	1,149,493	1,149,493

- 8.4.1 In addition to the above, overseas branches hold a general provision of Rs 1,050.081 million (December 31, 2020: Rs 1,043.590 million) against investments in accordance with the ECL requirements of IFRS 9.

	Performing		Non - performing		Total	
Note	(Unaudited) June 30, 2021	(Audited) December 31, 2020	(Unaudited) June 30, 2021	(Audited) December 31, 2020	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)					
9 ADVANCES						
Loans, cash credits, running finances, etc.	1,076,174,789	1,002,683,523	70,643,118	76,761,340	1,146,817,907	1,079,444,863
Islamic financing and related assets	141,227,669	154,081,348	376,448	337,107	141,604,117	154,418,455
Bills discounted and purchased	95,300,371	66,540,022	5,565,877	5,005,929	100,866,248	71,545,951
Advances - gross	1,312,702,829	1,223,304,893	76,585,443	82,104,376	1,389,288,272	1,305,409,269
Provision against advances						
- Specific	-	-	(67,546,493)	(70,835,763)	(67,546,493)	(70,835,763)
- General	(11,451,476)	(11,063,284)	-	-	(11,451,476)	(11,063,284)
	(11,451,476)	(11,063,284)	(67,546,493)	(70,835,763)	(78,997,969)	(81,899,047)
Advances - net of provision	1,301,251,353	1,212,241,609	9,038,950	11,268,613	1,310,290,303	1,223,510,222

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
9.1 Particulars of advances (Gross)		
In local currency	1,092,612,100	1,054,929,659
In foreign currencies	296,676,172	250,479,610
	1,389,288,272	1,305,409,269



## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

9.2 Advances include Rs 76,585.443 million (December 31, 2020: Rs 82,104.376 million) which have been placed under non-performing status as detailed below:

Category of classification	(Unaudited) June 30, 2021		(Audited) December 31, 2020	
	Non-performing advances	Provision	Non-performing advances	Provision
(Rupees in '000)				
<b>Domestic</b>				
Other assets especially mentioned	1,766,736	-	1,228,797	-
Substandard	2,855,097	703,347	5,541,896	1,355,443
Doubtful	2,631,444	1,318,772	1,383,002	690,474
Loss	39,171,328	38,773,990	42,291,448	41,073,885
	46,424,605	40,796,109	50,445,143	43,119,802
<b>Overseas</b>				
Not past due but impaired	178,797	116,711	592,400	355,535
Overdue by:				
Upto 90 days	29,980	23,429	105,684	36,925
91 to 180 days	2,232,378	848,219	225,844	51,457
181 to 365 days	443,783	262,253	2,849,284	2,846,499
> 365 days	27,275,900	25,499,772	27,886,021	24,425,545
	30,160,838	26,750,384	31,659,233	27,715,961
<b>Total</b>	<b>76,585,443</b>	<b>67,546,493</b>	<b>82,104,376</b>	<b>70,835,763</b>

### 9.3 Particulars of provision against advances

Note	June 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	70,835,763	11,063,284	81,899,047	72,634,967	3,730,991	76,365,958
Exchange adjustment	(435,530)	(31,471)	(467,001)	974,252	47,701	1,021,953
Charge for the period / year	5,217,557	681,867	5,899,424	9,301,182	7,636,845	16,938,027
Reversal for the period / year	(3,248,370)	(262,204)	(3,510,574)	(4,525,945)	(352,253)	(4,878,198)
Net charge against advances	1,969,187	419,663	2,388,850	4,775,237	7,284,592	12,059,829
Charged off during the period / year - agriculture financing	9.5 (234,375)	-	(234,375)	(750,824)	-	(750,824)
Written off during the period / year	(4,588,552)	-	(4,588,552)	(6,797,869)	-	(6,797,869)
Closing balance	67,546,493	11,451,476	78,997,969	70,835,763	11,063,284	81,899,047

9.4 General provision includes provision amounting to Rs 2,464.974 million (December 31, 2020: Rs 2,237.187 million) against consumer finance portfolio and Rs 480.582 million (December 31, 2020: Rs 421.751 million) against advances to microenterprises as required by the Prudential Regulations. General provision also includes Rs 2,086.868 million (December 31, 2020: Rs 1,985.294 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Group operates. General provision also includes Rs 6,419.052 million (December 31, 2020: Rs 6,419.052 million) carried as a matter of prudence on account of COVID-19.

9.5 These represent non-performing advances for agriculture finance which have been classified as loss, are fully provided and are in default for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held, in accordance with the SBP's Prudential Regulations for Agriculture Financing. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

### 10 FIXED ASSETS

Note	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Capital work-in-progress	5,824,334	2,639,430
Property and equipment	88,598,097	86,550,780
	<b>94,422,431</b>	<b>89,190,210</b>

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

### 10.1 Capital work-in-progress

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Civil works	2,612,708	762,188
Equipment	1,010,047	1,243,270
Advances to suppliers and contractors	2,201,579	633,972
	<u>5,824,334</u>	<u>2,639,430</u>

### 10.2 Additions to fixed assets

	(Unaudited) For the six months ended June 30, 2021	(Unaudited) For the six months ended June 30, 2020
	(Rupees in '000)	
The following additions have been made to fixed assets during the period:		
<b>Capital work-in-progress- net</b>	3,184,904	799,092
<b>Property and equipment</b>		
Leasehold land	400,000	464,070
Building on free hold land	1,026	-
Building on leasehold land	184,048	292
Machinery	74,670	38,472
Leasehold improvements	1,003,166	488,443
Furniture and fixtures	348,285	267,584
Electrical, office and computer equipment	2,174,914	848,360
Vehicles	86,377	38,109
	<u>4,272,486</u>	<u>2,145,330</u>
Right-of-use assets - net	1,300,232	3,165,982
	<u>8,757,622</u>	<u>6,110,404</u>

### 10.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

<b>Property and equipment</b>		
Leasehold improvements	1,300	1,111
Furniture and fixtures	1,042	1,119
Electrical, office and computer equipment	1,710	9,848
Vehicles	12,507	32
	<u>16,559</u>	<u>12,110</u>
Derecognition of right-of-use assets on closure of a foreign branch	-	865,423
	<u>16,559</u>	<u>877,533</u>

## 11 INTANGIBLE ASSETS

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Capital work-in-progress - computer software	1,825,537	1,620,539
Intangible assets	9,044,693	8,792,341
	<u>10,870,230</u>	<u>10,412,880</u>

### 11.1 Additions to intangible assets

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

	(Unaudited) For the six months ended June 30, 2021	(Unaudited) For the six months ended June 30, 2020
	(Rupees in '000)	
Capital work-in-progress	204,998	231,589
Computer software	753,269	650,366
	<u>958,267</u>	<u>881,955</u>

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

### 12 OTHER ASSETS

Note	(Unaudited) June 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
	50,961,042	49,348,579
	2,875,927	2,878,167
	3,521,045	2,645,730
	20,096,539	21,124,536
	325,000	1,096,000
	148,346	154,121
	455,994	476,113
	1,552,446	1,532,223
	3,674,918	4,101,950
	223,723	182,917
	466,365	432,937
	32,029,951	27,539,046
	10,854,826	3,220,084
	10,923	15,026
	434,442	553,356
	1,386,769	1,022,072
	<u>129,018,256</u>	<u>116,322,857</u>
12.1	(2,150,228)	(1,127,909)
	<u>126,868,028</u>	<u>115,194,948</u>
19	91,384	209,594
	<u>126,959,412</u>	<u>115,404,542</u>

#### 12.1 Provision held against other assets

Acceptances	972,611	419,923
Non-banking assets acquired in satisfaction of claims	3,121	3,152
Claims receivable against fraud and forgeries	434,442	553,356
Suit filed cases	4,898	4,998
Others	735,156	146,480
	<u>2,150,228</u>	<u>1,127,909</u>

#### 12.1.1 Movement in provision against other assets

Opening balance	1,127,909	821,996
Exchange adjustment	(8,823)	19,735
Charge for the period / year	1,456,439	691,987
Reversal for the period / year	(413,951)	(33,899)
Net charge	1,042,488	658,088
Written off during the period / year	(11,346)	(49,042)
Transferred out	-	(322,868)
Closing balance	<u>2,150,228</u>	<u>1,127,909</u>

### 13 BILLS PAYABLE

In Pakistan	50,934,268	44,875,620
Outside Pakistan	2,645,158	1,558,579
	<u>53,579,426</u>	<u>46,434,199</u>

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

	Note	(Unaudited) June 30, 2021	(Audited) December 31, 2020
<b>(Rupees in '000)</b>			
<b>14 BORROWINGS</b>			
<b>Secured</b>			
Borrowings from the SBP under			
- Export refinance scheme		60,375,425	60,068,212
- Long term financing facility		27,164,488	25,922,575
- Financing facility for renewable energy power plants		3,663,047	1,716,425
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)		213,044	152,893
- Refinance and credit guarantee scheme for women entrepreneurs		146,951	163,416
- Financing facility for storage of agricultural produce		283,417	292,211
- Refinance facility for working capital of SMEs		83,007	135,625
- Refinance scheme for payment of wages and salaries		23,350,370	30,928,363
- Refinance facility for combating COVID-19		1,216,752	1,300,000
- Temporary economic refinance facility		13,464,888	4,917,263
		<b>129,961,389</b>	<b>125,596,983</b>
Repurchase agreement borrowings		<b>279,067,044</b>	<b>321,070,809</b>
		<b>409,028,433</b>	<b>446,667,792</b>
<b>Unsecured</b>			
- Call money borrowings		-	13,450,000
- Overdrawn nostro accounts		272,613	194,244
- Borrowings of overseas branches and subsidiaries		44,997,039	30,376,372
- Other long-term borrowings	14.1	<b>52,522,985</b>	<b>53,419,418</b>
		<b>97,792,637</b>	<b>97,440,034</b>
		<b>506,821,070</b>	<b>544,107,826</b>
14.1 This includes the following:			
14.1.1 A loan from the International Finance Corporation amounting to US\$ 150 million (December 31, 2020: US\$ 150 million). The principal amount is payable in six equal semi-annual installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi-annually.			
14.1.2 HBL has entered into a long-term financing facility arrangement of US\$ 300 million with China Development Bank, to be utilized for on-lending to projects of the Bank's customers. Under this facility, US\$ 165.975 million (December 31, 2020: US\$ 165.975 million) has been utilized by the Bank, with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to January 31, 2023. Starting from that date, the entire drawn amount is payable in semi-annual installments over a period of 10 years. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.			
14.1.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 188.339 million (December 31, 2020: Rs 194.309 million) for on-lending to customers. The principal amount is payable semi-annually from August 2020 to February 2023. Profit at 11.21% per annum is payable semi-annually from August 2020.			
14.1.4 Mortgage refinancing facilities from PMRC, amounting to Rs 1,154.775 million (December 31, 2020: Rs 821.434 million), utilised by First Microfinance Bank Limited to extend mortgage finance to low income groups. The principal amount is payable in twenty quarterly installments from June 2020 to June 2025. Mark-up at 7.14% on these facilities is payable quarterly.			
14.1.5 A loan from Allied Bank Limited to HBL Asset Management Limited amounting to Rs 1.4 billion (December 31, 2020: Rs 1.6 billion). The principal amount is payable in ten equal semi-annual installments from June 2020 to December 2024. Mark-up at KIBOR + 0.75% is payable semi-annually.			

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

### 15 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
<b>Customers</b>						
Current deposits	918,534,599	169,592,547	1,088,127,146	823,057,044	157,417,183	980,474,227
Savings deposits	1,037,046,044	99,235,775	1,136,281,819	995,229,006	94,756,615	1,089,985,621
Term deposits	431,671,615	160,401,165	592,072,780	315,226,455	141,767,942	456,994,397
	2,387,252,258	429,229,487	2,816,481,745	2,133,512,505	393,941,740	2,527,454,245
<b>Financial institutions</b>						
Current deposits	2,851,031	1,425,495	4,276,526	13,072,383	1,408,220	14,480,603
Savings deposits	268,184,424	1,392,552	269,576,976	267,728,866	657,250	268,386,116
Term deposits	15,631,078	7,495,425	23,126,503	13,163,008	6,887,418	20,050,426
	286,666,533	10,313,472	296,980,005	293,964,257	8,952,888	302,917,145
	2,673,918,791	439,542,959	3,113,461,750	2,427,476,762	402,894,628	2,830,371,390

	Note	(Unaudited) June 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
16 SUBORDINATED DEBT			
Tier II Term Finance Certificates	16.1	-	9,982,000
Additional Tier I Term Finance Certificates	16.2	12,374,000	12,374,000
		12,374,000	22,356,000

16.1 In accordance with Sub-Section 1.1.6 of Article 1 read with Condition 4 in Schedule 3 of the Trust Deed dated December 15, 2015 executed between the Issuer and the Trustee, the Bank has exercised the call option in full with respect to all outstanding Tier II Term Finance Certificates (TFCs). Accordingly, on February 19, 2021, the 5th anniversary of the issue date, (the "Call Option Exercise Date"), the entire principal outstanding amount has been redeemed along with accrued profit. The TFCs have also been delisted from the PSX with effect from March 15, 2021.

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

The key features of the issue are as follows:

<b>Issue Date</b>	September 26, 2019
<b>Issue amount</b>	Rs 12.374 billion
<b>Rating</b>	AA+ (Double A plus) [December 31, 2020: AA+ (Double A plus)]
<b>Original Tenor</b>	Perpetual
<b>Security</b>	Unsecured and subordinated to all other indebtedness of the Bank including depositors, general creditors and holders of the Tier II TFCs. However, they shall rank superior to the claims of ordinary shareholders.
<b>Profit payment</b>	Quarterly in arrears
<b>Redemption</b>	Perpetual, hence not applicable.
<b>Mark-up</b>	Floating rate of return at Base Rate + 1.60%. The Base Rate is defined as the average "Ask Side" rate of the three months Karachi Interbank Offered Rate (KIBOR).
<b>Call option</b>	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following: (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised.  If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and Investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the "Call Option Exercise Date").
<b>Lock-in clause</b>	Mark-up will only be paid from the current year's earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
<b>Loss absorbency clause</b>	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".



## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

17	DEFERRED TAX ASSETS / (LIABILITIES)	Note	(Unaudited) June 30, 2021	(Audited) December 31, 2020
			(Rupees in '000)	
	<b>Deductible temporary differences on</b>			
	- Tax losses of a subsidiary		428,186	469,486
	- Provision against investments		777,901	1,141,429
	- Provision against doubtful debts and off-balance sheet obligations		4,553,377	4,480,082
	- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		2,586,220	1,940,800
	- Provision against other assets		40,638	45,062
	- Deficit on revaluation of fixed assets		72,832	72,832
	- Ijarah financing		222,625	199,225
			<b>8,681,779</b>	<b>8,348,916</b>
	<b>Taxable temporary differences on</b>			
	- Accelerated tax depreciation		(1,638,483)	(1,667,333)
	- Surplus on revaluation of fixed assets	19	(1,800,929)	(1,827,924)
	- Surplus on revaluation of fixed assets of associates	19	(56,392)	(56,392)
	- Surplus on revaluation of investments	19	(3,799,713)	(5,430,518)
	- Deficit / (surplus) on revaluation of investments of associates	19	26,835	(21,949)
	- Management rights and goodwill		(301,716)	(237,741)
	- Share of profit of associates		(6,857,917)	(6,728,003)
	- Exchange translation reserve		(2,676,006)	(2,740,997)
	- Others		61,921	(25,918)
			<b>(17,042,400)</b>	<b>(18,736,775)</b>
	<b>Net deferred tax liabilities</b>		<b>(8,360,621)</b>	<b>(10,387,859)</b>
18	<b>OTHER LIABILITIES</b>			
	Mark-up / return / profit / interest payable in local currency		9,623,919	11,846,712
	Mark-up / return / profit / interest payable in foreign currency		2,189,777	2,362,314
	Security deposits		936,810	974,790
	Accrued expenses		18,000,232	19,271,148
	Mark to market loss on forward foreign exchange contracts		2,562,258	6,359,622
	Mark to market loss on derivative instruments		1,047,289	1,449,800
	Unclaimed dividends		720,442	693,700
	Dividends payable		1,308,088	115,626
	Provision for post retirement medical benefits		3,880,159	3,763,654
	Provision for employees' compensated absences		2,413,472	2,492,992
	Provision against off-balance sheet obligations	18.1	2,626,688	1,138,648
	Acceptances		32,029,951	27,539,046
	Branch adjustment account		3,249,822	816,307
	Provision for staff retirement benefits		1,203,844	1,239,418
	Payable to defined benefit plans		1,108,227	1,182,639
	Provision for Workers' Welfare Fund		6,978,041	6,379,456
	Unearned income		4,783,556	4,229,811
	Qarza-e-Hasna Fund		338,542	338,542
	Levies and taxes payable		7,431,141	7,073,633
	Insurance payable		1,160,038	887,519
	Provision for rewards program expenses		1,686,162	1,391,392
	Liability against trading of securities		16,722,695	902,755
	Clearing and settlement accounts		7,563,445	4,538,525
	Payable to HBL Foundation		187,489	315,431
	Contingent consideration payable		500,000	500,000
	Charity fund		2,485	4,234
	Lease liability against right-of-use asset		21,132,608	18,213,249
	Unclaimed deposits		370,854	91,752
	Others		4,524,030	3,797,582
			<b>156,282,064</b>	<b>129,910,297</b>

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

	(Unaudited) June 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
18.1 Provision against off-balance sheet obligations		
Opening balance	1,138,648	437,795
Exchange adjustment	(14,319)	(25,452)
Charge for the period / year	1,530,281	480,696
Reversal for the period / year	(75,504)	(95,905)
Net charge	1,454,777	384,791
Written off during the year	-	(4,053)
Transferred in	47,582	345,567
Closing balance	2,626,688	1,138,648

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

	Note	June 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
		Attributable to		Total	Attributable to		Total
		Equity holders	Non-controlling interest		Equity holders	Non-controlling interest	
		(Rupees in '000)					
Surplus / (deficit) arising on revaluation of assets, on							
- Fixed assets		28,920,424	41,812	28,962,236	28,987,958	43,496	29,031,454
- Fixed assets of associates		144,596	-	144,596	144,596	-	144,596
- Available-for-sale securities	8	9,736,705	8,703	9,745,408	13,932,014	22,016	13,954,030
- Available-for-sale securities held by associates	8	(68,807)	-	(68,807)	56,279	-	56,279
- Non-banking assets acquired in satisfaction of claims	12	91,384	-	91,384	209,594	-	209,594
		38,824,302	50,515	38,874,817	43,330,441	65,512	43,395,953
Deferred tax on surplus / (deficit) on revaluation of:							
- Fixed assets		1,797,838	3,091	1,800,929	1,824,175	3,749	1,827,924
- Fixed assets of associates		56,392	-	56,392	56,392	-	56,392
- Available-for-sale securities		3,796,413	3,300	3,799,713	5,423,011	7,507	5,430,518
- Available-for-sale securities held by associates		(26,835)	-	(26,835)	21,949	-	21,949
- Non-banking assets acquired in satisfaction of claims		-	-	-	-	-	-
		5,623,808	6,391	5,630,199	7,325,527	11,256	7,336,783
Surplus on revaluation of assets - net of tax							
		33,200,494	44,124	33,244,618	36,004,914	54,256	36,059,170

	Note	(Unaudited) June 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
20 CONTINGENCIES AND COMMITMENTS			
- Guarantees	20.1	247,209,729	202,220,786
- Commitments	20.2	750,162,565	795,974,261
- Other contingent liabilities	20.3	23,895,410	23,966,530
		1,021,267,704	1,022,161,577
20.1 Guarantees:			
Financial guarantees		85,069,538	64,395,790
Performance guarantees		150,509,089	126,593,020
Other guarantees		11,631,102	11,231,976
		247,209,729	202,220,786
20.2 Commitments:			
Trade-related contingent liabilities		240,130,025	153,394,723
Commitments in respect of:			
- forward foreign exchange contracts	20.2.1	386,333,465	436,716,313
- forward Government securities transactions	20.2.2	52,340,606	150,757,178
- derivatives	20.2.3	36,970,433	38,504,637
- forward lending	20.2.4	22,368,575	11,085,983
		498,013,079	637,064,111
Commitments for acquisition of:			
- fixed assets		10,610,087	4,389,650
- intangible assets		1,267,402	1,125,777
		11,877,489	5,515,427
Commitment for purchase of shares		141,972	-
		750,162,565	795,974,261

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
<b>20.2.1 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	247,440,669	261,220,544
Sale	138,892,796	175,495,769
	<u>386,333,465</u>	<u>436,716,313</u>
<b>20.2.2 Commitments in respect of forward Government securities transactions</b>		
Purchase	40,322,930	96,427,590
Sale	12,017,676	54,329,588
	<u>52,340,606</u>	<u>150,757,178</u>
<b>20.2.3 Commitments in respect of derivatives</b>		
<b>Cross currency swaps</b>		
Purchase	14,642,029	14,662,810
Sale	15,457,921	16,007,336
	<u>30,099,950</u>	<u>30,670,146</u>
<b>Interest rate swaps</b>		
Purchase	-	-
Sale	6,870,483	7,834,491
	<u>6,870,483</u>	<u>7,834,491</u>
<b>20.2.4 Commitments in respect of forward lending</b>		
Undrawn formal standby facilities, credit lines and other commitments to extend credit	<u>22,368,575</u>	<u>11,085,983</u>
These represent commitments that are irrevocable because they can not be withdrawn at the discretion of the Group without the risk of incurring a significant penalty or expense.		
<b>20.3 Other contingent liabilities</b>		
<b>20.3.1 Claims against the Group not acknowledged as debts</b>	<u>23,895,411</u>	<u>23,966,530</u>
These mainly represent counter claims by borrowers for damages, claims filed by former employees of the Group and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these condensed interim consolidated financial statements.		
<b>20.3.2 In Q1 2020, by agreement with the New York State Department of Financial Services (NYSDFS) and the U.S. Federal Reserve, HBL surrendered its New York State license to operate HBL's New York branch office (HBLNY) and completed the voluntary liquidation of HBLNY under the New York Banking Law.</b>		
The successful closure and liquidation of HBLNY satisfied or suspended all remaining terms of the September 7, 2017 Consent Order between NYSDFS, HBL, and HBLNY, which Consent Order was disclosed in Note 21.3.2 to the Financial Statements for the year ended December 31, 2020 and in similar notes for the 2019, 2018, and 2017 financial statements. Similarly, on September 29, 2020, the Federal Reserve formally announced the termination of all Federal Reserve enforcement actions with HBL and HBLNY. Accordingly, HBL does not expect any further actions or proceedings from NYSDFS or the Federal Reserve.		

