HBL

DIGITALLY YOURS

QUARTERLY REPORT
SEPTEMBER 30, 2020

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

Ms. Diane Elizabeth Moore
Director

Mr. Salim Yahya Chinoy
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
A.F. Ferguson & Co.
Chartered Accountants

Share Registrar
CDC Share Registrar Services Limited
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Karachi – 74400, Pakistan
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HBL Corporate Secretariat
Phone: (92-21) 37137543
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Jinnah Avenue, Blue Area,
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Corporate Website:
www.hbl.com

Internet Banking:
www.hblibank.com.pk

Konnect:
www.hbl.com/businesskonnect

HBL

CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2020

Directors' Review

On behalf of the Board of Directors, we are pleased to present the condensed interim consolidated financial statements for the nine months ended September 30, 2020.

Macroeconomic Review

Domestic economic activity receded sharply in the last quarter of FY'20 with GDP contracting by 0.4% for the first time in 70 years. However, since August, business confidence and growth prospects have been on an up-trend, reflecting the declining number of new COVID cases, the easing of lockdown restrictions and the effects of the Government's stimulus and the SBP's relief measures. Demand indicators have started to pick up and, after posting a decline of 10% in FY20, the Large Scale Manufacturing Index showed nascent signs of a recovery, improving by 5% in July 2020. Rising food prices drove up headline inflation sharply in September, to 9.0%, bringing average inflation for 1Q'FY'21 to 8.8%. In response, the government has announced the import of commodities such as wheat to reduce the demand-supply gap and keep food prices in check. The SBP expects average inflation for FY'21 to fall within the target of 7% - 9%.

The external account has remained resilient, with the current account being in surplus for two consecutive months, resulting in a balance of USD 805 million during 2MFY'21 compared to a deficit of USD 1.2 billion during the same period last year. This was largely supported by a strong flow of remittances, which grew 31.0% YoY in 1QFY'21 and have crossed the USD 2 billion mark in each of the last four months; the sustainability of this trend will be a key determiner of the current account going forward. The trade deficit also reduced by 8.0% YoY; lower oil prices triggered a 13% decline in imports, countering a 17% decline in exports which, nevertheless, have inched closer to pre-COVID levels.

The FX reserves position remained stable, increasing to USD 19.5 billion in September, with SBP's reserves now ahead of the 3-month import cover benchmark. The flexible exchange rate system has resulted in an orderly two-way currency movement, with the Rupee appreciating by 1.4% against the dollar during the quarter. Early reads indicate an encouraging response to the SBP's Roshan Digital Account initiative, and this is likely to further support FX flows into the domestic economy.

Despite significant coronavirus and social support related spend, the fiscal deficit for FY'20 reduced to 8.1% of GDP compared to 8.9% in FY'19, with a primary deficit of 1.8% of GDP. Total revenue increased by 28.0%, as non-tax revenue grew significantly, while total expenditure remained under check, increasing by 16.0%. In 1QFY'21, the improved economic activity was reflected in higher tax collection of Rs 1 trillion which exceeded the target of Rs 970 billion for this period.

The equity market has witnessed a strong rally over the past three months, on the back of improved economic activity and low interest rates. The rebound was further supported by

government's announcement of a stimulus package for the construction sector. Recently, the PSX index has shown some consolidation, but has still almost recovered to December 2019 levels.

The SBP, in its recent Monetary Policy Committee meeting kept the policy rate unchanged at 7.0%, keeping real interest rates negative, while prioritizing growth and employment. Private sector credit demand has, expectedly, remained muted in 2020; banking sector advances declined by 2% during 9M'20, while deposits rose by 15% since December 2019. Meanwhile, considerable interest has been shown by borrowers who have availed SBP's concessionary financing schemes, including the Temporary Economic Relief Facility (TERF) for expansion, new projects and BMR and the facility for payment of wages and salaries. Banking spreads for 8M'20 reduced by 31bps over 8M'19 due to reductions in lending yields.

Financial Performance

Even in this challenging environment, HBL's focus on customers and key activity drivers has delivered strong results, with profit before tax for the first nine months of 2020 more than doubling to Rs 42.9 billion over the same period last year. The Bank's domestic franchise continues to gather momentum, leveraging HBL's innate brand strength. Profit after tax of Rs 25.3 billion for 9M'20 is almost three times higher than for 9M'19. Earnings per share for 9M'20 increased to Rs 17.17 compared to Rs 5.89 for the same period last year.

Domestic deposits grew by over Rs 300 billion during the first nine months of 2020, to Rs 2.5 trillion, with HBL's market share rising from 13.9% in December 2019 to 14.4% in September 2020 – almost half of the growth was from current and low-cost savings accounts. HBL's total deposits increased to Rs 2.7 trillion, growing by 12.2% over December 2019. Consumer lending has grown 16% in just the last quarter, mainly driven by personal and auto loans – the Bank's market positioning in auto financing has jumped from fourth to second. However, subdued domestic demand resulting from the pandemic's impact has resulted in a 4.5% decline in the HBL's total domestic advances, to Rs 932 billion. International advances rose by 2.1% over December 2019, to $ 1.3 billion. Total advances, consequently, decreased slightly to Rs 1.1 trillion.

Led by a growth of over Rs 260 billion in average deposits, HBL's average domestic balance sheet grew by 15% over 9M'19. Net interest margin improved over last year as the steep rate cuts in 1H'20 resulted in interest bearing liabilities repricing earlier than interest earning assets. Consequently, domestic net interest income for 9M'20 rose by 37% to Rs 93 billion with HBL's total net interest income growing by 33% over 9M'19, to nearly Rs 100 billion. Fee income for 9M'20 reduced by 13% over the same period last year, primarily due to lower transaction volumes and business activities induced by the lockdowns; however, with their lifting, fee income is normalizing, growing by 8% over the previous quarter in 3Q'20. Total non-fund income increased by more than 50% as HBL realized capital gains of Rs 8.2 billion on its fixed income portfolio. Total revenue for the first nine months of 2020 thus increased to Rs 122.9 billion.

During 9M'20, the Bank spent over Rs 500 million in protective measures for staff and customers across the network and in direct contributions to protect the vulnerable in these

very difficult times. However, administrative expense growth was contained to only 2% as costs related to New York and the Business Transformation program have receded. The Bank's cost to income ratio has therefore improved from 76.8% in 9M'19 to 57.2% in 9M'20. In anticipation that customers affected by the pandemic might require provisioning once SBP's relaxations and waivers expire in 2021, HBL has prudently recorded a COVID-19 related general provision of Rs 6.0 billion in its domestic business. The coverage ratio improved from 93.2% in December 2019 to 100.0% in September 2020.

Movement of Reserves

	Rs million
Unappropriated profit brought forward	114,550
Profit attributable to equity holders of the Bank	25,192
Reversal of deferred tax asset recognised on subsidiary	(108)
Share of re-measurement gain on defined benefit obligations of associate – net	3
Transferred from surplus on revaluation of assets – net of tax	35
	25,122
Profit available for appropriations	139,672
Appropriations	
Transferred to statutory reserves	(2,663)
Cash dividend – Final 2019	(1,834)
Cash dividend – 1st Interim 2020	(1,834)
	(6,330)
Unappropriated profit carried forward	133, 342
Earnings per share (Rs)	17.17

Capital Ratios

In response to the current crisis, in Q1'20, the SBP supported the banking system by reducing the requirements of the Capital Conservation Buffer by 100 bps, from 2.5% to 1.5%. This effectively lowered the capital adequacy requirements across all three tiers, i.e. Common Equity Tier 1 (CET1) CAR, Tier 1 CAR and Total CAR, by 1%.

The strong profitability has strengthened the Bank's CAR across all tiers; the consolidated CET1 CAR increased from 11.46% in December 2019 to 12.88% in September 2020 and the Tier 1 CAR has improved from 12.45% to 13.85% over this period. The continued increase in the CET1 CAR headroom over minimum levels has increased the eligibility of Tier II capital by an additional 37 bps. The consolidated total CAR thus increased from 15.35% in December 2019 to 17.76% in September 2020. HBL's capital and related ratios remain well above regulatory requirements.

Future Outlook

The next quarter is expected to be critical, both globally and in Pakistan. While economic activity has started to resume, the threat of a second wave, with winter approaching, is real and growing. This could disrupt the very strong remittance flow of recent months as well as dampen demand in Pakistan's export markets, both of which could reverse gains made in the current account. Oil prices are projected to remain in check in the short-term, supporting the external account and inflation. However, the main downside risk is from rising food prices and a further increase in inflation, despite the high base effect expected from October, might trigger a monetary response earlier than expected. The positive news of above-target tax collection in 1QFY'21, along with a growth in the LSM Index bodes well for an upturn in economic activity and, if sustained, could propel GDP growth towards the Government's 2.1% target.

Geopolitical developments, with shifting realities in the Middle East and the upcoming US elections will heavily influence global events in the near term. October will see the latest FATF decision where a continuation on the grey list is widely expected. With the IMF's emergency assistance earlier in the year, the EFF program has temporarily stalled; talks between the Pakistani authorities and the Fund are underway for its resumption, but with expectations that the IMF will demand more stringent fiscal discipline.

HBL's investments in technology and its digital initiatives are now coming to fruition as the pandemic has forced a more virtual interaction on the world. At HBL, *the technology company with a banking license*, we are seeing an acceleration of digital usage, adoption and transaction volumes as customers adapt to the new reality. We will continue to invest in developing market-leading solutions for our clients while ensuring that our technology infrastructure and security are robust to support these initiatives.

HBL considers itself an integral part of this nation's fabric and has always been in the forefront of supporting the country. We have stepped this up with our mantra of public-private partnership, providing thought leadership across a broad spectrum of areas, from hosting the country's leading Information Security conference to supporting the Government in developing a national compliance framework to playing a leading role in low cost housing finance and attracting inflows through the new Roshan Digital Account scheme. We are humbled and honoured to have led the Government's efforts in Sindh, Punjab and Balochistan to enable delivery of the Ehsaas Emergency Cash program, the largest social safety net initiative in Pakistan's history, during which we distributed Rs 176 billion to 12 million beneficiaries. At this critical time, HBL has been a leading institution in using the liquidity and funding assistance made available by the SBP, particularly in its Rozgar Scheme, to ensure that workers continue to get paid and that funds continue to flow wherever they are needed by businesses. HBL has also taken on a number of development finance initiatives in the agriculture sector to fulfil its role in the development of the country.

Dividend

Pursuant to the SBP's instructions through its letter No BPRD/ BA & CPD/006315 - 2/20, the Board of Directors, in its meeting held on October 16, 2020 has not declared any interim cash dividend for the quarter ended September 30, 2020.

Appreciation and Acknowledgement

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

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

Lastly, but certainly not the least, we express our deepest appreciation and gratitude to our employees and their families, especially in customer facing units and our 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

October 16, 2020

ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے30 ستمبر 2020کو ختم ہونے والے نوماہ کے مختصرعبوری مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

مقامی معاشی سرگرمی مالی سال 20 کی آخری سہ ماہی میں تیزی سے کم ہوگئی جس کے ساتھ 70 سالوں میں GDP پہلی بار% 0.4 سے سمٹ گئی۔ تاہم ، اگست سے کاروباری اعتماد اور نمو کے امکانات میں چڑھاؤ کا رجحان ہے ، جو نئے COVID کیسوں کی گرتی ہوئی تعداد ، لاک ڈاؤن پابندیوں میں نرمی اور حکومت کے محرکات اور SBP کے امدادی اقدامات کے اثرات کی عکاسی کرتا ہے۔ طلب کے اشاریے میں تیزی آرہی ہے اورمالی سال 20 میں 10% کمی کے بعد ، بڑے پیمانے پرپیداواری فہرست میں واپسی کی ابتدائی علامات دکھائی دی ہیں ، جس میں جولائی 2020 میں 5% بہتری آئی۔ اشیائے خوردونوش کی بڑھتی قیمتوں کی وجہ سے ستمبر میں عمومی افراطِ زر 9.0% تک بڑھ گئی ، جس سے مالی سال 21 کی پہلی سہ ماہی کی اوسط افراط زر 8.8% پر آ گئی۔ اس کے جواب میں ، حکومت نے طلب و رسد کے فرق میں کمی اور اشیائے خوردونوش کی قیمتوں کی نگرانی کے لیے گندم جیسی اجناس کی درآمد کا اعلان کیا ۔ SBP کو توقع ہے کہ مالی سال 21 کے لیے اوسط افراط زر 9%-7%کے زیرِ ہدف رہے گی۔

بیرونی کھاتہ لچکدار رہا ، جس کے ساتھ جاری کھاتہ مسلسل دو ماہ تک سرپلس میں رہا ، نتیجتاً مالی سال 21 کے 2ماہ کے دوران 805 ملین امریکی ڈالر کا بیلنس رہا جس کے مقابلے میں گزشتہ سال اسی مدت کے لیے خسارہ 1.2 ارب امریکی ڈالرتھا۔ اس میں بڑی حد تک ترسیلات زر کے ایک تیز بہاؤ سے مدد ملی ، جو مالی سال 21 کی پہلی سہ ماہی میں YoY 31% بڑھ گئی اور پچھلے چار ماہ سے ہر ماہ میں 2ارب امریکی ڈالر کا نشان عبور کرچکی ہے۔ اس رجحان کی پائیداری جاری اکاؤنٹ کے مستقبل کے تعین میں اہم ہوگی۔ تجارتی خسارے میں بھی YoY 8.0% کمی واقع ہوئی؛ تیل کی کم قیمتوں نے درآمدات میں 13% کمی کی، جس کی وجہ سے برآمدات میں 17% کمی کا سامنا ہوا ، جو اس کے باوجود قبل از COVIDکی سطح کے قریب پہنچ گیا ۔

FX ذخائر کی پوزیشن مستحکم رہی ، جو ستمبر میں بڑھ کر 19.5 ارب امریکی ڈالر ہوگئی ، جبکہ SBP کے ذخائر 3 ماہ کے امپورٹ کور بینچ مارک سے آگے ہیں۔ لچکدار زر مبادلہ کی شرح کے نظام کے نتیجے میں ایک منظم دوطرفہ کرنسی کی نقل و حرکت ہوئی ہے ، جس سے اس سہ ماہی کے دوران ڈالر کے مقابلے میں روپے کی قدر میں 1.4% اضافہ ہوا۔ ابتدائی مطالعے سے SBP کے روشن ڈیجیٹل اکاؤنٹ کے اقدام کے حوصلہ افزا جواب سے ملکی معیشت میں FX بہاؤ کو مزید مدد ملے گی۔

نمایاں کورونا وائرس اور معاشرتی فلاحی اخراجات کے باوجود ، مالی سال 20 میں مالی خسارہ کم ہوکر GDP کا 8.1% تک ہوگیا جو مالی سال 19 میں8.9% تھا،جس میں GDP کا 1.8% بنیادی خسارہ شامل ہے۔ مجموعی آمدنی میں 28% اضافہ ہوا ، کیونکہ نان ٹیکس آمدنی نمایاں طور پر بڑھی ، جبکہ مجموعی اخراجات 16.0% اضافے کے ساتھ زیر نگرانی رہے۔ مالی سال 21 کی پہلی سہ ماہی میں بہتر معاشی سرگرمی 1 کھرب روپے کے زائد ٹیکس وصولی سے ظاہر ہوئی جو اس عرصے کے 970 ارب روپے کے ہدف سے تجاوز کر گئی۔

بہتر اقتصادی سرگرمی اور کم شرح سود کی پشت پناہی سے ایکویٹی مارکیٹ میں گزشتہ تین ماہ کے دوران مستحکم پائیدار اضافہ دیکھنے میں آیا۔ حکومت کی جانب سے تعمیراتی شعبے کے لیے ترغیبی پیکج کے اعلان کے نتیجے میں اس میں مزید مدد ملی۔ حال ہی میں ، PSX انڈیکس نے کچھ استحکام دکھایا ہے ، لیکن اس کے باوجود دسمبر 2019 کی سطح تک ہی بحال ہوا ہے۔

SBPنے حالیہ مالیاتی پالیسی کمیٹی کے اجلاس میں نمو اور روزگار کو ترجیح دیتے ہوئے حقیقی شرح سود کو منفی رکھا اور پالیسی شرح 7.0% پر برقرارر کھی ہے۔ نجی سیکٹر کے قرضوں کی مانگ پر 2020 میں حسبِ توقع خاموشی چھائی رہی۔ مالی سال 20 کے 9 ماہ کے دوران بینکنگ سیکٹرقرضہ جات میں 2% کمی واقع ہوئی ، جبکہ دسمبر 2019 سے ذخائر میں 15% اضافہ ہوا ۔ اسی دوران ، ان قرض لینے والوں کی طرف سے خاطر خواہ دلچسپی ظاہر ہوئی جنہوں نےتوسیع، نئے منصوبوں، BMR اور اجرت اور تنخواہوں کی ادائیگی کے لیے عارضی معاشی امدادی سہولت (TERF) سمیت ، SBP کی مراعاتی فنانسنگ اسکیموں کا فائدہ اٹھایا ہے۔

قرضوں کی شرح سود میں کمی کی وجہ سے مالی سال 20 کے 8 ماہ کے لیے بینکنگ اسپریڈ میں مالی سال 19 کے 8 ماہ کے مقابلے میں 31 بی پی ایس کمی ہوئی ۔

مالیاتی کارکردگی

اس مشکل صورتحال میں بھی HBL کی صارفین اور سرگرمیوں کے اہم محرکین پر توجہ سے مضبوط نتائج نکلے ، جس سے مالی سال 2020کے پہلے 9ماہ کا قبل از محصول منافع گزشتہ برس اسی دورانیے سے دگنا یعنی 42.9 ارب روپے رہا۔ HBL برانڈ کی روایتی طاقت سے فائدہ اٹھاتے ہوئے،بینک کے مقامی فرنچائز مسلسل رفتار پکڑتے رہے۔ مالی سال 20 کے9 ماہ کا بعد از محصول منافع 25.3 ارب روپے رہا جو سال 19 کے 9 ماہ سے تقریباً تین گنا زیادہ ہے۔ سال 20کے 9ماہ کی فی حصص آمدن 17.17 روپے رہی جو گزشتہ برس اسی مدت میں 5.89 روپے تھی۔

سال 2020 کے 9ماہ میں مقامی ڈپازٹس میں 300 ارب روپے سے اضافہ ہوا جو 2.5 کھرب روپے ہو گئے،اس کے ساتھ HBL کا مارکیٹ شیئر دسمبر 2019 کے 13.9% سے بڑھ کرستمبر 2020 میں 14.4% ہوگیا، تقریباً نصف نمو جاری کھاتوں اور کم آمدنی والے سیونگز اکاؤنٹس کے سبب ہوئی ۔HBL کےکُل ڈپازٹس میں دسمبر 2019 سے 12.2% اضافہ ہوا جو 2.7 کھرب روپے ہوگئے۔صارفی قرضہ جات میں محض گزشتہ سہ ماہی میں 16% نمو دیکھی گئی جس کی بنیادی وجہ پرسنل اور آٹولون رہے، بینک کی مارکیٹ پوزیشننگ آٹو فنانسنگ کے شعبے میں چار سے بڑھ کر دو پر پہنچ گئی۔ تاہم وبا کے سبب مقامی طلب میں مندی کے باعث HBL کے مقامی قرضہ جات 4.5% کمی کے بعد 932 ارب روپے ہوگئےجبکہ بین الاقوامی قرضہ جات میں دسمبر 2019 کے مقابلے میں 2.1% اضافے کے بعد 1.3 ارب امریکی ڈالر ہوگئے۔ نتیجتاً کُل قرضہ جات معمولی کمی کے بعد 1.1 کھرب روپے ہوگئے۔

اوسط ڈپازٹس میں 260 ارب روپے سے زائد اضافے کی وجہ سے HBL کی اوسط مقامی بیلنس شیٹ میں سال 19 کے 9 ماہ کے مقابلے میں 15% نمو آئی۔ سال 20 کی پہلی ششماہی میں منافع کی شرح میں تیز کمی اورسود کے حامل بقایاجات کی منافع کی آمدن والے اثاثوں سے قبل ری پرائسنگ نے مقامی خالص منافع جات کے مارجن کی بہتری کی، نتیجتاً ًمقامی خالص منافع جاتی آمدن سال 20 کے 9ماہ میں 37% بڑھ کر 93 ارب روپے ہوگئی جس سے HBLکی کُل خالص منافع جاتی آمدن سال 19 کے9ماہ کے مقابلے میں 33% بڑھ کر تقریباً 100 ارب روپے ہوگئی۔ HBL کی فیس آمدن میں سال 20 کے 9 ماہ میں گزشتہ برس اسی مدت کے مقابلے میں 13% کمی واقع ہوئی جس کی بنیادی وجہ لاک ڈاؤن کے باعث محدود کاروباری سرگرمیاں اور ترسیلات کے حجم میں کمی ہیں تاہم ، پابندیاں اٹھا دینے کے بعد فیس کی آمدن معمول پر آرہی ہے اور سال 20 کی تیسری سہ ماہی میں گزشتہ سہ ماہی سے 8% اضافہ ہوا ہے۔ HBL کےاپنے فکسڈ انکم پورٹ فولیو کے 8.2 ارب روپے سرمائے کے حاصل شدہ منافع سے کُل نان فنڈ آمدن میں 50% اضافہ ہوا۔ چنانچہ سال 2020 کے 9 ماہ میں کُل آمدنی میں 122.9 ارب روپے اضافہ ہوا۔

سال 20 کے 9 ماہ میں بینک نے پورے نیٹ ورک میں عملے اور کسٹمر کے حفاظتی اور اس کڑے وقت میں مستحقین کے تحفظ کے براہِ راست اقدامات پر 500 ملین روپے سے زائد خرچ کیے۔ تاہم بینک کے انتظامی اخراجات کی نمو 2% تک محدود رہی کیونکہ نیویارک برانچ اور بزنس ٹرانسفارمیشن پروگرام کے اخراجات بند ہو گئے۔بینک کے اخراجات اورآمدن کے تناسب میں بہتری آرہی ہے جو سال 19 کے پہلے 9ماہ کے 76.8% کے مقابلے میں سال 20 کے 9 ماہ میں 57.2% رہا۔ سال 2021 میں SBP کے رعایات اور چھوٹ کے اختتام پر وبا سے متاثرہ کسٹمرز کودرکار سہولت کی فراہمی کے مدِنظر HBL نے مقامی کاروبار میں COVID-19 سے متعلقہ 6ارب روپے کے عمومی پرووژن کو نہایت ذہانت سے ریکارڈ میں رکھا ہے ۔کوریج کے تناسب میں دسمبر 2019 کے 93.2% سے بہتری آئی جو ستمبر 2020 میں 100% ہوگیا۔

ذخائر میں اتار چڑھاؤ

	ملین روپے
افتتاحی غیر تخصیص شدہ منافع	114,550
بینک ایکویٹی کے حامل افراد کے لیے قابلِ ادائیگی منافع	25,192
سبسڈری پر شناخت کردہ موخر ٹیکس اثاثہ جات	(108)
ایسوسی ایٹ کی ذمہ داریوں کی وضاحت شدہ منفعت پر منافع کے دوبارہ پیمائش کا حصّہ – خالص	3
اثاثہ جات کی دوبارہ تشخیص پر سرپلس سے منتقل شدہ – محصول کا خالص	35
	25,122
مناسب کارروائی کے لیے دستیاب منافع	139,672
مختلف مدوں میں رکھی گئی رقوم:	
قانونی ذخائر میں منتقل شدہ	(2,663)
نقد منافع منقسمہ – حتمی 2019	(1,834)
نقد منافع منقسمہ – پہلا عبوری 2020	(1,834)
	(6,330)
اختتامی غیر تخصیص شدہ منافع	133,342
فی حصص (شیئر) آمدنی (روپے)	17.17

سرمائے کا تناسب

موجودہ بحران کے جواب میں سال 20 کی پہلی سہ ماہی میں SBP نے بینکاری شعبے کی معاونت میں کیپٹل کنزرویشن بفر (Capital Conservation Buffer) کی شرائط میں 2.5% سے 1.5% تک، 100 بی پی ایس کمی کر دی۔ اس سے تینوں Tiers، یعنی Common Equity Tier 1 (CET1) CAR، Tier 1 CAR اور کُل CAR کے سرمائے کی شرائط میں 1%سےکمی آئی۔

اس مستحکم منفعت کے سبب تمام Tiers میں بینک کا CAR مضبوط رہا، مجموعی CET 1 CAR دسمبر 2019 کے 11.46% سے بڑھ کر ستمبر 2020 میں 12.88% ہوگیا اور Tier 1 CAR اس مدت میں بہتری کے ساتھ 12.45% سے 13.85% ہوگیا۔CET 1 CAR کے ہیڈ روم میں کم از کم سطح سے مسلسل اضافے سے 37 بی پی ایس اضافہ ہوا جس کے نتیجے میں Tier II سرمایہ اہل ہو گیا۔ بینک کا مجموعی کُل CAR دسمبر 2019 کے 15.35% سے بڑھ کر ستمبر 2020 میں 17.76% ہو گیا ۔ HBL کا سرمایہ اور اس سے متعلقہ تناسب ریگولیٹری شرائط سے بالاتر ر ہے۔

مستقبل کی صورتِ حال

اگلی سہ ماہی عالمی اور پاکستان دونوں سطح پر نازک ثابت ہونے کا امکان ہے ۔ اگرچہ معاشی سرگرمیوں کا دوبارہ آغاز ہو رہا ہے ، لیکن موسم سرما کی آمدکے ساتھ ہی دوسری لہر کا خطرہ حقیقی ہے، جو بڑھ رہا ہے۔ اس سے حالیہ مہینوں میں ترسیلات زر کےتیز بہاؤ میں رکاوٹ پیدا ہوسکتی ہے اور ساتھ ہی پاکستان کی

برآمدی مارکیٹ کی مانگ میں کمی آسکتی ہے ، یہ دونوں ہی کرنٹ اکاؤنٹ میں حاصل شدہ منافع پلٹ سکتے ہیں۔ مختصر مدت کے لیے تیل کی قیمتیں زیرِ نگرانی برقرار رہنے کا امکان ہے۔ جس سے بیرونی کھاتوں اور افراط زر میں مدد ملے گی۔ تاہم ، اہم خطرہ اشیائے خوردونوش کی قیمت کے ساتھ افراطِ زر میں مزید اضافے سے ہے ، اکتوبر سے متوقع تغیر (High base effect) کے باوجود ، اس کا معاشی ردِ عمل پہلے ہی رونما ہوسکتا ہے۔ مالی سال21 کی پہلی سہ ماہی میں ہدف سے زیادہ ٹیکس کی وصولی سمیت ، LSM انڈیکس بوڈز میں اضافے کی مثبت خبروں کے ساتھ معاشی سرگرمیوں میں تیزی آئے گی اور اسے برقرار رکھنے کی صورت میںGDP کی نمو حکومت کے 2.1%ہدف کی جانب بڑھ سکتی ہے۔

مشرق وسطیٰ میں آنے والی تبدیلیوں اور آئندہ امریکی انتخابات کے ساتھ جیو پولیٹیکل ڈیولپمنٹ مستقبل قریب میں عالمی واقعات پرگہرے اثرات مرتب کرے گی۔ اکتوبر میںFATF کا تازہ ترین فیصلہ سامنے آئے گا جس میں گرے لسٹ جاری رہنے کی توقع ہے۔ سال کےآغاز میں IMF کی ہنگامی امداد کے ساتھ ، EFF پروگرام عارضی طور پر روک دیا گیا ہے؛اس کی بحالی کے لیے پاکستانی حکام اوردی فنڈ کے درمیان بات چیت جاری ہے ، لیکن توقع ہے کہ IMF مزید سخت مالی نظم و ضبط کا مطالبہ کرے گا۔

HBL کی ٹیکنالاجی میں سرمایہ کاری اور اس کے ڈیجیٹل اقدامات اب بار آور ثابت ہو رہے ہیں کیونکہ وبا نے دنیا کو ورچوئل رابطوں پر مجبور کردیا ہے۔ بینکنگ لائسنس والی ٹیکنالاجی کمپنی کی حیثیت سے HBL میں ہم ڈیجیٹل استعمال ، اسےاپنانے اور ٹرانزیکشن کے حجم میں تیزی دیکھ رہے ہیں کیونکہ کسٹمر نئی حقیقت قبول کر رہے ہیں۔ ہم اپنے صارفین کے لیے مارکیٹ کے رہبرانہ حل وضع کرنے میں سرمایہ کاری جاری رکھیں گے اور یقینی بنائیں گے کہ ہمارا ٹیکنالاجی انفراسٹرکچر اور سیکیورٹی ان اقدامات کو سہارا دینے کے لیے مضبوط ہے۔

HBL اپنے آپ کو قومی تانے بانے کا ایک لازمی جُز تصور کرتا ہے اور ملکی فلاح و بہبود کے لیے ہمیشہ پیش پیش رہا ہےہم اس میں اپنے پبلک پرائیویٹ پارٹنرشپ کے گُر کے ساتھ آگے بڑھے اور وسیع تر شعبوں میں پُرسوچ ماہرانہ قیادت فراہم کی ،جس میں ملک کی قائدانہ انفارمیشن سیکیورٹی کانفرنس کی میزبانی سے لےکر حکومت کی نیشنل کمپلائنس فریم ورک کی تیاری میں معاونت ، باکفایت ہاؤسنگ فنانس اسکیم میں رہبری اور نئی روشن ڈیجیٹل اکاؤنٹ اسکیم کے ذریعے کیش کے اندرونی بہاؤ کو اپنی جانب راغب کرنا شامل ہیں۔ ہم شکر گزار ہیں اور ہمیں فخر ہے کہ ہم پاکستان کی تاریخ کے سب سے بڑے سماجی حفاظتی نیٹ، احساس ایمرجنسی کیش پروگرام کی سندھ ، پنجاب اور بلوچستان میں فراہمی کے لیے حکومت کی کاوشوں کی رہبری کرتے ہوئے، آج تک 12 ملین مستحقین میں 176 ارب روپے تقسیم کرچکے ہیں۔اس نازک وقت میں HBL بالخصوص روزگار اسکیم میں SBP کے ذریعے دستیاب لیکویڈیٹی اور فنڈنگ امداد استعمال کرنے میں ایک سرکردہ ادارہ رہا ہے تاکہ یقینی بنایا جاسکے کہ کارکنوں کو ادائیگی کے ساتھ جہاں کاروبار میں ضرورت ہو وہاں کیش کا بہاؤ جاری رہے۔HBL نے ملکی ترقی میں اپنا کردار نبھاتے ہوئے زرعی شعبے میں متعدد ترقیاتی مالیاتی اقدامات بھی کیے ہیں۔

منافع منقسمہ

اسٹیٹ بینک برائے پاکستان کے لیٹر نمبر BPRD/BA & CPD/006315-2/20 کی ہدایات کے مطابق بورڈ آف ڈائریکٹرزنے16 اکتوبر 2020 کو منعقد ہونے والے اجلاس میں 30 ستمبر 2020 کو اختتام پذیر ہونے والی سہ ماہی کےلیے کسی عبوری نقد منافع منقسمہ کا اعلان نہیں کیا۔

اظہارِ تشکر

بورڈ اور انتظامیہ کی جانب سےہم اپنے ریگولیٹرز اور حکومتِ پاکستان، بالخصوص اسٹیٹ بینک برائے پاکستان، وزارتِ مالیات اور سکیوریٹیز اینڈ ایکسچینج کمیشن برائے 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، اوربینکنگ اور فنانشل سروسز انڈسٹری کی سالمیت اور بہتری کا تحفظ بھی کرتے ہیں۔

ہم اپنے صارفین کے احسان مند ہیں جن میں سے کئی نسلوں سے ہمارے ساتھ منسلک ہیں اور اپنے کاروبار اور اعتماد کے ذریعے اپنا بھروسا جاری رکھے ہوئے ہیں۔ ہمارے حصص یافتگان نے ثابت قدمی سے ہمارا ساتھ دیا اور اس کے ساتھ ہم تمام اسٹیک ہولڈرز کے انتہائی شکر گزار ہیں ۔بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پُرعزم 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 اہلِ خانہ، بالخصوص کسٹمر کا سامنا کرنے والے یونٹس اور برانچوں میں موجود عملے کے شکرگزار ہیں، جنھوں نے ان خطرناک حالات میں بہادری کا مظاہرہ کرتے ہوئے اس بحران میں ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنائی۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم اُن کے عزم اور انتھک محنت کے لیے انھیں خراجِ تحسین پیش کرتے ہیں۔

منجانب بورڈ

محمد اورنگزیب
صدر اور چیف ایگزیکٹیو آفیسر
16 اکتوبر 2020

معیز احمد جمال
ڈائریکٹر

Habib Bank Limited
Condensed Interim Consolidated Statement of Financial Position
As at September 30, 2020

	Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	5	331,742,365	367,593,717
Balances with other banks	6	37,350,430	41,248,554
Lendings to financial institutions	7	64,085,582	45,303,199
Investments	8	1,783,823,469	1,379,607,379
Advances	9	1,141,027,109	1,166,956,994
Fixed assets	10	82,403,972	80,462,410
Intangible assets	11	10,030,026	9,089,345
Deferred tax assets		-	-
Other assets	12	103,242,913	136,870,799
		3,553,705,866	3,227,132,397
LIABILITIES			
Bills payable	13	39,742,754	29,681,108
Borrowings	14	342,524,106	382,206,306
Deposits and other accounts	15	2,736,067,754	2,437,597,169
Liabilities against assets subject to finance lease		-	-
Subordinated debt	16	22,356,000	22,360,000
Deferred tax liabilities	17	12,084,951	6,189,687
Other liabilities	18	143,256,972	124,346,615
		3,296,032,537	3,002,380,885
NET ASSETS		257,673,329	224,751,512
REPRESENTED BY			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		72,221,408	66,260,511
Surplus on revaluation of assets - net of tax	19	32,901,011	24,875,383
Unappropriated profit		133,341,525	114,550,097
Total equity attributable to the equity holders of the Bank		253,132,469	220,354,516
Non-controlling interest		4,540,860	4,396,996
		257,673,329	224,751,512
CONTINGENCIES AND COMMITMENTS	20		

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

Muhammad Aurangzeb	Rayomond Kotwal	Shaffiq Dharamshi	Salim Raza	Salim Yahya Chinoy
President and Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Director**

Habib Bank Limited
Condensed Interim Consolidated Profit and Loss Account (Unaudited)
For the nine months ended September 30, 2020

	Note	January 01 September 30, 2020	January 01 September 30, 2019	July 01 to September 30, 2020	July 01 to September 30, 2019
		(Rupees in '000)			
Mark-up / return / profit / interest earned	22	207,931,102	182,631,441	64,799,539	71,541,441
Mark-up / return / profit / interest expensed	23	109,146,648	108,573,082	29,090,261	45,186,470
Net mark-up / return / profit / interest income		98,784,454	74,058,359	35,709,278	26,354,971
Non mark-up / interest income					
Fee and commission income	24	13,383,475	15,456,596	4,483,757	4,779,266
Dividend income		287,643	367,646	90,746	53,185
Share of profit of associates and joint venture		2,546,333	2,212,652	1,319,308	884,273
Foreign exchange (loss) / income		(333,426)	302,575	408,910	1,935,226
Income / (loss) from derivatives		622,743	(657,532)	364,465	365,984
Gain / (loss) on securities - net	25	7,362,042	(2,411,531)	655,186	(297,916)
Other income	26	198,466	506,627	101,389	103,793
Total non mark-up / interest income		24,067,276	15,777,033	7,423,761	7,823,811
Total income		122,851,730	89,835,392	43,133,039	34,178,782
Non mark-up / interest expenses					
Operating expenses	27	70,284,509	68,969,691	22,612,470	24,001,346
Workers' Welfare Fund - charge		856,682	393,094	339,936	190,785
Other charges	28	292,448	404,057	59,840	322,778
Total non mark-up / interest expenses		71,433,639	69,766,842	23,012,246	24,514,909
Profit before provisions and taxation		51,418,091	20,068,550	20,120,793	9,663,873
Provisions and write offs - net	29	8,514,690	1,783,344	3,046,838	1,272,419
Profit before taxation		42,903,401	18,285,206	17,073,955	8,391,454
Taxation	30	17,631,334	9,460,517	6,990,500	3,494,067
Profit after taxation		25,272,067	8,824,689	10,083,455	4,897,387
Attributable to:					
Equity holders of the Bank		25,191,830	8,637,050	10,048,332	4,931,123
Non-controlling interest		80,237	187,639	35,123	(33,736)
		25,272,067	8,824,689	10,083,455	4,897,387
		(Rupees)			
Basic and diluted earnings per share	31	17.17	5.89	6.85	3.36

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

Muhammad Aurangzeb	Rayomond Kotwal	Shaffiq Dharamshi	Salim Raza	Salim Yahya Chinoy
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Habib Bank Limited
Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)
For the nine months ended September 30, 2020

	January 01 to September 30, 2020	January 01 to September 30, 2019	July 01 to September 30, 2020	July 01 to September 30, 2019
	(Rupees in '000)			
Profit after taxation for the period attributable to:				
Equity holders of the Bank	25,191,830	8,637,050	10,048,332	4,931,123
Non-controlling interest	80,237	187,639	35,123	(33,736)
	25,272,067	8,824,689	10,083,455	4,897,387
Other comprehensive income / (loss)				
Items that may be reclassified to the profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax, attributable to:				
Equity holders of the Bank	3,197,630	5,980,236	(386,466)	(2,288,773)
Non-controlling interest	51,915	99,190	34,869	(64,032)
	3,249,545	6,079,426	(351,597)	(2,352,805)
Increase in share of exchange translation reserve of associates - net of tax	31,281	60,850	57,745	38,454
Movement in surplus / deficit on revaluation of investments - net of tax, attributable to:				
Equity holders of the Bank	8,144,346	5,150,718	(6,760,666)	3,060,805
Non-controlling interest	12,731	42,778	(12,690)	546
	8,157,077	5,193,496	(6,773,356)	3,061,351
Movement in share of surplus / deficit on revaluation of investments of associates - net of tax	(84,267)	(208,159)	49,901	(67,087)
Items that are not to be reclassified to the profit and loss account in subsequent periods:				
Share of remeasurement gain / (loss) on defined benefit obligations of associates - net of tax	3,214	(2,109)	570	-
Movement in surplus / deficit on revaluation of fixed assets - net of tax, attributable to:				
Equity holders of the Bank	-	(128,422)	-	-
Non-controlling interest	-	(171)	-	-
	-	(128,593)	-	-
Movement in share of surplus / deficit on revaluation of fixed assets of associates - net of tax	-	(983)	-	(2,229)
Movement in surplus / deficit on revaluation of non-banking assets - net of tax	-	-	-	-
Total comprehensive income	36,628,917	19,818,617	3,066,718	5,575,071
Total comprehensive income attributable to:				
Equity holders of the Bank	36,484,034	19,489,181	3,009,416	5,672,293
Non-controlling interest	144,883	329,436	57,302	(97,222)
	36,628,917	19,818,617	3,066,718	5,575,071

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

Muhammad Aurangzeb	**Rayomond Kotwal**	**Shaffiq Dharamshi**	**Salim Raza**	**Salim Yahya Chinoy**
President and Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Director**

Habib Bank Limited
Condensed Interim Consolidated Statement of Changes In Equity (Unaudited)
For the nine months ended September 30, 2020

	Attributable to shareholders of the Bank												
		Reserves							Surplus / (deficit) on revaluation of				
			Statutory reserves		Capital		Revenue						
	Share capital	Exchange translation reserve	Joint venture and subsidiary	Bank	Non-distribu-table capital reserve	Capital reserve on acquisition of common control entity	General reserve	Unappro-priated profit	Investments	Fixed / Non-banking assets	Sub Total	Non-controlling interest	Total
	(Rupees in '000)												
Balance as at December 31, 2018	14,668,525	25,005,594	1,007,988	31,957,440	547,115	(156,706)	6,073,812	101,606,320	(7,326,886)	21,858,529	195,241,731	4,010,480	199,252,211
Comprehensive income for the nine months ended September 30, 2019													
Profit after taxation for the nine months ended September 30, 2019	-	-	-	-	-	-	-	8,637,050	-	-	8,637,050	187,639	8,824,689
Other comprehensive income / (loss)													
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	5,980,236	-	-	-	-	-	-	-	-	5,980,236	99,190	6,079,426
Increase in share of exchange translation reserve of associates - net of tax	-	60,850	-	-	-	-	-	-	-	-	60,850	-	60,850
Share of remeasurement loss on defined benefit obligations of associates - net	-	-	-	-	-	-	-	(2,109)	-	-	(2,109)	-	(2,109)
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	-	-	5,150,718	(128,422)	5,022,296	42,607	5,064,903
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	-	-	(208,159)	(983)	(209,142)	-	(209,142)
	-	6,041,086	-	-	-	-	-	8,634,941	4,942,559	(129,405)	19,489,181	329,436	19,818,617
Transferred to statutory reserves	-	-	183,225	915,996	-	-	-	(1,099,221)	-	-	-	-	-
Transferred to unappropriated profit	-	-	-	-	-	-	(6,073,812)	6,073,812	-	-	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	251,430	-	(251,007)	423	(423)	-
Transactions with owners, recorded directly in equity													
Final cash dividend - Rs 1.25 per share declared subsequent to the year ended December 31, 2018	-	-	-	-	-	-	-	(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)
2nd interim cash dividend - Rs 1.25 per share	-	-	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)	-	(1,833,565)
	-	-	-	-	-	-	-	(5,500,695)	-	-	(5,500,695)	-	(5,500,695)
Exchange gain realised on closure of Bank branch - net of tax	-	(99,471)	-	-	-	-	-	-	-	-	(99,471)	-	(99,471)
Balance as at September 30, 2019	14,668,525	30,947,209	1,191,213	32,873,436	547,115	(156,706)	-	109,966,587	(2,384,327)	21,478,117	209,131,169	4,339,493	213,470,662
Comprehensive income for the three months ended December 31, 2019													
Profit after taxation for the three months ended December 31, 2019	-	-	-	-	-	-	-	6,695,742	-	-	6,695,742	(20,636)	6,675,106
Other comprehensive income / (loss)													
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	171,677	-	-	-	-	-	-	-	-	171,677	69,671	241,348
Increase in share of exchange translation reserve of associates - net of tax	-	48,144	-	-	-	-	-	-	-	-	48,144	-	48,144
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	87,715	-	-	87,715	5,255	92,970
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	-	-	6,035,428	35,000	6,070,428	3,354	6,073,782
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	-	-	(120,951)	(4,801)	(125,752)	-	(125,752)
	-	219,821	-	-	-	-	-	6,783,457	5,914,477	30,199	12,947,954	57,644	13,005,598
Transferred to statutory reserves	-	-	48,000	590,423	-	-	-	(638,423)	-	-	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	163,224	-	(163,083)	141	(141)	-
Deferred tax asset recognised on subsidiary under liquidation	-	-	-	-	-	-	-	108,817	-	-	108,817	-	108,817
Transactions with owners, recorded directly in equity													
3rd interim cash dividend - Rs 1.25 per share	-	-	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)	-	(1,833,565)
Balance as at December 31, 2019	14,668,525	31,167,030	1,239,213	33,463,859	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 nine months ended September 30, 2020													
Profit after taxation for the nine months ended September 30, 2020	-	-	-	-	-	-	-	25,191,830	-	-	25,191,830	80,237	25,272,067
Other comprehensive income / (loss)													
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	3,197,630	-	-	-	-	-	-	-	-	3,197,630	51,915	3,249,545
Increase in share of exchange translation reserve of associates - net of tax	-	31,281	-	-	-	-	-	-	-	-	31,281	-	31,281
Share of remeasurement gain on defined benefit obligations of associates - net of tax	-	-	-	-	-	-	-	3,214	-	-	3,214	-	3,214
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	-	-	8,144,346	-	8,144,346	12,731	8,157,077
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	-	-	(84,267)	-	(84,267)	-	(84,267)
	-	3,228,911	-	-	-	-	-	25,195,044	8,060,079	-	36,484,034	144,883	36,628,917
Transferred to statutory reserves	-	-	164,538	2,498,601	-	-	-	(2,663,139)	-	-	-	-	-
Exchange gain realised on capital reduction in subsidiary - net of tax	-	(1,082,350)	-	-	-	-	-	-	-	-	(1,082,350)	-	(1,082,350)
Exchange loss realised on closure of Bank branch - net of tax	-	1,151,197	-	-	-	-	-	-	-	-	1,151,197	-	1,151,197
Reversal of deferred tax asset recognised on subsidiary	-	-	-	-	-	-	-	(108,817)	-	-	(108,817)	-	(108,817)
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	35,470	-	(34,451)	1,019	(1,019)	-
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 September 30, 2020	14,668,525	34,464,788	1,403,751	35,962,460	547,115	(156,706)	-	133,341,525	11,590,229	21,310,782	253,132,469	4,540,860	257,673,329

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

Muhammad Aurangzeb	**Rayomond Kotwal**	**Shaffiq Dharamshi**	**Salim Raza**	**Salim Yahya Chinoy**
President and Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Director**

Habib Bank Limited
Condensed Interim Consolidated Cash Flow Statement (Unaudited)
For the nine months ended September 30, 2020