In 2017, the U.S. Department of Justice (DOJ) requested documents relating to the NYSDFS Consent Order. It is not known whether DOJ will have any further questions about those documents.

## 21 DERIVATIVE INSTRUMENTS

### Product Analysis

	June 30, 2021 (Unaudited)			
	Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
	(Rupees in '000)			
Market Making	<u>30,099,950</u>	<u>(826,749)</u>	<u>6,870,483</u>	<u>3,183</u>
	December 31, 2020 (Audited)			
	Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
	(Rupees in '000)			
Market Making	<u>30,670,146</u>	<u>(1,340,265)</u>	<u>7,834,491</u>	<u>73,382</u>

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

22	MARK-UP / RETURN / PROFIT / INTEREST EARNED	Note	(Unaudited) For the six months ended	
			June 30, 2021	June 30, 2020
			(Rupees in '000)	
	On:			
	Loans and advances		52,885,984	66,693,159
	Investments		70,989,927	72,952,739
	Lendings to financial institutions		2,765,830	2,977,306
	Balances with banks		221,873	508,359
			<u>126,863,614</u>	<u>143,131,563</u>
23	MARK-UP / RETURN / PROFIT / INTEREST EXPENSED			
	On:			
	Deposits		45,254,268	61,747,020
	Securities sold under repurchase agreement borrowings		8,637,727	8,534,272
	Borrowings		2,743,541	3,893,823
	Subordinated debt		658,751	1,558,580
	Cost of foreign currency swaps against foreign currency deposits / borrowings		2,676,099	3,238,194
	Lease liability against right-of-use assets		2,029,590	1,084,498
			<u>61,999,976</u>	<u>80,056,387</u>
24	FEE AND COMMISSION INCOME			
	Branch banking customer fees		2,010,444	1,758,398
	Consumer finance related fees		822,273	655,615
	Card related fees (debit and credit cards)		3,335,921	2,281,501
	Credit related fees		931,882	580,022
	Investment banking fees		696,631	509,091
	Commission on trade related products and guarantees		1,951,640	1,482,423
	Commission on cash management		383,905	318,969
	Commission on remittances (including home remittances)		240,963	185,044
	Commission on bancassurance		464,896	311,925
	Commission on Government to Person (G2P) payments		201,784	404,915
	Management fee		297,026	292,886
	Merchant discount and interchange fees		1,595,613	923,631
	Wealth Management Fee		344,228	254,649
	Others		169,236	244,776
			<u>13,446,442</u>	<u>10,203,845</u>
	Less: Sales tax / Federal Excise Duty on fee and commission income		(1,669,207)	(1,304,127)
			<u>11,777,235</u>	<u>8,899,718</u>
25	GAIN ON SECURITIES - NET			
	Realised	25.1	1,467,486	6,580,453
	Unrealised - held-for-trading	8.1	14,158	126,403
			<u>1,481,644</u>	<u>6,706,856</u>

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

		(Unaudited) For the six months ended	
		June 30, 2021	June 30, 2020
		(Rupees in '000)	
25.1	<b>Gain / (loss) on securities - realised</b>		
	On:		
	Federal Government securities		
	- Market Treasury Bills	250,932	3,740,819
	- Pakistan Investment Bonds	1,556,810	3,026,163
	- Ijarah Sukuks	(9,584)	(148,619)
	Shares	(432,278)	(215,026)
	Non-Government debt securities	77,395	124,418
	Foreign securities	24,211	52,698
		<u>1,467,486</u>	<u>6,580,453</u>
26	<b>OTHER INCOME</b>		
	Incidental charges	347,412	201,219
	Exchange gain realised on liquidation of subsidiary	1,919	1,743,205
	Exchange loss realised on closure of bank branch	-	(1,887,208)
	Gain on sale of fixed assets - net	42,017	2,457
	Gain on sale of non-banking asset	16,000	-
	Rent on properties	9,438	37,404
		<u>416,786</u>	<u>97,077</u>
27	<b>OPERATING EXPENSES</b>		
	<b>Total compensation expense</b>	19,654,131	19,241,308
	<b>Property expense</b>		
	Rent and taxes	574,413	998,276
	Insurance	83,420	57,227
	Utilities cost	1,080,672	873,185
	Security (including guards)	1,027,760	1,016,267
	Repair and maintenance (including janitorial charges)	1,179,646	963,957
	Depreciation on owned fixed assets	1,697,200	1,555,652
	Depreciation on right-of-use assets	1,670,210	1,912,902
		7,313,321	7,377,466
	<b>Information technology expenses</b>		
	Software maintenance	2,042,706	1,593,811
	Hardware maintenance	408,157	379,605
	Depreciation	1,197,698	929,116
	Amortisation	480,630	362,273
	Network charges	690,751	629,689
	Consultancy charges	306,164	328,674
		5,126,106	4,223,168
	<b>Other operating expenses</b>		
	Legal and professional charges	355,507	1,869,470
	Outsourced services costs	1,028,452	878,142
	Travelling and conveyance	431,502	349,260
	Insurance	449,413	383,268
	Remittance charges	280,604	277,902
	Security charges	939,524	753,779
	Repairs and maintenance	687,116	617,947
	Depreciation	439,894	421,948
	Training and development	92,693	143,598
	Postage and courier charges	347,884	334,081
	Communication	421,998	359,250
	Stationery and printing	970,884	790,545
	Marketing, advertisement and publicity	2,576,850	2,042,324
	Donations	267,139	283,752
	Auditors' remuneration	161,337	141,750
	Brokerage and commission	217,544	322,278
	Subscription	143,309	116,651
	Documentation and processing charges	1,607,954	1,189,600
	Entertainment	156,551	139,624
	Consultancy charges	873,964	2,920,977
	Deposit insurance premium expense	1,252,244	1,116,041
	Product feature cost	519,409	309,230
	COVID-19 related expenses	372,362	396,458
	Others	164,254	672,222
		<u>14,758,388</u>	<u>16,830,097</u>
		<u>46,851,946</u>	<u>47,672,039</u>

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

		(Unaudited) For the six months ended	
		June 30, 2021	June 30, 2020
		(Rupees in '000)	
28	<b>OTHER CHARGES</b>		
	Penalties imposed by the State Bank of Pakistan	51,794	232,103
	Penalties imposed by other regulatory bodies	68	505
		<u>51,862</u>	<u>232,608</u>
29	<b>PROVISIONS / (REVERSALS) AND WRITE OFFS - NET</b>		
	(Reversal of) / provision for diminution in value of investments	8.3 (782,991)	580,563
	Provision against loans and advances	9.3 2,388,850	4,993,601
	Provision against other assets	12.1.1 1,042,488	111,638
	Provision against off-balance sheet obligations	18.1 1,454,777	16,045
	Recoveries against written off / charged off bad debts	(416,523)	(175,124)
	Recoveries against other assets written off	(7,531)	(58,871)
	Bad debts written off directly	57,855	-
		<u>3,736,925</u>	<u>5,467,852</u>
30	<b>TAXATION</b>		
	- Current	13,594,911	10,833,568
	- Prior years	(155,020)	31,256
	- Deferred	(272,892)	(223,990)
		<u>13,166,999</u>	<u>10,640,834</u>
31	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>		
	Profit for the period attributable to equity holders of the Bank	<u>17,656,237</u>	<u>15,143,498</u>
		(Number)	
	Weighted average number of ordinary shares	<u>1,466,852,508</u>	<u>1,466,852,508</u>
		(Rupees)	
	Basic and diluted earnings per share	<u>12.04</u>	<u>10.32</u>
31.1	Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.		
32	<b>FAIR VALUE OF FINANCIAL INSTRUMENTS</b>		
	The fair values of traded investments are based on quoted market prices.		
	The fair values of unquoted equity investments are estimated using the break-up value of the investee company. The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities, cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.		
	In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.		



## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

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

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

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

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

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

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

### 32.1 Fair value of financial assets

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

As at June 30, 2021 (Unaudited)					
	Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
- Federal Government securities	1,534,960,561	-	1,534,960,561	-	1,534,960,561
- Shares - listed companies	7,199,590	7,199,590	-	-	7,199,590
- Non-Government debt securities					
- Listed	50,656,174	40,320,000	7,025,375	-	47,345,375
- Unlisted	622,500	-	622,500	-	622,500
- Foreign securities					
Government debt securities	51,307,721	-	51,307,721	-	51,307,721
Non-Government debt securities- listed	10,794,852	-	10,794,852	-	10,794,852
- National Investment Unit Trust units	50,301	-	50,301	-	50,301
- Real Estate Investment Trust units	55,100	55,100	-	-	55,100
- Preference Shares - Listed	784,000	784,000	-	-	784,000
	1,656,430,799	48,358,690	1,604,761,310	-	1,653,120,000
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government securities	276,856,626	-	277,194,264	-	277,194,264
- Non-Government debt securities					
- Listed	2,498,697	-	2,516,126	-	2,516,126
- Unlisted	18,796,592	-	18,796,592	-	18,796,592
- Foreign securities					
Government debt securities	12,782,619	-	14,992,353	-	14,992,353
Non-Government debt securities					
- Listed	314,665	-	322,499	-	322,499
- Unlisted	247,347	-	248,756	-	248,756
	311,496,546	-	314,070,590	-	314,070,590
	1,967,927,345	48,358,690	1,918,831,900	-	1,967,190,590

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

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

Commitments

- Forward foreign exchange contracts
- Forward Government securities transactions
- Derivative instruments

As at June 30, 2021 (Unaudited)				
Notional value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
386,333,465	-	1,112,660	-	1,112,660
52,340,606	-	17,426	-	17,426
36,970,433	-	(823,566)	-	(823,566)

### On balance sheet financial instruments

#### Financial assets - measured at fair value

Investments

- Federal Government securities
- Shares - listed companies
- Non-Government debt securities
  - Listed
  - Unlisted
- Foreign securities
  - Government debt securities
  - Non-Government debt securities- listed
- National Investment Unit Trust units
- Real Estate Investment Trust units
- Preference Shares - Listed

As at December 31, 2020 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				

1,531,690,989	-	1,531,690,989	-	1,531,690,989
5,985,004	5,985,004	-	-	5,985,004
47,265,405	40,240,000	7,025,405	-	47,265,405
622,501	-	622,501	-	622,501
45,168,168	-	45,168,168	-	45,168,168
13,750,422	-	13,750,422	-	13,750,422
46,839	-	46,839	-	46,839
53,000	53,000	-	-	53,000
855,400	855,400	-	-	855,400
1,645,437,728	47,133,404	1,598,304,324	-	1,645,437,728

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

Investments

- Federal Government securities
- Non-Government debt securities
  - Listed
  - Unlisted
- Foreign securities
  - Government debt securities
  - Non-Government debt securities
    - Listed
    - Unlisted

227,930,870	-	228,022,102	-	228,022,102
4,277,922	-	4,304,568	-	4,304,568
17,826,657	-	17,826,657	-	17,826,657
13,617,532	-	15,850,104	-	15,850,104
1,182,691	-	1,338,915	-	1,338,915
311,326	-	312,842	-	312,842
265,146,998	-	267,655,188	-	267,655,188
1,910,584,726	47,133,404	1,865,959,512	-	1,913,092,916

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

Commitments

- Forward foreign exchange contracts
- Forward Government securities transactions
- Derivative instruments

As at December 31, 2020 (Audited)				
Notional value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
436,716,313	-	(2,257,672)	-	(2,257,672)
150,757,178	-	(52,974)	-	(52,974)
38,504,637	-	(1,266,883)	-	(1,266,883)

### 32.2 Fair value of non-financial assets

- Fixed assets
- Non-banking assets acquired in satisfaction of claims

As at June 30, 2021 (Unaudited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
53,115,380	-	-	53,115,380	53,115,380
554,628	-	-	554,628	554,628
53,670,008	-	-	53,670,008	53,670,008

- Fixed assets
- Non-banking assets acquired in satisfaction of claims

As at December 31, 2020 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
52,856,178	-	-	52,856,178	52,856,178
639,379	-	-	639,379	639,379
53,495,557	-	-	53,495,557	53,495,557

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

### 33 SEGMENT INFORMATION

#### 33.1 Segment details with respect to Business Activities

	For the six months ended June 30, 2021 (Unaudited)									
	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Profit and loss account	(Rupees in million)									
Net mark-up / return / profit / interest income	(28,608)	13,368	5,767	15,279	53,306	2,363	(69)	4,158	(700)	64,864
Inter segment revenue / (expense) - net	48,391	(6,459)	-	(7,569)	(40,764)	2,051	-	-	4,350	-
Non mark-up / interest income	1,958	4,919	260	1,923	3,371	2,086	309	553	2,230	17,609
Total Income	21,741	11,828	6,027	9,633	15,913	6,500	240	4,711	5,880	82,473
Segment direct expenses	12,407	4,272	1,357	1,710	648	7,156	226	2,861	16,903	47,540
Inter segment expense allocation	7,838	1,079	307	1,034	147	3,693	-	-	(14,098)	-
Total expenses	20,245	5,351	1,664	2,744	795	10,849	226	2,861	2,805	47,540
Provisions - charge / (reversal)	-	727	159	905	(911)	1,563	-	621	673	3,737
Profit / (loss) before tax	1,496	5,750	4,204	5,984	16,029	(5,912)	14	1,229	2,402	31,196
As at June 30, 2021 (Unaudited)										
	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Statement of financial position	(Rupees in million)									
Cash and bank balances	152,664	-	19,825	462	150,797	91,725	6	12,306	344	428,129
Lendings to financial institutions	-	-	63,187	-	82,559	-	-	-	-	145,746
Inter segment lending	1,575,180	-	8,130	-	-	163,311	-	-	160,781	1,907,402
Investments	-	-	157,588	7,224	1,687,532	99,851	282	18,469	36,206	2,007,152
Advances - performing	-	170,459	140,275	665,609	-	259,857	-	46,333	18,718	1,301,251
Advances - non-performing	-	2,103	115	2,041	-	3,410	-	1,369	-	9,038
Others	14,406	5,342	11,575	33,489	37,071	16,278	2,923	9,035	102,134	232,253
Total assets	1,742,250	177,904	400,695	708,825	1,957,959	634,432	3,211	87,512	318,183	6,030,971
Borrowings	-	3,509	23,121	103,519	273,303	99,613	1,400	2,356	-	506,821
Subordinated debt	-	-	-	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,723,862	413	342,013	493,474	26	461,143	-	71,887	20,644	3,113,462
Inter segment borrowing	-	165,791	-	81,556	1,660,055	-	-	-	-	1,907,402
Others	18,388	8,191	9,786	30,276	21,063	30,805	397	5,725	93,591	218,222
Total liabilities	1,742,250	177,904	374,920	708,825	1,954,447	591,561	1,797	79,968	126,609	5,758,281
Equity	-	-	25,775	-	3,512	42,871	1,414	7,544	191,574	272,690
Total equity and liabilities	1,742,250	177,904	400,695	708,825	1,957,959	634,432	3,211	87,512	318,183	6,030,971
Contingencies and commitments	50,312	-	33,517	404,433	370,214	126,622	-	-	36,170	1,021,268

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

For the six months ended June 30, 2020 (Unaudited)										
	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
<b>Profit and loss account</b> (Rupees in million)										
Net mark-up / return / profit / interest income	(42,102)	13,381	6,249	25,247	57,197	3,798	(152)	2,873	(3,416)	63,075
Inter segment revenue / (expense) - net	73,301	(7,631)	-	(17,007)	(55,541)	1,506	-	-	5,372	-
Non mark-up / interest income	1,735	3,440	81	1,470	8,570	2,462	281	325	(1,720)	16,644
Total Income	32,934	9,190	6,330	9,710	10,226	7,766	129	3,198	236	79,719
Segment direct expenses	12,531	3,458	922	1,670	533	12,690	144	2,281	14,192	48,421
Inter segment expense allocation	6,496	995	289	846	132	3,343	-	-	(12,102)	(1)
Total expenses	19,027	4,453	1,211	2,516	665	16,033	144	2,281	2,090	48,420
Provisions - charge / (reversal)	17	1,087	442	473	28	2,743	-	616	61	5,467
Profit / (loss) before tax	13,890	3,650	4,677	6,721	9,533	(11,010)	(15)	301	(1,915)	25,832
<b>As at December 31, 2020 (Audited)</b>										
	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
<b>Statement of financial position</b> (Rupees in million)										
Cash and bank balances	179,590	-	12,771	293	125,940	101,353	3	11,425	439	431,814
Lendings to financial institutions	-	-	5,257	-	24,897	-	-	-	-	30,154
Inter segment lending	1,430,513	-	91	-	-	183,892	-	-	145,705	1,760,201
Investments	-	-	139,619	8,675	1,660,147	93,245	461	14,542	31,888	1,948,577
Advances - performing	-	163,801	153,152	618,911	-	218,573	-	40,784	17,021	1,212,242
Advances - non-performing	-	1,960	211	4,308	-	3,943	-	844	3	11,269
Others	15,636	3,946	7,295	25,006	30,760	25,208	2,987	8,635	95,534	215,007
<b>Total assets</b>	<b>1,625,739</b>	<b>169,707</b>	<b>318,396</b>	<b>657,193</b>	<b>1,841,744</b>	<b>626,214</b>	<b>3,451</b>	<b>76,230</b>	<b>290,590</b>	<b>5,609,264</b>
Borrowings	-	4,011	32,183	100,397	324,181	79,714	1,600	2,022	-	544,108
Subordinated debt	-	-	-	-	-	-	-	-	22,356	22,356
Deposits and other accounts	1,607,921	348	257,414	430,203	9	465,866	-	61,726	6,884	2,830,371
Inter segment borrowing	-	159,043	-	98,870	1,502,288	-	-	-	-	1,760,201
Others	17,818	6,305	6,032	27,723	8,804	39,165	390	5,817	74,679	186,733
<b>Total liabilities</b>	<b>1,625,739</b>	<b>169,707</b>	<b>295,629</b>	<b>657,193</b>	<b>1,835,282</b>	<b>584,745</b>	<b>1,990</b>	<b>69,565</b>	<b>103,919</b>	<b>5,343,769</b>
Equity	-	-	22,767	-	6,462	41,469	1,461	6,665	186,671	265,495
<b>Total equity and liabilities</b>	<b>1,625,739</b>	<b>169,707</b>	<b>318,396</b>	<b>657,193</b>	<b>1,841,744</b>	<b>626,214</b>	<b>3,451</b>	<b>76,230</b>	<b>290,590</b>	<b>5,609,264</b>
<b>Contingencies and commitments</b>	<b>13,104</b>	<b>-</b>	<b>9,416</b>	<b>321,938</b>	<b>551,311</b>	<b>97,502</b>	<b>-</b>	<b>-</b>	<b>28,891</b>	<b>1,022,162</b>

### 34 RELATED PARTY TRANSACTIONS

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

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

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

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

	As at June 30, 2021 (Unaudited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
Statement of financial position						
Balances with other banks						
In current accounts	-	-	3,235	-	93	-
Investments						
Opening balance	-	-	-	26,751,320	5,047,043	4,843,724
Investment made during the period	-	-	-	934,475	-	-
Share of profit - net of tax	-	-	-	989,363	246,475	-
Equity method related adjustments	-	-	-	256,691	(173,357)	-
Investment redeemed / disposed off during the period	-	-	-	(1,247,142)	-	-
Dividend received during the period	-	-	-	(407,645)	(145,181)	-
Revaluation of investment during the period	-	-	-	(137,231)	12,143	148,573
Closing balance	-	-	-	27,139,831	4,987,123	4,992,297
Advances						
Opening balance	249	305,836	4,504,529	1,125,000	-	7,748,994
Addition during the period	11,157	209,579	5,483,169	2,187,142	-	962,009
Repaid during the period	(10,374)	(124,940)	(5,575,301)	(128,063)	-	(1,700,262)
Transfer in - net	73	25,489	-	-	-	319,375
Exchange adjustment	-	-	(43,369)	18,327	-	-
Closing balance	1,105	415,964	4,369,028	3,202,406	-	7,330,116
Other assets						
Interest / mark-up accrued	-	435	44,867	37,406	-	78,604
Capital Work in progress	-	-	10,214	-	-	-
Other receivable / prepayments	-	-	4,661	311,533	-	1,721
	-	435	59,742	348,939	-	80,325
Borrowings						
Opening balance	-	-	3,638,498	959,006	1,598,344	1,315,743
Borrowings during the period	-	-	3,676,134	4,066,520	4,379,329	400,000
Settled during the period	-	-	(2,783,712)	(1,876,855)	(3,128,092)	(372,629)
Exchange adjustment	-	-	(118,782)	2,203	(13,794)	-
Closing balance	-	-	4,412,138	3,150,874	2,835,787	1,343,114
Deposits and other accounts						
Opening balance	122,063	495,061	12,981,422	36,318,748	-	1,814,234
Received during the period	301,009	2,743,364	218,202,254	446,519,077	-	129,131,535
Withdrawn during the period	(288,030)	(2,498,204)	(215,695,142)	(434,040,078)	-	(125,265,809)
Transfer (out) / in - net	(13,239)	(52,485)	-	-	-	12,059
Exchange adjustment	(84)	(42)	(80,486)	108	-	(3,753)
Closing balance	121,719	687,694	15,408,048	48,797,855	-	5,688,266
Other liabilities						
Interest / mark-up payable	481	1,696	286,599	42,066	4,947	16,238
Payable to staff retirement fund	-	-	-	-	-	1,108,227
Other payables	-	-	2,700	28,235	-	215,759
	481	1,696	289,299	70,301	4,947	1,340,224
Contingencies and commitments						
Letter of credit	-	-	393,906	-	-	2,060,602
Guarantees	-	-	124,005	-	-	3,517,059
Forward purchase of Government securities	-	-	2,013,641	-	-	180,497
Commitments in respect of forward lending	-	-	-	-	-	1,585,439
Interest rate swaps	-	-	712,150	1,000,000	-	-
	-	-	3,243,702	1,000,000	-	7,343,597
Others						
Securities held as custodian	-	12,800	6,512,070	44,473,860	-	9,330,210

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

	For the six months ended June 30, 2021 (Unaudited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
<b>Profit and loss account</b>						
<b>Income</b>						
Mark-up / return / profit / interest earned	-	9,082	129,960	105,649	-	377,852
Fee and commission income	-	-	79,854	531,739	88	4,726
Share of profit	-	-	-	989,362	246,475	-
Dividend income	-	-	-	-	-	76,890
Gain from derivatives	-	-	793	5,632	-	-
<b>Expenses</b>						
Mark-up / return / profit / interest expensed	3,913	5,205	447,236	620,609	11,120	166,409
Operating expenses						
Total compensation expense	-	753,431	-	-	-	695,712
Non-Executive Directors' fees	36,000	-	-	-	-	-
Insurance premium expense	-	-	-	992,653	-	-
Product feature cost	-	-	87,429	-	-	-
Travelling	-	-	7,900	-	-	-
Subscription	-	-	-	-	-	61,284
Donations	-	-	77,230	-	-	187,489
Brokerage and Commission	-	-	-	-	-	104,011
Other Expenses	-	-	4,810	-	-	22,017
<b>Others</b>						
Purchase of Government securities	-	-	162,675,592	13,168,363	-	5,524,152
Sale of Government securities	-	23,996	167,248,536	16,126,983	-	10,414,257
Purchase of foreign currencies	-	1,653	819,712	-	-	2,764,346
Sale of foreign currencies	3,770	208,778	1,379,338	139,800	-	2,689,141
Insurance claims settled	-	-	-	40,543	-	-

As at December 31, 2020 (Audited)						
Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties	
(Rupees in '000)						
<b>Statement of financial position</b>						
<b>Balances with other banks</b>						
In current accounts	-	-	25,483	-	4,177	-
<b>Investments</b>						
Opening balance	-	-	-	25,464,030	4,897,973	4,775,603
Investment made during the year	-	-	-	2,218,672	-	-
Share of profit - net of tax	-	-	-	2,355,545	607,545	-
Equity method related adjustments	-	-	-	(426,642)	60,492	-
Investment redeemed / disposed off during the year	-	-	-	(2,191,758)	-	-
Dividend received during the year	-	-	-	(668,527)	(518,967)	-
Revaluation of investment during the year	-	-	-	-	-	68,121
Closing balance	-	-	-	26,751,320	5,047,043	4,843,724
<b>Advances</b>						
Opening balance	1,144	302,682	3,853,355	1,375,000	-	7,924,895
Addition during the year	10,157	222,404	7,294,502	-	-	7,668,197
Repaid during the year	(11,062)	(162,557)	(6,729,728)	(250,000)	-	(6,242,581)
Transfer in / (out) - net	10	(56,693)	-	-	-	(1,601,517)
Exchange adjustment	-	-	86,400	-	-	-
Closing balance	249	305,836	4,504,529	1,125,000	-	7,748,994
<b>Other assets</b>						
Interest / mark-up accrued	-	710	23,444	30,556	-	198,970
Capital Work in progress	-	-	10,214	-	-	-
Other receivable	-	-	3,488	305,588	-	3,679
	-	710	37,146	336,144	-	202,649



## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

As at December 31, 2020 (Audited)						
Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties	
(Rupees in '000)						
<b>Borrowings</b>						
Opening balance	-	2,787,405	929,086	1,548,476	-	
Borrowings during the year	-	9,160,032	2,913,226	4,855,377	1,400,000	
Settled during the year	-	(8,543,252)	(2,913,226)	(4,855,377)	(84,257)	
Exchange adjustment	-	234,313	29,920	49,868	-	
Closing balance	-	3,638,498	959,006	1,598,344	1,315,743	
<b>Deposits and other accounts</b>						
Opening balance	97,816	193,679	10,999,321	11,245,398	-	3,183,114
Received during the year	687,076	2,384,726	258,689,238	652,057,799	-	60,738,998
Withdrawn during the year	(667,490)	(2,123,156)	(257,004,084)	(626,978,755)	-	(62,159,850)
Transfer in / (out) - net	4,619	35,680	-	-	-	(3,237)
Exchange adjustment	42	4,132	296,947	(5,694)	-	55,209
Closing balance	122,063	495,061	12,981,422	36,318,748	-	1,814,234
<b>Other liabilities</b>						
Interest / mark-up payable	1,384	1,734	231,174	129,999	6,251	13,334
Payable to staff retirement fund	-	-	-	-	-	1,182,639
Other payables	-	-	8,711	37,931	-	347,986
	1,384	1,734	239,885	167,930	6,251	1,543,959
<b>Contingencies and Commitments</b>						
Letter of credit	-	-	145,085	-	-	1,576,326
Guarantees	-	-	134,121	-	-	3,419,047
Forward purchase of Government securities	-	-	861,632	-	-	316,416
Commitments in respect of forward lending	-	-	-	-	-	2,524,426
Interest rate swaps	-	-	859,491	1,125,000	-	-
	-	-	2,000,329	1,125,000	-	7,836,215
<b>Others</b>						
Securities held as custodian	-	17,745	5,457,675	30,978,500	-	13,662,385
For the six months ended June 30, 2020 (Unaudited)						
Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties	
(Rupees in '000)						
<b>Profit and loss account</b>						
<b>Income</b>						
Mark-up / return / profit / interest earned	-	10,888	161,599	147,823	-	617,645
Fee and commission income	-	-	52,117	406,691	171	38,725
Share of profit	-	-	-	787,045	439,978	-
Dividend income	-	-	-	-	-	35,653
Loss from derivatives	-	-	(22,201)	(25,269)	-	-
<b>Expense</b>						
Mark-up / return / profit / interest expensed	3,604	4,460	362,026	426,543	19,504	88,443
Operating expenses	-	-	-	-	-	-
Total compensation expense	-	614,013	-	-	-	536,914
Non-Executive Directors' fees	40,200	-	-	-	-	-
Insurance premium expense	-	-	-	596,774	-	-
Product feature cost	-	-	123,070	-	-	-
Travelling	-	-	14,096	-	-	-
Subscription	-	-	-	-	-	28,967
Donations	-	-	76,950	-	-	152,338
Other Expenses	-	-	8,479	-	-	98,415
<b>Others</b>						
Purchase of Government securities	-	-	47,003,929	11,707,972	-	3,796,247
Sale of Government securities	-	18,889	49,487,758	51,953,133	-	5,051,742
Purchase of foreign currencies	-	77	528,922	3,818	-	1,840
Sale of foreign currencies	4,864	90,531	1,673,767	55,450	-	3,929,008
Insurance claims settled	-	-	-	44,775	-	-

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

### 35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

#### Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

#### Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

#### Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

#### Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)

of which: capital conservation buffer requirement

of which: countercyclical buffer requirement

of which: D-SIB buffer requirement

CET1 available to meet buffers (as a percentage of risk weighted assets)

#### Other information:

#### National minimum capital requirements prescribed by the SBP

CET1 minimum ratio (%)

Tier 1 minimum ratio (%)

Total capital minimum ratio (%)

#### Leverage Ratio (LR)

Eligible Tier-1 Capital

Total Exposures

#### Leverage Ratio (%)

#### Minimum Requirement (%)

#### Liquidity Coverage Ratio (LCR)

Average High Quality Liquid Assets

Average Net Cash Outflow

#### Liquidity Coverage Ratio (%)

#### Minimum Requirement (%)

#### Net Stable Funding Ratio (NSFR)

Total Available Stable Funding

Total Required Stable Funding

#### Net Stable Funding Ratio (%)

#### Minimum Requirement (%)

(Unaudited)  
June 30,  
2021  
(Rupees in '000)

(Audited)  
December 31,  
2020

14,668,525	14,668,525
184,294,722	172,930,425
12,538,228	12,533,284
196,832,950	185,463,709
54,934,822	51,969,228
251,767,772	237,432,937
1,167,172,571	1,042,434,363
128,155,463	131,554,475
203,276,223	203,276,223
1,498,604,257	1,377,265,061
12.30%	12.56%
13.13%	13.47%
16.80%	17.24%
9.50%	9.50%
1.50%	1.50%
-	-
2.00%	2.00%
6.30%	6.56%
9.50%	9.50%
11.00%	11.00%
13.50%	13.50%
196,832,950	185,463,709
4,741,108,377	4,364,466,103
4.15%	4.25%
3.00%	3.00%
Total Adjusted Value (Rupees in '000)	
1,429,092,945	1,343,833,391
602,475,697	525,626,841
237.20%	255.66%
100.00%	100.00%
Total Weighted Value (Rupees in '000)	
2,851,023,259	2,637,965,349
1,729,561,250	1,448,252,363
164.84%	182.15%
100.00%	100.00%

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

### 36 ISLAMIC BANKING BUSINESS

The Bank operates 161 (December 31, 2020: 62) Islamic Banking branches and 754 (December 31, 2020: 853) Islamic Banking windows.

#### STATEMENT OF FINANCIAL POSITION

##### ASSETS

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

##### LIABILITIES

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

##### NET ASSETS

##### REPRESENTED BY

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

##### Contingencies and commitments

#### PROFIT AND LOSS ACCOUNT

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

##### Other income / (loss)

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

##### Total income

##### Other expenses

Operating expenses  
Workers' Welfare Fund  
Other charges  
Total other expenses

##### Profit before provisions

Provisions and write offs - net

##### Profit before taxation

Taxation

##### Profit after taxation

Note	(Unaudited) June 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
	<b>18,919,030</b>	12,685,357
	<b>905,999</b>	85,710
36.1	<b>63,187,040</b>	5,257,358
36.2	<b>157,587,575</b>	139,619,025
36.3	<b>140,390,419</b>	153,363,009
	<b>2,173,606</b>	1,163,176
	-	-
	<b>8,099,597</b>	90,320
	-	-
	<b>9,432,128</b>	6,132,151
	<b>400,695,394</b>	318,396,106
	<b>15,543</b>	9,451
36.4	<b>23,120,985</b>	32,183,448
36.5	<b>342,012,974</b>	257,414,395
	-	12,444
	-	-
	<b>292,964</b>	8,718
	<b>9,477,369</b>	6,000,269
	<b>374,919,835</b>	295,628,725
	<b>25,775,559</b>	22,767,381
	<b>500,000</b>	500,000
	-	-
	<b>458,226</b>	13,637
36.6	<b>24,817,333</b>	22,253,744
	<b>25,775,559</b>	22,767,381
36.7		
	(Unaudited) For the six months ended	
	June 30, 2021	June 30, 2020
	(Rupees in '000)	
36.8	<b>11,192,445</b>	11,259,804
36.9	<b>5,425,458</b>	5,010,747
	<b>5,766,987</b>	6,249,057
	<b>334,117</b>	268,406
	-	-
	<b>(74,815)</b>	(21,060)
	-	-
	<b>1,047</b>	(171,041)
	<b>144</b>	4,282
	<b>260,493</b>	80,587
	<b>6,027,480</b>	6,329,644
	<b>1,573,940</b>	1,107,736
	<b>87,590</b>	102,718
	<b>2,803</b>	220
	<b>1,664,333</b>	1,210,674
	<b>4,363,147</b>	5,118,970
	<b>158,817</b>	442,265
	<b>4,204,330</b>	4,676,705
	<b>1,639,689</b>	1,823,418
	<b>2,564,641</b>	2,853,287

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

	(Unaudited) June 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
36.1 Due from Financial Institutions		
Call money lendings	10,300,000	-
Bai Muajjal receivable with:		
- State Bank of Pakistan	-	5,257,358
- Other financial institutions	52,887,040	-
	<u>63,187,040</u>	<u>5,257,358</u>

### 36.2 Investments by segments

	June 30, 2021 (Unaudited)				December 31, 2020 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
<b>Federal Government securities</b>								
-Ijarah Sukuks	84,408,528	-	325,190	84,733,718	67,678,595	-	(322,645)	67,355,950
-Other Federal Government securities	11,937,790	-	-	11,937,790	11,324,538	-	-	11,324,538
	<u>96,346,318</u>	<u>-</u>	<u>325,190</u>	<u>96,671,508</u>	<u>79,003,133</u>	<u>-</u>	<u>(322,645)</u>	<u>78,680,488</u>
<b>Non-Government debt securities</b>								
-Listed	46,558,430	-	403,500	46,961,930	47,291,628	-	322,500	47,614,128
-Unlisted	13,931,637	-	22,500	13,954,137	13,301,909	-	22,500	13,324,409
	<u>60,490,067</u>	<u>-</u>	<u>426,000</u>	<u>60,916,067</u>	<u>60,593,537</u>	<u>-</u>	<u>345,000</u>	<u>60,938,537</u>
<b>Total Investments</b>	<u>156,836,385</u>	<u>-</u>	<u>751,190</u>	<u>157,587,575</u>	<u>139,596,670</u>	<u>-</u>	<u>22,355</u>	<u>139,619,025</u>

	(Unaudited) June 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
36.3 Islamic financing and related assets - net		
Diminishing Musharakah	66,136,754	71,127,412
Running Musharakah	30,264,207	45,034,254
Wakalah	10,000,000	10,000,000
Ijarah	2,092,675	2,341,651
Murabaha	3,429,158	1,517,711
Currency Salam	-	589,706
Tijarah	1,227,553	422,168
Istisna	2,114,071	271,460
Home Financing	3,062,618	2,060,742
Advance for Diminishing Musharakah	3,084,581	2,320,561
Advance for Ijarah	336,917	312,748
Advance for Murabaha	3,383,726	1,203,371
Advance for Salam	-	1,027,180
Advance for Istisna	12,050,102	11,874,971
Inventories against Murabaha	839,450	2,204,687
Inventories against Salam	1,290,488	-
Inventories against Tijarah	1,380,237	824,156
Inventories against Istisna	911,580	1,285,677
Islamic financing and related assets - gross	<u>141,604,117</u>	<u>154,418,455</u>
Provision against Islamic financing and related assets		
-Specific	(261,090)	(126,457)
-General	(952,608)	(928,989)
	<u>(1,213,698)</u>	<u>(1,055,446)</u>
Islamic financing and related assets - net of provision	<u>140,390,419</u>	<u>153,363,009</u>

### 36.4 Due to financial institutions

Unsecured acceptances of funds	-	10,500,000
Acceptances from the SBP under Islamic:		
- Export refinance scheme	13,285,411	12,185,727
- Long term financing facility	5,050,588	4,774,050
- Refinance and credit guarantee scheme for women entrepreneurs	6,407	-
- Refinance scheme for payment of wages and salaries	1,894,953	2,456,473
- Financing facility for renewable energy power plants	331,644	96,152
- Temporary economic refinance facility	2,354,843	1,676,737
- Financing facility for storage of agricultural produce	8,800	-
Acceptances from Pakistan Mortgage Refinance Company	188,339	494,309
	<u>23,120,985</u>	<u>32,183,448</u>

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

	Note	(Unaudited) June 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
36.5	<b>Deposits and other accounts</b>		
	<b>Customers</b>		
	Current deposits	69,166,973	64,402,537
	Savings deposits	126,922,817	105,290,516
	Term deposits	38,006,757	24,221,318
		<b>234,096,547</b>	<b>193,914,371</b>
	<b>Financial Institutions</b>		
	Current deposits	253,360	405,136
	Savings deposits	101,210,921	61,847,142
	Term deposits	6,452,146	1,247,746
		<b>107,916,427</b>	<b>63,500,024</b>
		<b>342,012,974</b>	<b>257,414,395</b>
36.6	<b>Islamic Banking business unappropriated profit</b>		
	Opening Balance	22,253,744	16,486,211
	Add: Islamic Banking profit for the period / year	4,204,330	9,464,811
	Less: Taxation	(1,639,689)	(3,696,779)
	Less: Transferred / Remitted to Head Office	(1,052)	(499)
	Closing Balance	<b>24,817,333</b>	<b>22,253,744</b>
36.7	<b>Contingencies and commitments</b>		
	- Guarantees	36.7.1 2,078,119	1,498,665
	- Commitments	36.7.2 31,438,624	7,917,674
		<b>33,516,743</b>	<b>9,416,339</b>
36.7.1	<b>Guarantees:</b>		
	Performance guarantees	1,510,727	1,435,850
	Other guarantees	567,392	62,815
		<b>2,078,119</b>	<b>1,498,665</b>
36.7.2	<b>Commitments:</b>		
	Trade-related contingent liabilities	18,996,451	6,208,476
	Commitments in respect of forward foreign exchange contracts	12,442,173	1,709,198
		<b>31,438,624</b>	<b>7,917,674</b>
36.7.2.1	<b>Commitments in respect of forward foreign exchange contracts</b>		
	Purchase	5,916,827	740,199
	Sale	6,525,346	968,999
		<b>12,442,173</b>	<b>1,709,198</b>
36.8	<b>Profit / return earned</b>		
		(Unaudited) For the six months ended	
		June 30, 2021	June 30, 2020
		(Rupees in '000)	
	On:		
	Financing	5,168,368	6,946,162
	Investments	5,714,212	2,986,609
	Placements	309,865	1,327,033
		<b>11,192,445</b>	<b>11,259,804</b>
36.9	<b>Profit / return expensed</b>		
	On:		
	Deposits and other accounts	4,831,157	4,548,385
	Amounts due to financial institutions	524,809	387,482
	Foreign currency deposits for Wa'ad based transactions	(11,770)	24,914
	Lease liability against right-of-use assets	81,262	49,966
		<b>5,425,458</b>	<b>5,010,747</b>

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

### 37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

- 37.1 The Board of Directors, in its meeting held on July 29, 2021, has declared a cash dividend of Rs 1.75 per share in respect of the quarter ended June 30, 2021 (June 30, 2020: nil). These condensed interim consolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

### 38 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue in the Board of Directors meeting held on July 29, 2021.

### 39 GENERAL

- 39.1 Comparative figures have been re-arranged and reclassified for comparison purposes.

**Muhammad Aurangzeb**  
President and  
Chief Executive Officer

**Rayomond Kotwal**  
Chief Financial Officer

**Dr. Najeeb Samie**  
Director

**Salim Raza**  
Director

**Khaleel Ahmed**  
Director





# CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS



# Directors' Review

On behalf of the Board of Directors, we are pleased to present the Unconsolidated Financial Statements for the six months ended June 30, 2021

## Macroeconomic Review

Pakistan's economy has demonstrated resilience, with real GDP growth of 3.9% surpassing earlier projections. Industrial output has rebounded well, as evident from a 14.6% growth in the Large-Scale Manufacturing (LSM) Index during 11MFY'21. The services sector, which faced the brunt of Covid-19 induced lockdowns, is also expected to post a rise of 4.4% during FY21. Headline inflation in Jun'21 fell to 9.7%, as a result of normalizing food prices, somewhat offset by an increase in prices of petroleum products. Average inflation in FY21 was 8.9%, at the higher end of the SBP's projected range of 7.0% – 9.0%, but lower than the 10.7% recorded in FY20.

The Current Account recorded a decade-low deficit of USD 1.9 billion for FY'21, 58% lower than the deficit of USD 4.5 billion in FY'20. Remittance flows have supported the current account, remaining sustainably above USD 2 billion per month for the entire year, rising by 27% to USD 29.4 billion. Exports have picked up pace, growing by 13.7% during FY'21 to historical highs. However, a steep rise in imports, driven by the resumption of economic activity and rising oil prices, has led to a widening of the trade deficit which increased by 33.3% to USD 28.2 billion.

The stability on the external front has led to a build-up in FX reserves which rose to USD 23.3 billion by the end of June 2021. Inflows from the IMF on account of the third tranche of the EFF, assistance from other multilateral sources and tapping international bond markets through a structured medium-term note (MTN) program have provided support to the reserves position. An enthusiastic response to the Roshan Digital Accounts program has seen inflows of USD 1.8 billion. Despite these positive developments, the Rupee came under pressure towards the end of Q2'21, reversing gains made in Q1'21 and depreciating by 3% against the USD.

The fiscal deficit for 9MFY'21 reduced to 3.6% of GDP, from 3.8% in the same period last year. Importantly, the Government has managed to increase its primary surplus to Rs 452 billion (1.0% of GDP) from Rs 194 billion (0.4% of GDP) during this period. The FY'21 deficit is projected at 7.1% and is targeted to reduce to 6.3% for FY'22 based on revenue growth expectations. Tax collection numbers have also been encouraging throughout FY'21 with net collection of Rs 4.7 trillion representing a growth of 18% over last year and exceeding the target for FY'21.

In 1H'21, the equity market witnessed a growth of 8.2%, with the KSE100 index briefly surpassing the 48,000 level. Activity on the bourse increased, with its highest ever traded volumes recorded in May. Notably, the PSX saw strong equity raising activity during FY'21, with 7 new issues, the highest since FY'07. Positive moves in the Federal Budget in June provided impetus to the equity market which closed the fiscal year with a 7-year high return of 37.6%.

The SBP continues to keep the interest rate unchanged at 7.0% since May 2020. In its latest Monetary Policy Statement (MPS), the SBP noted the tailwinds from a steady recovery, declining inflation expectations and strong consumer and business confidence. Simultaneously, the MPS highlighted that the headwinds arising from uncertainty around the pandemic continued to warrant an accommodative monetary policy. However, in its forward guidance, while maintaining its prior stance that the policy rate would remain broadly unchanged, the SBP pointed out that demand-fuelled inflation or balance of payments pressures could necessitate monetary tightening. Industry deposits have increased by 10.7% since December 2020; lending has also started to pick-up with advances growing by 6%. Banking spreads have reduced by 105 bps in H1'21 compared to H1'20, reflecting the impact of asset repricing.

## Financial Performance

HLB has delivered a profit before tax of Rs 30.1 billion for the first half of 2021, a growth of 20% over the Rs 25.1 billion reported for the first half of 2020. This has been achieved as a result of continued strong performance by the domestic franchise – where all key activity drivers remain on an upward trajectory – helped by the absence of New York costs and improvements in the International business. Concurrently, the Bank's profit after tax has increased from Rs 14.9 billion in H1'20 to Rs 17.5 billion in H1'21, with earnings per share rising from Rs 10.17 to Rs 11.92 over the same period.

The Bank's balance sheet has increased by 7.3% over Dec'20 to Rs 3.9 trillion on the back of strong deposit mobilization, with total deposits growing by 10% to Rs 2.9 trillion. HBL became the first bank in Pakistan to achieve Rs 1 trillion in current accounts, a growth of 10% over Dec'20. With credit demand gathering momentum, domestic advances increased by 4%, crossing Rs 1 trillion for the first time. The Bank's Consumer business continues to perform exceptionally well, with its industry-leading loan book growing by 14% over Dec'20 to Rs 90 billion. With continuing rebuilding of the international lending book – which grew by 26% – HBL's total advances increased by 7% over Dec'20 to Rs 1.2 trillion.

Despite the industry-wide margin compression due to the low interest rate environment, HBL's net interest income grew slightly, to Rs 59.9 billion in H1'21; an increase of Rs 322 billion in average deposits drove an average balance sheet growth of Rs 360 billion, across both domestic and international businesses. Excluding capital gains, the Bank's non-fund income demonstrated a robust growth of 90% over H1'20. Fees and commissions were the main driver of this strong performance, increasing by 33%, to Rs 10.3 billion. The growth in fees was broad-based, with double-digit increases across most key lines, but with standout contributions from Cards and Consumer Finance, and a solid growth in trade, where volumes increased by over 85%. Total revenue of the Bank thus increased by 3% over H1'20 to Rs 75.5 billion.