	January 01 to September 30, 2020	January 01 to September 30, 2019
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	42,903,401	18,285,206
Dividend income	(287,643)	(367,646)
Share of profit of associates and joint venture	(2,546,333)	(2,212,652)
	(2,833,976)	(2,580,298)
	40,069,425	15,704,908
Adjustments:		
Depreciation	4,416,629	3,869,684
Depreciation on right-of-use assets	2,956,378	2,417,727
Amortisation	568,511	368,704
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	1,695,822	890,735
(Reversal) / provision for diminution in value of investments	(39,555)	585,666
Provision against loans and advances	8,850,473	1,578,699
Provision against other assets	186,694	87,483
Provision / (reversal) against off-balance sheet obligations	33,207	(56,932)
Unrealised loss on held-for-trading securities	11,585	52,244
Exchange gain on goodwill	(113,841)	(193,564)
Exchange loss / (gain) realised on closure of Bank branch - net of tax	1,151,197	(99,471)
Exchange gain realised on reduction in capital of subsidiary - net of tax	(1,082,350)	-
Gain on sale of fixed assets - net	(7,679)	(87,839)
Gain on sale of non-banking assets	(6,780)	(10,701)
Workers' Welfare Fund - charge	856,682	393,094
	19,476,973	9,795,529
	59,546,398	25,500,437
(Increase) / decrease in operating assets		
Lendings to financial institutions	(18,782,383)	8,995,697
Held-for-trading securities	154,756,931	(291,026,008)
Advances	17,079,412	(89,562,207)
Other assets (excluding advance taxation)	24,479,365	(20,047,797)
	177,533,325	(391,640,315)
Increase / (decrease) in operating liabilities		
Bills payable	10,061,646	(13,092,800)
Borrowings from financial institutions	(39,682,200)	(104,242,252)
Deposits and other accounts	298,470,585	149,357,724
Other liabilities	15,961,678	6,195,150
	284,811,709	38,217,822
	521,891,432	(327,922,056)
Income tax (paid) / refund	(8,202,392)	5,117,826
Net cash flows generated from / (used in) operating activities	513,689,040	(322,804,230)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(526,654,720)	301,580,553
Net investment in held-to-maturity securities	(17,654,658)	(1,528,948)
Net investment in associates	1,166,283	1,326,807
Dividend received	267,194	350,123
Investments in fixed assets	(5,312,542)	(4,369,932)
Investments in intangible assets	(1,395,351)	(1,110,319)
Proceeds from sale of fixed assets	36,253	384,790
Proceeds from sale of non-banking assets	42,500	330,700
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	3,228,911	6,041,086
Net cash flows (used in) / generated from investing activities	(546,276,130)	303,004,860
CASH FLOWS FROM FINANCING ACTIVITIES		
Effect of translation of net investment by non-controlling interest in subsidiary	51,915	99,190
Repayment of subordinated debt	(4,000)	(4,000)
Proceeds from issuance of subordinated debt	-	12,374,000
Payment of lease liability against right-of-use assets	(3,549,705)	(3,847,474)
Dividend paid	(3,660,596)	(5,792,505)
Net cash flows (used in) / generated from financing activities	(7,162,386)	2,829,211
Decrease in cash and cash equivalents during the period	(39,749,476)	(16,970,159)
Cash and cash equivalents at the beginning of the period	402,061,876	309,562,667
Effect of exchange rate changes on cash and cash equivalents	6,780,395	12,540,043
	408,842,271	322,102,710
Cash and cash equivalents at the end of the period	369,092,795	305,132,551

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

Muhammad Aurangzeb	Rayomond Kotwal	Shaffiq Dharamshi	Salim Raza	Salim Yahya Chinoy
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

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 Finance International Limited – 100% shareholding
- Habib Currency Exchange (Private) Limited – 100% shareholding
- HBL Asset Management Limited – 100% shareholding
- The First MicroFinanceBank 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 Habib Bank Tower, 9th Floor, Jinnah Avenue, Islamabad and its principal office is at Habib Bank Plaza, I. I. Chundrigar Road, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,669 (2019: 1,667) branches inside Pakistan including 58 (2019: 48) Islamic Banking Branches and 40 (2019: 45) 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 has voluntarily surrendered its license and filed for voluntary liquidation which has commenced on July 7, 2020. During the period, as part of a capital reduction plan prior to final liquidation, capital amounting to Rs 3,021.200 million was 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.

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 (IFRSs) 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 IFRSs 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, 2019.

2.3 Amendments to existing accounting and reporting standards that have become effective in the current period.

There are certain amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 1, 2020. These are considered either to not be relevant or to not have any significant impact on these condensed interim consolidated financial statements.

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

IFRS 9 has been applicable in several overseas jurisdictions from January 1, 2018 and is progressively being adopted in others. The requirements of this standard are incorporated in the Bank's financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter No. 4 dated October 23, 2019, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2021. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

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, 2019 except as disclosed below.

Till December 31, 2019, the Group was maintaining a general provision against its domestic portfolio of loans and advances in accordance with the Prudential Regulations which require a general provision only against the consumer finance and microfinance portfolios. During the period, the Group has also made general provision against its remaining domestic portfolio of loans and advances and additional general provision against its microfinance portfolio as more fully explained in note 4.1 to these condensed interim consolidated financial statements.

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, 2019.

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, 2019. These risk management policies continue to remain robust and the Bank regularly conducts rapid portfolio reviews in line with emerging risks.

The COVID – 19 pandemic has taken a toll on economies around the world, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 625 basis points since the beginning of the year, to 7%. Other regulatory measures to provide an impetus to economic activity include the following:

- Reducing the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrowers' principal loan payments by one year and or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and
- Introducing refinancing schemes for payment of wages and salaries, setting up of COVID-19 related facilities / new hospitals and import of plant and machinery for new/existing industrial projects.

COVID-19 impacts banks in Pakistan on a number of fronts including an increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations and managing cybersecurity threat as a significant number of the Bank's staff is working from home and an ever increasing number of customers are being encouraged to use digital channels.

4.1 **Credit Risk Management**

The Risk Management function of the Group has further strengthened its credit review procedures in the light of COVID-19 and is regularly conducting assessments of the credit portfolio to identify borrowers most likely to be affected due to changes in the business and economic environment.

The Group expects that several borrowers may be severely impacted by this pandemic. The potential impact of the economic stress is difficult to predict, as many of such borrowers have availed the SBP enabled deferment / restructuring & rescheduling relief. Hence, management feels that it is appropriate to maintain a general provision of up to 1% on the domestic, funded performing credit portfolio excluding:

- Government guaranteed exposure
- Consumer and staff lending
- Exposure secured by cash / near cash collateral

The Group also maintains additional general provision of 2% on the microfinance portfolio net of specific provision and excluding the loans secured against gold or other collateral with appropriate margin.

This provision is based on management's best estimate. During the period, a provision of Rs 5,951.000 million has been recognised in the profit and loss account.

IFRS 9 is applicable to the overseas branches of the Bank and requires the estimation of Expected Credit Loss (ECL) based on current and forecasted economic conditions. In light of available information, the Bank has reviewed the potential impact of COVID-19 on the inputs and assumptions for IFRS 9 ECL measurement. The COVID-19 situation remains fluid, which makes it challenging to reliably reflect impacts in ECL estimates. The Bank is continuously assessing the situation to determine this impact.

4.2 Liquidity Risk Management

In view of the relaxation granted by SBP for deferral of principal and markup and for rescheduling / restructuring of loans there will be an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

4.3 Equity Risk Management

The carrying value of the Bank's investment in listed equity securities classified as available-for-sale, amounts to Rs 6 billion as at September 30, 2020. During the period, the Pakistan Stock Exchange index has fallen by 0.40%, triggering an impairment of Rs 370.18 million which has been recorded in these condensed interim consolidated financial statements.

4.4 Operational Risk Management

The Bank has invoked required actions to ensure the safety and security of Bank staff and uninterrupted service to customers. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns.

Business Continuity Plans (BCP) for respective areas are in place and tested. The Bank has significantly enhanced monitoring of cybersecurity risk during these times. Remote work capabilities were enabled for staff, where required, and related risk and control measures were assessed to ensure that the Bank's information assets are protected from emerging cyber threats and comply with the regulatory protocols required under the circumstances. The Bank is communicating with its customers on how they can connect with the Bank through its full suite of channels including digital and online channels as well as enhancing customer awareness pertaining to online fraud risks. The Bank has taken all measures to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored, and the Bank continues to meet the expectations of its employees and customers.

4.5 Capital Adequacy Ratio (CAR)

In order to encourage banks to continue lending despite anticipated pressure on profits and credit risk, the SBP has relaxed the Capital Conservation Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers.

4.6 Suspension of Cash Dividends

The SBP through its Circular Letter No. BPRD/BA & CPD/006315-2/20 dated April 22, 2020 has advised that banks which had declared dividend for the quarter ended March 31, 2020 should suspend cash dividend distribution for the next two quarters.

		(Unaudited) September 30, 2020	(Audited) December 31, 2019
5	**CASH AND BALANCES WITH TREASURY BANKS**	(Rupees in '000)	
	In hand		
	Local currency	54,911,755	32,439,852
	Foreign currencies	17,463,288	4,494,979
		72,375,043	36,934,831
	With State Bank of Pakistan in		
	Local currency current accounts	105,035,030	124,839,494
	Foreign currency current accounts	7,875,755	6,497,792
	Foreign currency deposit accounts	17,782,551	19,321,075
		130,693,336	150,658,361
	With other Central Banks in		
	Foreign currency current accounts	59,427,163	62,151,099
	Foreign currency deposit accounts	5,821,749	16,988,678
		65,248,912	79,139,777
	With National Bank of Pakistan in		
	Local currency current accounts	63,033,541	99,821,234
	Local currency deposit account	317,208	451,515
		63,350,749	100,272,749
	National Prize Bonds	74,325	587,999
		331,742,365	367,593,717
6	**BALANCES WITH OTHER BANKS**		
	In Pakistan		
	In current accounts	456,091	190,077
	In deposit accounts	4,247,757	2,907,156
		4,703,848	3,097,233
	Outside Pakistan		
	In current accounts	16,420,522	19,623,240
	In deposit accounts	16,226,060	18,528,081
		32,646,582	38,151,321
		37,350,430	41,248,554
7	**LENDINGS TO FINANCIAL INSTITUTIONS**		
	Call money lendings	10,520,000	300,000
	Repurchase agreement lendings (reverse repo)	39,978,122	24,514,015
	Bai Muajjal receivables		
	- with State Bank of Pakistan	5,257,577	20,489,184
	- with other financial institutions	8,329,883	-
		13,587,460	20,489,184
		64,085,582	45,303,199

8 INVESTMENTS

8.1 Investments by type

	Note	September 30, 2020 (Unaudited)				December 31, 2019 (Audited)			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		(Rupees in '000)							
Held-for-trading (HFT) securities									
Federal Government securities									
- Market Treasury Bills		96,316,659	-	(15,517)	96,301,142	254,388,566	-	(127,306)	254,261,260
- Pakistan Investment Bonds		15,419,043	-	3,162	15,422,205	12,596,388	-	33,166	12,629,554
Shares									
- Listed companies		401,641	-	(19,137)	382,504	-	-	-	-
Foreign securities									
- Government debt securities		106,475	-	19,907	126,382	99,386	-	10,549	109,935
		112,243,818	-	(11,585)	112,232,233	267,084,340	-	(83,591)	267,000,749
Available-for-sale (AFS) securities									
Federal Government securities									
- Market Treasury Bills		561,633,704	-	3,909,855	565,543,559	350,848,825	-	82,500	350,931,325
- Pakistan Investment Bonds		668,147,930	-	14,114,987	682,262,917	449,714,794	-	3,837,538	453,552,332
- Ijarah Sukuks		44,678,362	-	(236,712)	44,441,650	4,667,551	-	(46,478)	4,621,073
- Government of Pakistan US Dollar Bonds		11,286,825	(441,633)	449,231	11,294,423	4,813,973	(138,672)	307,929	4,983,230
Shares									
- Listed companies		8,351,419	(3,268,459)	919,793	6,002,753	9,626,801	(4,198,407)	1,225,135	6,653,529
- Unlisted companies		5,541,471	(82,274)	-	5,459,197	4,820,042	(82,274)	-	4,737,768
Non-Government debt securities									
- Listed		46,943,545	-	189,257	47,132,802	1,750,000	-	(27,251)	1,722,749
- Unlisted		1,671,878	(270,877)	15,000	1,416,001	2,286,134	(270,877)	-	2,015,257
Foreign securities									
- Government debt securities		40,170,222	(585,266)	(187,066)	39,397,890	33,895,775	(186,259)	346,033	34,055,549
- Non-Government debt securities									
- Listed		17,323,666	(891,249)	23,627	16,456,044	16,245,897	(620,914)	74,576	15,699,559
- Unlisted		-	-	-	-	348,686	(1,713)	2,411	349,384
- Equity securities - Unlisted		6,091	-	-	6,091	5,912	-	-	5,912
National Investment Trust units		11,113	-	33,058	44,171	11,113	-	31,691	42,804
Real Estate Investment Trust units		55,000	-	(1,000)	54,000	55,000	-	7,450	62,450
Preference shares		44,400	-	-	44,400	44,400	-	-	44,400
		1,405,865,626	(5,539,758)	19,230,030	1,419,555,898	879,134,903	(5,499,116)	5,841,534	879,477,321
Held-to-maturity (HTM) securities	8.2								
Federal Government securities									
- Market Treasury Bills		264,193	-	-	264,193	274,477	-	-	274,477
- Pakistan Investment Bonds		169,918,258	-	-	169,918,258	157,029,540	-	-	157,029,540
- Other Federal Government securities		10,794,000	-	-	10,794,000	10,794,000	-	-	10,794,000
Non-Government debt securities									
- Listed		4,703,601	-	-	4,703,601	5,799,373	-	-	5,799,373
- Unlisted		18,672,410	-	-	18,672,410	19,705,186	-	-	19,705,186
Foreign Securities									
- Government debt securities		14,455,486	-	-	14,455,486	7,373,574	(2,459)	-	7,371,115
- Non-Government debt securities									
- Listed		1,274,580	-	-	1,274,580	1,280,682	-	-	1,280,682
- Unlisted		345,230	(1,600)	-	343,630	516,268	(3,335)	-	512,933
		220,427,758	(1,600)	-	220,426,158	202,773,100	(5,794)	-	202,767,306
Investments in associates and joint venture		31,748,383	-	(139,203)	31,609,180	30,363,064	-	(1,061)	30,362,003
Total Investments		1,770,285,585	(5,541,358)	19,079,242	1,783,823,469	1,379,355,407	(5,504,910)	5,756,882	1,379,607,379

8.1.1 Investments given as collateral

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

	(Unaudited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Federal Government securities		
- Market Treasury Bills	10,264,025	128,024,805
- Pakistan Investment Bonds	143,384,165	71,061,088
	153,648,190	199,085,893

8.2 The market value of investments classified as held-to-maturity amounted to Rs 222,140.434 million as at September 30, 2020 (December 31, 2019: Rs 194,167.529 million).

8.3 **Particulars of provision held against diminution in the value of investments**	(Unaudited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Opening balance	5,504,910	4,866,232
Exchange adjustments	76,003	85,592
Charge / (reversal)		
Charge for the period / year	1,270,155	2,986,488
Reversal for the period / year	(9,585)	(64,476)
Reversal on disposal during the period / year	(1,300,125)	(2,368,926)
Net (reversal) / charge	(39,555)	553,086
Closing balance	5,541,358	5,504,910

8.4 **Particulars of provision against debt securities**

Category of classification	September 30, 2020 (Unaudited) Non Performing Investments	September 30, 2020 (Unaudited) Provision	December 31, 2019 (Audited) Non Performing Investments	December 31, 2019 (Audited) Provision
	(Rupees in '000)			
Domestic				
Loss	270,877	270,877	270,877	270,877
Overseas				
Not past due but impaired	-	-	826,324	599,126
Overdue by:				
Upto 90 days	857,456	846,582	-	-
	1,128,333	1,117,459	1,097,201	870,003

8.4.1 In addition to the above, certain overseas branches hold a general provision of Rs 1,073.166 million (December 31, 2019: Rs 354.226 million) against investments in accordance with the requirements of IFRS 9.

9 **ADVANCES**	Note	Performing (Unaudited) September 30, 2020	Performing (Audited) December 31, 2019	Non - performing (Unaudited) September 30, 2020	Non - performing (Audited) December 31, 2019	Total (Unaudited) September 30, 2020	Total (Audited) December 31, 2019
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		948,590,342	924,157,670	76,500,077	76,667,738	1,025,090,419	1,000,825,408
Islamic financing and related assets	36.3	118,833,977	153,061,117	73,382	258,381	118,907,359	153,319,498
Bills discounted and purchased		73,592,567	84,198,315	5,004,629	4,979,731	78,597,196	89,178,046
Advances - gross		1,141,016,886	1,161,417,102	81,578,088	81,905,850	1,222,594,974	1,243,322,952
Provision against advances							
- Specific	9.3	-	-	(71,326,910)	(72,634,967)	(71,326,910)	(72,634,967)
- General		(10,240,955)	(3,730,991)	-	-	(10,240,955)	(3,730,991)
		(10,240,955)	(3,730,991)	(71,326,910)	(72,634,967)	(81,567,865)	(76,365,958)
Advances - net of provision		1,130,775,931	1,157,686,111	10,251,178	9,270,883	1,141,027,109	1,166,956,994

9.1 **Particulars of advances (Gross)**	(Unaudited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
In local currency	967,585,367	984,282,028
In foreign currencies	255,009,607	259,040,924
	1,222,594,974	1,243,322,952

9.2 Advances include Rs 81,578.088 million (December 31, 2019: Rs 81,905.850 million) which have been placed under non-performing status as detailed below:

Category of classification	(Unaudited) September 30, 2020		(Audited) December 31, 2019	
	Non-performing advances	Provision	Non-performing advances	Provision
Domestic	(Rupees in '000)			
Other assets especially mentioned	1,485,419	-	934,211	-
Substandard	1,763,282	421,846	2,409,093	576,601
Doubtful	2,186,521	1,092,768	1,894,866	944,565
Loss	42,733,829	41,517,458	43,692,805	42,625,135
	48,169,051	43,032,072	48,930,975	44,146,301
Overseas				
Not past due but impaired	89,499	89,499	48,676	23,643
Overdue by:				
Upto 90 days	225,960	112,195	215,921	101,186
91 to 180 days	3,346,467	1,494,340	1,719,141	483,043
181 to 365 days	301,901	205,739	755,391	343,117
> 365 days	29,445,210	26,393,065	30,235,746	27,537,677
	33,409,037	28,294,838	32,974,875	28,488,666
Total	81,578,088	71,326,910	81,905,850	72,634,967

9.3 **Particulars of provision against advances**

	Note	September 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		72,634,967	3,730,991	76,365,958	68,465,249	3,528,347	71,993,596
Exchange adjustment		1,878,874	101,522	1,980,396	3,108,243	183,081	3,291,324
Charge for the period / year		5,559,867	6,475,588	12,035,455	7,524,537	528,694	8,053,231
Reversal for the period / year		(3,117,836)	(67,146)	(3,184,982)	(4,256,484)	(420,648)	(4,677,132)
Net charge against advances		2,442,031	6,408,442	8,850,473	3,268,053	108,046	3,376,099
Charged off during the period / year - agriculture financing	9.6	(501,785)	-	(501,785)	(604,496)	-	(604,496)
Written off during the period / year		(5,127,177)	-	(5,127,177)	(1,602,082)	-	(1,602,082)
Other movements		-	-	-	-	(88,483)	(88,483)
Closing balance		71,326,910	10,240,955	81,567,865	72,634,967	3,730,991	76,365,958

9.4 General provision includes provision amounting to Rs 2,109.787 million (December 31, 2019: Rs 1,879.055 million) against consumer finance portfolio and Rs 374.513 million (December 31, 2019: Rs 306.257 million) against advances to microenterprises as required by the Prudential Regulations. General provision also includes Rs 1,805.655 million (December 31, 2019: Rs 1,545.679 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Group operates.

9.5 General provision also includes Rs 5,951.000 million (December 31, 2019: Nil) as discussed in Note 4.1.

9.6 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.

	Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
10 **FIXED ASSETS**		(Rupees in '000)	
Capital work-in-progress	10.1	2,803,684	1,921,589
Property and equipment	10.2	79,600,288	78,540,821
		82,403,972	80,462,410

		(Unaudited) September 30, 2020	(Audited) December 31, 2019
10.1	**Capital work-in-progress**	(Rupees in '000)	
	Civil works	471,061	464,028
	Equipment	893,564	423,120
	Advances to suppliers and contractors	1,439,059	1,034,441
		2,803,684	1,921,589

		(Unaudited) For the nine months ended	
		September 30, 2020	September 30, 2019
10.2	**Additions to fixed assets**	(Rupees in '000)	
	The following additions have been made to fixed assets during the period:		
	Capital work-in-progress - net	882,095	(922,438)
	Property and equipment		
	Leasehold land	928,823	-
	Building on freehold land	-	4,349
	Building on leasehold land	75,124	211,972
	Machinery	58,556	47,221
	Leasehold improvements	711,646	924,834
	Furniture and fixtures	352,287	456,935
	Electrical, office and computer equipment	2,117,516	3,377,901
	Vehicles	64,075	69,286
		4,308,027	5,092,498
	Right-of-use assets - net	4,978,031	1,539,167
		10,168,153	5,709,227

10.3	**Disposal of fixed assets**		
	The net book value of fixed assets disposed off during the period is as follows:		
	Property and equipment		
	Building on leasehold land	-	285,114
	Leasehold improvements	10,393	3,257
	Furniture and fixtures	4,209	2,932
	Electrical, office and computer equipment	13,885	4,354
	Vehicles	87	1,294
		28,574	296,951
	Derecognition of right-of-use assets on closure of branches	1,032,336	-
		1,060,910	296,951

		(Unaudited) September 30, 2020	(Audited) December 31, 2019
11	**INTANGIBLE ASSETS**	(Rupees in '000)	
	Capital work-in-progress - computer software	1,669,710	1,074,544
	Intangible assets	8,360,316	8,014,801
		10,030,026	9,089,345

		(Unaudited) For the nine months ended	
		September 30, 2020	September 30, 2019
11.1	**Additions to intangible assets**	(Rupees in '000)	
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress	595,166	338,792
	Computer software	792,744	759,590
		1,387,910	1,098,382

		Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
12	**OTHER ASSETS**		(Rupees in '000)	
	Mark-up / return / profit / interest accrued in local currency		42,463,645	51,719,277
	Mark-up / return / profit / interest accrued in foreign currency		3,484,887	3,002,765
	Advances, deposits, advance rent and other prepayments		2,665,430	2,307,470
	Advance taxation		19,141,266	28,059,796
	Advance for subscription of securities		154,565	5,246,000
	Stationery and stamps on hand		185,189	90,271
	Accrued fees and commissions		446,971	720,819
	Due from Government of Pakistan / SBP		1,434,992	1,547,851
	Mark to market gain on forward foreign exchange contracts		2,177,481	6,707,335
	Mark to market gain on derivative instruments		179,240	54,454
	Non-banking assets acquired in satisfaction of claims		432,952	468,719
	Receivable from defined benefit plan		-	24,419
	Acceptances		24,686,059	23,750,896
	Clearing and settlement accounts		4,159,526	12,636,565
	Dividend receivable		20,449	-
	Claims against fraud and forgeries		546,000	450,086
	Others		1,578,841	741,768
			103,757,493	137,528,491
	Provision held against other assets	12.1	(678,884)	(821,996)
	Other assets - net of provision		103,078,609	136,706,495
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	164,304	164,304
	Other assets - total		103,242,913	136,870,799

12.1	**Provision held against other assets**		
	Non-banking assets acquired in satisfaction of claims	6,976	7,023
	Claims against fraud and forgeries	546,000	450,086
	Suit filed cases	5,119	323,759
	Others	120,789	41,128
		678,884	821,996
12.1.1	**Movement in provision against other assets**		
	Opening balance	821,996	923,201
	Exchange adjustment	21,273	34,901
	Charge for the period / year	196,183	139,759
	Reversal for the period / year	(9,489)	(49,540)
	Net charge	186,694	90,219
	Written off during the period / year	(28,211)	(224,820)
	Other movement	(322,868)	(1,505)
	Closing balance	678,884	821,996

13	**BILLS PAYABLE**		
	In Pakistan	38,317,461	28,425,034
	Outside Pakistan	1,425,293	1,256,074
		39,742,754	29,681,108

	Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
14 **BORROWINGS**			
Secured			
Borrowings from the SBP under			
- Export refinance scheme		51,361,382	42,762,668
- Long term financing facility		24,711,573	18,474,945
- Financing facility for renewable energy power plants		1,407,597	831,448
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)		82,517	28,743
- Refinance and credit guarantee scheme for women entrepreneurs		96,114	2,400
- Financing facility for storage of agricultural produce		267,687	104,167
- Refinance facility for working capital of SMEs		36,916	-
- Refinance scheme for payment of wages and salaries		19,616,565	-
- Refinance facility for combating COVID-19		800,000	-
- Temporary economic refinance facility		686,070	-
		99,066,421	62,204,371
Repurchase agreement borrowings		152,744,582	197,503,793
		251,811,003	259,708,164
Unsecured			
- Call money borrowings		-	4,900,000
- Overdrawn nostro accounts		1,556,501	171,982
- Borrowings of overseas branches and subsidiaries		33,651,619	54,588,086
- Other long-term borrowings	14.1	55,504,983	62,838,074
		90,713,103	122,498,142
		342,524,106	382,206,306

14.1 This includes the following:

14.1.1 A loan from the International Finance Corporation amounting to US$ 150 million (December 31, 2019:US$ 150 million). The principal amount is payable in six equal half yearly 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 has been utilized by the Bank with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to 4 years from the date of initial drawdown. The entire drawn amount is payable in semi-annual installments over a period of 10 years starting from January 31, 2023. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.