HBL's administrative expenses reduced by 3% over H1'20, despite continuing investment in digital initiatives, technology infrastructure upgrades and people. Consequently, the Bank's cost to income ratio (excluding capital gains) improved from 64.1% in H1'20 to 56.4% in H1'21. Total provisions reduced by 33% over H1'20 to Rs 3.2 billion in H1'21, with the latter mainly emanating from prudent subjective provisioning. Total NPLs of the Bank have declined by Rs 4.6 billion over Dec'20 and, coupled with a rise in lending, resulted in the infection ratio reducing to an all-time low of 5.6% in Jun'21. HBL's specific coverage also improved to 91.1%.

## Movement in Reserves

	Rs in million
Unappropriated profit brought forward	129,263
Profit after tax	17,484
Transferred from surplus on revaluation of assets – net of tax	150
	17,634
Profit available for appropriation	146,897
<b>Appropriations:</b>	
Transferred to statutory reserves	(1,748)
Cash dividend – Final 2020	(4,401)
Cash dividend – Q1 2021	(2,567)
Total appropriations	(8,716)
<b>Unappropriated profit carried forward</b>	<b>138,181</b>
<b>Earnings per share (Rs)</b>	<b>11.92</b>

## Capital Ratios

Despite the higher profitability, the Bank's Capital Adequacy Ratio (CAR) declined due to the impact of Rupee depreciation (Impact : 17 bps), and a sharp increase in Risk Weighted Assets, some of which is transient. The unconsolidated Tier 1 CAR of 14.4% and the total CAR of 18.7% remain well ahead of regulatory requirements.

## Credit Ratings

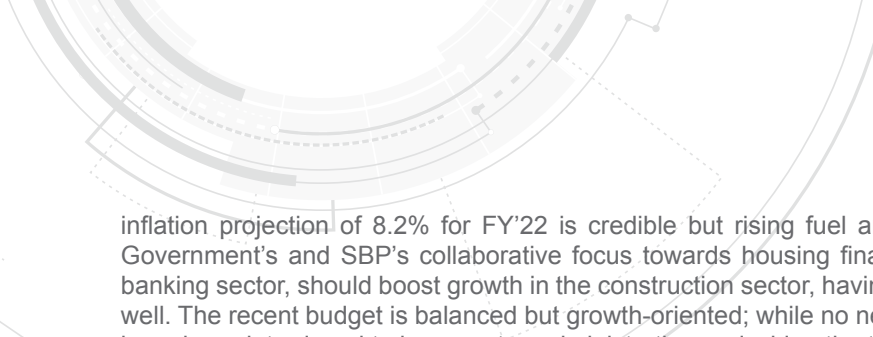
During the quarter, the Bank's credit ratings were re-affirmed by VIS Credit Rating Company Ltd at AAA/A-1+ for long term and short term respectively. The rating of its TFCs issued as Additional Tier 1 Capital have been reaffirmed as AA+. The Outlook on all ratings is Stable. The ratings incorporate HBL's position as the largest commercial bank in the country, its strong domestic franchise and diversified operations, and reflect its robust liquidity, sound capitalization and asset quality, and systemic importance.

## Dividend

The Board of Directors, in its meeting held on July 29, 2021, has declared an interim cash dividend of Rs 1.75 per share (17.5%) for the quarter ended June 30, 2021.

## Future Outlook

The country's growth momentum appears sustainable, driven by recovery in the manufacturing and services sectors. GDP growth is projected at 4.8% in FY'22 on the back of spending and supportive revenue measures. The current



inflation projection of 8.2% for FY'22 is credible but rising fuel and utility prices could pose an upside risk. The Government's and SBP's collaborative focus towards housing finance, along with directed lending targets for the banking sector, should boost growth in the construction sector, having a multiplier effect and lifting allied industries as well. The recent budget is balanced but growth-oriented; while no new major taxes have been announced, measures have been introduced to improve tax administration and widen the tax base.

Pakistan's vaccination program is on track; the government opened vaccination for everyone aged 19 or older, driven by an influx of Chinese vaccines. However, the latest surge in Covid-19 cases and the prevalence of the Delta variant poses a real challenge. The accelerated roll-out of vaccines, which are now becoming mandatory, is critical and, along with social distancing measures, must be strictly enforced. However, in the short-term, these will dampen economic growth.

FY'21 has seen positive developments in the external position with the build-up of reserves and the earlier appreciation of the Rupee. However, the fragility of the external account has been driven home by the abrupt reversal in June. Higher oil prices and rising industrial imports will keep the import bill elevated and continue to exert pressure on the Current Account, exacerbating the currency weakness. The ability of the Government to tap international bond markets under the MTN program, as demonstrated by the raising of USD 1 billion in July is a welcome note. However, the timely and successful completion of the 6th IMF review under the EFF, now scheduled for September will, as always, be critical to further boost FX reserves and restore external account stability, ensuring that business sentiments remain anchored. The ability and willingness of the Government to address structural issues – governance and privatization of SOEs, broadening the tax base and addressing the circular debt – will be key to the success of the EFF program and require urgent attention.

HBL has continued its momentum from the first quarter, with all businesses and activity drivers showing improved performance. The real drivers of these strong results are our customers, who are at the heart of all we do. We remain focused on developing solutions tailored to their needs and simplifying banking to deliver them a superior experience. At HBL, the technology company with a banking license, we are accelerating our digital assets and footprint to provide a broad range of innovative client-centric products and are gratified to have been recently rewarded with numerous prestigious awards in this space.

HBLPSL, our tribute to the millions of passionate Pakistani fans successfully concluded during the quarter. We are delighted that our efforts to promote Pakistan and cricket were recognized by external stakeholders; the HBLPSL digital show won at both the prestigious Effie Awards as well as the Pakistan Digital Awards. HBL continues to partner with the Government, providing thought leadership across multiple fronts. We reaffirm our commitment to supporting customers and the real economy, particularly in these challenging times. Our staff have stepped up and delivered throughout the pandemic, and HBL has adopted industry-leading measures for their support. The Bank continues to further its diversity agenda, hiring and elevating women to key positions, and is making progress on its initiative to hire differently-abled individuals in all areas of its operations.

## **Appreciation and Acknowledgement**

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

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

Lastly, but certainly not the least, we express our deepest appreciation and gratitude to our employees and their families, especially in customer facing units and branches, who continue to brave these hazardous conditions to ensure that our customers are able to meet their critical needs in this time of crisis. They are our heroes and heroines, and we salute them for their dedication and tireless efforts..

On behalf of the Board

**Muhammad Aurangzeb**  
**President & Chief Executive Officer**

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

July 29, 2021

## ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے، 30 جون 2021ء کو اختتام پذیر ہونے والی ششماہی کے غیر مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

## کلیاتی اقتصادیات کا جائزہ

پاکستان کی معیشت نے GDP کی حقیقی نمو میں 3.9% اضافے کے ساتھ ابھر کر گزشتہ تینوں سہ ماہیوں سے تجاوز کیا ہے۔ صنعتی پیداوار میں زبردست بحالی ہوئی ہے جو مالی سال 2021ء کے 11 ماہ کے دوران بڑے پیمانے پر مینوفیکچرنگ (LSM) انڈیکس میں 14.6% اضافے سے ظاہر ہے۔ خدمات کے شعبے کو Covid-19 کے سبب لاک ڈاؤن سے نقصان اٹھانا پڑا، اس میں ابھی مالی سال 2021ء کے دوران بھی 4.4% اضافے کی توقع کی جا رہی ہے۔ پٹرولیم مصنوعات کی قیمتوں میں اضافے کے باعث غذائی قیمتیں معمول پر لانے کے نتیجے میں جون 21 میں عمومی افراط زر کم ہو کر 9.7% ہو گئی۔ مالی سال 2021ء میں اوسط افراط زر 8.9% رہی، جو SBP کے تخمینے کی حد 7.0% تا 9.0% سے زیادہ ہے، لیکن مالی سال 2020ء کی ریکارڈ کی گئی 10.7% سے کم ہے۔

کرنٹ اکاؤنٹ میں مالی سال 2021ء کے لیے دس سالہ کم ترین خسارہ 1.9 ارب امریکی ڈالر ریکارڈ کیا گیا، جو مالی سال 2020ء کے خسارے 4.5 ارب امریکی ڈالر سے 58% کم ہے۔ ترسیلات زر کے بہاؤ نے کرنٹ اکاؤنٹ کو سہارا دیا، جو پورا سال مستقل 2 ارب امریکی ڈالر ماہانہ سے اوپر رہا اور 27% تک بڑھ کر 29.4 ارب امریکی ڈالر ہو گیا۔ برآمدات میں تیزی سے مالی سال 2021ء کے دوران 13.7% اضافے سے تاریخی بلندی حاصل ہوئی ہے۔ تاہم، اقتصادی سرگرمی کی بحالی اور تیل کی بڑھتی ہوئی قیمتوں کے نتیجے میں درآمدات میں تیزی سے تجارتی خسارہ بڑھا ہے جو 33.3% اضافے سے 28.2 ارب امریکی ڈالر تک پہنچ گیا ہے۔

بیرونی میدان میں پائیداری کے نتیجے میں زرمبادلہ کے ذخائر میں اضافہ جون 2021ء کے آخر تک بڑھ کر 23.3 ارب امریکی ڈالر ہو گیا۔ EFF کی تیسری قسط کی صورت میں IMF کی امداد، دیگر کثیر جہتی ذرائع سے معاونت اور ایک اسٹرکچرڈ میڈیم ٹرم نوٹ (MTN) پروگرام کے ذریعے بین الاقوامی بانڈ مارکیٹوں کی چھان بھٹک سے ذخائر کی صورت حال بہتر ہوئی۔ روشن ڈیجیٹل اکاؤنٹس پروگرام کے پُر جوش رد عمل میں 1.8 ارب امریکی ڈالر آمدنی دیکھنے میں آئی ہے۔ ان مثبت تبدیلیوں کے باوجود، سال 2021ء کی دوسری سہ ماہی کے اختتام میں روپیہ زیر دباؤ آگیا، جس نے سال 2021ء کی پہلی سہ ماہی میں حاصل ہونے والا منافع پلٹ دیا اور امریکی ڈالر کے مقابلے میں 3% سے کم ہو گیا۔

مالی سال 2021ء کے نو ماہ کے لیے مالی خسارہ کم ہو کر GDP کا 3.6% ہو گیا، جو گزشتہ سال اسی مدت کے لیے 3.8% تھا۔ یہ بات اہمیت کی حامل ہے کہ اس مدت میں حکومت اپنا بنیادی سرپلس 194 ارب روپے (GDP کا 0.4%) سے 452 ارب روپے (GDP کا 1.0%) تک بڑھانے میں کامیاب رہی۔ مالی سال 2021ء کے خسارے کا تخمینہ 7.1% ہے اور مالی سال 2022ء میں اس میں 6.3% تک کمی متوقع ہے جس کا انحصار محصول میں اضافے کی توقعات پر ہے۔ پورے مالی سال 2021ء کے دوران ٹیکس وصولی کے اعداد و شمار بھی حوصلہ افزا رہے ہیں جس میں خالص وصولی 4.7 کھرب روپے، پچھلے سال کے مقابلے میں 18% نمو ظاہر کر رہی ہے جو مالی سال 2021ء کے ہدف سے زیادہ ہے۔

سال 2021ء کی پہلی ششماہی میں KSE 100 انڈیکس کے مختصر طور پر 48,000 کی سطح عبور کرنے کے ساتھ ایکویٹی مارکیٹ میں 8.2% نمو نظر آئی۔ بازار حصص میں سرگرمیاں بڑھ گئیں، مئی میں اب تک کاسب سے بڑا تجارتی حجم ریکارڈ کیا گیا۔ PSX نے خصوصاً مالی سال 21 کے دوران 7 نئے ایشوز کے ساتھ ایکویٹی میں اضافے کی بھرپور سرگرمی دیکھی، جو مالی سال 2007ء کے بعد بلند ترین ہے۔ جون میں وفاقی بجٹ میں مثبت پیش رفت سے ایکویٹی مارکیٹ کو تقویت ملی جس سے مالی سال 7 سالہ منافع کی اعلیٰ ترین سطح 37.6% پر بند کیا گیا۔

SBP مئی 2020ء سے شرح سود کو 7.0% پر برقرار رکھ رہا ہے۔ اپنے تازہ ترین مالیاتی پالیسی بیان (MPS) میں، SBP نے مستحکم ریکوری کے مثبت اثرات، مہنگائی میں اضافے کی توقعات کی تردید اور صارفین اور کاروباری اعتماد میں اضافے کے بارے میں بیان کیا ہے۔ اس کے ساتھ ساتھ، MPS میں وبائی امراض کے باعث غیر یقینی صورتحال سے پیدا ہونے والے منفی اثرات کے باوجود ایک مناسب مالیاتی پالیسی کی ضمانت پر روشنی ڈالی گئی ہے۔ تاہم، اس کی آئندہ رہنمائی میں، اپنے سابقہ موقف کو برقرار رکھتے ہوئے کہ پالیسی کی شرح وسیع پیمانے پر وہی رہے گی، SBP نے نشاندہی کی ہے کہ طلب سے بڑھنے والی مہنگائی یا ادائیگیوں کے توازن کے دباؤ سے مالیاتی تنگی پیدا ہو سکتی ہے۔ صنعتی ذخائر میں دسمبر 2020ء سے 10.7% اضافہ ہوا ہے۔ قرضہ جات میں بھی ایڈوانس کی 6% نمو سے تیزی آئی ہے۔ سال 2020ء کی پہلی ششماہی کے مقابلے میں سال 2021ء کی پہلی ششماہی میں بینکنگ سپر ایڈوانس 105 بی پی ایس تک کم ہو گیا ہے، جس سے اثاثوں کی قیمت میں تبدیلی کے اثرات ظاہر ہوتے ہیں۔



## ذخائر میں اتار چڑھاؤ

ملین روپے

129,263

17,484

150

17,634

146,897

(1,748)

(4,401)

(2,567)

(8,716)

138,181

11.92

افتتاحی غیر تخصیص شدہ منافع

بعد از محصول منافع  
اثاثہ جات کی دوبارہ تخصیص پر سرپلس سے منتقل شدہ۔ محصول کا خالص

مناسب کارروائی کے لیے دستیاب منافع

مختلف مدوں میں رکھی گئی رقم:

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ۔ حتیٰ 2020ء

نقد منافع منقسمہ۔ پہلی سہ ماہی 2021ء

مجموعی مناسب کارروائیاں

افتتاحی غیر تخصیص شدہ منافع

فی حصص (شیر) آمدنی (روپے)

## سرمائے کا تناسب

زیادہ منافع کے باوجود، روپے کی قدر میں کمی اور پُر خطر اثاثہ جات میں عارضی اضافے کے باعث بینک کے کیپٹل ایڈیکولیسی ریشو (CAR) میں کمی ہوئی (اثرات: 17 بی بی ایس)۔ غیر مجموعی Tier 1 CAR کا 14.4% اور کل CAR کا 18.7% ریگولیٹری شرائط سے کافی زیادہ رہا۔

## کریڈٹ ریٹنگ

مذکورہ سہ ماہی کے دوران، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے طویل المیعاد اور قلیل المیعاد کے لیے بالترتیب بینک کی کریڈٹ ریٹنگز +A-1 / AAA کی دوبارہ توثیق کی۔ اضافی Tier 1 سرمائے کے طور پر جاری کردہ TFCs کی ریٹنگ کی بھی AA+ کے طور پر توثیق ہوئی۔ تمام ریٹنگ کا منظر نامہ مستحکم ہے۔ یہ ریٹنگز ملک میں سب سے بڑے کمرشل بینک کے طور پر HBL کے مقام، اس کی مستحکم ملکی فرنیچر اور متنوع آپریشنز کی نشاندہی کرتی ہیں، اور بینک کی مضبوط لیکویڈیٹی، قابل اعتماد سرمایہ کاری اور اثاثہ جات کے معیار، اور نظام کی اہمیت کی عکاس ہیں۔

## منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 29 جولائی 2021ء کو منعقدہ اجلاس میں 30 جون 2021ء کو ختم ہونے والی سہ ماہی کے لیے 1.75 روپے فی حصص (17.5%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔



## مالیاتی کارکردگی

سال 2021ء کی پہلی ششماہی کے لیے HBL کا قبل از محصول منافع 30.1 ارب روپے رہا، جو 2020ء کی پہلی ششماہی کے 25.1 ارب روپے منافع کے مقابلے میں 20% زیادہ ہے۔ یہ ملکی فریجیاز کی مسلسل مستحکم کارکردگی کا نتیجہ ہے، جہاں سرگرمی کے تمام اہم عوامل مثبت سمت میں آگے بڑھ رہے ہیں، نیز نیویارک کے اخراجات ختم ہونے اور بین الاقوامی کاروبار میں بہتری سے بھی مدد ملی۔ نتیجتاً، بینک کا بعد از محصول منافع 2020ء کی پہلی ششماہی میں 14.9 ارب روپے سے بڑھ کر 2021ء کی پہلی ششماہی میں 17.5 ارب روپے ہو گیا، جبکہ اسی عرصے کے دوران فی حصص آمدنی 10.17 روپے سے بڑھ کر 11.92 روپے ہو گئی۔

بینک کی بیلنس شیٹ دسمبر 2020ء کے مقابلے میں 7.3% اضافے کے ساتھ 3.9 کھرب روپے ہو گئی۔ یہ کارکردگی ڈپازٹس میں مستحکم اضافے کے باعث ممکن ہوئی جہاں HBL کے مجموعی ڈپازٹس میں 10% اضافے کے ساتھ 2.9 کھرب روپے تک پہنچ گئے۔ HBL پاکستان کا پہلا بینک بن گیا جس نے کرنٹ اکاؤنٹس میں 1 کھرب روپے کانگ میل عبور کیا جو دسمبر 2020ء کے مقابلے میں 10% اضافہ ہے۔ کریڈٹ کی طلب میں اضافے کے رجحان کے ساتھ، ملکی قرضے 4% سے بڑھ کر پہلی بار 1 کھرب روپے سے تجاوز کر گئے۔ بینک کے کنزیومر بزنس نے مسلسل غیر معمولی طور پر بہتر کارکردگی کا مظاہرہ جاری رکھا، جس کے قرضوں کا کھاتہ دسمبر 2020ء کے مقابلے میں 14% اضافے کے بعد 90 ارب روپے ہو گیا جو انڈسٹری میں سرفہرست ہے۔ بین الاقوامی قرضوں کے کھاتے کی تشکیل نو کا عمل جاری رہا، جن میں 26% اضافہ ہوا، اور HBL کے مجموعی قرضے دسمبر 2020ء کے مقابلے میں 7% اضافے کے ساتھ 1.2 کھرب روپے ہو گئے۔

کم شرح سود کے باعث انڈسٹری بھر میں دباؤ کے باوجود، HBL کی خالص منافع آمدن 2021ء کی پہلی ششماہی میں معمولی اضافے کے ساتھ 59.9 ارب روپے ہو گئی؛ ملکی اور غیر ملکی دونوں کاروباروں میں اوسط ڈپازٹس میں 322 ارب روپے کے اضافے کے باعث اوسط بیلنس شیٹ میں 360 ارب روپے کا اضافہ ہوا۔ حاصلات سرمایہ سے قطع نظر، بینک کی غیر سرمایہ آمدن نے 2020ء کی پہلی ششماہی کے مقابلے میں 90% کی بھرپور ترقی کی۔ فیس اور کمیشن اس مستحکم کارکردگی کے اہم عوامل رہے، جو 33% اضافے کے ساتھ تقریباً 10.3 ارب روپے ہو گئے۔ فیس میں وسیع پیمانے پر اضافہ ہوا جو تقریباً تمام اہم شعبوں میں دہرے ہندسے پر مشتمل تھا، جس میں کارڈز اور کنزیومر فنانس کی نمایاں کارکردگی کے ساتھ ٹریڈ کی بھرپور ترقی کا بھی کردار تھا جس کے حجم میں 85% سے زیادہ اضافہ ہوا۔ چنانچہ بینک کی مجموعی آمدنی 2020ء کی پہلی ششماہی کے مقابلے میں 3% اضافے کے ساتھ 75.5 ارب روپے ہو گئی۔

ڈیجیٹل منصوبوں، ٹیکنالوجی انفراسٹرکچر کو اپ گریڈ کرنے اور اپنے عملے میں مسلسل سرمایہ کاری کے باوجود 2020ء کی پہلی ششماہی کے مقابلے میں HBL کے انتظامی اخراجات میں 3% کمی واقع ہوئی۔ نتیجتاً، بینک کی لاگت سے آمدن کا تناسب (حاصلات سرمایہ کے بغیر) 2020ء کی پہلی ششماہی میں 64.1% تھا جو 2021ء کی پہلی ششماہی میں بہتر ہو کر 56.4% ہو گیا۔ 2020ء کی پہلی ششماہی کے مقابلے میں مجموعی پروٹون 33% سے کم ہو کر 2021ء کی پہلی ششماہی میں 3.2 ارب روپے ہو گیا، جبکہ موخر الذکر کا بیشتر حصہ محتاط انفرادی پروٹون پر مشتمل ہے۔ بینک کے مجموعی NPLs میں دسمبر 2020ء کے مقابلے میں 14.6 ارب روپے کی کمی ہوئی اور، قرضوں میں اضافے کے ساتھ مل کر، جون 2021ء میں انفیکشن کا تناسب کم ہو کر اب تک کی سب سے کم شرح 5.6% پر آ گیا۔ HBL کی مخصوص کوریج بھی بہتری کے ساتھ 91.1% ہو گئی۔

## اظہارِ تشکر

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

ہم اپنے صارفین کے احسان مند ہیں جو اپنے کاروبار اور اعتماد کے ذریعے اپنا بھروسہ جاری رکھے ہوئے ہیں۔ ہمارے حصص یافتگان نے ثابت قدمی سے ہمارا ساتھ دیا ہے اور اُن کے ساتھ ساتھ ہم تمام اسٹیک ہولڈرز کے انتہائی شکر گزار ہیں۔ بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پُر عزم ہے اور ہم اپنے اسٹیک ہولڈرز کو یقین دلاتے ہیں کہ اس خطے میں ہم اپنی کاروباری صنعت میں عروج پر ہوں گے۔

آخر میں، ہم اپنے تمام ملازمین اور اُن کے اہل خانہ، بالخصوص کسٹمر کا سامنا کرنے والے پونٹس اور برانچوں میں موجود عملے کے تہِ دل سے شکر گزار ہیں، جنہوں نے ان خطرناک حالات میں بہادری کا مظاہرہ کرتے ہوئے اس بحران میں ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنائی۔ یہ ہمارے ہیر و اور ہیر وئن ہیں اور ہم اُن کے عزم اور انتھک محنت کے لیے انھیں خراجِ تحسین پیش کرتے ہیں۔

منجانب بورڈ

معیز احمد جمال  
ڈائریکٹر

محمد اورنگزیب  
صدر اور چیف ایگزیکٹو آفیسر

29 جولائی 2021ء

## مستقبل کی صورت حال

مینوفیکچرنگ اور خدمات کے شعبوں میں بحالی کے سبب ملکی ترقی کی رفتار مستحکم نظر آرہی ہے۔ مالی سال 22 میں GDP کی نمو کا تخمینہ 4.8% ہے جس کا انحصار اخراجات اور معاون محصولی اقدامات پر ہے۔ مالی سال 2022ء کے لیے افراط زر کی 8.2% کی موجودہ پیش گوئی مستند ہے لیکن ایندھن اور یوٹیلٹی کی قیمتوں میں اضافے سے خطرہ لاحق ہو سکتا ہے۔ حکومت اور SBP کی مشترکہ توجہ ہاؤسنگ فنانس کے ساتھ ساتھ بینکنگ سیکٹر کے لیے ہدایتی قرضے کے اہداف سے تعمیری شعبے میں ترقی ہوگی جس کا دور رس اثر اس سے وابستہ دیگر صنعتوں کو بھی ابھارے گا۔ حالیہ بجٹ متوازن لیکن ترقی پر مبنی ہے جس میں کسی نئے بڑے ٹیکس کا اعلان نہیں کیا گیا ہے، تاہم ٹیکس ایڈمنسٹریشن اور ٹیکس میں بہتری اور وسعت کے اقدامات پیش کیے گئے ہیں۔

پاکستان میں ویکی نیشن پروگرام درست روش پر ہے۔ حکومت نے چینی ویکسین کی درآمد کے بعد 19 سال یا اس سے زیادہ عمر کے لوگوں کے لیے ویکی نیشن کھول دی ہے۔ تاہم، Covid-19 کیسز میں تازہ ترین اضافے اور ڈیلٹا ویریننٹ کی موجودگی سے ایک حقیقی خطرہ درپیش ہے۔ ویکسین جواب لازمی قرار دے دی گئی ہے، اسے لگانے کے عمل میں تیزی نہایت اہم ہے اور سماجی دوری کے اقدامات کے ساتھ اس پر سختی سے عمل درآمد ضروری ہے۔ تاہم، عارضی طور پر یہ معاشی نمو کو کم کر دیں گے۔

مالی سال 2021ء میں بیرونی صورتحال میں ذخائر میں اضافے اور روپے کی قدر افزائی کے ساتھ مثبت تبدیلیاں دیکھی گئیں۔ البتہ، بیرونی اکاؤنٹ کی نزاکت جون میں اچانک الٹ جانے سے واپس آگئی۔ تیل کی قیمت میں اضافے اور بڑھتی ہوئی صنعتی درآمدات، درآمدی بل کو بھاری رکھیں گے اور کرنسی کو کمزور کرتے ہوئے کرنٹ اکاؤنٹ پر دباؤ ڈالتے رہیں گے۔ حکومت کی MTN پروگرام کے تحت بین الاقوامی بانڈ مارکیٹوں کی چھان بھٹک کی صلاحیت جولائی میں 1 ارب امریکی ڈالر کے اضافے سے ظاہر ہوئی جو کہ خوش آئند ہیں۔ تاہم، اب EFF کے تحت ستمبر میں ہونے والے چھٹے IMF جائزے کی بروقت اور کامیاب تکمیل، ہمیشہ کی طرح، زرمبادلہ کے ذخائر میں مزید اضافے اور بیرونی اکاؤنٹ کی مستحکم بحالی کے لیے اہم ثابت ہوگی، اس یقین دہانی کے ساتھ کہ کاروباری جذبات برقرار رہیں۔ حکومت کی ساختی مسائل کو حل کرنے کی صلاحیت اور عزم - SOEs کی نگرانی اور نجکاری، ٹیکس میں کی وسعت اور گردشی قرضوں کا حل - EFF پروگرام کی کامیابی کی کنجی ہوگی اور اس پر فوری توجہ کی ضرورت ہے۔

HBL نے تمام کاروباری اداروں اور سرگرمیوں میں بہترین کارکردگی کے ساتھ پہلی سہ ماہی سے ہی اپنی رفتار برقرار رکھی ہے۔ ان بہترین نتائج کے اصل محرک ہمارے صارفین ہیں، جو ہمارے تمام کاموں کی اساس ہیں۔ ہم ان کی ضروریات کے مطابق حل تلاش کرنے اور بینکاری کو آسان بنانے پر توجہ مرکوز رکھتے ہیں تاکہ ان کو ایک اعلیٰ تجربہ فراہم کیا جاسکے۔ بینکاری کا لائسنس رکھنے والی ایک ٹیکنالوجی کمپنی کی حیثیت سے HBL میں، ہم اپنے ڈیجیٹل اثاثوں کو فروغ دے رہے ہیں اور جدید کلائنٹ کی مرکزیت پر مبنی مصنوعات کی ایک وسیع رینج فراہم کرنے کے لیے قدم بڑھا رہے ہیں اور حال ہی میں اس حیثیت میں متعدد معزز ایوارڈز سے نوازے جانے پر مشکور ہیں۔

HBLPSL، لاکھوں پُر جوش پاکستانی شائقین کو ہمارا پیش کردہ خراج تحسین، اس سہ ماہی کے دوران کامیابی کے ساتھ اختتام پذیر ہوا۔ ہمیں خوشی ہے کہ ہماری پاکستان اور کرکٹ کو فروغ دینے کی کوششوں کو بیرونی اسٹیک ہولڈرز نے تسلیم کیا۔ HBLPSL ڈیجیٹل شو نے دو مستند ایف ایوارڈز اور پاکستان ڈیجیٹل ایوارڈ بھی جیتے۔ HBL نے حکومت کے ساتھ شراکت جاری رکھی ہے، اور متعدد میدانوں میں فکر انگیز قیادت فراہم کر رہا ہے۔ ہم خصوصاً ان مشکل حالات میں صارفین اور حقیقی معیشت کی معاونت کے عزم کی توثیق کرتے ہیں۔ ہمارے عملے نے وبا کے دوران آگے بڑھ کر کام کیا اور نتائج دیے اور HBL نے ان کی معاونت میں صنعتی قائدانہ اقدامات کیے ہیں۔ بینک اپنے متنوع ایجنڈا کے فروغ کے لیے کوشاں ہے، خواتین کی اہم عہدوں پر تقرری اور ترقی پر کام کر رہا ہے، اور اپنے تمام شعبوں میں مختلف اہلیت کے حامل افراد کی خدمات حاصل کرنے کے اقدام پر پیش رفت کر رہا ہے۔

# Independent Auditor's Review Report

To the members of Habib Bank Limited

## Report on review of Condensed Interim Unconsolidated Financial Statements

### Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Habib Bank Limited** ("the Bank") as at 30 June 2021 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these 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 interim financial statements based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 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 financial statements of the Bank for six-month period ended 30 June 2020 and for the year ended 31 December 2020 were respectively reviewed and audited by another firm of Chartered Accountants who had expressed an unqualified conclusion and opinion thereon vide their reports dated 24 July 2020 and 24 February 2021, respectively.

The figures for the quarter ended 30 June 2021 in the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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

Date: 10 August 2021

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

Karachi

# Condensed Interim Unconsolidated Statement of Financial Position

As at June 30, 2021

	Note	(Unaudited) June 30, 2021 (Rupees in '000)	(Audited) December 31, 2020
<b>ASSETS</b>			
Cash and balances with treasury banks	5	359,961,576	347,988,749
Balances with other banks	6	26,334,084	38,422,719
Lendings to financial institutions	7	145,746,153	30,154,193
Investments	8	1,971,728,055	1,912,237,993
Advances	9	1,193,779,529	1,117,320,960
Fixed assets	10	89,998,589	84,350,518
Intangible assets	11	5,071,109	4,596,807
Deferred tax assets		-	-
Other assets	12	118,166,504	108,639,781
		<b>3,910,785,599</b>	<b>3,643,711,720</b>
<b>LIABILITIES</b>			
Bills payable	13	53,308,834	46,122,344
Borrowings	14	503,785,724	540,095,253
Deposits and other accounts	15	2,946,875,964	2,669,490,716
Liabilities against assets subject to finance lease		-	-
Subordinated debt	16	12,374,000	22,356,000
Deferred tax liabilities	17	797,746	2,968,857
Other liabilities	18	144,342,800	119,953,785
		<b>3,661,485,068</b>	<b>3,400,986,955</b>
<b>NET ASSETS</b>			
		<b>249,300,531</b>	<b>242,724,765</b>
<b>REPRESENTED BY</b>			
<b>Shareholders' equity</b>			
Share capital		14,668,525	14,668,525
Reserves		63,385,448	63,040,638
Surplus on revaluation of assets - net of tax	19	33,065,877	35,752,856
Unappropriated profit		138,180,681	129,262,746
		<b>249,300,531</b>	<b>242,724,765</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	20		

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Dr. Najeeb Samie  
Director

Salim Raza  
Director

Khaleel Ahmed  
Director

## Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the six months ended June 30, 2021

	Note	January 01 to June 30, 2021	January 01 to June 30, 2020	April 01 to June 30, 2021	April 01 to June 30, 2020
----- (Rupees in '000) -----					
Mark-up / return / profit / interest earned	22	118,971,420	136,736,568	59,360,938	66,914,121
Mark-up / return / profit / interest expensed	23	59,041,178	77,359,579	29,493,084	33,739,523
Net mark-up / return / profit / interest income		59,930,242	59,376,989	29,867,854	33,174,598
<b>Non mark-up / interest income</b>					
Fee and commission income	24	10,270,847	7,793,899	5,156,829	3,659,099
Dividend income		889,373	852,857	553,009	224,496
Foreign exchange income / (loss)		1,278,057	(1,412,357)	453,211	266,368
Income / (loss) from derivatives		890,867	258,333	(288,420)	538,637
Gain on securities - net	25	1,807,426	6,658,165	1,974,313	4,412,526
Other income / (loss)	26	439,737	(240,172)	352,630	181,888
Total non mark-up / interest income		15,576,307	13,910,725	8,201,572	9,283,014
Total income		75,506,549	73,287,714	38,069,426	42,457,612
<b>Non mark-up / interest expenses</b>					
Operating expenses	27	41,560,880	42,687,928	20,210,736	19,434,058
Workers' Welfare Fund -Charge		631,389	513,895	314,171	353,725
Other charges	28	51,842	232,608	9,609	410
Total non mark-up / interest expenses		42,244,111	43,434,431	20,534,516	19,788,193
<b>Profit before provisions and taxation</b>		33,262,438	29,853,283	17,534,910	22,669,419
Provisions / (reversals) and write offs - net	29	3,162,208	4,707,291	1,434,741	4,565,962
<b>Profit before taxation</b>		30,100,230	25,145,992	16,100,169	18,103,457
<b>Taxation</b>	30	12,615,915	10,221,216	6,913,776	7,176,460
<b>Profit after taxation</b>		17,484,315	14,924,776	9,186,393	10,926,997
----- (Rupees) -----					
<b>Basic and diluted earnings per share</b>	31	11.92	10.17	6.26	7.45

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

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Khaleel Ahmed  
Director

## Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the six months ended June 30, 2021

	January 01 to June 30, 2021	January 01 to June 30, 2020	April 01 to June 30, 2021	April 01 to June 30, 2020
	----- (Rupees in '000) -----			
<b>Profit after taxation for the period</b>	<b>17,484,315</b>	14,924,776	<b>9,186,393</b>	10,926,997
<b>Other comprehensive (loss) / income</b>				
<i>Items that may be reclassified to the profit and loss account in subsequent periods</i>				
Effect of translation of net investment in foreign branches - net of tax	(1,403,622)	2,935,251	<b>1,454,510</b>	500,684
Movement in surplus / deficit on revaluation of investments - net of tax	(2,537,379)	14,938,440	<b>1,203,121</b>	8,900,663
<b>Total comprehensive income</b>	<b>13,543,314</b>	32,798,467	<b>11,844,024</b>	20,328,344

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Director



# Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the six months ended June 30, 2021

Share capital	Reserves			Unappropriated profit	Surplus / (deficit) on revaluation of		Total
	Statutory	Capital			Investments	Fixed / Non-banking assets	
		Exchange Translation	Non - distributable capital				

(Rupees in '000)

Balance as at December 31, 2019	14,668,525	33,463,859	23,263,185	547,115	104,668,407	3,573,355	21,237,500	201,421,946
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## Comprehensive income for the six months ended June 30, 2020

Profit after taxation for the six months ended June 30, 2020

## Other comprehensive income / (loss)

Effect of translation of net investment in foreign branches - net of tax

Movement in surplus / deficit on revaluation of assets - net of tax

Transferred to statutory reserve

Transferred from surplus on revaluation of assets - net of tax

Exchange loss realised on closure of Bank branch - net of tax

## Transactions with owners, recorded directly in equity

Final cash dividend - Rs 1.25 per share declared subsequent to the year ended December 31, 2019

1st interim cash dividend - Rs 1.25 per share

-	-	-	-	14,924,776	-	-	14,924,776
-	-	2,935,251	-	-	-	-	2,935,251
-	-	-	-	-	14,938,440	-	14,938,440
-	-	2,935,251	-	14,924,776	14,938,440	-	32,798,467
-	1,492,478	-	-	(1,492,478)	-	-	-
-	-	-	-	21,387	-	(21,387)	-
-	-	1,151,197	-	-	-	-	1,151,197
-	-	-	-	(1,833,565)	-	-	(1,833,565)
-	-	-	-	(1,833,565)	-	-	(1,833,565)
-	-	-	-	(3,667,130)	-	-	(3,667,130)

Balance as at June 30, 2020

## Comprehensive income for the six months ended December 31, 2020

Profit after taxation for the six months ended December 31, 2020

## Other comprehensive income / (loss)

Effect of translation of net investment in foreign branches - net of tax

Remeasurement loss on defined benefit obligations - net of tax

Movement in surplus / deficit on revaluation of assets - net of tax

Transferred to statutory reserve

Transferred from surplus on revaluation of assets - net of tax

Balance as at December 31, 2020

## Comprehensive income for the six months ended June 30, 2021

Profit after taxation for the six months ended June 30, 2021

## Other comprehensive income

Effect of translation of net investment in foreign branches - net of tax

Movement in surplus / deficit on revaluation of assets - net of tax

Transferred to statutory reserve

Transferred from surplus on revaluation of assets - net of tax

## Transactions with owners, recorded directly in equity

Final cash dividend - Rs 3 per share declared subsequent to the year ended December 31, 2020

1st interim cash dividend - Rs 1.75 per share

-	-	-	-	16,598,906	-	-	16,598,906
-	-	(1,472,337)	-	-	-	-	(1,472,337)
-	-	-	-	(154,770)	-	-	(154,770)
-	-	-	-	-	(10,041,753)	6,090,239	(3,951,514)
-	-	(1,472,337)	-	16,444,136	(10,041,753)	6,090,239	11,020,285
-	1,659,890	-	-	(1,659,890)	-	-	-
-	-	-	-	23,538	-	(23,538)	-
14,668,525	36,616,227	25,877,296	547,115	129,262,746	8,470,042	27,282,814	242,724,765
-	-	-	-	17,484,315	-	-	17,484,315
-	-	(1,403,622)	-	-	-	-	(1,403,622)
-	-	-	-	-	(2,537,379)	-	(2,537,379)
-	-	(1,403,622)	-	17,484,315	(2,537,379)	-	13,543,314
-	1,748,432	-	-	(1,748,432)	-	-	-
-	-	-	-	149,600	-	(149,600)	-
-	-	-	-	(4,400,556)	-	-	(4,400,556)
-	-	-	-	(2,566,992)	-	-	(2,566,992)
-	-	-	-	(6,967,548)	-	-	(6,967,548)
14,668,525	38,364,659	24,473,674	547,115	138,180,681	5,932,663	27,133,214	249,300,531

Balance as at June 30, 2021

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

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Director

# Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the six months ended June 30, 2021

	January 01 to June 30, 2021	January 01 to June 30, 2020
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	30,100,230	25,145,992
Dividend income	(889,373)	(852,857)
	<b>29,210,857</b>	<b>24,293,135</b>
<b>Adjustments:</b>		
Depreciation	3,054,251	2,665,784
Amortisation	447,329	335,970
Depreciation on right-of-use assets	1,368,784	1,636,045
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	1,920,974	968,963
Mark-up / return / profit / interest expensed on subordinated debt	658,751	1,558,580
(Reversal of) / provision for diminution in value of investments	(777,874)	394,468
Provision against loans and advances	1,772,051	4,419,135
Provision against other assets	1,042,488	111,638
Provision against off-balance sheet obligations	1,454,777	16,045
Unrealised gain on held-for-trading securities	(14,286)	(126,403)
Exchange gain realised on liquidation of subsidiary	(13,354)	(1,395,592)
Exchange loss realised on closure of Bank branch	-	1,151,197
Gain on sale of fixed assets - net	(43,126)	(2,050)
Gain on sale of non - banking assets	(16,000)	-
Workers' Welfare Fund	631,389	513,895
	<b>11,486,154</b>	<b>12,247,675</b>
	<b>40,697,011</b>	<b>36,540,810</b>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(115,591,960)	(35,387,496)
Held-for-trading securities	(88,890,317)	155,026,911
Advances	(78,230,620)	14,282,501
Other assets (excluding advance taxation)	(11,786,562)	6,841,050
	<b>(294,499,459)</b>	<b>140,762,966</b>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	7,186,490	12,085,653
Borrowings from financial institutions	(36,309,529)	(75,343,434)
Deposits and other accounts	277,385,248	223,198,668
Other liabilities	18,295,061	(6,176,359)
	<b>266,557,270</b>	<b>153,764,528</b>
	<b>12,754,822</b>	<b>331,068,304</b>
	<b>(12,000,924)</b>	<b>(4,373,666)</b>
	<b>753,898</b>	<b>326,694,638</b>
Income tax paid		
<b>Net cash flows generated from operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	73,882,630	(347,006,015)
Net investment in held-to-maturity securities	(47,719,532)	10,345,938
Net investment in subsidiaries	68,720	(396,089)
Net investment in associates	(222,276)	45,993
Dividend received	893,476	744,913
Investments in fixed assets	(7,297,365)	(2,908,493)
Investments in intangible assets	(941,454)	(863,774)
Proceeds realised on liquidation of subsidiary	36,590	3,021,200
Proceeds from sale of fixed assets	58,168	12,983
Proceeds from sale of non-banking assets	216,000	-
Effect of translation of net investment in foreign branches - net of tax	(1,403,622)	2,935,251
<b>Net cash flows generated from / (used in) investing activities</b>	<b>17,571,335</b>	<b>(334,068,093)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of subordinated debt	(9,982,000)	(2,000)
Repayment of mark-up on subordinated debt	(946,148)	(1,602,754)
Payment of lease liability against right-of-use assets	(1,764,549)	(1,895,237)
Dividend paid	(5,748,344)	(2,820,729)
<b>Net cash flows used in financing activities</b>	<b>(18,441,041)</b>	<b>(6,320,720)</b>
<b>Decrease in cash and cash equivalents during the period</b>	<b>(115,808)</b>	<b>(13,694,175)</b>
Cash and cash equivalents at the beginning of the period	388,052,074	363,033,776
Effect of exchange rate changes on cash and cash equivalents	(1,640,606)	6,347,580
	<b>386,411,468</b>	<b>369,381,356</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>386,295,660</b>	<b>355,687,181</b>

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

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Director

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Director

**Khaleel Ahmed**  
Director

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

## 1 STATUS AND NATURE OF BUSINESS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at 9th Floor, Habib Bank Tower, Jinnah Avenue, Blue Area, Islamabad and its principal office is at HBL Tower, Plot # G-4, KDA Scheme 5, Block 7, Clifton, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,637 (December 31, 2020: 1,659) branches inside Pakistan including 161 (December 31, 2020: 62) Islamic Banking Branches and 38 (December 31, 2020: 38) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A. (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

- 1.1 Habib Finance International Limited (HFIL) had voluntarily surrendered its banking license in 2019 and was under voluntary liquidation. HFIL's final general meeting to conclude the liquidation was held on February 19, 2021 and the company stands formally dissolved as on May 19, 2021. The entire capital has been repatriated to Pakistan.
- 1.2 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.
- 1.3 The Bank has decided to exit its operations in Mauritius and is at an advanced stage of discussions with a potential buyer.

## 2 BASIS OF PRESENTATION

### 2.1 STATEMENT OF COMPLIANCE

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

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

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

- 2.2 The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019, and IAS 34. These condensed interim unconsolidated financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2020.

### 2.3 Standards, interpretations of and amendments to existing accounting and reporting standards that have become effective in the current year.

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2021. These are considered either to not be relevant or not to have any significant impact on the Bank's financial statements.

### 2.4 Standards and amendments to existing accounting and reporting standards that are not yet effective.

As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 01, 2022. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed and implementation guidelines are awaited.

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

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

### 2.5 Critical accounting estimates and judgements

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2020.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those followed in the preparation of the unconsolidated financial statements for the year ended December 31, 2020.