14.1.3 A mortgage refinancing facility from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 194.309 million (December 31, 2019: Nil) on Musharakah basis for on-lending to customers. The amount is payable semi-annually from August 2020 to February 2023. The profit at 11.21% is payable semi-annually from August 2020.

A mortgage refinancing facility from PMRC amounting to Rs 300 million (December 31, 2019: Nil) on Musharakah basis for on-lending to customers in low and middle income groups. Any balance not disbursed to customers at the end of 1 year from initial disbursement (the pre-finance period) shall be repayable to PMRC in a bullet instalment. The remaining amount is payable semi-annually over a period equal to the weighted average tenor of mortgage loans to customers, up to a maximum of 25 years. Profit during the pre-finance period ranges from 10.00% to 11.00% and is payable semi-annually from August 2020. Profit post this period will be payable semi-annually at a rate to be determined based on an agreed formula including, inter alia, the amount of pre-finance facility utilized for further disbursements of mortgage loans to customers.

14.1.4 A loan from Allied Bank Limited to HBL Asset Management Limited amounting to Rs 1.8 billion (December 31, 2019: Rs 2 billion). The principal amount is payable in ten equal half yearly installments from June 2020 to December 2024. Interest at KIBOR + 0.75% is payable semi annually.

14.1.5 Mortgage refinancing facilities from PMRC utilised by First MicrofinanceBank Limited amounting to Rs 852.953 million (December 31, 2019: Nil) to extend mortgage finance to low income groups. The principal amount is payable in twenty quarterly installments on dates ranging from June 2020 to March 2025 and September 2020 to June 2025. Interest at 7.14% on these facilities is payable quarterly on dates from March and June 2020.

15 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign curren	Total
	(Rupees in '000)					
Customers						
Current deposits	774,435,798	156,116,299	930,552,097	721,389,866	150,213,474	871,603,340
Savings deposits	908,065,102	104,411,064	1,012,476,166	913,501,109	92,981,084	1,006,482,193
Term deposits	341,126,739	150,415,526	491,542,265	272,716,595	144,891,926	417,608,521
	2,023,627,639	410,942,889	2,434,570,528	1,907,607,570	388,086,484	2,295,694,054
Financial institutions						
Current deposits	15,372,347	1,742,324	17,114,671	4,737,653	2,051,645	6,789,298
Savings deposits	275,354,209	318,279	275,672,488	129,386,923	18,008	129,404,931
Term deposits	6,635,288	2,074,779	8,710,067	4,796,630	912,256	5,708,886
	297,361,844	4,135,382	301,497,226	138,921,206	2,981,909	141,903,115
	2,320,989,483	415,078,271	2,736,067,754	2,046,528,776	391,068,393	2,437,597,169

16 SUBORDINATED DEBT

	Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
Tier II Term Finance Certificates	16.1	9,982,000	9,986,000
Additional Tier I Term Finance Certificates	16.2	12,374,000	12,374,000
		22,356,000	22,360,000

16.1 The Bank has issued Over The Counter (OTC) listed Term Finance Certificates (TFCs) as instruments of redeemable capital under Section 66 of the Companies Act, 2017 and the Basel III Guidelines set by the SBP. The key features of the issue are as follows:

Issue Date	February 19, 2016
Issue amount	Rs 10 billion
Rating	AAA (Triple A) [December 31, 2019: AAA (Triple A)]
Tenor	10 years from the Issue Date
Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors but not including the Bank's Additional Tier I TFCs.
Profit payment frequency	Semi-annually in arrears
Redemption	The instrument has been structured to redeem 0.02% of the issue amount semi-annually during the first 108 months after the issue and 99.64% of the issue amount in two equal semi-annual installments in the 114th and 120th months.
Mark-up	Floating rate of return at Base Rate + 0.50%. The Base Rate is defined as the average “Ask Side” rate of the six months Karachi Interbank Offered Rate (KIBOR).
Call option	The Bank may call the TFCs, with the prior written approval of the SBP, on any profit payment date falling on or after the fifth anniversary of the Issue Date, subject to at least 60 days prior notice being given to the investors through the Trustee. The call option, once announced, will be irrevocable.
Lock-in clause	Neither profit nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

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:

Issue Date	September 26, 2019
Issue amount	Rs 12.374 billion
Rating	AA+ (Double A plus) [December 31, 2019: AA+ (Double A plus)]
Tenor	Perpetual
Security	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.
Profit payment frequency	Quarterly in arrears
Redemption	Perpetual, hence not applicable.
Mark-up	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).
Call option	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 Date").
Lock-in clause	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.
Loss absorbency	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) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
17 **DEFERRED TAX LIABILITIES**			
Deductible temporary differences on			
- Tax losses of subsidiary		452,563	445,141
- Provision against investments		1,252,047	1,616,500
- Provision against doubtful debts and off-balance sheet obligations		4,319,864	4,354,960
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		1,775,169	1,670,344
- Provision against other assets		50,989	50,989
- Deficit on revaluation of fixed assets		163,960	163,960
- Deficit on revaluation of investments of associates		54,289	414
- Ijarah financing		185,227	150,674
- Losses of subsidiary under liquidation		-	108,817
		8,254,108	8,561,799
Taxable temporary differences on			
- Accelerated tax depreciation		(1,721,530)	(2,011,063)
- Surplus on revaluation of fixed assets	19	(1,152,964)	(1,175,641)
- Surplus on revaluation of fixed assets of associates	19	(56,392)	(56,392)
- Surplus on revaluation of investments	19	(7,546,794)	(2,291,153)
- Management rights and goodwill		(196,459)	(182,914)
- Share of profit of associates		(6,570,063)	(6,049,041)
- Exchange translation reserve		(3,090,704)	(2,982,429)
- Others		(4,153)	(2,853)
		(20,339,059)	(14,751,486)
Net deferred tax liabilities		(12,084,951)	(6,189,687)

	Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
18 **OTHER LIABILITIES**			
Mark-up / return / profit / interest payable in local currency		18,794,824	12,184,119
Mark-up / return / profit / interest payable in foreign currency		3,294,368	3,039,180
Security deposits		1,116,462	1,138,813
Accrued expenses		17,821,893	15,435,270
Mark to market loss on forward foreign exchange contracts		2,762,261	8,140,461
Mark to market loss on derivative instruments		1,798,870	1,708,824
Unclaimed dividends		678,443	405,966
Dividends payable		134,521	400,464
Provision for post retirement medical benefits		4,116,511	3,872,768
Provision for employees' compensated absences		2,575,823	2,644,978
Provision against off-balance sheet obligations	18.1	804,190	437,795
Acceptances		24,686,059	23,750,896
Branch adjustment account		2,161,508	188,410
Provision for staff retirement benefits		1,528,622	1,051,518
Payable to defined benefit plans		102,919	577,964
Provision for Workers' Welfare Fund		6,126,413	5,269,726
Unearned income		4,222,491	3,777,028
Qarz-e-Hasna Fund		338,923	338,923
Levies and taxes payable		3,774,386	7,510,391
Insurance payable		1,002,557	656,671
Provision for rewards program expenses		1,512,798	1,249,725
Liability against trading of securities		11,130,037	7,883,792
Clearing and settlement accounts		8,999,606	2,037,252
Payable to HBL Foundation		255,429	158,202
Contingent consideration payable		500,000	500,000
Charity fund		3,347	10,375
Lease liability against right-of-use asset		18,517,552	15,996,664
Unclaimed deposits		742,859	670,374
Others		3,753,300	3,310,066
		143,256,972	124,346,615

18.1 **Provision against off-balance sheet obligations**

Opening balance	437,795	479,510
Exchange adjustment	(8,327)	7,518
Charge for the period / year	104,121	53,677
Reversal for the year period / year	(70,914)	(102,910)
Net charge / (reversal)	33,207	(49,233)
Written off during the period / year	(4,053)	-
Other movement	345,568	-
Closing balance	804,190	437,795

19 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	September 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
		Attributable to			Attributable to		
		Equity holders	Non-controlling interest	Total	Equity holders	Non-controlling interest	Total
		(Rupees in '000)					
Surplus / (deficit) arising on revaluation of assets, on							
- Fixed assets		22,209,612	2,657	22,212,269	22,267,064	3,352	22,270,416
- Fixed assets of associates		144,596	-	144,596	144,596	-	144,596
- Available-for-sale securities	8.1	19,209,430	20,600	19,230,030	5,843,347	(1,813)	5,841,534
- Available-for-sale securities held by associates	8.1	(139,203)	-	(139,203)	(1,061)	-	(1,061)
- Non-banking assets acquired in satisfaction of claims	12	164,304	-	164,304	164,304	-	164,304
		41,588,739	23,257	41,611,996	28,418,250	1,539	28,419,789
Tax on surplus / (deficit) arising on revaluation of:							
- Fixed assets		1,151,338	1,626	1,152,964	1,174,339	1,302	1,175,641
- Fixed assets of associates		56,392	-	56,392	56,392	-	56,392
- Available-for-sale securities		7,534,287	12,507	7,546,794	2,312,550	2,825	2,315,375
- Available-for-sale securities held by associates		(54,289)	-	(54,289)	(414)	-	(414)
- Non-banking assets acquired in satisfaction of claims		-	-	-	-	-	-
		8,687,728	14,133	8,701,861	3,542,867	4,127	3,546,994
Surplus on revaluation of assets - net of tax		32,901,011	9,124	32,910,135	24,875,383	(2,588)	24,872,795

20 CONTINGENCIES AND COMMITMENTS

	Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
- Guarantees	20.1	203,689,945	152,908,830
- Commitments	20.2	700,317,582	849,362,191
- Other contingent liabilities	20.3	24,475,704	23,527,781
		928,483,231	1,025,798,802

20.1 Guarantees

Financial guarantees	65,255,188	36,061,515
Performance guarantees	129,407,102	108,406,776
Other guarantees	9,027,655	8,440,539
	203,689,945	152,908,830

20.2 Commitments

Trade-related contingent liabilities		134,620,604	112,023,350
Commitments in respect of:			
- Forward foreign exchange contracts	20.2.1	362,153,188	591,509,497
- Forward Government securities transactions	20.2.2	167,464,191	107,869,401
- Derivatives	20.2.3	32,029,568	29,437,457
- Forward lending	20.2.4	1,121,952	7,098,062
		562,768,899	735,914,417
Commitments for acquisition of:			
- Fixed assets		1,394,807	661,877
- Intangible assets		1,533,272	762,547
		2,928,079	1,424,424
		700,317,582	849,362,191

20.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	233,969,499	343,848,106
Sale	128,183,689	247,661,391
	362,153,188	591,509,497

20.2.2 Commitments in respect of forward Government securities transactions

Purchase	100,561,269	45,771,399
Sale	66,902,922	62,098,002
	167,464,191	107,869,401

		(Unaudited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
20.2.3	**Commitments in respect of derivatives**		
	Cross Currency swaps		
	Purchase	10,953,475	9,525,572
	Sale	12,834,598	10,882,712
		23,788,073	20,408,284
	Interest rate swaps		
	Purchase	-	-
	Sale	8,241,495	9,029,173
		8,241,495	9,029,173
20.2.4	**Commitments in respect of forward lending**		
	Undrawn formal standby facilities, credit lines and other commitments to extend credit	1,121,952	7,098,062

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

		(Unaudited) September 30, 2020	(Audited) December 31, 2019
20.3	**Other contingent liabilities**	(Rupees in '000)	
20.3.1	Claims against the Group not acknowledged as debts	24,475,704	23,527,781

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.

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, 2019 and in similar notes for the 2017 and 2018 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.

20.3.3 The Central Bank of United Arab Emirates (CB UAE) has carried out a regulatory examination of UAE operations and has shared a report with the management, which has been responded to. CB UAE is reviewing the bank's response and has not communicated any specific action till date. Therefore, the eventual outcome cannot be determined at this stage.

21 DERIVATIVE INSTRUMENTS

Product Analysis	September 30, 2020 (Unaudited)			
	Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
	(Rupees in '000)			
Market Making	23,788,073	(1,785,238)	8,241,495	165,608

	December 31, 2019 (Audited)			
	Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	(Rupees in '000)			
Market Making	20,408,284	(1,232,477)	9,029,173	(421,893)

22 MARK-UP / RETURN / PROFIT / INTEREST EARNED

	Note	(Unaudited) For the nine months ended September 30, 2020	September 30, 2019
		(Rupees in '000)	
On:			
Loans and advances		92,471,534	94,237,898
Investments		110,641,388	74,812,924
Lendings to financial institutions		4,166,407	11,963,066
Balances with banks		651,773	1,617,553
		207,931,102	182,631,441

23 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED

On:		
Deposits	84,940,666	80,352,442
Securities sold under repurchase agreement borrowings	10,803,577	15,162,536
Borrowings	5,268,832	7,124,359
Subordinated debt	2,133,133	1,190,676
Cost of foreign currency swaps against foreign currency deposits / borrowings	4,304,618	3,852,334
Lease liability against right-of-use assets	1,695,822	890,735
	109,146,648	108,573,082

24 FEE AND COMMISSION INCOME

Branch banking customer fees	2,817,192	3,250,826
Consumer finance related fees	1,093,590	798,702
Card related fees (debit and credit cards)	3,046,710	3,701,944
Credit related fees	930,890	986,424
Investment banking fees	947,846	1,300,236
Commission on trade related products and guarantees	2,361,665	2,191,010
Commission on cash management	497,306	519,510
Commission on remittances (including home remittances)	236,164	306,168
Commission on bancassurance	475,038	1,738,118
Commission on Government to Person (G2P) payments	475,865	405,341
Management fee	437,468	491,500
Merchant discount and interchange fees	1,554,443	1,418,797
Others	547,222	239,841
	15,421,399	17,348,417
Less: Sales tax / Federal Excise Duty on fee and commission income	(2,037,924)	(1,891,821)
	13,383,475	15,456,596

25 GAIN / (LOSS) ON SECURITIES - NET

Realised	25.1	7,373,627	(2,359,287)
Unrealised - held-for-trading	8.1	(11,585)	(52,244)
		7,362,042	(2,411,531)

		(Unaudited) For the nine months ended	
25.1	**Gain / (loss) on securities - realised**	**September 30, 2020**	**September 30, 2019**
	On:	**(Rupees in '000)**	
	Federal Government securities		
	- Market Treasury Bills	3,028,820	114,531
	- Pakistan Investment Bonds	5,188,191	(18,642)
	- Ijarah Sukuks	(148,619)	(23,857)
	Shares	(884,762)	(2,492,088)
	Non-Government debt securities	155,495	(36,727)
	Foreign securities	34,502	97,496
		7,373,627	(2,359,287)
26	**OTHER INCOME**		
	Incidental charges	272,008	132,085
	Exchange gain realised on reduction in capital of subsidiary	1,743,205	-
	Exchange (loss) / gain realised on closure of Bank branch	(1,887,208)	165,156
	Gain on sale of fixed assets - net	7,679	87,839
	Gain on sale of non-banking assets - net	6,780	10,701
	Rent on properties	56,002	58,435
	Liabilities no longer required written back	-	52,411
		198,466	506,627
27	**OPERATING EXPENSES**		
	Total compensation expense	29,366,322	25,270,020
	Property expense		
	Rent and taxes	1,271,408	861,004
	Insurance	86,587	84,242
	Utilities cost	1,528,069	1,683,239
	Security (including guards)	1,529,397	1,376,001
	Repair and maintenance (including janitorial charges)	1,832,527	1,625,592
	Depreciation on owned fixed assets	2,344,043	2,187,194
	Depreciation on right-of-use assets	2,956,378	2,417,727
		11,548,409	10,234,999
	Information technology expenses		
	Software maintenance	2,413,681	1,966,600
	Hardware maintenance	617,831	522,308
	Depreciation	1,433,805	1,109,485
	Amortisation	568,511	368,704
	Network charges	932,926	1,070,576
	Consultancy charges	502,076	385,341
		6,468,830	5,423,014
	Other operating expenses		
	Legal and professional charges	2,550,160	4,461,170
	Outsourced services costs	1,366,812	1,133,103
	Travelling and conveyance	496,557	744,002
	Insurance	582,927	578,953
	Remittance charges	426,475	479,760
	Security charges	1,124,705	1,068,626
	Repairs and maintenance	617,944	504,701
	Depreciation	638,781	573,005
	Training and development	165,813	263,462
	Postage and courier charges	459,018	540,139
	Communication	536,917	536,806
	Stationery and printing	1,131,528	2,132,156
	Marketing, advertisement and publicity	2,729,092	2,474,849
	Donations	392,263	151,603
	Auditors' remuneration	245,056	190,829
	Brokerage and commission	490,814	415,494
	Subscription	204,200	150,839
	Documentation and processing charges	1,792,365	1,773,792
	Entertainment	218,642	261,938
	Consultancy charges	3,330,348	7,556,758
	Deposit insurance premium expense	1,674,062	1,567,824
	COVID-19 related expenses	528,773	-
	Others	1,197,696	481,849
		22,900,948	28,041,658
		70,284,509	68,969,691

		Note	(Unaudited) For the nine months ended September 30, 2020	September 30, 2019
28	**OTHER CHARGES**		(Rupees in '000)	
	Penalties imposed by the State Bank of Pakistan		291,460	402,321
	Penalties imposed by other regulatory bodies		988	1,736
			292,448	404,057
29	**PROVISIONS AND WRITE OFFS - NET**			
	(Reversal) / provision for diminution in value of investments	8.3	(39,555)	585,666
	Provision against loans and advances	9.3	8,850,473	1,578,699
	Provision against other assets	12.1.1	186,694	87,483
	Provision / (reversal) against off-balance sheet obligations	18.1	33,207	(56,932)
	Recoveries against written off / charged off bad debts		(456,694)	(373,046)
	Recoveries against other assets written off		(59,435)	(38,526)
			8,514,690	1,783,344
30	**TAXATION**			
	- Current		17,046,676	8,120,698
	- Prior years		74,246	1,933,029
	- Deferred		510,412	(593,210)
			17,631,334	9,460,517
31	**BASIC AND DILUTED EARNINGS PER SHARE**			
	Profit for the period attributable to equity holders of the Bank		25,191,830	8,637,050
			(Number)	
	Weighted average number of ordinary shares		1,466,852,508	1,466,852,508
			(Rupees)	
	Basic and diluted earnings per share		17.17	5.89

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 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 September 30, 2020 (Unaudited)				
On balance sheet financial instruments	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)				
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,415,265,896	-	1,415,265,896	-	1,415,265,896
- Shares - listed companies	6,385,257	6,385,257	-	-	6,385,257
- Non-Government debt securities					
- Listed	47,132,802	-	47,132,802	-	47,132,802
- Unlisted	-	-	-	-	-
- Foreign securities					
Government debt securities	39,524,272	-	39,524,272	-	39,524,272
Non-Government debt securities					
- Listed	16,456,044	-	16,456,044	-	16,456,044
- Unlisted	-	-	-	-	-
- National Investment Trust units	44,171	-	44,171	-	44,171
- Real Estate Investment Trust units	54,000	54,000	-	-	54,000
	1,524,862,442	6,439,257	1,518,423,185	-	1,524,862,442
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	180,976,451	-	181,195,594	-	181,195,594
- Non-Government debt securities					
- Listed	4,703,601	-	4,732,148	-	4,732,148
- Unlisted	18,672,410	-	18,325,060	-	18,325,060
- Foreign securities					
Government debt securities	14,455,486	-	16,205,087	-	16,205,087
Non-Government debt securities					
- Listed	1,274,580	-	1,338,915	-	1,338,915
- Unlisted	343,630	-	343,630	-	343,630
	220,426,158	-	222,140,434	-	222,140,434
	1,745,288,600	6,439,257	1,740,563,619	-	1,747,002,876

	As at September 30, 2020 (Unaudited)				
	Notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Off-balance sheet financial instruments - measured at fair value					
Commitments					
- Forward foreign exchange contracts	362,153,188	-	(584,780)	-	(584,780)
- Forward Government securities transactions	167,464,191	-	(4,613)	-	(4,613)
- Derivative instruments	32,029,568	-	(1,619,630)	-	(1,619,630)

	As at December 31, 2019 (Audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,080,978,774	-	1,080,978,774	-	1,080,978,774
- Shares - listed companies	6,653,529	6,653,529	-	-	6,653,529
- Non-Government debt securities - listed	1,722,749	-	1,722,749	-	1,722,749
- Foreign securities					
Government debt securities	34,165,484	-	34,165,484	-	34,165,484
Non-Government debt securities					
- Listed	15,699,559	-	15,699,559	-	15,699,559
- Unlisted	349,384	-	349,384	-	349,384
- National Investment Trust units	42,804	-	42,804	-	42,804
- Real Estate Investment Trust units	62,450	62,450	-	-	62,450
	1,139,674,733	6,715,979	1,132,958,754	-	1,139,674,733
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	168,098,017	-	159,201,649	-	159,201,649
- Non-Government debt securities					
- Listed	5,799,373	-	5,839,857	-	5,839,857
- Unlisted	19,705,186	-	19,705,185	-	19,705,185
- Foreign securities					
Government debt securities	7,371,115	-	7,615,906	-	7,615,906
Non-Government debt securities					
- Listed	1,280,682	-	1,288,664	-	1,288,664
- Unlisted	512,933	-	516,268	-	516,268
	202,767,306	-	194,167,529	-	194,167,529
	1,342,442,039	6,715,979	1,327,126,283	-	1,333,842,262

	As at December 31, 2019 (Audited)				
	Notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Off-balance sheet financial instruments - measured at fair value					
Commitments					
- Forward foreign exchange contracts	591,509,497	-	(1,433,126)	-	(1,433,126)
- Forward Government securities transactions	107,869,401	-	25,258	-	25,258
- Derivative instruments	29,437,457	-	(1,654,370)	-	(1,654,370)

32.2 Fair value of non-financial assets

	As at September 30, 2020 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
- Fixed assets	45,913,607	-	-	45,913,607	45,913,607
- Non-banking assets acquired in satisfaction of claims	590,280	-	-	590,280	590,280
	46,503,887	-	-	46,503,887	46,503,887

	As at December 31, 2019 (Audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
- Fixed assets	45,145,063	-	-	45,145,063	45,145,063
- Non-banking assets acquired in satisfaction of claims	626,000	-	-	626,000	626,000
	45,771,063	-	-	45,771,063	45,771,063

33 SEGMENT INFORMATION

33.1 Segment details with respect to Business Activities

	For the nine months ended September 30, 2020 (Unaudited)							
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspondent banking	Asset management	Head office / others	Total
	(Rupees in million)							
Profit and loss account								
Net mark-up / return / profit / interest income	(35,942)	10,864	29,653	88,688	5,516	(193)	198	98,784
Inter segment revenue / (expense) - net	91,289	(4,394)	(20,267)	(76,019)	2,017	-	7,374	-
Non mark-up / interest income	3,242	4,145	2,200	9,832	3,051	437	1,161	24,068
Total Income	58,589	10,615	11,586	22,501	10,584	244	8,733	122,852
Segment direct expenses	17,850	3,879	1,314	903	17,553	216	29,719	71,434
Inter segment expense allocation	13,890	1,683	3,308	431	4,486	-	(23,798)	-
Total expenses	31,740	5,562	4,622	1,334	22,039	216	5,921	71,434
Provisions - charge	2,643	569	2,076	(930)	3,032	-	1,125	8,515
Profit / (loss) before tax	24,206	4,484	4,888	22,097	(14,487)	28	1,687	42,903

	As at September 30, 2020 (Unaudited)							
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspondent banking	Asset management	Head office / others	Total
	(Rupees in million)							
Statement of financial position								
Cash and bank balances	174,927	-	1,007	84,807	100,455	53	7,844	369,093
Lendings to financial institutions	23,977	-	-	40,109	-	-	-	64,086
Inter segment lending	1,373,504	-	-	-	149,146	-	149,068	1,671,718
Investments	117,344	-	8,675	1,522,280	91,163	147	44,214	1,783,823
Advances - performing	264,000	68,281	517,831	-	228,581	-	52,083	1,130,776
Advances - non-performing	2,249	226	2,143	-	5,114	-	519	10,251
Others	21,943	2,159	30,236	29,067	13,305	2,978	95,989	195,677
Total assets	1,977,944	70,666	559,892	1,676,263	587,764	3,178	349,717	5,225,424
Borrowings	32,312	-	67,080	154,173	85,437	1,800	1,722	342,524
Subordinated debt	-	-	-	-	-	-	22,356	22,356
Deposits and other accounts	1,890,458	4,998	351,076	6	434,507	-	55,023	2,736,068
Inter segment borrowing	-	60,957	114,597	1,496,164	-	-	-	1,671,718
Others	33,616	4,711	27,139	16,135	16,064	470	96,950	195,085
Total liabilities	1,956,386	70,666	559,892	1,666,478	536,008	2,270	176,051	4,967,751
Equity	21,558	-	-	9,785	51,756	908	173,666	257,673
Total equity and liabilities	1,977,944	70,666	559,892	1,676,263	587,764	3,178	349,717	5,225,424
Contingencies and commitments	36,717	-	283,678	497,866	83,556	-	26,666	928,483

	For the nine months ended September 30, 2019 (Unaudited)							
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspondent banking	Asset management	Head office / others	Total
	(Rupees in million)							
Profit and loss account								
Net mark-up / return / profit / interest income	(38,964)	9,167	38,087	59,747	5,934	(202)	289	74,058
Inter segment revenue / (expense) - net	94,495	(3,271)	(31,115)	(65,911)	1,379	-	4,423	-
Non mark-up / interest income	5,158	4,682	2,826	976	3,137	488	(1,490)	15,777
Total Income	60,689	10,578	9,798	(5,188)	10,450	286	3,222	89,835
Segment direct expenses	21,507	4,283	1,826	363	19,810	225	21,753	69,767
Inter segment expense allocation	10,768	733	851	198	3,757	-	(16,307)	-
Total expenses	32,275	5,016	2,677	561	23,567	225	5,446	69,767
Provisions - charge / (reversal)	1,160	217	(823)	111	293	-	825	1,783
Profit / (loss) before tax	27,254	5,345	7,944	(5,860)	(13,410)	61	(3,049)	18,285

	As at December 31, 2019 (Audited)							
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspondent banking	Asset management	Head office / others	Total
	(Rupees in million)							
Statement of financial position								
Cash and bank balances	161,969	-	619	121,382	118,353	11	6,508	408,842
Lendings to financial institutions	20,489	-	-	24,814	-	-	-	45,303
Inter segment lending	1,265,980	-	-	-	179,225	-	96,160	1,541,365
Investments	32,793	-	15,447	1,232,686	66,680	283	31,718	1,379,607
Advances - performing	323,249	57,908	528,385	-	205,023	-	43,121	1,157,686
Advances - non-performing	1,807	149	2,094	-	4,486	-	735	9,271
Others	32,009	1,661	35,905	30,134	15,508	3,012	108,195	226,424
Total assets	1,838,296	59,718	582,450	1,409,016	589,275	3,306	286,437	4,768,498
Borrowings	23,776	-	68,801	200,003	87,626	2,000	-	382,206
Subordinated debt	-	-	-	-	-	-	22,360	22,360
Deposits and other accounts	1,773,863	3,528	188,176	20	431,269	-	40,741	2,437,597
Inter segment borrowing	-	51,520	303,408	1,186,437	-	-	-	1,541,365
Others	23,950	4,670	22,065	19,384	19,486	397	70,266	160,218
Total liabilities	1,821,589	59,718	582,450	1,405,844	538,381	2,397	133,367	4,543,746
Equity	16,707	-	-	3,172	50,894	909	153,070	224,752
Total equity and liabilities	1,838,296	59,718	582,450	1,409,016	589,275	3,306	286,437	4,768,498
Contingencies and commitments	31,090	-	217,213	674,728	78,221	-	24,547	1,025,799

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.

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

	As at September 30, 2020 (Unaudited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
Statement of financial position	(Rupees in '000)					
Balances with other banks						
In current accounts	-	-	18,285	-	2,189	-
Investments						
Opening balance	-	-	-	25,464,030	4,897,973	4,775,603
Investment made during the period	-	-	-	1,532,512	-	-
Share of profit	-	-	-	2,037,761	508,572	-
Equity method related adjustments	-	-	-	89,183	220,144	-
Revaluation of investment	-	-	-	(152,859)	5,833	(41,277)
Investment redeemed / disposed off during the period	-	-	-	(1,809,758)	-	-
Dividend received during the period	-	-	-	(665,244)	(518,967)	-
Closing balance	-	-	-	26,495,625	5,113,555	4,734,326
Advances						
Opening balance	1,181	300,024	3,853,355	1,375,000	-	7,924,895
Addition during the period	7,032	98,498	9,243,446	-	-	5,066,902
Repaid during the period	(7,868)	(99,547)	(8,890,435)	(125,000)	-	(4,495,995)
Transfer (out) - net	-	(56,693)	-	-	-	(1,726,437)
Closing balance	345	242,282	4,206,366	1,250,000	-	6,769,365
Provision held against advances	-	-	-	-	-	-
Other assets						
Interest / mark-up accrued	-	653	30,325	33,262	-	183,943
Advance to contractor	-	-	10,214	-	-	-
Other receivable	-	945	3,815	469,370	-	6,833
	-	1,598	44,354	502,632	-	190,776
Borrowings						
Opening balance	-	-	2,787,405	929,086	1,548,476	-
Borrowings during the period	-	-	7,288,987	1,946,308	3,243,847	1,400,000
Settled during the period	-	-	(7,730,681)	(2,919,463)	(4,865,771)	(52,738)
Other movements	-	-	236,739	44,069	73,448	-
Closing balance	-	-	2,582,450	-	-	1,347,262
Deposits and other accounts						
Opening balance	97,816	166,208	10,999,321	11,245,398	-	3,136,756
Received during the period	497,393	2,871,581	151,927,910	494,782,212	-	49,230,562
Withdrawn during the period	(479,219)	(2,599,830)	(151,795,467)	(480,541,799)	-	(49,457,886)
Transfer in / (out) - net	99	(271)	-	-	-	(3,532)
Other movements	4,619	10,360	410,553	711	-	-
Closing balance	120,708	448,048	11,542,317	25,486,522	-	2,905,900
Other liabilities						
Interest / mark-up payable	1,516	1,710	190,718	31,521	-	4,453
Payable to staff retirement fund	-	-	-	-	-	102,919
Other payables	-	-	6,790	80,800	-	284,512
	1,516	1,710	197,508	112,321	-	391,884
Contingencies and commitments						
Letter of credit	-	-	295,693	-	-	1,674,674
Letter of guarantee	-	-	134,457	-	-	3,419,047
Forward purchase of Government securities	-	-	440,039	-	-	300,017
Forward sale of Government securities	-	-	-	-	-	-
Commitments in respect of forward lending	-	-	-	-	-	200,000
Interest rate swaps	-	-	933,161	1,250,000	-	-
	-	-	1,803,350	1,250,000	-	5,593,738
Others						
Securities held as custodian	-	5,525	4,628,195	66,087,460	-	8,325,275

	For the nine months ended September 30, 2020 (Unaudited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
Profit and loss account						
Income						
Mark-up / return / profit / interest earned	-	17,828	256,884	201,304	-	823,353
Fee and commission income	-	-	83,745	737,942	263	38,968
Share of profit / (loss)	-	-	-	2,037,761	508,572	-
Dividend income	-	-	-	-	-	36,522
Loss from derivatives	-	-	(21,600)	(23,022)	-	-
Expenses						
Mark-up / return / profit / interest expensed	5,270	8,860	618,998	603,731	19,797	165,352
Operating expenses						
Total compensation expense	-	894,351	-	-	-	813,750
Non-Executive Directors' fees	60,600	-	-	-	-	-
Insurance premium expense	-	-	-	955,351	-	-
Advertisement and publicity	-	-	76,887	-	-	-
Travelling	-	-	15,912	-	-	-
Subscription	-	-	-	-	-	52,514
Donations	-	-	76,950	-	-	255,429
Other Expenses	-	-	8,944	-	-	158,210
Others						
Purchase of Government securities	-	-	75,901,592	20,627,560	-	6,313,719
Sale of Government securities	-	31,716	79,135,998	67,062,075	-	9,442,915
Purchase of foreign currencies	-	722	727,028	3,875	-	1,868
Sale of foreign currencies	6,762	123,009	2,438,735	92,800	-	4,476,268
Insurance claims settled	-	-	-	107,812	-	-

	As at December 31, 2019 (Audited)					
	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	-	-	215	-	2,569	-
Investments						
Opening balance	-	-	-	25,741,115	3,777,862	4,004,502
Investment made during the year	-	-	-	1,875,925	-	1,095,511
Share of profit	-	-	-	2,711,851	771,742	-
Equity method related adjustments	-	-	-	442,535	348,369	-
Investment redeemed / disposed off during the year	-	-	-	(5,307,396)	-	(158,960)
Transfer (out) - net	-	-	-	-	-	(165,450)
Closing balance	-	-	-	25,464,030	4,897,973	4,775,603
Advances						
Opening balance	1,566	235,460	3,536,393	1,500,000	-	13,376,593
Addition during the year	13,159	177,233	5,302,656	-	-	350,670,513
Repaid during the year	(13,544)	(108,244)	(4,985,694)	(125,000)	-	(347,326,871)
Transfer (out) - net	-	(4,425)	-	-	-	(8,795,340)
Closing balance	1,181	300,024	3,853,355	1,375,000	-	7,924,895
Provision held against advances	-	-	-	-	-	(1,726,437)
Other assets						
Interest / mark-up accrued	-	665	49,194	44,448	-	224,553
Receivable from staff retirement fund	-	-	-	-	-	24,419
Other receivable	-	3,195	10,617	277,865	-	1,852
	-	3,860	59,811	322,313	-	250,824

	As at December 31, 2019 (Audited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
Borrowings						
Opening balance	-	-	2,621,585	2,499,514	1,388,619	-
Borrowings during the year	-	-	10,646,717	2,754,171	4,750,143	-
Settled during the year	-	-	(10,480,897)	(4,324,599)	(4,590,286)	-
Closing balance	-	-	2,787,405	929,086	1,548,476	-
Deposits and other accounts						
Opening balance	148,728	23,517	12,066,522	4,524,664	-	778,919
Received during the year	2,253,960	1,500,913	334,234,988	383,502,207	-	135,483,687
Withdrawn during the year	(2,301,166)	(1,359,961)	(335,302,189)	(376,781,473)	-	(133,085,422)
Transfer in / (out) - net	(3,706)	1,739	-	-	-	(40,428)
Closing balance	97,816	166,208	10,999,321	11,245,398	-	3,136,756
Other liabilities						
Interest / mark-up payable	1,373	863	171,567	40,441	7,076	11,602
Payable to staff retirement fund	-	-	-	-	-	577,964
Other payables	-	-	71,914	126,626	-	160,974
	1,373	863	243,481	167,067	7,076	750,540
Contingencies and Commitments						
Letter of credit	-	-	502,087	-	-	2,655,788
Letter of guarantee	-	-	142,888	-	-	-
Forward purchase of Government securities	-	-	-	-	-	386,193
Forward sale of Government securities	-	-	-	-	-	-
Interest rate swaps	-	-	1,154,173	1,375,000	-	-
	-	-	1,799,148	1,375,000	-	3,041,981
Others						
Securities held as custodian	-	8,730	7,195,675	28,665,515	-	8,526,920

	For the nine months ended September 30, 2019 (Unaudited)					
Profit and loss account	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
Income						
Mark-up / return / profit / interest earned	-	12,055	277,703	138,819	-	1,210,390
Fee and commission income	-	-	3,880	1,747,273	244	3,529
Share of profit	-	-	-	1,630,278	582,374	-
Dividend income	-	-	-	-	-	81,776
Loss from derivatives	-	-	(25,647)	(6,758)	-	-
Expense						
Mark-up / return / profit / interest expensed	10,909	3,583	645,697	248,145	41,914	62,717
Operating expenses						
Total compensation expense	-	927,632	-	-	-	753,112
Non-Executive Directors' fees	36,800	-	-	-	-	-
Insurance premium expense	-	-	-	941,929	-	-
Advertisement and publicity	-	-	61,877	-	-	724,067
Travelling	-	-	24,082	-	-	-
Subscription	-	-	-	-	-	41,712
Donations	-	-	-	-	-	101,137
Brokerage and Commission	-	-	-	-	-	124,872
Other Expenses	-	-	1,388	-	-	723
Provision for diminution in value of investments	-	-	-	-	-	(106,885)
Others						
Purchase of Government securities	-	24,175	108,031,647	19,953,031	-	294,101,001
Sale of Government securities	-	24,457	140,361,091	38,307,507	-	319,912,676
Purchase of foreign currencies	15,863	7,488	1,615,694	5,527	-	4,148
Sale of foreign currencies	19,046	182,161	2,886,661	53,884	-	8,860,491
Insurance claims settled	-	-	-	164,376	-	-

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Unaudited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,668,525	14,668,525
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	166,971,490	145,776,218
Eligible Additional Tier 1 (ADT 1) Capital	12,528,784	12,645,453
Total Eligible Tier 1 Capital	179,500,274	158,421,671
Eligible Tier 2 Capital	50,669,849	36,890,259
Total Eligible Capital (Tier 1 + Tier 2)	230,170,123	195,311,930
Risk Weighted Assets (RWAs):		
Credit Risk	971,026,445	959,412,841
Market Risk	146,120,013	133,614,588
Operational Risk	178,963,586	178,963,586
Total	1,296,110,044	1,271,991,015
Common Equity Tier 1 Capital Adequacy ratio	12.88%	11.46%
Tier 1 Capital Adequacy Ratio	13.85%	12.45%
Total Capital Adequacy Ratio	17.76%	15.35%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	9.50%	10.50%
of which: capital conservation buffer requirement	1.50%	2.50%
of which: countercyclical buffer requirement	-	-
of which: D-SIB or G-SIB buffer requirement	2.00%	2.00%
CET1 available to meet buffers (as a percentage of risk weighted assets)	6.88%	5.46%
Other information:		
National minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	9.50%	10.50%
Tier 1 minimum ratio (%)	11.00%	12.00%
Total capital minimum ratio (%)	13.50%	14.50%
Leverage Ratio (LR)		
Eligible Tier-1 Capital	179,500,274	158,421,671
Total Exposures	4,048,234,435	3,587,065,060
Leverage Ratio (%)	4.43%	4.42%
Minimum Requirement (%)	3.00%	3.00%
Liquidity Coverage Ratio (LCR)	**Total Adjusted Value (Rupees in '000)**	
Average High Quality Liquid Assets	1,296,769,551	906,731,376
Average Net Cash Outflow	506,522,709	585,290,046
Average Liquidity Coverage Ratio (%)	256.01%	154.92%
Minimum Requirement (%)	100.00%	100.00%
	Total Weighted Value (Rupees in '000)	
Net Stable Funding Ratio (NSFR)		
Total Available Stable Funding	2,532,832,087	2,354,284,645
Total Required Stable Funding	1,347,165,508	1,337,084,320
Net Stable Funding Ratio (%)	188.01%	176.08%
Minimum Requirement (%)	100.00%	100.00%

36 ISLAMIC BANKING BUSINESS

The Bank operates 58 (December 31, 2019: 48) Islamic Banking branches and 483 (December 31, 2019: 493) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
ASSETS		(Rupees in '000)	
Cash and balances with treasury banks		16,757,236	17,113,303
Balances with other banks		-	-
Due from financial institutions	36.1	23,977,460	20,489,184
Investments	36.2	117,343,729	33,594,111
Islamic financing and related assets - net	36.3	118,060,806	153,117,099
Fixed assets		766,607	862,149
Intangible assets		-	-
Due from Head Office		-	40,224,245
Deferred tax assets		1,651	18,126
Other assets		7,011,415	10,709,190
		283,918,904	276,127,407
LIABILITIES			
Bills payable		9,272	18,048
Due to financial institutions	36.4	15,682,212	10,780,192
Deposits and other accounts	36.5	239,400,053	242,548,177
Due to Head Office		1,629,982	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities		5,639,313	6,073,627
		262,360,832	259,420,044
NET ASSETS		21,558,072	16,707,363
REPRESENTED BY			
Islamic Banking Fund		250,000	250,000
Reserves		-	-
Deficit on revaluation of investments - net of tax		(2,582)	(28,352)
Unappropriated profit	36.6	21,310,654	16,485,715
		21,558,072	16,707,363
Contingencies and commitments	36.7		

PROFIT AND LOSS ACCOUNT		(Unaudited) For the nine months ended September 30, 2020	September 30, 2019
		(Rupees in '000)	
Profit / return earned	36.8	17,194,190	13,772,948
Profit / return expensed	36.9	7,056,160	6,804,712
Net profit / return		10,138,030	6,968,236
Other income			
Fee and commission income		433,885	471,921
Dividend income		-	-
Foreign exchange (loss) / gain		(59,803)	27,042
Income from derivatives		-	-
Loss on securities- net		(180,913)	(27,609)
Others		6,704	5,895
Total other income		199,873	477,249
Total income		10,337,903	7,445,485
Other expenses			
Operating expenses		1,540,954	1,450,266
Workers' Welfare Fund		161,607	118,298
Other charges		14,107	-
Total other expenses		1,716,668	1,568,564
Profit before provisions		8,621,235	5,876,921
Provisions and write offs - net		702,479	80,315
Profit before taxation		7,918,756	5,796,606
Taxation		3,093,817	2,260,676
Profit after taxation		4,824,939	3,535,930

		(Unaudited) September 30, 2020	(Audited) December 31, 2019
36.1	**Due from Financial Institutions**	(Rupees in '000)	
	Unsecured	10,390,000	-
	Bai Muajjal Receivable from State Bank of Pakistan	5,257,577	20,489,184
	Bai Muajjal Receivable from other financial institutions	8,329,883	-
		23,977,460	20,489,184

36.2 **Investments by segments**

	September 30, 2020 (Unaudited)				December 31, 2019 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Federal Government securities								
-Ijarah Sukuks	44,678,362	-	(236,712)	44,441,650	4,667,551	-	(46,478)	4,621,073
- Bai Muajjal with Government of Pakistan	- 10,794,000	-	-	10,794,000	10,794,000	-	-	10,794,000
	55,472,362	-	(236,712)	55,235,650	15,461,551	-	(46,478)	15,415,073
Non-Government debt securities								
-Listed	47,708,984	-	217,480	47,926,464	3,564,480	-	-	3,564,480
-Unlisted	14,166,615	-	15,000	14,181,615	14,614,558	-	-	14,614,558
	61,875,599	-	232,480	62,108,079	18,179,038	-	-	18,179,038
Total Investments	117,347,961	-	(4,232)	117,343,729	33,640,589	-	(46,478)	33,594,111

		(Unaudited) September 30, 2020	(Audited) December 31, 2019
36.3	**Islamic financing and related assets - net**	(Rupees in '000)	
	Ijarah	2,268,965	2,171,508
	Murabaha	697,577	1,095,324
	Diminishing Musharakah	62,281,360	83,342,719
	Wakalah	10,000,000	10,000,000
	Istisna	1,159,792	-
	Tijarah	277,552	-
	Islamic Home Financing	1,335,991	770,666
	Running Musharakah	17,011,728	16,085,686
	Currency Salam	299,512	-
	Islamic Refinance Scheme For Payment of Wages and Salaries	1,594,225	-
	Advance for Ijarah	211,739	276,530
	Advance for Murabaha	2,227,331	973,239
	Advance for Diminishing Musharakah	2,639,453	6,295,175
	Advance for Istisna	13,417,008	26,191,522
	Advance for Salam	-	400,000
	Advance Against Islamic Temporary Economic Refinance Facility	335,782	-
	Advance Against Islamic Financing Facility for Renewable Energy	48,713	-
	Inventories against Murabaha	1,795,389	3,808,372
	Inventories against Istisna	609,637	1,615,548
	Inventories against Tijarah	695,605	293,209
	Islamic financing and related assets - gross	118,907,359	153,319,498
	Provision against Islamic financing and related assets		
	-Specific	(56,490)	(183,056)
	-General	(790,063)	(19,343)
		(846,553)	(202,399)
	Islamic financing and related assets - net of provision	118,060,806	153,117,099