### 4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2020.

### 5 CASH AND BALANCES WITH TREASURY BANKS

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
In hand		
Local currency	42,896,775	39,840,558
Foreign currencies	5,326,635	15,979,300
	<u>48,223,410</u>	<u>55,819,858</u>
With State Bank of Pakistan in		
Local currency current accounts	141,663,740	128,439,933
Foreign currency current accounts	7,974,917	6,788,327
Foreign currency deposit accounts	15,464,590	13,768,677
	<u>165,103,247</u>	<u>148,996,937</u>
With other Central Banks in		
Foreign currency current accounts	24,761,849	25,437,714
Foreign currency deposit accounts	11,575,089	11,120,595
	<u>36,336,938</u>	<u>36,558,309</u>
With National Bank of Pakistan in local currency current accounts	108,708,413	104,866,634
National Prize Bonds	1,589,568	1,747,011
	<u>359,961,576</u>	<u>347,988,749</u>

### 6 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	16,507	1,977,022
Outside Pakistan		
In current accounts	13,370,696	25,349,080
In deposit accounts	12,946,881	11,096,617
	<u>26,317,577</u>	<u>36,445,697</u>
	<u>26,334,084</u>	<u>38,422,719</u>

### 7 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	11,875,437	-
Repurchase agreement lendings (reverse repo)	80,983,676	24,896,835
Bai Muajjal receivable with:		
- State Bank of Pakistan	-	5,257,358
- Other financial institutions	52,887,040	-
	<u>52,887,040</u>	<u>5,257,358</u>
	<u>145,746,153</u>	<u>30,154,193</u>

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

8	INVESTMENTS	Note	June 30, 2021 (Unaudited)				December 31, 2020 (Audited)			
			Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1	Investments by type		(Rupees in '000)							
	<b>Held-for-trading (HFT) securities</b>									
	<i>Federal Government securities</i>									
	- Market Treasury Bills		193,683,549	-	(7,703)	193,675,846	105,072,858	-	(13,636)	105,059,222
	- Pakistan Investment Bonds		25,563,006	-	10,987	25,573,993	25,655,331	-	19,066	25,674,397
	<i>Shares</i>									
	- Listed companies		548,845	-	(11,715)	537,130	137,682	-	8,542	146,224
	<i>Foreign securities</i>									
	- Government debt securities		101,222	-	22,717	123,939	102,884	-	23,578	126,462
			219,896,622	-	14,286	219,910,908	130,968,755	-	37,550	131,006,305
	<b>Available-for-sale (AFS) securities</b>									
	<i>Federal Government securities</i>									
	- Market Treasury Bills		489,704,896	-	31,583	489,736,479	514,554,259	-	1,445,967	516,000,226
	- Pakistan Investment Bonds		701,423,023	-	6,104,830	707,527,853	782,920,795	-	10,650,864	793,571,659
	- Ijarah Sukuks		84,408,528	-	325,190	84,733,718	67,678,595	-	(322,645)	67,355,950
	- Government of Pakistan US Dollar Bonds		14,865,287	(402,288)	593,448	15,056,447	9,799,054	(392,763)	629,559	10,035,850
	- Government of Pakistan US Dollar Sukuks		388,570	(9,798)	27,399	406,171	549,457	(20,567)	43,822	572,712
	- Other Federal Government securities		1,143,790	-	-	1,143,790	530,538	-	-	530,538
	<i>Shares</i>									
	- Listed companies		7,630,650	(2,072,069)	1,103,879	6,662,460	7,975,054	(2,983,143)	846,869	5,838,780
	- Unlisted companies		5,140,438	(93,096)	-	5,047,342	4,899,328	(87,125)	-	4,812,203
	<i>Non-Government debt securities</i>									
	- Listed		50,118,562	(89,802)	627,414	50,656,174	46,943,545	-	321,860	47,265,405
	- Unlisted		1,651,878	(250,877)	22,500	1,423,501	1,671,878	(270,877)	22,500	1,423,501
	<i>Foreign securities</i>									
	- Government debt securities		47,992,449	(515,823)	615,428	48,092,054	40,682,649	(565,331)	(24,325)	40,092,993
	- Non-Government debt securities - Listed		3,179,538	(23,134)	150,718	3,307,122	3,520,736	(48,750)	81,717	3,553,703
	- Equity securities - Unlisted		5,659	(295)	-	5,364	5,913	(321)	-	5,592
	<i>National Investment Unit Trust units</i>		11,113	-	39,188	50,301	11,113	-	35,726	46,839
	<i>Real Estate Investment Trust units</i>		55,000	-	100	55,100	55,000	-	(2,000)	53,000
	<i>Preference shares</i>									
	- Listed		744,400	-	84,000	828,400	744,400	-	155,400	899,800
	- Unlisted		176,985	(121,846)	-	55,139	-	-	-	-
			1,408,640,766	(3,579,028)	9,725,677	1,414,787,415	1,482,542,314	(4,368,877)	13,885,314	1,492,058,751
	<b>Held-to-maturity (HTM) securities</b>	8.2								
	<i>Federal Government securities</i>									
	- Pakistan Investment Bonds		265,561,931	-	-	265,561,931	216,669,214	-	-	216,669,214
	- Other Federal Government securities		10,794,000	-	-	10,794,000	10,794,000	-	-	10,794,000
	<i>Non-Government debt securities</i>									
	- Listed		2,498,697	-	-	2,498,697	4,277,922	-	-	4,277,922
	- Unlisted		17,788,748	-	-	17,788,748	16,209,049	-	-	16,209,049
	<i>Foreign securities</i>									
	- Government debt securities		12,782,619	-	-	12,782,619	13,617,545	(13)	-	13,617,532
	- Non-Government debt securities									
	- Listed		322,492	(7,827)	-	314,665	397,139	(14,650)	-	382,489
	- Unlisted		248,756	(1,409)	-	247,347	312,842	(1,516)	-	311,326
			309,997,243	(9,236)	-	309,988,007	262,277,711	(16,179)	-	262,261,532
	<b>Investment in associates and joint venture</b>	8.2	9,519,055	-	-	9,519,055	9,296,779	-	-	9,296,779
	<b>Investment in subsidiary companies</b>		17,522,670	-	-	17,522,670	17,614,626	-	-	17,614,626
	<b>Total Investments</b>		<u>1,965,576,356</u>	<u>(3,588,264)</u>	<u>9,739,963</u>	<u>1,971,728,055</u>	<u>1,902,700,185</u>	<u>(4,385,056)</u>	<u>13,922,864</u>	<u>1,912,237,993</u>

(Unaudited)  
June 30,  
2021  
(Rupees in '000)

(Audited)  
December 31,  
2020

## 8.1.1 Investments given as collateral

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

<i>Federal Government securities</i>		
- Market Treasury Bills	4,399,587	113,807,278
- Pakistan Investment Bonds	266,976,780	207,400,499
- Government of Pakistan US Dollar Bonds	1,509,606	-
<i>Foreign securities</i>		
Government debt securities	3,217,867	-
Non-Government debt securities - Listed	1,985,076	-
	<u>278,088,916</u>	<u>321,207,777</u>

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

8.2 The market value of investment classified as held-to-maturity and investment in listed associates and joint venture is as follows:

	June 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Book value	Market value	Book value	Market value
	(Rupees in '000)			
- Investment classified as held-to-maturity	309,988,007	312,562,041	262,261,532	264,661,267
- Investment in listed associates and joint venture	9,262,824	28,248,256	9,040,549	31,042,377

	(Unaudited) June 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
8.3 Particulars of provision held against diminution in the value of investments		
Opening balance	4,385,056	4,905,784
Exchange adjustment	(18,918)	12,357
Charge / (reversal)		
Charge for the period / year	292,175	1,176,274
Reversal for the period / year	(99,123)	(15,066)
Reversal on disposal during the period / year	(970,926)	(1,694,293)
Net reversal	(777,874)	(533,085)
Closing balance	3,588,264	4,385,056

8.4 Particulars of provision against debt securities

	June 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	(Rupees in '000)			
Category of classification				
Domestic				
Loss	250,877	250,877	270,877	270,877

8.4.1 In addition to the above, certain overseas branches hold a general provision of Rs 1,050.081 million (December 31, 2020: Rs 1,043.590 million) against investment in accordance with the ECL requirements of IFRS 9.

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		Performing		Non - performing		Total	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Note	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
		----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.		980,660,997	915,997,978	64,936,780	70,107,569	1,045,597,777	986,105,547
Islamic financing and related assets	36.3	141,227,669	154,081,348	376,448	337,107	141,604,117	154,418,455
Bills discounted and purchased		75,414,645	48,357,231	5,565,877	5,005,929	80,980,522	53,363,160
Advances - gross		1,197,303,311	1,118,436,557	70,879,105	75,450,605	1,268,182,416	1,193,887,162
Provision against advances							
- Specific		-	-	(64,574,700)	(67,067,637)	(64,574,700)	(67,067,637)
- General	9.3	(9,828,187)	(9,498,565)	-	-	(9,828,187)	(9,498,565)
		(9,828,187)	(9,498,565)	(64,574,700)	(67,067,637)	(74,402,887)	(76,566,202)
Advances - net of provision		1,187,475,124	1,108,937,992	6,304,405	8,382,968	1,193,779,529	1,117,320,960

9.1

		(Unaudited)	(Audited)
		June 30, 2021	December 31, 2020
		(Rupees in '000)	
In local currency		1,044,848,593	1,013,517,803
In foreign currencies		223,333,823	180,369,359
		1,268,182,416	1,193,887,162

9.1 Particulars of advances (Gross)

	(Unaudited) June 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
In local currency	1,044,848,593	1,013,517,803
In foreign currencies	223,333,823	180,369,359
	1,268,182,416	1,193,887,162

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

9.2 Advances include Rs 70,879.105 million (December 31, 2020: Rs 75,450.605 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Unaudited) June 30, 2021		(Audited) December 31, 2020	
	Non - performing advances	Provision	Non - performing advances	Provision
	(Rupees in '000)			
<b>Domestic</b>				
Other assets especially mentioned	993,612	-	723,200	-
Substandard	2,484,323	611,890	5,298,716	1,294,860
Doubtful	2,011,711	1,013,430	1,077,034	538,517
Loss	38,985,560	38,589,788	42,141,393	40,925,622
	44,475,206	40,215,108	49,240,343	42,758,999
<b>Overseas</b>				
Not past due but impaired	178,797	116,711	592,400	355,535
Overdue by:				
Upto 90 days	25,972	23,429	105,684	36,925
91 to 180 days	2,232,378	848,219	225,844	51,457
181 to 365 days	443,783	262,253	2,847,011	2,846,499
> 365 days	23,522,969	23,108,980	22,439,323	21,018,222
	26,403,899	24,359,592	26,210,262	24,308,638
Total	70,879,105	64,574,700	75,450,605	67,067,637

### 9.3 Particulars of provision against advances

Note	June 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	67,067,637	9,498,565	76,566,202	66,459,144	3,292,615	69,751,759
Exchange adjustment	(396,890)	(31,210)	(428,100)	743,861	37,955	781,816
Charge for the period / year	4,341,160	562,286	4,903,446	7,989,721	6,450,039	14,439,760
Reversal for the period / year	(2,929,941)	(201,454)	(3,131,395)	(3,920,241)	(282,044)	(4,202,285)
Net charge against advances	1,411,219	360,832	1,772,051	4,069,480	6,167,995	10,237,475
Charged off during the period / year- agriculture financing	(234,375)	-	(234,375)	(750,824)	-	(750,824)
Written off during the period / year	(3,272,891)	-	(3,272,891)	(3,454,024)	-	(3,454,024)
Closing balance	64,574,700	9,828,187	74,402,887	67,067,637	9,498,565	76,566,202

9.4 General provision includes provision amounting to Rs 2,464.974 million (December 31, 2020: Rs 2,237.187 million) against consumer finance portfolio. General provision also includes Rs 1,945.263 million (December 31, 2020: Rs 1,843.428 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Bank operates. General provision also includes Rs 5,417.950 million (December 31, 2020: 5,417.950 million) carried as a matter of prudence on account of COVID-19.

9.5 These represent non-performing advances for agriculture financing which have been classified as loss, are fully provided and are in default for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held, in accordance with the SBP's Prudential Regulations for Agriculture Financing. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.



## For the six months ended June 30, 2021

HBL HALF YEARLY REPORT  
JUNE 30, 2021

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

		(Unaudited) For the six months ended	
		June 30, 2021	June 30, 2020
		(Rupees in '000)	
11.1	<b>Additions to intangibles assets</b>		
The following additions have been made to intangible assets during the period:			
Capital work-in-progress		246,248	218,600
Computer software		695,206	641,265
		<u>941,454</u>	<u>859,865</u>
		(Unaudited) June 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
12	<b>OTHER ASSETS</b>		
Mark-up / return / profit / interest accrued in local currency - net of provision		46,029,549	44,804,538
Mark-up / return / profit / interest accrued in foreign currency - net of provision		2,656,496	2,448,754
Advances, deposits, advance rent and other prepayments		3,146,954	2,355,787
Advance taxation		20,113,855	21,183,176
Advances against subscription of securities		325,000	1,096,000
Stationery and stamps on hand		111,718	113,476
Accrued fees and commissions		454,887	464,201
Due from Government of Pakistan / SBP		1,462,829	1,441,901
Mark to market gain on forward foreign exchange contracts		3,412,598	3,358,985
Mark to market gain on derivative instruments		223,723	182,917
Non-banking assets acquired in satisfaction of claims		466,365	432,937
Branch adjustment account		-	538,852
Acceptances		29,661,932	26,702,624
Clearing and settlement accounts		10,854,826	3,220,084
Dividend receivable		10,923	15,026
Claims receivable against fraud and forgeries		434,442	553,356
Others		859,251	645,482
		<u>120,225,348</u>	<u>109,558,096</u>
Provision held against other assets		12.1 (2,150,228)	(1,127,909)
Other assets- net of provision		<u>118,075,120</u>	<u>108,430,187</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		19 91,384	209,594
Other assets - total		<u>118,166,504</u>	<u>108,639,781</u>
12.1	<b>Provision held against other assets</b>		
Acceptances		972,611	419,923
Non-banking assets acquired in satisfaction of claims		3,121	3,152
Claims receivable against fraud and forgeries		434,442	553,356
Suit filed cases		4,898	4,998
Others		735,156	146,480
		<u>2,150,228</u>	<u>1,127,909</u>
12.1.1	<b>Movement in provision against other assets</b>		
Opening balance		1,127,909	821,996
Exchange adjustment		(8,823)	19,735
Charge for the period / year		1,456,439	691,987
Reversal for the period / year		(413,951)	(33,899)
Net charge		<u>1,042,488</u>	<u>658,088</u>
Written off during the period / year		(11,346)	(49,042)
Transferred out		-	(322,868)
Closing balance		<u>2,150,228</u>	<u>1,127,909</u>

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

	Note	(Unaudited) June 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
13	<b>BILLS PAYABLE</b>		
	In Pakistan	50,857,840	44,792,798
	Outside Pakistan	2,450,994	1,329,546
		<b>53,308,834</b>	<b>46,122,344</b>
14	<b>BORROWINGS</b>		
	<b>Secured</b>		
	Borrowings from the SBP under		
	- Export refinance scheme	60,375,425	60,068,212
	- Long term financing facility	27,164,488	25,922,575
	- Financing facility for renewable energy power plants	3,663,047	1,716,425
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	213,044	152,893
	- Refinance and credit guarantee scheme for women entrepreneurs	146,951	163,416
	- Financing facility for storage of agricultural produce	283,417	292,211
	- Refinance facility for working capital of SMEs	83,007	135,625
	- Refinance scheme for payment of wages and salaries	23,350,370	30,928,363
	- Refinance facility for combating COVID-19	1,216,752	1,300,000
	- Temporary economic refinance facility	13,464,888	4,917,263
		<b>129,961,389</b>	<b>125,596,983</b>
	Repurchase agreement borrowings	279,067,044	321,070,809
		<b>409,028,433</b>	<b>446,667,792</b>
	<b>Unsecured</b>		
	- Call money borrowings	-	13,450,000
	- Overdrawn nostro accounts	208,550	164,928
	- Borrowings of overseas branches	44,580,531	28,814,549
	- Other long-term borrowings	49,968,210	50,997,984
		<b>94,757,291</b>	<b>93,427,461</b>
		<b>503,785,724</b>	<b>540,095,253</b>

14.1 This includes the following:

14.1.1 A loan from the International Finance Corporation amounting to US\$ 150 million (December 31, 2020: US\$ 150 million). The principal amount is payable in six equal semi - annual installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi annually.

14.1.2 HBL has entered into a long-term financing facility arrangement of US\$ 300 million with China Development Bank, to be utilized for on-lending to projects of the Bank's customers. Under this facility, US\$ 165.975 million (2020: US\$ 165.975 million) has been utilized by the Bank, with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to January 31, 2023. Starting from that date, the entire drawn amount is payable in semi-annual installments over a period of 10 years. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.

14.1.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 188.339 million (December 31, 2020: Rs 194.309 million) for on-lending to customers. The principal amount is payable semi-annually from August 2020 to February 2023. The profit at 11.21% is payable semi-annually from August 2020.

## 15 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
<b>Customers</b>						
Current deposits	913,692,293	103,284,786	1,016,977,079	818,376,303	95,804,417	914,180,720
Savings deposits	1,012,898,613	90,540,847	1,103,439,460	976,981,942	85,041,111	1,062,023,053
Term deposits	406,222,771	139,490,180	545,712,951	292,861,588	112,812,988	405,674,576
	<b>2,332,813,677</b>	<b>333,315,813</b>	<b>2,666,129,490</b>	<b>2,088,219,833</b>	<b>293,658,516</b>	<b>2,381,878,349</b>
<b>Financial institutions</b>						
Current deposits	3,901,385	1,291,943	5,193,328	14,003,219	1,310,351	15,313,570
Savings deposits	258,266,989	1,392,552	259,659,541	259,670,600	657,250	260,327,850
Term deposits	8,398,180	7,495,425	15,893,605	5,083,529	6,887,418	11,970,947
	<b>270,566,554</b>	<b>10,179,920</b>	<b>280,746,474</b>	<b>278,757,348</b>	<b>8,855,019</b>	<b>287,612,367</b>
	<b>2,603,380,231</b>	<b>343,495,733</b>	<b>2,946,875,964</b>	<b>2,366,977,181</b>	<b>302,513,535</b>	<b>2,669,490,716</b>

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

	Note	(Unaudited) June 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
16	<b>SUBORDINATED DEBT</b>		
	Tier II Term Finance Certificates	16.1	-
	Additional Tier I Term Finance Certificates	16.2	9,982,000
		<b>12,374,000</b>	<b>12,374,000</b>
		<b>12,374,000</b>	<b>22,356,000</b>

16.1 In accordance with Sub-Section 1.1.6 of Article 1 read with Condition 4 in Schedule 3 of the Trust Deed dated December 15, 2015 executed between the Issuer and the Trustee, the Bank has exercised the call option in full with respect to all outstanding Tier II Term Finance Certificates (TFCs). Accordingly, on February 19, 2021, the 5th anniversary of the issue date, (the "Call Option Exercise Date"), the entire principal outstanding amount has been redeemed along with accrued profit. The TFCs have also been delisted from the PSX with effect from March 15, 2021.

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

The key features of the issue are as follows:

<b>Issue date</b>	September 26, 2019
<b>Issue amount</b>	Rs 12.374 billion
<b>Rating</b>	AA+ (Double A plus) [December 31, 2020: AA+ (Double A plus)]
<b>Tenor</b>	Perpetual
<b>Security</b>	Unsecured and subordinated to all other indebtedness of the Bank including depositors, general creditors and holders of the Tier II TFCs. However, they shall rank superior to the claims of ordinary shareholders.
<b>Profit payment frequency</b>	Quarterly in arrears
<b>Redemption</b>	Perpetual, hence not applicable.
<b>Mark-up</b>	Floating rate of return at Base Rate + 1.60%. The Base Rate is defined as the average "Ask Side" rate of the three months Karachi Interbank Offered Rate
<b>Call option</b>	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following: (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised.  If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and Investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the "Call Option Exercise Date").
<b>Lock-in clause</b>	Mark-up will only be paid from the current year's earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
<b>Loss absorbency clause</b>	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

	Note	(Unaudited) June 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
17	<b>DEFERRED TAX ASSETS / (LIABILITIES)</b>		
	<b>Deductible temporary differences on</b>		
	- Provision against investments	787,723	1,143,042
	- Provision against doubtful debts and off-balance sheet obligations	3,739,204	3,591,810
	- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001	2,583,250	1,938,319
	- Provision against other assets	40,638	45,062
	- Deficit on revaluation of fixed assets	72,832	72,832
	- Ijarah financing	222,625	199,225
		<b>7,446,272</b>	<b>6,990,290</b>
	<b>Taxable temporary differences on</b>		
	- Accelerated tax depreciation	(1,873,506)	(1,851,784)
	- Surplus on revaluation of fixed assets	(1,768,392)	(1,788,461)
	- Surplus on revaluation of investments	(3,793,014)	(5,415,272)
	- Exchange translation reserve	(809,106)	(903,630)
		<b>(8,244,018)</b>	<b>(9,959,147)</b>
	<b>Net deferred tax liabilities</b>	<b>(797,746)</b>	<b>(2,968,857)</b>

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

18	OTHER LIABILITIES	Note	(Unaudited) June 30, 2021	(Audited) December 31, 2020
			(Rupees in '000)	
	Mark-up / return / profit / interest payable in local currency		7,707,793	9,964,075
	Mark-up / return / profit / interest payable in foreign currency		2,039,276	2,209,403
	Security deposits		936,810	974,790
	Accrued expenses		17,200,368	17,984,739
	Mark to market loss on forward foreign exchange contracts		2,329,606	5,996,571
	Mark to market loss on derivative instruments		1,047,289	1,449,800
	Unclaimed dividends		720,442	693,700
	Dividends payable		1,308,088	115,626
	Provision for post retirement medical benefits		3,880,159	3,763,654
	Provision for employees' compensated absences		2,413,472	2,492,992
	Provision against off-balance sheet obligations	18.1	2,626,688	1,138,648
	Acceptances		29,661,932	26,702,624
	Branch adjustment account		1,679,642	-
	Provision for staff retirement benefits		1,203,844	1,239,418
	Payable to defined benefit plans		1,108,227	1,182,639
	Provision for Workers' Welfare Fund		6,955,715	6,324,325
	Unearned income		4,783,556	4,229,811
	Qarz-e-Hasna Fund		338,542	338,542
	Levies and taxes payable		7,336,784	6,977,533
	Insurance payable		1,144,897	868,971
	Provision for rewards program expenses		1,686,162	1,391,392
	Liability against trading of securities		16,722,695	902,755
	Clearing and settlement accounts		7,562,734	4,538,482
	Payable to HBL Foundation		187,489	315,431
	Contingent consideration payable		500,000	500,000
	Charity fund		2,485	4,234
	Lease liability against right-of-use assets		18,337,949	15,300,909
	Unclaimed deposits		370,854	91,752
	Others		2,549,302	2,260,969
			<b>144,342,800</b>	<b>119,953,785</b>
18.1	Provision against off-balance sheet obligations			
	Opening balance		1,138,648	437,795
	Exchange adjustment		(14,319)	(25,452)
	Charge for the period / year		1,530,281	480,696
	Reversal for the period / year		(75,504)	(95,905)
	Net charge		1,454,777	384,791
	Written off during the year		-	(4,053)
	Transferred in		47,582	345,567
	Closing balance		2,626,688	1,138,648
19	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
	Surplus arising on revaluation of assets, on:			
	- Fixed assets		28,810,222	28,861,681
	- Available-for-sale securities	8.1	9,725,677	13,885,314
	- Non-banking assets acquired in satisfaction of claims	12	91,384	209,594
			38,627,283	42,956,589
	Deferred tax on surplus on revaluation of:			
	- Fixed assets		1,768,392	1,788,461
	- Available-for-sale securities		3,793,014	5,415,272
	- Non-banking assets acquired in satisfaction of claims		-	-
			5,561,406	7,203,733
	Surplus on revaluation of assets - net of tax		33,065,877	35,752,856