36.4	**Due to financial institutions**		
	Unsecured acceptance of funds	-	2,500,000
	Acceptances from the SBP under Islamic Export Refinance Scheme	9,444,321	5,409,205
	Acceptances from the SBP under Islamic Long Term Financing Facility	4,270,181	2,870,987
	Acceptances from SBP under Islamic refinance scheme for payment of wages and salaries	1,412,487	-
	Acceptance from SBP under Islamic Financing Facility for Renewable Energy	48,713	-
	Acceptance from SBP under Islamic Temporary Economic Refinance Facility	12,200	-
	Acceptances from Pakistan Mortgage Refinance Company	494,310	-
		15,682,212	10,780,192

		Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
36.5	**Deposits and other accounts**		(Rupees in '000)	
	Customers			
	Current deposits		59,381,940	53,090,383
	Savings deposits		101,707,046	108,120,718
	Term deposits		14,530,410	14,648,767
			175,619,396	175,859,868
	Financial Institutions			
	Current deposits		277,865	302,467
	Savings deposits		61,208,489	65,183,796
	Term deposits		2,294,303	1,202,046
			63,780,657	66,688,309
			239,400,053	242,548,177
36.6	**Islamic Banking business unappropriated profit**			
	Opening Balance		16,485,715	11,091,387
	Add: Islamic Banking profit for the period / year		7,918,756	8,845,722
	Less: Taxation		(3,093,817)	(3,451,394)
	Closing Balance		21,310,654	16,485,715
36.7	**Contingencies and commitments**			
	- Guarantees	36.7.1	1,146,530	593,721
	- Commitments	36.7.2	16,595,220	17,180,683
			17,741,750	17,774,404
36.7.1	**Guarantees**			
	Financial Guarantees		37,224	-
	Performance guarantees		1,010,281	308,988
	Other guarantees		99,025	284,733
			1,146,530	593,721
36.7.2	**Commitments**			
	Trade-related contingent liabilities		5,942,880	3,456,851
	Commitments in respect of forward foreign exchange contracts	36.7.2.1	10,652,340	13,723,832
			16,595,220	17,180,683
36.7.2	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		5,629,827	7,721,565
	Sale		5,022,513	6,002,267
			10,652,340	13,723,832

		(Unaudited) For the nine months ended	
		September 30, 2020	September 30, 2019
36.8	**Profit / return earned**	(Rupees in '000)	(Restated)
	On:		
	Financing	10,316,618	9,219,440
	Investments	5,857,861	3,121,571
	Amounts due from financial institutions	1,019,711	1,431,937
		17,194,190	13,772,948
36.9	**Profit / return expensed**		
	On:		
	Deposits and other accounts	6,485,357	5,223,936
	Amounts due to financial institutions	465,391	1,282,136
	Foreign currency deposits for Wa'ad based transactions	27,326	247,703
	Lease liability against right-of-use assets	78,086	50,937
		7,056,160	6,804,712

37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

37.1 In compliance with the SBP's instructions as disclosed in note 4.6 to the condensed interim consolidated financial statements, the Board of Directors, in its meeting held on October 16, 2020 has not declared any cash dividend in respect of the quarter ended September 30, 2020 (September 30, 2019: Rs 1.25 per share). Therefore, there is no non-adjusting event after the balance sheet date.

38 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue in the Board of Directors meeting held on October 16, 2020.

39 GENERAL

39.1 These condensed interim consolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular Letter No. 5 dated March 22, 2019 and related clarifications / modifications.

39.2 The comparative figures have been re-arranged and reclassified for comparison purposes.

Muhammad Aurangzeb	Rayomond Kotwal	Shaffiq Dharamshi	Salim Raza	Salim Yahya Chinoy
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

HBL

UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2020

Directors' Review

On behalf of the Board of Directors, we are pleased to present the condensed interim unconsolidated financial statements for the nine months ended September 30, 2020.

Macroeconomic Review

Domestic economic activity receded sharply in the last quarter of FY'20 with GDP contracting by 0.4% for the first time in 70 years. However, since August, business confidence and growth prospects have been on an up-trend, reflecting the declining number of new COVID cases, the easing of lockdown restrictions and the effects of the Government's stimulus and the SBP's relief measures. Demand indicators have started to pick up and, after posting a decline of 10% in FY20, the Large Scale Manufacturing Index showed nascent signs of a recovery, improving by 5% in July 2020. Rising food prices drove up headline inflation sharply in September, to 9.0%, bringing average inflation for 1Q'FY'21 to 8.8%. In response, the government has announced the import of commodities such as wheat to reduce the demand-supply gap and keep food prices in check. The SBP expects average inflation for FY'21 to fall within the target of 7% - 9%.

The external account has remained resilient, with the current account being in surplus for two consecutive months, resulting in a balance of USD 805 million during 2MFY'21 compared to a deficit of USD 1.2 billion during the same period last year. This was largely supported by a strong flow of remittances, which grew 31.0% YoY in 1QFY'21 and have crossed the USD 2 billion mark in each of the last four months; the sustainability of this trend will be a key determiner of the current account going forward. The trade deficit also reduced by 8.0% YoY; lower oil prices triggered a 13% decline in imports, countering a 17% decline in exports which, nevertheless, have inched closer to pre-COVID levels.

The FX reserves position remained stable, increasing to USD 19.5 billion in September, with SBP's reserves now ahead of the 3-month import cover benchmark. The flexible exchange rate system has resulted in an orderly two-way currency movement, with the Rupee appreciating by 1.4% against the dollar during the quarter. Early reads indicate an encouraging response to the SBP's Roshan Digital Account initiative, and this is likely to further support FX flows into the domestic economy.

Despite significant coronavirus and social support related spend, the fiscal deficit for FY'20 reduced to 8.1% of GDP compared to 8.9% in FY'19, with a primary deficit of 1.8% of GDP. Total revenue increased by 28.0%, as non-tax revenue grew significantly, while total expenditure remained under check, increasing by 16.0%. In 1QFY'21, the improved economic activity was reflected in higher tax collection of Rs 1 trillion which exceeded the target of Rs 970 billion for this period.

The equity market has witnessed a strong rally over the past three months, on the back of improved economic activity and low interest rates. The rebound was further supported by government's announcement of a stimulus package for the construction sector. Recently, the PSX index has shown some consolidation, but has still almost recovered to December 2019 levels.

The SBP, in its recent Monetary Policy Committee meeting kept the policy rate unchanged at 7.0%, keeping real interest rates negative, while prioritizing growth and employment. Private sector credit demand has, expectedly, remained muted in 2020; banking sector advances declined by 2% during 9M'20, while deposits rose by 15% since December 2019. Meanwhile, considerable interest has been shown by borrowers who have availed SBP's concessionary financing schemes, including the Temporary Economic Relief Facility (TERF) for expansion, new projects and BMR and the facility for payment of wages and salaries. Banking spreads for 8M'20 reduced by 31bps over 8M'19 due to reductions in lending yields.

Financial Performance

Even in this challenging environment, HBL's focus on customers and key activity drivers has delivered strong results, with profit before tax for the first nine months of 2020 more than doubling to Rs 41.8 billion over the same period last year. The Bank's domestic franchise continues to gather momentum, leveraging HBL's innate brand strength. Profit after tax for 9M'20 is Rs 25.0 billion, 173% higher than the Rs 9.2 billion in 9M'19. Earnings per share for 9M'20 increased to Rs 17.03 compared to Rs 6.24 for the same period last year.

Domestic deposits grew by nearly Rs 300 billion during the first nine months of 2020, to Rs 2.4 trillion, with HBL's market share rising from 13.9% in December 2019 to 14.4% in September 2020 – almost half of the growth was from current and low-cost savings accounts. HBL's total deposits increased to Rs 2.6 trillion, growing by 12.4% over December 2019. Consumer lending has grown 16% in just the last quarter, mainly driven by personal and auto loans – the Bank's market positioning in auto financing has jumped from fourth to second. However, subdued domestic demand resulting from the pandemic's impact has resulted in a 5.1% decline in the HBL's total domestic advances, to nearly Rs 900 billion. International advances rose by 7.2% over December 2019, to $ 887 million. Total advances, consequently, decreased slightly to Rs 1.0 trillion.

Led by a growth of over Rs 250 billion in average deposits, HBL's average domestic balance sheet grew by 14.9% over 9M'19. Net interest margin improved over last year as the steep rate cuts in 1H'20 resulted in interest bearing liabilities repricing earlier than interest earning assets. Consequently, domestic net interest income for 9M'20 rose by 38% to Rs 88 billion with HBL's total net interest income growing by 35% over 9M'19, to Rs 93 billion. Fee income for 9M'20 reduced by 16% over the same period last year, primarily due to lower transaction volumes and business activities induced by the lockdowns; however, with their lifting, fee income is normalizing, growing by 6% over the previous quarter in 3Q'20. Total non-fund income increased by more than 50% as HBL realized capital gains of Rs 8.2 billion on its fixed income portfolio.

Total revenue for the first nine months of 2020 thus increased to Rs 113.0 billion.

During 9M'20, the Bank spent over Rs 500 million in protective measures for staff and customers across the network and in direct contributions to protect the vulnerable in these very difficult times. However, administrative expenses are essentially flat to 9M'19 levels as costs related to New York and the Business Transformation program have receded. The Bank's cost to income ratio has therefore improved from 76.1% in 9M'19 to 55.6% in 9M'20. In anticipation that customers affected by the pandemic might require provisioning once SBP's relaxations and waivers expire in 2021, HBL has prudently recorded a COVID-19 related general provision of Rs 5.2 billion in its domestic business. The coverage ratio improved from 93.2% in December 2019 to over 100.0% in September 2020.

Movement of Reserves

	Rs million
Unappropriated profit brought forward	104,668
Profit after tax	24,986
Transferred from surplus on revaluation of assets – net of tax	31
	25,017
Profit available for appropriations	129,685
Appropriations	
Transferred to statutory reserves	(2,498)
Cash dividend – Final 2019	(1,834)
Cash dividend – 1st Interim 2020	(1,834)
	(6,166)
Unappropriated profit carried forward	123,519
Earnings per share (Rs)	17.03

Capital Ratios

In response to the current crisis, in Q1'20, the SBP supported the banking system by reducing the requirements of the Capital Conservation Buffer by 100 bps, from 2.5% to 1.5%. This effectively lowered the capital adequacy requirements across all three tiers, i.e. Common Equity Tier 1 (CET1) CAR, Tier 1 CAR and Total CAR, by 1%.

The strong profitability has strengthened the Bank's CAR across all tiers; the unconsolidated CET1 CAR increased from 12.61% in December 2019 to 14.38% in September 2020 and the Tier 1 CAR has improved from 13.69% to 15.41% over this period. The continued increase in the CET1 CAR headroom over minimum levels has increased the eligibility of Tier II capital by an additional 42 bps. The unconsolidated total CAR thus increased from 17.07% in December 2019 to 20.0% in September 2020. HBL's capital and related ratios remain well above regulatory requirements.

Future Outlook

The next quarter is expected to be critical, both globally and in Pakistan. While economic activity has started to resume, the threat of a second wave, with winter approaching, is real and growing. This could disrupt the very strong remittance flow of recent months as well as dampen demand in Pakistan's export markets, both of which could reverse gains made in the current account. Oil prices are projected to remain in check in the short-term, supporting the external account and inflation. However, the main downside risk is from rising food prices and a further increase in inflation, despite the high base effect expected from October, might trigger a monetary response earlier than expected. The positive news of above-target tax collection in 1QFY'21, along with a growth in the LSM Index bodes well for an upturn in economic activity and, if sustained, could propel GDP growth towards the Government's 2.1% target.

Geopolitical developments, with shifting realities in the Middle East and the upcoming US elections will heavily influence global events in the near term. October will see the latest FATF decision where a continuation on the grey list is widely expected. With the IMF's emergency assistance earlier in the year, the EFF program has temporarily stalled; talks between the Pakistani authorities and the Fund are underway for its resumption, but with expectations that the IMF will demand more stringent fiscal discipline.

HBL's investments in technology and its digital initiatives are now coming to fruition as the pandemic has forced a more virtual interaction on the world. At HBL, *the technology company with a banking license*, we are seeing an acceleration of digital usage, adoption and transaction volumes as customers adapt to the new reality. We will continue to invest in developing market-leading solutions for our clients while ensuring that our technology infrastructure and security are robust to support these initiatives.

HBL considers itself an integral part of this nation's fabric and has always been in the forefront of supporting the country. We have stepped this up with our mantra of public-private partnership, providing thought leadership across a broad spectrum of areas, from hosting the country's leading Information Security conference to supporting the Government in developing a national compliance framework to playing a leading role in low cost housing finance and attracting inflows

through the new Roshan Digital Account scheme. We are humbled and honoured to have led the Government's efforts in Sindh, Punjab and Balochistan to enable delivery of the Ehsaas Emergency Cash program, the largest social safety net initiative in Pakistan's history, during which we distributed Rs 176 billion to 12 million beneficiaries. At this critical time, HBL has been a leading institution in using the liquidity and funding assistance made available by the SBP, particularly in its Rozgar Scheme, to ensure that workers continue to get paid and that funds continue to flow wherever they are needed by businesses. HBL has also taken on a number of development finance initiatives in the agriculture sector to fulfil its role in the development of the country.

Dividend

Pursuant to the SBP's instructions through its letter No BPRD/ BA & CPD/006315 - 2/20, the Board of Directors, in its meeting held on October 16, 2020 has not declared any interim cash dividend for the quarter ended September 30, 2020.

Appreciation and Acknowledgement

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

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

Lastly, but certainly not the least, we express our deepest appreciation and gratitude to our employees and their families, especially in customer facing units and our 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

October 16, 2020

ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے30 ستمبر 2020کو ختم ہونے والے نوماہ کے مختصرعبوری غیر مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

مقامی معاشی سرگرمی مالی سال 20 کی آخری سہ ماہی میں تیزی سے کم ہوگئی جس کے ساتھ 70 سالوں میں GDP پہلی بار% 0.4 سے سمٹ گئی۔ تاہم ، اگست سے کاروباری اعتماد اور نمو کے امکانات میں چڑھاؤ کا رجحان ہے ، جو نئے COVID کیسوں کی گرتی ہوئی تعداد ، لاک ڈاؤن پابندیوں میں نرمی اور حکومت کے محرکات اور SBP کے امدادی اقدامات کے اثرات کی عکاسی کرتا ہے۔ طلب کے اشاریے میں تیزی آرہی ہے اورمالی سال 20 میں 10% کمی کے بعد ، بڑے پیمانے پرپیداواری فہرست میں واپسی کی ابتدائی علامات دکھائی دی ہیں ، جس میں جولائی 2020 میں 5% بہتری آئی۔ اشیائے خوردونوش کی بڑھتی قیمتوں کی وجہ سے ستمبر میں عمومی افراطِ زر 9.0% تک بڑھ گئی ، جس سے مالی سال 21 کی پہلی سہ ماہی کی اوسط افراط زر 8.8% پر آ گئی۔ اس کے جواب میں ، حکومت نے طلب و رسد کے فرق میں کمی اور اشیائے خوردونوش کی قیمتوں کی نگرانی کے لیے گندم جیسی اجناس کی درآمد کا اعلان کیا ۔ SBP کو توقع ہے کہ مالی سال 21 کے لیے اوسط افراط زر 9%-7%کے زیرِ ہدف رہے گی۔

بیرونی کھاتہ لچکدار رہا ، جس کے ساتھ جاری کھاتہ مسلسل دو ماہ تک سرپلس میں رہا ، نتیجتاً مالی سال 21 کے 2ماہ کے دوران 805 ملین امریکی ڈالر کا بیلنس رہا جس کے مقابلے میں گزشتہ سال اسی مدت کے لیے خسارہ 1.2 ارب امریکی ڈالرتھا۔ اس میں بڑی حد تک ترسیلات زر کے ایک تیز بہاؤ سے مدد ملی ، جو مالی سال 21 کی پہلی سہ ماہی میں YoY 31% بڑھ گئی اور پچھلے چار ماہ سے ہر ماہ میں 2ارب امریکی ڈالر کا نشان عبور کرچکی ہے۔ اس رجحان کی پائیداری جاری اکاؤنٹ کے مستقبل کے تعین میں اہم ہوگی۔ تجارتی خسارے میں بھی YoY 8.0% کمی واقع ہوئی؛ تیل کی کم قیمتوں نے درآمدات میں 13% کمی کی، جس کی وجہ سے برآمدات میں 17% کمی کا سامنا ہوا ، جو اس کے باوجود قبل از COVIDکی سطح کے قریب پہنچ گیا ۔

FX ذخائر کی پوزیشن مستحکم رہی ، جو ستمبر میں بڑھ کر 19.5 ارب امریکی ڈالر ہوگئی ، جبکہ SBP کے ذخائر 3 ماہ کے امپورٹ کور بینچ مارک سے آگے ہیں۔ لچکدار زر مبادلہ کی شرح کے نظام کے نتیجے میں ایک منظم دوطرفہ کرنسی کی نقل و حرکت ہوئی ہے ، جس سے اس سہ ماہی کے دوران ڈالر کے مقابلے میں روپے کی قدر میں 1.4% اضافہ ہوا۔ ابتدائی مطالعے سے SBP کے روشن ڈیجیٹل اکاؤنٹ کے اقدام کے حوصلہ افزا جواب سے ملکی معیشت میں FX بہاؤ کو مزید مدد ملے گی۔

نمایاں کورونا وائرس اور معاشرتی فلاحی اخراجات کے باوجود ، مالی سال 20 میں مالی خسارہ کم ہوکر GDP کا 8.1% تک ہوگیا جو مالی سال 19 میں8.9% تھا،جس میں GDP کا 1.8% بنیادی خسارہ شامل ہے۔ مجموعی آمدنی میں 28% اضافہ ہوا ، کیونکہ نان ٹیکس آمدنی نمایاں طور پر بڑھی ، جبکہ مجموعی اخراجات 16.0% اضافے کے ساتھ زیر نگرانی رہے۔ مالی سال 21 کی پہلی سہ ماہی میں بہتر معاشی سرگرمی 1 کھرب روپے کے زائد ٹیکس وصولی سے ظاہر ہوئی جو اس عرصے کے 970 ارب روپے کے ہدف سے تجاوز کر گئی۔

بہتر اقتصادی سرگرمی اور کم شرح سود کی پشت پناہی سے ایکویٹی مارکیٹ میں گزشتہ تین ماہ کے دوران مستحکم پائیدار اضافہ دیکھنے میں آیا۔ حکومت کی جانب سے تعمیراتی شعبے کے لیے ترغیبی پیکج کے اعلان کے نتیجے میں اس میں مزید مدد ملی۔ حال ہی میں ، PSX انڈیکس نے کچھ استحکام دکھایا ہے ، لیکن اس کے باوجود دسمبر 2019 کی سطح تک ہی بحال ہوا ہے۔

SBP نے حالیہ مالیاتی پالیسی کمیٹی کے اجلاس میں نمو اور روزگار کو ترجیح دیتے ہوئے حقیقی شرح سود کو منفی رکھا اور پالیسی شرح 7.0% پر برقرارر کھی ہے۔ نجی سیکٹر کے قرضوں کی مانگ پر 2020 میں حسبِ توقع خاموشی چھائی رہی۔ مالی سال 20 کے 9 ماہ کے دوران بینکنگ سیکٹرقرضہ جات میں 2% کمی واقع ہوئی ، جبکہ دسمبر 2019 سے ذخائر میں 15% اضافہ ہوا ۔ اسی دوران ، ان قرض لینے والوں کی طرف سے خاطر خواہ دلچسپی ظاہر ہوئی جنہوں نےتوسیع، نئے منصوبوں، BMR اور اجرت اور تنخواہوں کی ادائیگی کے لیے عارضی معاشی امدادی سہولت (TERF) سمیت ، SBP کی مراعاتی فنانسنگ اسکیموں کا فائدہ اٹھایا ہے۔

قرضوں کی شرح سود میں کمی کی وجہ سے مالی سال 20 کے 8 ماہ کے لیے بینکنگ اسپریڈ میں مالی سال 19 کے 8 ماہ کے مقابلے میں 31 بی پی ایس کمی ہوئی ۔

مالیاتی کارکردگی

اس مشکل صورتحال میں بھی HBL کی صارفین اور سرگرمیوں کے اہم محرکین پر توجہ سے مضبوط نتائج نکلے ، جس سے مالی سال 2020کے پہلے 9ماہ کا قبل از محصول منافع گزشتہ برس اسی دورانیے سے دگنا یعنی 41.8 ارب روپے رہا۔ HBL برانڈ کی روایتی طاقت سے فائدہ اٹھاتے ہوئے،بینک کے مقامی فرنچائز مسلسل رفتار پکڑتے رہے۔ مالی سال 20 کے9 ماہ کا بعد از محصول منافع 25.0 ارب روپے رہا جو گزشتہ برس اسی دورانیے کے 9.2 ارب روپے سے 173% زیادہ ہے۔ سال 20کے پہلے 9ماہ کی فی حصص آمدن میں 17.03 روپے اضافہ ہوا جو گزشتہ برس اسی مدت میں 6.24 روپے تھی۔

سال 2020 کے 9ماہ میں مقامی ڈپازٹس میں 300 ارب روپے سے اضافہ ہوا جو 2.4 کھرب روپے ہو گئے،اس کے ساتھ HBL کا مارکیٹ شیئر دسمبر 2019 کے 13.9% سے بڑھ کرستمبر 2020 میں 14.4% ہوگیا،تقریباً نصف نمو جاری کھاتوں اور کم آمدنی والے سیونگز اکاؤنٹس کے سبب ہوئی -HBL کےکُل ڈپازٹس میں دسمبر 2019 سے 12.4% اضافہ ہوا جو 2.6 کھرب روپے ہوگئےصارفی قرضہ جات میں محض گزشتہ سہ ماہی میں 16% نمو دیکھی گئی جس کی بنیادی وجہ پرسنل اور آٹولون رہے، بینک کی مارکیٹ پوزیشننگ آٹو فنانسنگ کے شعبے میں چار سے بڑھ کر دو پر پہنچ گئی۔ تاہم وبا کے سبب مقامی طلب میں مندی کے باعث HBL کے مقامی قرضہ جات 5.1% کمی کے بعد 900 ارب روپے ہوگئے جبکہ بین الاقوامی قرضہ جات میں دسمبر 2019 کے مقابلے میں 7.2% اضافہ کے بعد 887 ارب امریکی ڈالر ہو گئے۔ نتیجتاً کُل قرضہ جات معمولی کمی کے بعد 1.0 کھرب روپے ہوگئے۔