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

### 20 CONTINGENCIES AND COMMITMENTS

	Note	(Unaudited) June 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
- Guarantees	20.1	246,362,511	201,448,496
- Commitments	20.2	717,933,882	762,895,459
- Other contingent liabilities	20.3	23,820,689	23,888,069
		<u>988,117,082</u>	<u>988,232,024</u>
<b>20.1 Guarantees:</b>			
Financial guarantees		84,306,850	63,750,853
Performance guarantees		150,424,559	126,465,667
Other guarantees		11,631,102	11,231,976
		<u>246,362,511</u>	<u>201,448,496</u>
<b>20.2 Commitments:</b>			
Trade-related contingent liabilities		237,873,265	151,147,102
Commitments in respect of:			
- Forward foreign exchange contracts	20.2.1	356,634,995	405,885,132
- Forward Government securities transactions	20.2.2	52,340,606	150,757,178
- Derivatives	20.2.3	36,970,433	38,504,637
- Forward lending	20.2.4	22,095,122	11,085,983
		<u>468,041,156</u>	<u>606,232,930</u>
Commitments for acquisition of:			
- Fixed assets		10,610,087	4,389,650
- Intangible assets		1,267,402	1,125,777
		<u>11,877,489</u>	<u>5,515,427</u>
Commitment for purchase of shares		141,972	-
		<u>717,933,882</u>	<u>762,895,459</u>
<b>20.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		232,655,551	245,614,763
Sale		123,979,444	160,270,369
		<u>356,634,995</u>	<u>405,885,132</u>
<b>20.2.2 Commitments in respect of forward Government securities transactions</b>			
Purchase		40,322,930	96,427,590
Sale		12,017,676	54,329,588
		<u>52,340,606</u>	<u>150,757,178</u>
<b>20.2.3 Commitments in respect of derivatives</b>			
<b>Cross currency swaps</b>			
Purchase		14,642,029	14,662,810
Sale		15,457,921	16,007,336
		<u>30,099,950</u>	<u>30,670,146</u>
<b>Interest rate swaps</b>			
Purchase		-	-
Sale		6,870,483	7,834,491
		<u>6,870,483</u>	<u>7,834,491</u>
<b>20.2.4 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to extend credit		22,095,122	11,085,983
These represent commitments that are irrevocable because they can not be withdrawn at the discretion of the Bank without the risk of incurring a significant penalty or expense.			
		<u>23,820,689</u>	<u>23,888,069</u>
<b>20.3 Other contingent liabilities</b>			
20.3.1 Claims against the Bank not acknowledged as debts		23,820,689	23,888,069

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

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

### For the six months ended June 30, 2021

20.3.2 In Q1 2020, by agreement with the New York State Department of Financial Services (NYSDFS) and the U.S. Federal Reserve, HBL surrendered its New York State license to operate HBL's New York branch office (HBLNY) and completed the voluntary liquidation of HBLNY under the New York Banking Law.

The successful closure and liquidation of HBLNY satisfied or suspended all remaining terms of the September 7, 2017 Consent Order between NYSDFS, HBL, and HBLNY, which Consent Order was disclosed in Note 21.3.2 to the Financial Statements for the year ended December 31, 2020 and in similar notes for the 2019, 2018, and 2017 financial statements. Similarly, on September 29, 2020, the Federal Reserve formally announced the termination of all Federal Reserve enforcement actions with HBL and HBLNY. Accordingly, HBL does not expect any further actions or proceedings from NYSDFS or the Federal Reserve.

In 2017, the U.S. Department of Justice (DOJ) requested documents relating to the NYSDFS Consent Order. It is not known whether DOJ will have any further questions about those documents.

### 21 DERIVATIVE INSTRUMENTS

#### Product Analysis

	June 30, 2021 (Unaudited)				December 31, 2020 (Audited)			
	Cross currency swaps		Interest rate swaps		Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market Gain	Notional principal	Mark to market loss	Notional principal	Mark to market Gain
	(Rupees in '000)				(Rupees in '000)			
Market Making	30,099,950	(826,749)	6,870,483	3,183	30,670,146	(1,340,265)	7,834,491	73,382

	Note	(Unaudited) For the six months ended	
		June 30, 2021	June 30, 2020
		(Rupees in '000)	
22 MARK-UP / RETURN / PROFIT / INTEREST EARNED			

On:

Loans and advances	45,587,420	60,772,983
Investments	70,430,831	72,607,987
Lendings to financial institutions	2,762,353	2,972,487
Balances with banks	190,816	383,111
	<u>118,971,420</u>	<u>136,736,568</u>

### 23 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED

On:

Deposits	42,503,420	59,255,706
Securities sold under repurchase agreement borrowings	8,637,436	8,534,272
Borrowings	2,634,938	3,799,401
Subordinated debt	658,751	1,558,580
Cost of foreign currency swaps against foreign currency deposits / borrowings	2,685,659	3,242,657
Lease liability against right-of-use assets	1,920,974	968,963
	<u>59,041,178</u>	<u>77,359,579</u>

### 24 FEE AND COMMISSION INCOME

Branch banking customer fees	1,890,786	1,671,394
Consumer finance related fees	822,273	655,615
Card related fees (debit and credit cards)	3,246,196	2,227,307
Credit related fees	410,851	282,181
Investment banking fees	696,631	509,091
Commission on trade related products and guarantees	1,820,361	1,370,156
Commission on cash management	383,905	318,969
Commission on remittances (including home remittances)	240,963	185,044
Commission on bancassurance	464,896	311,797
Commission on Government to Person (G2P) payments	201,784	404,915
Merchant discount and interchange fees	1,595,613	923,631
Others	165,795	237,926
	<u>11,940,054</u>	<u>9,098,026</u>

Less: Sales tax / Federal Excise Duty on fee and commission income

(1,669,207)	(1,304,127)
<u>10,270,847</u>	<u>7,793,899</u>

### 25 GAIN ON SECURITIES - NET

Realised	25.1	1,793,140	6,531,762
Unrealised - held-for-trading	8.1	14,286	126,403
		<u>1,807,426</u>	<u>6,658,165</u>



## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

		(Unaudited) For the six months ended	
		June 30, 2021	June 30, 2020
		(Rupees in '000)	
25.1	<b>Gain / (Loss) on securities - realised</b>		
	On:		
	Federal Government securities		
	- Market Treasury Bills	250,932	3,740,819
	- Pakistan Investment Bonds	1,556,810	3,026,163
	- Ijarah Sukuks	(9,584)	(148,619)
	Shares	(432,278)	(215,026)
	Non-Government debt securities	77,395	124,418
	Foreign securities	(33)	-
	Associates	349,898	4,007
		<u>1,793,140</u>	<u>6,531,762</u>
26	<b>OTHER INCOME / (LOSS)</b>		
	Incidental charges	337,286	193,372
	Exchange gain realised on liquidation of subsidiary	13,354	1,395,592
	Exchange (loss) / gain realised on closure of bank branch	-	(1,887,208)
	Gain on sale of fixed assets - net	43,126	2,050
	Gain on sale of non-banking assets	16,000	-
	Rent on properties	29,971	56,022
		<u>439,737</u>	<u>(240,172)</u>
27	<b>OPERATING EXPENSES</b>		
	<b>Total compensation expense</b>	16,466,325	16,404,512
	<b>Property expense</b>		
	Rent and taxes	525,030	944,565
	Insurance	59,272	38,905
	Utilities cost	988,769	793,264
	Security (including guards)	894,203	899,290
	Repair and maintenance (including janitorial charges)	1,125,655	916,624
	Depreciation on owned fixed assets	1,575,280	1,447,534
	Depreciation on right-of-use assets	1,368,784	1,636,045
		<u>6,536,993</u>	<u>6,676,227</u>
	<b>Information technology expenses</b>		
	Software maintenance	1,841,110	1,452,769
	Hardware maintenance	396,626	358,067
	Depreciation	1,127,623	865,125
	Amortisation	447,329	335,970
	Network charges	630,403	573,438
	Consultancy charges	306,164	328,674
		<u>4,749,255</u>	<u>3,914,043</u>
	<b>Other operating expenses</b>		
	Legal and professional charges	284,723	1,807,602
	Outsourced services costs	1,028,452	878,142
	Travelling and conveyance	334,763	249,144
	Insurance	282,238	254,303
	Remittance charges	216,237	210,238
	Security charges	1,009,342	735,367
	Repairs and maintenance	670,798	611,786
	Depreciation	351,348	353,125
	Training and development	81,133	122,493
	Postage and courier charges	302,210	296,586
	Communication	398,260	331,338
	Stationery and printing	868,261	700,299
	Marketing, advertisement and publicity	2,643,379	2,134,791
	Donations	264,969	282,946
	Auditors' remuneration	88,997	79,753
	Brokerage and commission	217,544	322,278
	Subscription	68,298	72,689
	Documentation and processing charges	1,544,501	1,150,960
	Entertainment	125,971	109,242
	Consultancy charges	824,654	2,648,275
	Deposits insurance premium expense	1,252,244	1,116,041
	Product feature cost	519,409	309,230
	COVID-19 related expenses	372,362	396,458
	Others	58,214	520,060
		<u>13,808,307</u>	<u>15,693,146</u>
		<u>41,560,880</u>	<u>42,687,928</u>

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

		(Unaudited)	
		For the six months ended	
	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
28	<b>OTHER CHARGES</b>		
	Penalties imposed by the State Bank of Pakistan	51,774	232,103
	Penalties imposed by other regulatory bodies	68	505
		<u>51,842</u>	<u>232,608</u>
29	<b>PROVISIONS / (REVERSALS) AND WRITE OFFS - NET</b>		
	(Reversal of) / provision for diminution in value of investments	8.3 (777,874)	394,468
	Provision against loans and advances	9.3 1,772,051	4,419,135
	Provision against other assets	12.1.1 1,042,488	111,638
	Provision against off-balance sheet obligations	18.1 1,454,777	16,045
	Recoveries against written off / charged off bad debts	(379,558)	(175,124)
	Recoveries against other assets written off	(7,531)	(58,871)
	Bad debts written off directly	57,855	-
		<u>3,162,208</u>	<u>4,707,291</u>
30	<b>TAXATION</b>		
	- Current	13,225,265	10,519,432
	- Prior years	(155,020)	31,256
	- Deferred	(454,330)	(329,472)
		<u>12,615,915</u>	<u>10,221,216</u>
31	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>		
	Profit for the period	<u>17,484,315</u>	<u>14,924,776</u>
		(Number)	
	Weighted average number of ordinary shares	<u>1,466,852,508</u>	<u>1,466,852,508</u>
		(Rupees)	
	Basic and diluted earnings per share	<u>11.92</u>	<u>10.17</u>

31.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

### 32 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair values of unquoted equity investments, are estimated using the break-up value of the investee company. The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities, cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

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

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

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

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

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

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

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

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

### 32.1 Fair value of financial assets

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

As at June 30, 2021 (Unaudited)					
	Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
- Federal Government securities	1,516,710,507	-	1,516,710,507	-	1,516,710,507
- Shares - listed companies	7,199,590	7,199,590	-	-	7,199,590
- Non-Government debt securities					
- Listed	50,656,174	40,320,000	10,336,174	-	50,656,174
- Unlisted	622,500	-	622,500	-	622,500
- Foreign securities					
- Government debt securities	48,215,993	-	48,215,993	-	48,215,993
- Non-Government debt securities - Listed	3,307,122	-	3,307,122	-	3,307,122
- National Investment Unit Trust units	50,301	-	50,301	-	50,301
- Real Estate Investment Trust units	55,100	55,100	-	-	55,100
- Preference shares - Listed	784,000	784,000	-	-	784,000
	1,627,601,287	48,358,690	1,579,242,597	-	1,627,601,287
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government securities	276,355,931	-	276,693,559	-	276,693,559
- Non-Government debt securities					
- Listed	2,498,697	-	2,516,126	-	2,516,126
- Unlisted	17,788,748	-	17,788,748	-	17,788,748
- Foreign securities					
- Government debt securities	12,782,619	-	14,992,353	-	14,992,353
- Non-Government debt securities					
- Listed	314,665	-	322,499	-	322,499
- Unlisted	247,347	-	248,756	-	248,756
- Associates and Joint venture	9,262,824	25,190,888	3,057,368	-	28,248,256
	319,250,831	25,190,888	315,619,409	-	340,810,297
	1,946,852,118	73,549,578	1,894,862,006	-	1,968,411,584
<b>As at June 30, 2021 (Unaudited)</b>					
	Notional Value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Commitments					
- Forward foreign exchange contracts	356,634,995	-	1,082,992	-	1,082,992
- Forward Government securities transactions	52,340,606	-	17,426	-	17,426
- Derivative instruments	36,970,433	-	(823,566)	-	(823,566)

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

### On balance sheet financial instruments

#### Financial assets - measured at fair value

##### Investments

- Federal Government securities
- Shares - listed companies
- Non-Government debt securities
  - Listed
  - Unlisted
- Foreign securities
  - Government debt securities
  - Non-Government debt securities - listed
- National Investment Unit Trust units
- Real Estate Investment Trust units
- Preference shares

Carrying value	As at December 31, 2020 (Audited)				Total
	Level 1	Level 2	Level 3		
	(Rupees in '000)				
1,518,270,016	-	1,518,270,016	-	1,518,270,016	
5,985,004	5,985,004	-	-	5,985,004	
47,265,405	40,240,000	7,025,405	-	47,265,405	
622,500	-	622,500	-	622,500	
40,219,455	-	40,219,455	-	40,219,455	
3,553,703	-	3,553,703	-	3,553,703	
46,839	-	46,839	-	46,839	
53,000	53,000	-	-	53,000	
855,400	855,400	-	-	855,400	
1,616,871,322	47,133,404	1,569,737,918	-	1,616,871,322	

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

##### Investments

- Federal Government securities
- Non-Government debt securities
  - Listed
  - Unlisted
- Foreign securities
  - Government debt securities
  - Non-Government debt securities
    - Listed
    - Unlisted
- Associates and Joint venture

227,463,214	-	227,463,214	-	-	227,463,214
4,277,922	-	4,304,568	-	-	4,304,568
16,209,049	-	16,209,049	-	-	16,209,049
13,617,532	-	15,850,104	-	-	15,850,104
382,489	-	430,226	-	-	430,226
311,326	-	312,842	-	-	312,842
9,040,549	27,994,673	3,047,704	-	-	31,042,377
271,302,081	27,994,673	267,617,707	-	-	295,612,380
1,888,173,403	75,128,077	1,837,355,625	-	-	1,912,483,702

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

##### Commitments

- Forward foreign exchange contracts
- Forward Government securities transactions
- Derivative instruments

Notional Value	As at December 31, 2020 (Audited)			Total
	Level 1	Level 2	Level 3	
(Rupees in '000)				
405,885,132	-	(2,637,586)	-	(2,637,586)
150,757,178	-	(52,974)	-	(52,974)
38,504,637	-	(1,266,883)	-	(1,266,883)

### 32.2 Fair value of non-financial assets

##### Fixed assets

Non-banking assets acquired in satisfaction of claims

As at June 30, 2021 (Unaudited)				
Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
52,911,847	-	-	52,911,847	52,911,847
554,628	-	-	554,628	554,628
53,466,475	-	-	53,466,475	53,466,475

##### Fixed assets

Non-banking assets acquired in satisfaction of claims

As at December 31, 2020 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
52,560,430	-	-	52,560,430	52,560,430
639,379	-	-	639,379	639,379
53,199,809	-	-	53,199,809	53,199,809

### 33 SEGMENT INFORMATION

#### 33.1 Segment Details with respect to Business Activities

For the six months ended June 30, 2021 (Unaudited)

	Branch banking	Consumer, SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)								
<b>Profit and loss account</b>								
Net mark-up / return / profit / interest income	(28,608)	13,368	5,767	15,279	53,306	1,526	(708)	59,930
Inter segment revenue / (expense) - net	48,391	(6,459)	-	(7,569)	(40,764)	2,051	4,350	-
Non mark-up / interest income	1,958	4,919	260	1,923	3,371	1,440	1,705	15,576
Total income	21,741	11,828	6,027	9,633	15,913	5,017	5,347	75,506
Segment direct expenses	12,407	4,272	1,357	1,710	648	4,989	16,861	42,244
Inter segment expense allocation	7,838	1,079	307	1,034	147	3,693	(14,098)	-
Total expenses	20,245	5,351	1,664	2,744	795	8,682	2,763	42,244
Provisions - charge	-	727	159	905	(911)	1,609	673	3,162
Profit / (loss) before tax	1,496	5,750	4,204	5,984	16,029	(5,274)	1,911	30,100

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

As at June 30, 2021 (Unaudited)

## Statement of financial position

Cash and bank balances  
Lendings to financial institutions  
Inter segment lending  
Investments  
Advances - performing  
Advances - non-performing  
Others

### Total assets

Borrowings  
Subordinated debt  
Deposits and other accounts  
Inter segment borrowing  
Others

### Total liabilities

Equity

### Total equity and liabilities

### Contingencies and commitments

	Branch banking	Consumer,SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)								
Cash and bank balances	152,664	-	19,825	462	150,797	62,548	-	386,296
Lendings to financial institutions	-	-	63,187	-	82,559	-	-	145,746
Inter segment lending	1,575,180	-	8,130	-	-	163,311	160,781	1,907,402
Investments	-	-	157,588	7,224	1,687,532	98,383	21,001	1,971,728
Advances - performing	-	170,459	140,275	665,609	-	190,413	20,719	1,187,475
Advances - non-performing	-	2,103	115	2,041	-	2,044	-	6,303
Others	14,406	5,342	11,575	33,489	37,071	14,612	96,743	213,238
<b>Total assets</b>	<b>1,742,250</b>	<b>177,904</b>	<b>400,695</b>	<b>708,825</b>	<b>1,957,959</b>	<b>531,311</b>	<b>299,244</b>	<b>5,818,188</b>
Borrowings	-	3,509	23,121	103,519	273,303	100,333	-	503,785
Subordinated debt	-	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,723,862	413	342,013	493,474	26	365,233	21,855	2,946,876
Inter segment borrowing	-	165,791	-	81,556	1,660,055	-	-	1,907,402
Others	18,388	8,191	9,786	30,276	21,063	33,263	77,483	198,450
<b>Total liabilities</b>	<b>1,742,250</b>	<b>177,904</b>	<b>374,920</b>	<b>708,825</b>	<b>1,954,447</b>	<b>498,829</b>	<b>111,712</b>	<b>5,568,887</b>
Equity	-	-	25,775	-	3,512	32,482	187,532	249,301
<b>Total equity and liabilities</b>	<b>1,742,250</b>	<b>177,904</b>	<b>400,695</b>	<b>708,825</b>	<b>1,957,959</b>	<b>531,311</b>	<b>299,244</b>	<b>5,818,188</b>
<b>Contingencies and commitments</b>	<b>50,361</b>	<b>-</b>	<b>33,517</b>	<b>404,436</b>	<b>370,214</b>	<b>93,419</b>	<b>36,170</b>	<b>988,117</b>

For the six months ended June 30, 2020 (Unaudited)

## Profit and loss account

Net mark-up / return / profit / interest income  
Inter segment revenue / (expense) - net  
Non mark-up / interest income  
Total income

Segment direct expenses  
Inter segment expense allocation  
Total expenses  
Provisions - charge / (reversal)  
Profit / (loss) before tax

	Branch banking	Consumer,SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)								
Net mark-up / return / profit / interest income	(42,102)	13,381	6,249	25,247	57,197	2,843	(3,438)	59,377
Inter segment revenue / (expense) - net	73,301	(7,631)	-	(17,007)	(55,541)	1,506	5,372	-
Non mark-up / interest income	1,735	3,440	81	1,470	8,570	1,540	(2,925)	13,911
<b>Total income</b>	<b>32,934</b>	<b>9,190</b>	<b>6,330</b>	<b>9,710</b>	<b>10,226</b>	<b>5,889</b>	<b>(991)</b>	<b>73,288</b>
Segment direct expenses	12,531	3,458	922	1,670	533	10,058	14,262	43,434
Inter segment expense allocation	6,496	995	289	846	132	3,343	(12,101)	-
<b>Total expenses</b>	<b>19,027</b>	<b>4,453</b>	<b>1,211</b>	<b>2,516</b>	<b>665</b>	<b>13,401</b>	<b>2,161</b>	<b>43,434</b>
Provisions - charge / (reversal)	17	1,087	442	473	28	2,598	62	4,707
<b>Profit / (loss) before tax</b>	<b>13,890</b>	<b>3,650</b>	<b>4,677</b>	<b>6,721</b>	<b>9,533</b>	<b>(10,110)</b>	<b>(3,214)</b>	<b>25,147</b>

As at December 31, 2020 (Audited)

## Statement of financial position

Cash and bank balances  
Lendings to financial institutions  
Inter segment lending  
Investments  
Advances - performing  
Advances - non-performing  
Others

### Total assets

Borrowings  
Subordinated debt  
Deposits and other accounts  
Inter segment borrowing  
Others

### Total liabilities

Equity

### Total equity and liabilities

### Contingencies and commitments

	Branch banking	Consumer,SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)								
Cash and bank balances	179,590	-	12,771	293	125,940	67,818	-	386,412
Lendings to financial institutions	-	-	5,257	-	24,897	-	-	30,154
Inter segment lending	1,430,513	-	91	-	-	183,892	145,705	1,760,201
Investments	-	-	139,619	8,675	1,660,147	81,305	22,492	1,912,238
Advances - performing	-	163,801	153,152	618,911	-	156,054	17,020	1,108,938
Advances - non-performing	-	1,960	211	4,308	-	1,902	2	8,383
Others	15,636	3,946	7,295	25,006	30,760	24,639	90,305	197,587
<b>Total assets</b>	<b>1,625,739</b>	<b>169,707</b>	<b>318,396</b>	<b>657,193</b>	<b>1,841,744</b>	<b>515,610</b>	<b>275,524</b>	<b>5,403,913</b>
Borrowings	-	4,011	32,183	100,397	324,181	79,323	-	540,095
Subordinated debt	-	-	-	-	-	-	22,356	22,356
Deposits and other accounts	1,607,921	348	257,414	430,203	9	365,484	8,112	2,669,491
Inter segment borrowing	-	159,043	-	98,870	1,502,288	-	-	1,760,201
Others	17,818	6,305	6,032	27,723	8,804	44,329	58,034	169,045
<b>Total liabilities</b>	<b>1,625,739</b>	<b>169,707</b>	<b>295,629</b>	<b>657,193</b>	<b>1,835,282</b>	<b>489,136</b>	<b>88,502</b>	<b>5,161,188</b>
Equity	-	-	22,767	-	6,462	26,474	187,022	242,725
<b>Total equity and liabilities</b>	<b>1,625,739</b>	<b>169,707</b>	<b>318,396</b>	<b>657,193</b>	<b>1,841,744</b>	<b>515,610</b>	<b>275,524</b>	<b>5,403,913</b>
<b>Contingencies and commitments</b>	<b>13,108</b>	<b>-</b>	<b>9,416</b>	<b>321,938</b>	<b>551,311</b>	<b>63,568</b>	<b>28,891</b>	<b>988,232</b>

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

### 34 RELATED PARTY TRANSACTIONS

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

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

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

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

	As at June 30, 2021 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
Statement of financial position	(Rupees in '000)						
<b>Balances with other banks</b>							
In current accounts	-	-	3,235	267,386	-	-	-
<b>Investments</b>							
Opening balance	-	-	-	17,614,626	9,161,114	135,665	4,843,724
Investment made during the period	-	-	-	-	500,000	-	-
Investment redeemed / disposed off during the period	-	-	-	-	-	-	-
Revaluation of investment during the period	-	-	-	(23,235)	(277,724)	-	-
Closing balance	-	-	-	(68,721)	-	-	148,573
	-	-	-	17,522,670	9,383,390	135,665	4,992,297
<b>Advances</b>							
Opening balance	249	305,836	4,504,528	2,073,885	1,125,000	-	7,748,994
Addition during the period	11,157	209,579	5,483,169	396,024	860,225	-	962,009
Repaid during the period	(10,374)	(124,940)	(5,575,301)	(236,490)	(125,000)	-	(1,700,262)
Transfer in- net	73	25,489	-	-	-	-	319,375
Exchange adjustment	-	-	(43,369)	(1,399)	6,229	-	-
Closing balance	1,105	415,964	4,369,027	2,232,020	1,866,454	-	7,330,116
<b>Other Assets</b>							
Interest / mark-up accrued	-	435	44,867	186,870	27,868	-	78,604
Other receivable	-	-	1,173	-	2,721	-	1,721
	-	435	46,040	186,870	30,589	-	80,325
<b>Borrowings</b>							
Opening balance	-	-	3,200,856	468,382	959,006	1,598,344	494,309
Borrowings during the period	-	-	3,676,134	1,392,572	4,066,520	4,379,329	-
Settled during the period	-	-	(2,346,070)	(498,996)	(1,876,855)	(3,128,092)	(305,970)
Exchange adjustment	-	-	(118,782)	(10,451)	2,203	(13,794)	-
Closing balance	-	-	4,412,138	1,351,507	3,150,874	2,835,787	188,339
<b>Deposits and other accounts</b>							
Opening balance	20,794	447,740	7,288,452	1,087,262	36,293,203	-	1,684,143
Received during the period	132,346	2,755,434	204,379,051	177,031,423	446,251,219	-	128,828,839
Withdrawn during the period	(119,817)	(2,495,057)	(203,679,658)	(176,985,026)	(433,771,786)	-	(124,955,480)
Transfer (out) / in - net	(13,239)	(52,485)	-	-	-	-	12,059
Exchange adjustment	(84)	(42)	(80,486)	(57,343)	108	-	(2,840)
Closing balance	20,000	655,590	7,907,359	1,076,316	48,772,744	-	5,566,721
<b>Other liabilities</b>							
Interest / mark-up payable	36	1,696	72,070	1,963	41,816	4,947	10,689
Payable to staff retirement fund	-	-	-	-	-	-	1,108,227
Other payables	-	-	-	21,165	25,417	-	187,489
	36	1,696	72,070	23,128	67,233	4,947	1,306,405
<b>Contingencies and Commitments</b>							
Letter of credit	-	-	393,906	-	-	-	2,060,602
Guarantees	-	-	124,005	52,171	-	-	3,517,059
Forward purchase of Government securities	-	-	2,013,641	-	-	-	180,497
Forward Lending	-	-	-	-	-	-	1,585,439
Interest rate swaps	-	-	712,150	-	1,000,000	-	-
	-	-	3,243,702	52,171	1,000,000	-	7,343,597
<b>Others</b>							
Securities held as custodians	-	12,800	6,512,070	-	44,473,860	-	9,330,210

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

For the six months ended June 30, 2021 (Unaudited)

	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
<b>Profit and loss account</b>							
<b>Income</b>							
Mark-up / return / profit / interest earned	-	9,082	129,960	200,846	96,154	-	377,852
Fee and commission income	-	-	79,854	16,296	531,739	88	4,726
Dividend income	-	-	-	-	407,645	145,181	76,890
Foreign exchange gain	-	-	-	95,133	-	-	-
Gain from derivatives	-	-	793	-	5,632	-	-
Gain on sale of securities - net	-	-	-	-	349,898	-	-
Rent on properties	-	-	-	20,533	-	-	-
Other income	-	-	-	12,890	-	-	-
<b>Expense</b>							
Mark-up / return / profit / interest expensed	36	5,205	127,977	12,313	619,493	11,120	130,856
Operating expenses	-	-	-	-	-	-	-
Total compensation expense	-	616,731	-	-	-	-	600,952
Non-Executive Directors' fees	36,000	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	783,908	-	-
Product feature cost	-	-	87,429	-	-	-	-
Travelling	-	-	2,385	-	-	-	-
Subscription	-	-	-	-	-	-	61,284
Donation	-	-	77,230	-	-	-	187,489
Brokerage and Commission	-	-	-	-	-	-	104,011
Other expenses	-	-	-	304,811	-	-	15,890
<b>Others</b>							
Purchase of Government securities	-	-	162,675,592	998,818	13,168,363	-	5,524,152
Sale of Government securities	-	23,996	167,248,536	17,148,536	16,126,983	-	10,414,257
Purchase of foreign currencies	-	-	819,712	49,784	-	-	2,764,346
Sale of foreign currencies	-	-	1,379,338	7,196,404	139,800	-	2,689,141
Insurance claims settled	-	-	-	-	40,486	-	-

As at December 31, 2020 (Audited)

	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
<b>Statement of financial position</b>							
<b>Balances with other banks</b>							
In current accounts	-	-	25,483	362,924	-	4,074	-
<b>Investments</b>							
Opening balance	-	-	-	18,590,630	9,276,448	135,665	4,775,603
Investment made during the period	-	-	-	500,000	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	(115,334)	-	-
Revaluation of investment during the year	-	-	-	(1,625,607)	-	-	68,121
Exchange adjustment	-	-	-	149,603	-	-	-
Closing balance	-	-	-	17,614,626	9,161,114	135,665	4,843,724
<b>Advances</b>							
Opening balance	1,144	302,682	3,853,355	52,035	1,375,000	-	7,924,895
Addition during the year	10,157	222,404	7,294,502	2,141,455	-	-	7,668,197
Repaid during the year	(11,062)	(162,557)	(6,729,728)	(121,823)	(250,000)	-	(6,242,581)
Transfer in / (out) - net	10	(56,693)	-	-	-	-	(1,601,517)
Exchange adjustment	-	-	86,399	2,218	-	-	-
Closing balance	249	305,836	4,504,528	2,073,885	1,125,000	-	7,748,994
<b>Other Assets</b>							
Interest / mark-up accrued	-	710	23,444	92,882	30,556	-	198,970
Other receivable	-	-	-	-	305,198	-	3,335
	-	710	23,444	92,882	335,754	-	202,305
<b>Borrowings</b>							
Opening balance	-	-	2,475,576	4,187,854	929,086	1,548,476	-
Borrowings during the year	-	-	6,992,840	6,016,905	2,913,226	4,855,377	500,000
Settled during the year	-	-	(6,473,832)	(9,919,751)	(2,913,226)	(4,855,377)	(5,691)
Exchange adjustment	-	-	206,272	183,374	29,920	49,868	-
Closing balance	-	-	3,200,856	468,382	959,006	1,598,344	494,309



## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

	As at December 31, 2020 (Audited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
<b>Deposits and other accounts</b>							
Opening balance	26,259	192,845	7,803,875	1,076,088	11,245,324	-	716,890
Received during the year	223,185	2,338,236	234,970,772	206,571,000	651,783,633	-	60,058,254
Withdrawn during the year	(233,311)	(2,123,153)	(235,783,141)	(206,561,582)	(626,730,063)	-	(59,090,555)
Transfer in / (out) - net	4,619	35,680	-	-	-	-	(3,237)
Exchange adjustment	42	4,132	296,946	1,756	(5,691)	-	2,791
Closing balance	20,794	447,740	7,288,452	1,087,262	36,293,203	-	1,684,143
<b>Other liabilities</b>							
Interest / mark-up payable	10	1,734	52,208	1,715	128,470	6,251	8,048
Payable to staff retirement fund	-	-	-	-	-	-	1,182,639
Other payables	-	-	1,511	18	33,615	-	315,431
	10	1,734	53,719	1,733	162,085	6,251	1,506,118
<b>Contingencies and Commitments</b>							
Letter of credit	-	-	145,085	-	-	-	1,576,326
Guarantees	-	-	134,121	4,320	-	-	3,419,047
Forward purchase of Government securities	-	-	861,632	-	-	-	316,416
Commitments in respect of forward lending	-	-	-	-	-	-	2,524,426
Interest rate swaps	-	-	859,491	-	1,125,000	-	-
	-	-	2,000,329	4,320	1,125,000	-	7,836,215
<b>Others</b>							
Securities held as custodians	-	17,745	5,457,675	-	30,978,500	-	13,662,385
<b>For the six months ended June 30, 2020 (Unaudited)</b>							
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
<b>Profit and loss account</b>							
<b>Income</b>							
Mark-up / return / profit / interest earned	-	10,888	161,599	137,526	147,823	-	617,645
Fee and commission income	-	-	52,117	16,807	406,762	171	38,725
Dividend income	-	-	-	-	427,079	236,436	35,653
Foreign exchange gain	-	-	-	85,283	-	-	-
Loss from derivatives	-	-	(22,201)	-	(25,269)	-	-
Gain on sale of securities - net	-	-	-	-	4,007	-	-
Rent on properties	-	-	-	18,618	-	-	-
Other income	-	-	-	4,776	-	-	-
<b>Expense</b>							
Mark-up / return / profit / interest expensed	77	4,460	183,095	45,876	425,320	19,504	68,013
Operating expenses							
Total compensation expense	-	584,217	-	-	-	-	458,336
Non-Executive Directors' fees	40,200	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	554,744	-	-
Product feature cost	-	-	123,070	-	-	-	-
Travelling	-	-	13,957	-	-	-	-
Subscription	-	-	-	-	-	-	23,282
Donation	-	-	76,950	-	-	-	152,338
Other expenses	-	-	7,450	90	-	-	98,415
<b>Others</b>							
Purchase of Government securities	-	-	47,003,929	-	11,707,972	-	3,796,247
Sale of Government securities	-	18,889	49,487,758	701,925	51,953,133	-	5,051,742
Purchase of foreign currencies	-	-	528,922	7,636,649	3,818	-	1,840
Sale of foreign currencies	-	-	1,673,767	1,588,431	55,450	-	3,928,000
Insurance claims settled	-	-	-	-	44,775	-	-

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

### 35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

#### Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

(Unaudited)  
June 30,  
2021  
(Rupees in '000)

(Audited)  
December 31,  
2020

14,668,525 14,668,525

#### Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

184,304,638	172,940,364
10,467,461	10,438,063
194,772,099	183,378,427
57,117,995	54,025,763
251,890,094	237,404,190

#### Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

1,052,404,865	935,446,560
104,831,288	109,134,799
191,948,129	191,948,129
1,349,184,282	1,236,529,488

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

13.66% 13.99%

14.44% 14.83%

18.67% 19.20%

#### Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)

9.50% 9.50%

of which: capital conservation buffer requirement

1.50% 1.50%

of which: countercyclical buffer requirement

- -

of which: D-SIB buffer requirement

2.00% 2.00%

CET1 available to meet buffers (as a percentage of risk weighted assets)

7.66% 7.99%

#### Other information:

#### National minimum capital requirements prescribed by the SBP

CET1 minimum ratio (%)

9.50% 9.50%

Tier 1 minimum ratio (%)

11.00% 11.00%

Total capital minimum ratio (%)

13.50% 13.50%

#### Leverage Ratio (LR)

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio (%)

194,772,099	183,378,427
4,534,879,549	4,167,230,907
4.29%	4.40%

Minimum Requirement (%)

3.00% 3.00%

#### Liquidity Coverage Ratio (LCR)

Average High Quality Liquid Assets

Average Net Cash Outflow

Liquidity Coverage Ratio (%)

Total Adjusted Value  
(Rupees in '000)

1,429,092,945	1,343,833,391
602,475,697	525,626,841
237.20%	255.66%

Minimum Requirement (%)

100.00% 100.00%

#### Net Stable Funding Ratio (NSFR)

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio (%)

Total Weighted Value  
(Rupees in '000)

2,851,023,259	2,637,965,349
1,729,561,250	1,448,252,363
164.84%	182.15%

Minimum Requirement (%)

100.00% 100.00%

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

### 36 ISLAMIC BANKING BUSINESS

The Bank operates 161 (December 31, 2020: 62) Islamic Banking branches and 754 (December 31, 2020: 853) Islamic Banking windows.

#### STATEMENT OF FINANCIAL POSITION

##### ASSETS

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

Note	(Unaudited) June 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
	18,919,030	12,685,357
	905,999	85,710
36.1	63,187,040	5,257,358
36.2	157,587,575	139,619,025
36.3	140,390,419	153,363,009
	2,173,606	1,163,176
	-	-
	8,099,597	90,320
	-	-
	9,432,128	6,132,151
	400,695,394	318,396,106

##### LIABILITIES

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

	15,543	9,451
36.4	23,120,985	32,183,448
36.5	342,012,974	257,414,395
	-	12,444
	-	-
	292,964	8,718
	9,477,369	6,000,269
	374,919,835	295,628,725

##### NET ASSETS

25,775,559	22,767,381
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##### REPRESENTED BY

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

	500,000	500,000
	-	-
	458,226	13,637
36.6	24,817,333	22,253,744
	25,775,559	22,767,381

##### Contingencies and commitments

36.7	(Unaudited) For the six months ended
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#### PROFIT AND LOSS ACCOUNT

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

36.8	11,192,445	11,259,804
36.9	5,425,458	5,010,747
	5,766,987	6,249,057

##### Other income / (loss)

Fee and commission income  
Dividend income  
Foreign exchange loss  
Income from derivatives  
Gain / (Loss) on securities- net  
Others  
Total other income

334,117	268,406
-	-
(74,815)	(21,060)
-	-
1,047	(171,041)
144	4,208
260,493	80,513

##### Total income

6,027,480	6,329,570
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##### Other expenses

Operating expenses  
Workers' Welfare Fund  
Other charges  
Total other expenses

1,573,940	1,107,736
87,590	102,718
2,803	220
1,664,333	1,210,674

##### Profit before provisions

Provisions and write offs - net

4,363,147	5,118,896
158,817	442,265

##### Profit before taxation

Taxation

4,204,330	4,676,631
1,639,689	1,823,418

##### Profit after taxation

2,564,641	2,853,213
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## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

(Unaudited) June 30, 2021  
(Audited) December 31, 2020  
(Rupees in '000)

### 36.1 Due from Financial Institutions

Call money lendings	10,300,000	-
Bai Muajjal receivable with:		
- State Bank of Pakistan	-	5,257,358
- Other financial institutions	52,887,040	-
	<u>63,187,040</u>	<u>5,257,358</u>

### 36.2 Investments by segments

	June 30, 2021 (Unaudited)				December 31, 2020 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
<b>Federal Government securities</b>								
-Ijarah Sukuks	84,408,528	-	325,190	84,733,718	67,678,595	-	(322,645)	67,355,950
-Other Federal Government securities	-	-	-	-	-	-	-	-
	<u>11,937,790</u>	<u>-</u>	<u>-</u>	<u>11,937,790</u>	<u>11,324,538</u>	<u>-</u>	<u>-</u>	<u>11,324,538</u>
	96,346,318	-	325,190	96,671,508	79,003,133	-	(322,645)	78,680,488
<b>Non-Government debt securities</b>								
-Listed	46,558,430	-	403,500	46,961,930	47,291,628	-	322,500	47,614,128
-Unlisted	13,931,637	-	22,500	13,954,137	13,301,909	-	22,500	13,324,409
	<u>60,490,067</u>	<u>-</u>	<u>426,000</u>	<u>60,916,067</u>	<u>60,593,537</u>	<u>-</u>	<u>345,000</u>	<u>60,938,537</u>
<b>Total Investments</b>	<u>156,836,385</u>	<u>-</u>	<u>751,190</u>	<u>157,587,575</u>	<u>139,596,670</u>	<u>-</u>	<u>22,355</u>	<u>139,619,025</u>

(Unaudited) June 30, 2021  
(Audited) December 31, 2020  
(Rupees in '000)

### 36.3 Islamic financing and related assets - net

Diminishing Musharakah	66,136,754	71,127,412
Running Musharakah	30,264,207	45,034,254
Wakalah	10,000,000	10,000,000
Ijarah	2,092,675	2,341,651
Murabaha	3,429,158	1,517,711
Currency Salam	-	589,706
Tijarah	1,227,553	422,168
Istisna	2,114,071	271,460
Home Financing	3,062,618	2,060,742
Advance for Diminishing Musharakah	3,084,581	2,320,561
Advance for Ijarah	336,917	312,748
Advance for Murabaha	3,383,726	1,203,371
Advance for Salam	-	1,027,180
Advance for Istisna	12,050,102	11,874,971
Inventories against Murabaha	839,450	2,204,687
Inventories against Salam	1,290,488	-
Inventories against Tijarah	1,380,237	824,156
Inventories against Istisna	911,580	1,285,677
Islamic financing and related assets - gross	<u>141,604,117</u>	<u>154,418,455</u>
Provision against Islamic financing and related assets		
-Specific	(261,090)	(126,457)
-General	(952,608)	(928,989)
	<u>(1,213,698)</u>	<u>(1,055,446)</u>
Islamic financing and related assets - net of provision	<u>140,390,419</u>	<u>153,363,009</u>

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

	Note	(Unaudited) June 30, 2021	(Audited) December 31, 2020
(Rupees in '000)			
36.4	<b>Due to financial institutions</b>		
Unsecured acceptances of funds		-	10,500,000
Acceptances from the SBP under Islamic:			
- Export refinance scheme		13,285,411	12,185,727
- Long term financing facility		5,050,588	4,774,050
- Refinance and credit guarantee scheme for women entrepreneurs		6,407	-
- Refinance scheme for payment of wages and salaries		1,894,953	2,456,473
- Financing facility for renewable energy power plants		331,644	96,152
- Temporary economic refinance facility		2,354,843	1,676,737
- Financing facility for storage of agricultural produce		8,800	-
Acceptances from Pakistan Mortgage Refinance Company		188,339	494,309
		<u>23,120,985</u>	<u>32,183,448</u>
36.5	<b>Deposits and other accounts</b>		
<b>Customers</b>			
Current deposits		69,166,973	64,402,537
Savings deposits		126,922,817	105,290,516
Term deposits		38,006,757	24,221,318
		<u>234,096,547</u>	<u>193,914,371</u>
<b>Financial Institutions</b>			
Current deposits		253,360	405,136
Savings deposits		101,210,921	61,847,142
Term deposits		6,452,146	1,247,746
		<u>107,916,427</u>	<u>63,500,024</u>
		<u>342,012,974</u>	<u>257,414,395</u>
36.6	<b>Islamic Banking business unappropriated profit</b>		
Opening Balance		22,253,744	16,486,211
Add: Islamic Banking profit for the period / year		4,204,330	9,464,811
Less: Taxation		(1,639,689)	(3,696,779)
Less: Transferred / Remitted to Head Office		(1,052)	(499)
Closing Balance		<u>24,817,333</u>	<u>22,253,744</u>
36.7	<b>Contingencies and commitments</b>		
- Guarantees	36.7.1	2,078,119	1,498,665
- Commitments	36.7.2	31,438,624	7,917,674
		<u>33,516,743</u>	<u>9,416,339</u>
36.7.1	<b>Guarantees:</b>		
Performance guarantees		1,510,727	1,435,850
Other guarantees		567,392	62,815
		<u>2,078,119</u>	<u>1,498,665</u>
36.7.2	<b>Commitments:</b>		
Trade-related contingent liabilities		18,996,451	6,208,476
Commitments in respect of forward foreign exchange contracts	36.7.2.1	12,442,173	1,709,198
		<u>31,438,624</u>	<u>7,917,674</u>
36.7.2.1	<b>Commitments in respect of forward foreign exchange contracts</b>		
Purchase		5,916,827	740,199
Sale		6,525,346	968,999
		<u>12,442,173</u>	<u>1,709,198</u>

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended June 30, 2021

(Unaudited)  
For the six months ended

June 30, 2021	June 30, 2020
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(Rupees in '000)

### 36.8 Profit / return earned

On:

Financing	5,168,368	6,946,162
Investments	5,714,212	2,986,609
Placements	309,865	1,327,033
	11,192,445	11,259,804

### 36.9 Profit / return expensed

On:

Deposits and other accounts	4,831,157	4,548,385
Amounts due to financial institutions	524,809	387,482
Foreign currency deposits for Wa'ad based transactions	(11,770)	24,914
Lease liability against right-of-use assets	81,262	49,966
	5,425,458	5,010,747

### 37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

37.1 The Board of Directors, in its meeting held on July 29, 2021, has declared a cash dividend of Rs 1.75 per share in respect of the quarter ended June 30, 2021 (June 30, 2020: nil). These condensed interim unconsolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

### 38 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on July 29, 2021.

### 39 GENERAL

39.1 Comparative figures have been re-arranged and reclassified for comparison purposes.

**Muhammad Aurangzeb**  
President and  
Chief Executive Officer

**Rayomond Kotwal**  
Chief Financial Officer

**Dr. Najeel Samie**  
Director

**Salim Raza**  
Director

**Khaleel Ahmed**  
Director