اوسط ڈپازٹس میں 250 ارب روپے سے زائد اضافے کی وجہ سے HBL کی اوسط مقامی بیلنس شیٹ میں سال 19 کے9ماہ کے مقابلے میں 14.9% نمو آئی۔ سال 20 کی پہلی ششماہی میں منافع کی شرح میں تیز کمی اورسود کے حامل بقایاجات کی منافع کی آمدن والے اثاثوں سے قبل ری پرائسنگ نے مقامی خالص منافع جات کے مارجن کی بہتری کی، نتیجتاً ًمقامی خالص منافع جاتی آمدن سال 20 کے 9ماہ میں 38% بڑھ کر 88 ارب روپے ہوگئی جس سے HBL کی کُل خالص منافع جاتی آمدن سال 19 کے 9ماہ کے مقابلے میں 35% بڑھ کر تقریباً 93 ارب روپے ہوگئی۔ HBL کی فیس آمدن میں سال 20 کے 9 ماہ میں گزشتہ برس اسی مدت کے مقابلے میں 16% کمی واقع ہوئی اس کی بنیادی وجہ لاک ڈاؤن کے باعث محدود کاروباری سرگرمیاں اور ترسیلات کے حجم میں کمی ہیں تاہم ، پابندیاں اٹھا دینے کے بعد فیس کی آمدن معمول پر آرہی ہے اور سال 20 کی تیسری سہ ماہی میں گزشتہ سہ ماہی سے 6% اضافہ ہوا ہے۔ HBL کےاپنے فکسڈ انکم پورٹ فولیو کے 8.2 ارب روپے سرمائے کے حاصل شدہ منافع سے کُل نان فنڈ آمدن میں 50% اضافہ ہوا۔ چنانچہ سال 2020 کے 9 ماہ میں آمدنی میں 113.0 ارب روپے اضافہ ہوا۔

سال 20 کے 9 ماہ میں بینک نے پورے نیٹ ورک میں عملے اور کسٹمر کے حفاظتی اور اس کڑے وقت میں مستحقین کے تحفظ کے براہِ راست اقدامات پر 500 ملین روپے سے زائد خرچ کیے۔ تاہم بینک کے انتظامی اخراجات کی نمو بنیادی طور پر سال 19 کے 9 ماہ کے برابر رہی ہے کیونکہ نیویارک برانچ اور بزنس ٹرانسفارمیشن پروگرام کے اخراجات بند ہو گئےبینک کے اخراجات اور آمدن کے تناسب میں بہتری آرہی ہے جو سال 19 کے 9ماہ کے 76.1% کے مقابلے میں سال 20 کے 9 ماہ میں 55.6% رہا۔ سال 2021 میں SBP کے رعایات اور چھوٹ کے اختتام پر وبا سے متاثرہ صارفین کودرکار سہولت کی فراہمی کے مدِنظر HBL نے مقامی کاروبار میں COVID-19 سے متعلقہ 5.2ارب روپے کے عمومی پرووژن کو نہایت ذہانت سے ریکارڈ میں رکھا ہے ۔کوریج کے تناسب میں دسمبر 2019 کے 93.2% سے بہتری آئی جو ستمبر 2020 میں 100.0% ہوگیا۔

ذخائر میں اتار چڑھاؤ

	ملین روپے
افتتاحی غیر تخصیص شدہ منافع	104,668
منافع بعد از محصول	24,986
اثاثہ جات کی دوبارہ تشخیص پر سرپلس سے منتقل شدہ – محصول کا خالص	31
	25,017
مناسب کارروائی کے لیے دستیاب منافع	129,685
مختلف مدوں میں رکھی گئی رقوم:	
قانونی ذخائر میں منتقل شدہ	(2,498)
نقد منافع منقسمہ – حتمی 2019	(1,834)
نقد منافع منقسمہ – پہلا عبوری 2020	(1,834)
	(6,166)
اختتامی غیر تخصیص شدہ منافع	123,519
فی حصص (شیئر) آمدنی (روپے)	17.03

سرمائے کا تناسب

موجودہ بحران کے جواب میں سال 20 کی پہلی سہ ماہی میں SBP نے بینکاری شعبے کی معاونت میں کیپٹل کنزرویشن بفر (Capital Conservation Buffer) کی شرائط میں 2.5% سے 1.5% تک، 100 بی پی ایس کمی کر دی۔ اس سے تینوں Tiers، یعنی Common Equity Tier 1 (CET1) CAR، Tier 1 CAR اور کُل CAR کے سرمائے کی شرائط میں 1%سے کمی آئی۔

اس مستحکم منفعت کے سبب تمام Tiers میں بینک کا CAR مضبوط رہا، غیرمجموعی CET 1 CAR دسمبر 2019 کے 12.61% بڑھ کر ستمبر 2020 میں 14.38% ہوگیا اور Tier 1 CAR میں اس مدت میں بہتری کے ساتھ 13.69% سے 15.41% ہوگیا۔CET 1 CAR کے ہیڈ روم میں کم از کم سطح سے مسلسل اضافے سے 42 بی پی ایس اضافہ ہوا جس کے نتیجے میں Tier II سرمایہ اہل ہو گیا۔ بینک کا غیر مجموعی کُل CAR دسمبر 2019 کے 17.07% سے بڑھ کر ستمبر 2020 میں 20.0% ہو گیا ۔ HBL کا سرمایہ اور اس سے متعلقہ تناسب ریگولیٹری شرائط سے بالاتر ر ہے۔

مستقبل کی صورتِ حال

اگلی سہ ماہی عالمی اور پاکستان دونوں سطح پر نازک ثابت ہونے کا امکان ہے ۔ اگرچہ معاشی سرگرمیوں کا دوبارہ آغاز ہو رہا ہے ، لیکن موسم سرما کی آمدکے ساتھ ہی دوسری لہر کا خطرہ حقیقی ہے، جو بڑھ رہا ہے۔ اس سے حالیہ مہینوں میں ترسیلات زر کےتیز بہاؤ میں رکاوٹ پیدا ہوسکتی ہے اور ساتھ ہی پاکستان کی برآمدی مارکیٹ کی مانگ میں کمی آسکتی ہے ، یہ دونوں ہی کرنٹ اکاؤنٹ میں حاصل شدہ منافع پلٹ سکتے ہیں۔ مختصر مدت کے لیے تیل کی قیمتیں زیرِ نگرانی برقرار رہنے کا امکان ہے۔ جس سے بیرونی کھاتوں اور افراط زر میں مدد ملے گی۔ تاہم ، اہم خطرہ اشیائے خوردونوش کی قیمت کے ساتھ افراطِ زر میں مزید اضافے سے ہے ، اکتوبر سے متوقع تغیر (High base effect) کے باوجود ، اس کا معاشی ردِ عمل پہلے ہی رونما ہوسکتا ہے۔ مالی سال21 کی پہلی سہ ماہی میں ہدف سے زیادہ ٹیکس کی وصولی سمیت ، LSM انڈیکس بوڈز میں اضافے کی مثبت خبروں کے ساتھ معاشی سرگرمیوں میں تیزی آئے گی اور اسے برقرار رکھنے کی

صورت میںGDP کی نمو حکومت کے 2.1%ہدف کی جانب بڑھ سکتی ہے۔

مشرق وسطیٰ میں آنے والی تبدیلیوں اور آئندہ امریکی انتخابات کے ساتھ جیو پولیٹیکل ڈیولپمنٹ مستقبل قریب میں عالمی واقعات پرگہرے اثرات مرتب کرے گی۔ اکتوبر میںFATF کا تازہ ترین فیصلہ سامنے آئے گا جس میں گرے لسٹ جاری رہنے کی توقع ہے۔ سال کےآغاز میں IMF کی ہنگامی امداد کے ساتھ ، EFF پروگرام عارضی طور پر روک دیا گیا ہے؛اس کی بحالی کے لیے پاکستانی حکام اوردی فنڈ کے درمیان بات چیت جاری ہے ، لیکن توقع ہے کہ IMF مزید سخت مالی نظم و ضبط کا مطالبہ کرے گا۔

HBL کی ٹیکنالاجی میں سرمایہ کاری اور اس کے ڈیجیٹل اقدامات اب بار آور ثابت ہو رہے ہیں کیونکہ وبا نے دنیا کو ورچوئل رابطوں پر مجبور کردیا ہے۔ بینکنگ لائسنس والی ٹیکنالاجی کمپنی کی حیثیت سے HBL میں ہم ڈیجیٹل استعمال ، اسےاپنانے اور ٹرانزیکشن کے حجم میں تیزی دیکھ رہے ہیں کیونکہ کسٹمر نئی حقیقت قبول کر رہے ہیں۔ ہم اپنے صارفین کے لیے مارکیٹ کے رہبرانہ حل وضع کرنے میں سرمایہ کاری جاری رکھیں گے اور یقینی بنائیں گے کہ ہمارا ٹیکنالاجی انفراسٹرکچر اور سیکیورٹی ان اقدامات کو سہارا دینے کے لیے مضبوط ہے۔

HBL اپنے آپ کو قومی تانے بانے کا ایک لازمی جُز تصور کرتا ہے اور ملکی فلاح و بہبود کے لیے ہمیشہ پیش پیش رہا ہےہم اس میں اپنے پبلک پرائیویٹ پارٹنرشپ کے گُر کے ساتھ آگے بڑھے اور وسیع تر شعبوں میں پُرسوچ ماہرانہ قیادت فراہم کی ،جس میں ملک کی قائدانہ انفارمیشن سیکیورٹی کانفرنس کی میزبانی سے لےکر حکومت کی نیشنل کمپلائنس فریم ورک کی تیاری میں معاونت ، باکفایت ہاؤسنگ فنانس اسکیم میں رہبری اور نئی روشن ڈیجیٹل اکاؤنٹ اسکیم کے ذریعے کیش کے اندرونی بہاؤ کو اپنی جانب راغب کرنا شامل ہیں۔ ہم شکر گزار ہیں اور ہمیں فخر ہے کہ ہم پاکستان کی تاریخ کے سب سے بڑے سماجی حفاظتی نیٹ، احساس ایمرجنسی کیش پروگرام کی سندھ ، پنجاب اور بلوچستان میں فراہمی کے لیے حکومت کی کاوشوں کی رہبری کرتے ہوئے، آج تک 12 ملین مستحقین میں 176 ارب روپے تقسیم کرچکے ہیں۔اس نازک وقت میں HBL بالخصوص روزگار اسکیم میں SBP کے ذریعے دستیاب لیکویڈیٹی اور فنڈنگ امداد استعمال کرنے میں ایک سرکردہ ادارہ رہا ہے تاکہ یقینی بنایا جاسکے کہ کارکنوں کو ادائیگی کے ساتھ جہاں کاروبار میں ضرورت ہو وہاں کیش کا بہاؤ جاری رہے۔HBL نے ملکی ترقی میں اپنا کردار نبھاتے ہوئے زرعی شعبے میں متعدد ترقیاتی مالیاتی اقدامات بھی کیے ہیں۔

منافع منقسمہ

اسٹیٹ بینک برائے پاکستان کے لیٹر نمبر BPRD/BA & CPD/006315-2/20 کی ہدایات کے مطابق بورڈ آف ڈائریکٹرزنے16 اکتوبر 2020 کو منعقد ہونے والے اجلاس میں 30 ستمبر 2020 کو اختتام پذیر سہ ماہی کےلیے کسی عبوری نقد منافع منقسمہ کا اعلان نہیں کیا۔

اظہارِ تشکر

بورڈ اور انتظامیہ کی جانب سےہم اپنے ریگولیٹرز اور حکومتِ پاکستان، بالخصوص اسٹیٹ بینک برائے پاکستان، وزارتِ مالیات اور سکیوریٹیز اینڈ ایکسچینج کمیشن برائے 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، اوربینکنگ اور فنانشل سروسز انڈسٹری کی سالمیت اور بہتری کا تحفظ بھی کرتے ہیں۔

ہم اپنے صارفین کے احسان مند ہیں جن میں سے کئی نسلوں سے ہمارے ساتھ منسلک ہیں اور اپنے کاروبار اور اعتماد کے ذریعے اپنا بھروسا جاری رکھے ہوئے ہیں۔ ہمارے حصص یافتگان نے ثابت قدمی سے ہمارا ساتھ دیا اور اس کے ساتھ ہم تمام اسٹیک ہولڈرز کے انتہائی شکر گزار ہیں ۔بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پُرعزم 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 اہلِ خانہ، بالخصوص کسٹمر کا سامنا کرنے والے یونٹس اور

برانچوں میں موجود عملے کے شکرگزار ہیں، جنھوں نے ان خطرناک حالات میں بہادری کا مظاہرہ کرتے ہوئے اس بحران میں ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنائی۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم اُن کے عزم اور انتھک محنت کے لیے انھیں خراجِ تحسین پیش کرتے ہیں۔

منجانب بورڈ

محمد اورنگزیب
صدر اور چیف ایگزیکٹیو آفیسر
16 اکتوبر 2020

معیز احمد جمال
ڈائریکٹر

Habib Bank Limited
Condensed Interim Unconsolidated Statement of Financial Position
As at September 30, 2020

	Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	5	306,027,270	337,241,623
Balances with other banks	6	21,311,639	32,139,733
Lendings to financial institutions	7	64,085,582	45,303,199
Investments	8	1,746,595,442	1,351,961,513
Advances	9	1,044,098,482	1,073,018,669
Fixed assets	10	77,733,745	75,541,769
Intangible assets	11	4,368,291	3,528,218
Deferred tax assets	12	-	1,898,828
Other assets	13	97,584,636	133,100,201
		3,361,805,087	3,053,733,753
LIABILITIES			
Bills payable	14	39,589,475	29,534,303
Borrowings	15	340,382,448	382,071,512
Deposits and other accounts	16	2,587,502,579	2,301,899,086
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	22,356,000	22,360,000
Deferred tax liabilities	12	4,135,194	-
Other liabilities	18	133,171,171	116,446,906
		3,127,136,867	2,852,311,807
NET ASSETS		234,668,220	201,421,946
REPRESENTED BY			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		63,550,064	57,274,159
Surplus on revaluation of assets - net of tax	19	32,929,933	24,810,855
Unappropriated profit		123,519,698	104,668,407
		234,668,220	201,421,946
CONTINGENCIES AND COMMITMENTS	20		

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

Muhammad Aurangzeb	Rayomond Kotwal	Shaffiq Dharamshi	Salim Raza	Salim Yahya Chinoy
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Habib Bank Limited
Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)
For the nine months ended September 30, 2020

	Note	January 01 to September 30, 2020	January 01 to September 30, 2019	July 01 to September 30, 2020	July 01 to September 30, 2019
		---------- (Rupees in '000) ----------			
Mark-up / return / profit / interest earned	22	198,059,287	174,029,514	61,322,719	68,407,559
Mark-up / return / profit / interest expensed	23	105,096,322	104,982,613	27,736,743	43,758,775
Net mark-up / return / profit / interest income		92,962,965	69,046,901	33,585,976	24,648,784
Non mark-up / interest income					
Fee and commission income	24	11,680,387	13,869,573	3,886,488	4,288,163
Dividend income		1,464,049	1,079,745	611,192	279,688
Foreign exchange (loss) / income		(941,862)	(344,133)	470,495	1,729,162
Income / (loss) from derivatives		622,896	(657,532)	364,563	365,984
Gain / (loss) on securities - net	25	7,337,434	(1,436,886)	679,269	(348,294)
Other (loss) / income	26	(135,617)	517,285	104,555	108,776
Total non mark-up / interest income		20,027,287	13,028,052	6,116,562	6,423,479
Total income		112,990,252	82,074,953	39,702,538	31,072,263
Non mark-up / interest expenses					
Operating expenses	27	62,769,091	62,489,359	20,081,163	21,676,294
Workers' Welfare Fund -Charge		852,748	387,895	338,853	189,580
Other charges	28	292,448	404,057	59,840	322,778
Total non mark-up / interest expenses		63,914,287	63,281,311	20,479,856	22,188,652
Profit before provisions and taxation		49,075,965	18,793,642	19,222,682	8,883,611
Provisions and write offs - net	29	7,285,515	1,234,909	2,578,224	1,013,526
Profit before taxation		41,790,450	17,558,733	16,644,458	7,870,085
Taxation	30	16,804,440	8,399,072	6,583,224	3,185,355
Profit after taxation		24,986,010	9,159,661	10,061,234	4,684,730
		---------- (Rupees) ----------			
Basic and diluted earnings per share	31	17.03	6.24	6.86	3.19

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

Muhammad Aurangzeb	**Rayomond Kotwal**	**Shaffiq Dharamshi**	**Salim Raza**	**Salim Yahya Chinoy**
President and Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Director**

Habib Bank Limited
Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)
For the nine months ended September 30, 2020

	January 01 to September 30, 2020	January 01 to September 30, 2019	July 01 to September 30, 2020	July 01 to September 30, 2019
	(Rupees in '000)			
Profit after taxation for the period	24,986,010	9,159,661	10,061,234	4,684,730
Other comprehensive income / (loss)				
Items that may be reclassified to the profit and loss account in subsequent periods				
Effect of translation of net investment in foreign branches - net of tax	2,626,107	3,676,070	(309,144)	(1,309,702)
Movement in surplus / deficit on revaluation of investments - net of tax	8,150,090	4,746,302	(6,788,350)	3,062,399
Items that are not to be reclassified to the profit and loss account in subsequent periods				
Movement in surplus / deficit on revaluation of fixed assets - net of tax	-	(126,798)	-	-
Movement in surplus / deficit on revaluation of non-banking assets - net of tax	-	-	-	-
	-	(126,798)	-	-
Total comprehensive income	35,762,207	17,455,235	2,963,740	6,437,427

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

Muhammad Aurangzeb	Rayomond Kotwal	Shaffiq Dharamshi	Salim Raza	Salim Yahya Chinoy
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Habib Bank Limited
Condensed Interim Unconsolidated Statement of Changes In Equity (Unaudited)
For the nine months ended September 30, 2020

	Share capital	Reserves					Surplus / (deficit) on revaluation of		Total
		Exchange translation reserve	Statutory reserve	Capital	Revenue		Investments	Fixed / Non-banking assets	
				Non - distributable capital reserve	General reserve	Unappropriated profit			
	(Rupees in '000)								
Balance as at December 31, 2018	14,668,525	19,356,885	31,957,440	547,115	6,073,812	91,882,814	(7,175,543)	21,738,008	179,049,056
Comprehensive income for the nine months ended September 30, 2019									
Profit after taxation for the nine months ended September 30, 2019	-	-	-	-	-	9,159,661	-	-	9,159,661
Other comprehensive income / (loss)									
Effect of translation of net investment in foreign branches - net of tax	-	3,676,070	-	-	-	-	-	-	3,676,070
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	4,746,302	(126,798)	4,619,504
	-	3,676,070	-	-	-	9,159,661	4,746,302	(126,798)	17,455,235
Transferred to statutory reserve	-	-	915,966	-	-	(915,966)	-	-	-
Transferred to unappropriated profit	-	-	-	-	(6,073,812)	6,073,812	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	246,972	-	(246,972)	-
Transactions with owners, recorded directly in equity									
Final cash dividend - Rs 1.25 per share declared subsequent to the year ended December 31, 2018	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
1st interim cash dividend - Rs 1.25 per share	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
2nd interim cash dividend - Rs 1.25 per share						(1,833,565)			(1,833,565)
	-	-	-	-	-	(5,500,695)	-	-	(5,500,695)
Exchange gain realised on closure of bank branch - net of tax	-	(99,471)	-	-	-	-	-	-	(99,471)
Balance as at September 30, 2019	14,668,525	22,933,484	32,873,406	547,115	-	100,946,598	(2,429,241)	21,364,238	190,904,125
Comprehensive income for the three months ended December 31, 2019									
Profit after taxation for the three months ended December 31, 2019	-	-	-	-	-	5,904,528	-	-	5,904,528
Other comprehensive income / (loss)									
Effect of translation of net investment in foreign branches - net of tax	-	329,701	-	-	-	-	-	-	329,701
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	79,561	-	-	79,561
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	6,002,596	35,000	6,037,596
	-	329,701	-	-	-	5,984,089	6,002,596	35,000	12,351,386
Transferred to statutory reserve	-	-	590,453	-	-	(590,453)	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	161,738	-	(161,738)	-
Transactions with owners, recorded directly in equity									
3rd interim cash dividend - Rs 1.25 per share	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
Balance as at December 31, 2019	14,668,525	23,263,185	33,463,859	547,115	-	104,668,407	3,573,355	21,237,500	201,421,946
Comprehensive income for the nine months ended September 30, 2020									
Profit after taxation for the nine months ended September 30, 2020	-	-	-	-	-	24,986,010	-	-	24,986,010
Other comprehensive income / (loss)									
Effect of translation of net investment in foreign branches - net of tax	-	2,626,107	-	-	-	-	-	-	2,626,107
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	8,150,090	-	8,150,090
	-	2,626,107	-	-	-	24,986,010	8,150,090	-	35,762,207
Transferred to statutory reserve	-	-	2,498,601	-	-	(2,498,601)	-	-	-
Exchange loss realised on closure of Bank branch - net of tax	-	1,151,197	-	-	-	-	-	-	1,151,197
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	31,012	-	(31,012)	-
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)
1st interim cash dividend - Rs 1.25 per share	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
	-	-	-	-	-	(3,667,130)	-	-	(3,667,130)
Balance as at September 30, 2020	14,668,525	27,040,489	35,962,460	547,115	-	123,519,698	11,723,445	21,206,488	234,668,220

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

Muhammad Aurangzeb	Rayomond Kotwal	Shaffiq Dharamshi	Salim Raza	Salim Yahya Chinoy
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Habib Bank Limited
Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)
For the nine months ended September 30, 2020

	January 01 to September 30, 2020	January 01 to September 30, 2019
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	41,790,450	17,558,733
Dividend income	(1,464,049)	(1,079,745)
	40,326,401	16,478,988
Adjustments:		
Depreciation	4,049,039	3,551,938
Depreciation on right-of-use assets	2,535,591	2,044,271
Amortisation	528,656	334,527
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	1,525,476	730,827
(Reversal) / provision for diminution in value of investments	(253,139)	529,457
Provision against loans and advances	7,650,261	1,079,341
Provision against other assets	186,694	87,483
Provision / (reversal) against off-balance sheet obligations	33,207	(56,932)
Unrealised loss on held-for-trading securities	11,500	52,244
Exchange loss / (gain) realised on closure of Bank branch - net of tax	1,151,197	(99,471)
Exchange gain realised on reduction in capital of subsidiary - net of tax	(1,395,592)	-
Gain on sale of fixed assets - net	(4,663)	(88,692)
Gain on sale of non - banking assets	(6,780)	(10,701)
Workers' Welfare Fund - charge	852,748	387,895
	16,864,195	8,542,187
	57,190,596	25,021,175
Decrease / (increase) in operating assets		
Lendings to financial institutions	(18,782,383)	8,995,697
Held-for-trading securities	154,762,189	(291,026,008)
Advances	21,269,926	(65,247,624)
Other assets (excluding advance taxation)	27,348,511	(19,752,382)
	184,598,243	(367,030,317)
Increase / (decrease) in operating liabilities		
Bills payable	10,055,172	(13,080,784)
Borrowings from financial institutions	(41,689,064)	(102,946,169)
Deposits and other accounts	285,603,493	131,032,220
Other liabilities	13,113,790	5,712,532
	267,083,391	20,717,799
	508,872,230	(321,291,343)
Income tax (paid) / refund	(7,817,465)	5,601,365
Net cash flows generated from / (used in) operating activities	501,054,765	(315,689,978)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(520,026,231)	289,422,011
Net investment in held-to-maturity securities	(17,508,385)	(3,852,627)
Net investment in associates	115,333	1,560,612
Dividend received	1,443,600	1,062,222
Investments in fixed assets	(4,925,857)	(3,924,926)
Investments in intangible assets	(1,368,729)	(989,493)
Proceeds realised on reduction in capital of subsidiary	3,021,200	-
Proceeds from sale of fixed assets	31,970	382,368
Proceeds from sale of non-banking assets	42,500	330,700
Effect of translation of net investment in foreign branches - net of tax	2,626,107	3,676,070
Net cash flows (used in) / generated from investing activities	(536,548,492)	287,666,937
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of subordinated debt	(4,000)	(4,000)
Proceeds from issue of subordinated debt	-	12,374,000
Payment of lease liability against right-of-use assets	(2,884,124)	(3,236,385)
Dividend paid	(3,660,596)	(5,792,505)
Net cash flows (used in) / generated from financing activities	(6,548,720)	3,341,110
Decrease in cash and cash equivalents during the period	(42,042,447)	(24,681,931)
Cash and cash equivalents at the beginning of the period	364,178,366	281,166,985
Effect of exchange rate changes on cash and cash equivalents	5,202,990	11,538,601
	369,381,356	292,705,586
Cash and cash equivalents at the end of the period	327,338,909	268,023,655

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

Muhammad Aurangzeb	Rayomond Kotwal	Shaffiq Dharamshi	Salim Raza	Salim Yahya Chinoy
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

1 STATUS AND NATURE OF BUSINESS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Islamabad and its principal office is at Habib Bank Plaza, I. I. Chundrigar Road, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,669 (2019: 1,667) branches inside Pakistan including 58 (2019: 48) Islamic Banking Branches and 40 (2019: 45) 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 has voluntarily surrendered its license and filed for voluntary liquidation which has commenced on July 7, 2020. During the period, as part of a capital reduction plan prior to final liquidation, capital amounting to Rs 3,021.200 million was 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.

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 (IFRSs) 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 IFRSs 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, 2019.

2.3 Amendments to existing accounting and reporting standards that have become effective in the current period.

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2020. These are considered either to not be relevant or to not have any significant impact on these condensed unconsolidated interim financial statements.

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

IFRS 9 has been applicable in several overseas jurisdictions from January 1, 2018 and is progressively being adopted in others. The requirements of this standard are incorporated in the Bank's financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter No. 4 dated October 23, 2019, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2021. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

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, 2019 except as disclosed below.

Till December 31, 2019, the Bank was maintaining a general provision against its domestic portfolio of loans and advances in accordance with the Prudential Regulations which require a general provision only against the consumer finance. During the period, the Bank has also made general provision against its remaining domestic portfolio of loans and advances as more fully explained in note 4.1 to these condensed interim unconsolidated financial statements.

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, 2019.

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, 2019. These risk management policies continue to remain robust and the Bank regularly conducts rapid portfolio reviews in line with emerging risks.

The COVID – 19 pandemic has taken a toll on economies around the world, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 625 basis points since the beginning of the year, to 7%. Other regulatory measures to provide an impetus to economic activity include the following:

- Reducing the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrowers' principal loan payments by one year and or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and
- Introducing refinancing schemes for payment of wages and salaries, setting up of COVID-19 related facilities / new hospitals and import of plant and machinery for new/existing industrial projects.

COVID-19 impacts banks in Pakistan on a number of fronts including an increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations and managing cybersecurity threat as a significant number of the Bank's staff is working from home and an ever increasing number of customers are being encouraged to use digital channels.

4.1 Credit Risk Management

The Risk Management function of the Bank has further strengthened its credit review procedures in the light of COVID-19 and is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment.

The Bank expects that several borrowers will be severely impacted by this pandemic. The potential impact of the economic stress is difficult to predict, as many of such borrowers have availed the SBP enabled deferment / restructuring & rescheduling relief. Hence, management feels that it is appropriate to maintain a general provision up to 1% on the domestic, funded performing credit portfolio excluding:

- Government guaranteed exposure
- Consumer and staff lending
- Exposure secured by cash / near cash collateral

This provision is based on management's best estimate. During the period, a provision of Rs 5,200.000 million has been recognised in the profit and loss account.

IFRS 9 is applicable to the overseas branches of the Bank and requires the estimation of Expected Credit Loss (ECL) based on current and forecasted economic conditions. In light of available information, the Bank has reviewed the potential impact of COVID-19 on the inputs and assumptions for IFRS 9 ECL measurement. The COVID-19 situation remains fluid, which makes it challenging to reliably reflect impacts in ECL estimates. The Bank is continuously assessing the situation to determine this impact.

4.2 Liquidity Risk Management

In view of the relaxation granted by SBP for deferral of principal and markup and for rescheduling / restructuring of loans there will be an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

4.3 Equity Risk Management

The carrying value of the Bank's investment in listed equity securities classified as available-for-sale, amounts to Rs 6 billion as at September 30, 2020. During the period, the Pakistan Stock Exchange index has fallen by 0.40%, triggering an impairment of Rs 370.18 million which has been recorded in these condensed interim unconsolidated financial statements.

4.4 Operational Risk Management

The Bank has invoked required actions to ensure the safety and security of Bank staff and uninterrupted service to customers. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns.

Business Continuity Plans (BCP) for respective areas are in place and tested. The Bank has significantly enhanced monitoring of cybersecurity risk during these times. Remote work capabilities were enabled for staff, where required, and related risk and control measures were assessed to ensure that the Bank's information assets are protected from emerging cyber threats and comply with the regulatory protocols required under the circumstances. The Bank is communicating with its customers on how they can connect with the Bank through its full suite of channels including digital and online channels as well as enhancing customer awareness pertaining to online fraud risks. The Bank has taken all measures to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored, and the Bank continues to meet the expectations of its employees and customers.

4.5 Capital Adequacy Ratio (CAR)

In order to encourage Banks to continue lending despite anticipated pressure on profits and credit risk, the SBP has relaxed the Capital Conservation Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers.

4.6 Suspension of Cash Dividends

The SBP through its Circular Letter No. BPRD/BA & CPD/006315-2/20 dated April 22, 2020 has advised that banks which had declared dividend for the quarter ended March 31, 2020 should suspend cash dividend distribution for the next two quarters.

		(Unaudited) September 30, 2020	(Audited) December 31, 2019
5	**CASH AND BALANCES WITH TREASURY BANKS**	(Rupees in '000)	
	In hand		
	Local currency	53,636,574	31,165,412
	Foreign currencies	17,002,535	3,878,652
		70,639,109	35,044,064
	With State Bank of Pakistan in		
	Local currency current accounts	103,380,338	123,468,479
	Foreign currency current accounts	7,875,755	6,497,792
	Foreign currency deposit accounts	17,782,551	19,321,075
		129,038,644	149,287,346
	With other Central Banks in		
	Foreign currency current accounts	37,419,902	35,512,302
	Foreign currency deposit accounts	5,821,749	16,988,678
		43,241,651	52,500,980
	With National Bank of Pakistan in local currency current accounts	63,033,541	99,821,234
	National Prize Bonds	74,325	587,999
		306,027,270	337,241,623
6	**BALANCES WITH OTHER BANKS**		
	In Pakistan		
	In current accounts	322,260	81,517
	Outside Pakistan		
	In current accounts	9,957,747	16,208,323
	In deposit accounts	11,031,632	15,849,893
		20,989,379	32,058,216
		21,311,639	32,139,733
7	**LENDINGS TO FINANCIAL INSTITUTIONS**		
	Call money lendings	10,520,000	300,000
	Repurchase agreement lendings (reverse repo)	39,978,122	24,514,015
	Bai Muajjal receivables		
	- with State Bank of Pakistan	5,257,577	20,489,184
	- with other financial institutions	8,329,883	-
		13,587,460	20,489,184
		64,085,582	45,303,199

8 INVESTMENTS

8.1 Investments by type

	Note	September 30, 2020 (Unaudited)				December 31, 2019 (Audited)			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		(Rupees in '000)							
Held-for-trading (HFT) securities									
Federal Government securities									
- Market Treasury Bills		95,771,505	-	(15,432)	95,756,073	253,848,450	-	(127,086)	253,721,364
- Pakistan Investment Bonds		15,419,043	-	3,162	15,422,205	12,596,388	-	33,166	12,629,554
Shares									
- Listed companies		401,641	-	(19,137)	382,504	-	-	-	-
Foreign securities									
- Government debt securities		106,475	-	19,907	126,382	99,386	-	10,549	109,935
		111,698,664	-	(11,500)	111,687,164	266,544,224	-	(83,371)	266,460,853
Available-for-sale (AFS) securities									
Federal Government securities									
- Market Treasury Bills		553,705,952	-	3,904,359	557,610,311	348,638,371	-	83,133	348,721,504
- Pakistan Investment Bonds		666,581,214	-	14,071,647	680,652,861	449,714,794	-	3,837,538	453,552,332
- Ijarah Sukuks		44,678,362	-	(236,712)	44,441,650	4,667,551	-	(46,478)	4,621,073
- Government of Pakistan									
US Dollar Bonds		10,489,719	(441,633)	442,293	10,490,379	4,116,230	(138,672)	294,334	4,271,892
Shares									
- Listed companies		8,351,419	(3,268,459)	919,793	6,002,753	9,626,801	(4,198,407)	1,225,135	6,653,529
- Unlisted companies		5,541,471	(82,274)	-	5,459,197	4,820,042	(82,274)	-	4,737,768
Non-Government debt securities									
- Listed		46,943,545	-	189,257	47,132,802	1,750,000	-	(27,251)	1,722,749
- Unlisted		1,671,878	(270,877)	15,000	1,416,001	2,286,134	(270,877)	-	2,015,257
Foreign securities									
- Government debt securities		35,644,181	(585,266)	(193,011)	34,865,904	27,279,426	(186,259)	341,939	27,435,106
- Non-Government debt securities									
- Listed		2,495,121	(44,666)	74,079	2,524,534	3,112,280	(21,788)	108,057	3,198,549
- Unlisted		-	-	-	-	348,686	(1,713)	2,411	349,384
- Equity securities - Unlisted		6,091	-	-	6,091	5,912	-	-	5,912
National Investment Trust units		11,113	-	33,058	44,171	11,113	-	31,691	42,804
Real Estate Investment Trust units		55,000	-	(1,000)	54,000	55,000	-	7,450	62,450
Preference shares		44,400	-	-	44,400	44,400	-	-	44,400
		1,376,219,466	(4,693,175)	19,218,763	1,390,745,054	856,476,740	(4,899,990)	5,857,959	857,434,709
Held-to-maturity (HTM) securities	8.2								
Federal Government securities									
- Pakistan Investment Bonds		169,742,559	-	-	169,742,559	156,928,486	-	-	156,928,486
- Government of Pakistan									
US Dollar Bonds		-	-	-	-	-	-	-	-
- Other Federal Government securities		10,794,000	-	-	10,794,000	10,794,000	-	-	10,794,000
Non-Government debt securities									
- Listed		4,695,307	-	-	4,695,307	5,799,373	-	-	5,799,373
- Unlisted		17,098,785	-	-	17,098,785	18,146,759	-	-	18,146,759
Foreign securities									
- Government debt securities		14,455,486	-	-	14,455,486	7,373,574	(2,459)	-	7,371,115
- Non-Government debt securities									
- Listed		446,020	-	-	446,020	510,542	-	-	510,542
- Unlisted		345,230	(1,600)	-	343,630	516,268	(3,335)	-	512,933
		217,577,387	(1,600)	-	217,575,787	200,069,002	(5,794)	-	200,063,208
Investment in associates and joint venture	8.2	9,296,780	-	-	9,296,780	9,412,113	-	-	9,412,113
Investment in subsidiary companies		17,290,657	-	-	17,290,657	18,590,630	-	-	18,590,630
Total Investments		1,732,082,954	(4,694,775)	19,207,263	1,746,595,442	1,351,092,709	(4,905,784)	5,774,588	1,351,961,513

8.1.1 Investments given as collateral

	(Unaudited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Federal Government securities		
- Market Treasury Bills	10,264,025	128,024,805
- Pakistan Investment Bonds	143,384,165	71,061,088
	153,648,190	199,085,893

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

	September 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
	Book value	Market value	Book value	Market value
	(Rupees in '000)			
- Investment classified as held-to-maturity	217,575,787	219,571,363	200,063,208	191,461,438
- Investment in listed associates and joint venture	9,040,549	39,406,410	9,155,882	30,712,471

8.3 **Particulars of provision held against diminution in the value of investments**

	(Unaudited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Opening balance	4,905,784	4,488,683
Exchange adjustment	42,130	19,001
Charge / (reversal)		
Charge for the period / year	1,056,571	2,831,502
Reversal for the period / year	(9,585)	(64,476)
Reversal on disposal during the period / year	(1,300,125)	(2,368,926)
Net (reversal) / charge	(253,139)	398,100
Closing balance	4,694,775	4,905,784

8.4 **Particulars of provision against debt securities**

	September 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
Category of classification	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	(Rupees in '000)			
Domestic				
Loss	270,877	270,877	270,877	270,877

8.4.1 In addition to the above, certain overseas branches hold a general provision of 1,073.166 million (December 31, 2019: Rs 354.226 million) against investment in accordance with the requirements of IFRS 9.

9 **ADVANCES**	Note	Performing		Non - performing		Total	
		(Unaudited) September 30, 2020	(Audited) December 31, 2019	(Unaudited) September 30, 2020	(Audited) December 31, 2019	(Unaudited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		871,507,067	860,334,857	70,229,111	67,170,214	941,736,178	927,505,071
Islamic financing and related assets	36.3	118,833,977	153,061,117	73,382	258,381	118,907,359	153,319,498
Bills discounted and purchased		55,341,215	56,966,128	5,004,629	4,979,731	60,345,844	61,945,859
Advances - gross		1,045,682,259	1,070,362,102	75,307,122	72,408,326	1,120,989,381	1,142,770,428
Provision against advances							
- Specific	9.3	-	-	(67,913,615)	(66,459,144)	(67,913,615)	(66,459,144)
- General		(8,977,284)	(3,292,615)	-	-	(8,977,284)	(3,292,615)
		(8,977,284)	(3,292,615)	(67,913,615)	(66,459,144)	(76,890,899)	(69,751,759)
Advances - net of provision		1,036,704,975	1,067,069,487	7,393,507	5,949,182	1,044,098,482	1,073,018,669

9.1 **Particulars of advances (Gross)**

	(Unaudited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
In local currency	931,114,644	952,668,278
In foreign currencies	189,874,737	190,102,150
	1,120,989,381	1,142,770,428

9.2 Advances include Rs 75,307.122 million (December 31, 2019: Rs 72,408.326 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Unaudited) September 30, 2020		(Audited) December 31, 2019	
	Non - performing advances	Provision	Non - performing advances	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	1,252,939	-	580,891	-
Substandard	1,583,801	377,028	2,164,790	516,168
Doubtful	1,893,669	946,834	1,509,387	754,694
Loss	42,689,792	41,474,022	43,569,902	42,504,212
	47,420,201	42,797,884	47,824,970	43,775,074
Overseas				
Not past due but impaired	89,499	89,499	48,676	23,643
Overdue by:				
Upto 90 days	225,960	112,195	215,921	101,186
91 to 180 days	2,954,520	1,494,340	278,341	209,604
181 to 365 days	284,801	205,739	755,391	343,117
> 365 days	24,332,141	23,213,958	23,285,027	22,006,520
	27,886,921	25,115,731	24,583,356	22,684,070
Total	75,307,122	67,913,615	72,408,326	66,459,144

9.3 **Particulars of provision against advances**

	Note	September 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		66,459,144	3,292,615	69,751,759	63,193,300	3,083,530	66,276,830
Exchange adjustment		1,563,337	95,483	1,658,820	2,394,415	158,049	2,552,464
Charge for the period / year		4,576,970	5,620,455	10,197,425	6,297,991	421,194	6,719,185
Reversal for the period / year		(2,515,895)	(31,269)	(2,547,164)	(3,729,878)	(281,675)	(4,011,553)
Net charge against advances		2,061,075	5,589,186	7,650,261	2,568,113	139,519	2,707,632
Charged off during the period / year- agriculture financing	9.6	(501,785)	-	(501,785)	(604,496)	-	(604,496)
Written off during the period / year		(1,668,156)	-	(1,668,156)	(1,092,188)	-	(1,092,188)
Other movements		-	-	-	-	(88,483)	(88,483)
Closing balance		67,913,615	8,977,284	76,890,899	66,459,144	3,292,615	69,751,759

9.4 General provision includes provision amounting to 2,109.787 million (December 31, 2019: Rs 1,879.055 million) against consumer finance portfolio. General provision also includes 1,667.497 million (December 31, 2019: Rs 1,413.560 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Bank operates.

9.5 General provision also includes 5,200.000 million (December 31, 2019: Nil) as discussed in Note 4.1.

9.6 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.

		Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
10	**FIXED ASSETS**		(Rupees in '000)	
	Capital work-in-progress	10.1	2,571,196	1,819,077
	Property and equipment		75,162,549	73,722,692
			77,733,745	75,541,769
10.1	**Capital work-in-progress**			
	Civil works		365,893	381,666
	Equipment		881,216	412,507
	Advances to suppliers and contractors		1,324,087	1,024,904
			2,571,196	1,819,077

10.2 **Additions to fixed assets**

	(Unaudited) For the nine months ended	
	September 30, 2020	September 30, 2019
The following additions have been made to fixed assets during the period:	(Rupees in '000)	
Capital work-in-progress - net	752,119	(864,410)
Property and equipment		
Lease hold land	928,823	-
Building on freehold land	-	4,349
Building on leasehold land	75,124	211,972
Machinery	58,556	47,221
Leasehold improvements	668,360	765,700
Furniture and fixtures	308,575	398,817
Electrical, office and computer equipment	1,973,788	3,113,629
Vehicles	52,737	43,038
	4,065,963	4,584,726
Right-of-use assets - net	4,893,112	1,122,197
	9,711,194	4,842,513

10.3 **Disposals of fixed assets**

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

Property and equipment		
Building on leasehold land	-	285,114
Leasehold improvements	9,410	1,670
Furniture and fixtures	4,074	2,382
Electrical, office and computer equipment	13,787	3,450
Vehicles	36	1,060
	27,307	293,676
Derecognition of right-of-use assets on closure of branches	1,032,336	-
	1,059,643	293,676

		(Unaudited) September 30, 2020	(Audited) December 31, 2019
11	**INTANGIBLE ASSETS**	(Rupees in '000)	
	Capital work-in-progress - computer software	1,596,306	1,016,808
	Intangible assets	2,771,985	2,511,410
		4,368,291	3,528,218

	(Unaudited) For the nine months ended	
	September 30, 2020	September 30, 2019
	(Rupees in '000)	

11.1 **Additions to intangibles assets**

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

Capital work-in-progress	579,498	278,027
Computer software	781,861	706,970
	1,361,359	984,997

	Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	

12 **DEFERRED TAX ASSETS**

Deductible temporary differences on			
- Provision against investments		1,254,318	1,616,995
- Provision against doubtful debts and off-balance sheet obligations		3,925,544	4,158,485
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		1,773,846	1,671,011
- Provision against other assets		50,989	50,989
- Deficit on revaluation of fixed assets		163,960	163,960
- Ijarah financing		185,227	150,674
		7,353,884	7,812,114
Taxable temporary differences on			
- Accelerated tax depreciation		(1,882,487)	(2,092,012)
- Surplus on revaluation of fixed assets	19	(1,142,113)	(1,161,940)
- Surplus on revaluation of investments	19	(7,495,318)	(2,284,604)
- Exchange translation reserve		(969,160)	(374,730)
		(11,489,078)	(5,913,286)
Net deferred tax (liability) / asset.		(4,135,194)	1,898,828

13 **OTHER ASSETS**

Mark-up / return / profit / interest accrued in local currency		37,945,510	49,739,889
Mark-up / return / profit / interest accrued in foreign currency		3,055,857	2,364,455
Advances, deposits, advance rent and other prepayments		2,270,762	1,882,477
Advance taxation		19,317,085	28,075,183
Advances against subscription of securities		154,565	5,246,000
Stationery and stamps on hand		146,694	77,106
Accrued fees and commissions		443,388	689,984
Due from Government of Pakistan / SBP		1,344,316	1,444,977
Mark to market gain on forward foreign exchange contracts		1,951,970	6,548,555
Mark to market gain on derivative instruments		179,240	54,454
Non-banking assets acquired in satisfaction of claims		432,952	468,719
Receivable from defined benefit plan		-	24,419
Branch adjustment account		685,319	789,446
Acceptances		24,186,887	22,771,310
Clearing and settlement accounts		4,159,526	12,636,565
Dividend receivable		20,449	-
Claims against fraud and forgeries		546,000	450,086
Others		1,258,696	494,268
		98,099,216	133,757,893
Provision held against other assets	13.1	(678,884)	(821,996)
Other assets- net of provision		97,420,332	132,935,897
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	164,304	164,304
Other assets - total		97,584,636	133,100,201

		Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
13.1	**Provision held against other assets**		(Rupees in '000)	
	Non-banking assets acquired in satisfaction of claims		6,976	7,023
	Claims against fraud and forgeries		546,000	450,086
	Suit filed cases		5,119	323,759
	Others		120,789	41,128
			678,884	821,996
13.1.1	**Movement in provision against other assets**			
	Opening balance		821,996	923,201
	Exchange adjustment		21,273	34,901
	Charge for the period / year		196,183	139,759
	Reversal for the period / year		(9,489)	(49,540)
	Net charge		186,694	90,219
	Written off during the period / year		(28,211)	(224,820)
	Other movement		(322,868)	(1,505)
	Closing balance		678,884	821,996
14	**BILLS PAYABLE**			
	In Pakistan		38,239,544	28,344,335
	Outside Pakistan		1,349,931	1,189,968
			39,589,475	29,534,303
15	**BORROWINGS**			
	Secured			
	Borrowings from the SBP under			
	- Export refinance scheme		51,361,382	42,762,668
	- Long term financing facility		24,711,573	18,474,945
	- Financing facility for renewable energy power plants		1,407,597	831,448
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)		82,517	28,743
	- Refinance and credit guarantee scheme for women entrepreneurs		96,114	2,400
	- Financing facility for storage of agricultural produce		267,687	104,167
	- Financing facility for working capital of SMEs		36,916	-
	- Refinance scheme for payment of wages and salaries		19,616,565	-
	- Refinance facility for combating COVID-19		800,000	-
	- Temporary economic refinance facility		686,070	-
			99,066,421	62,204,371
	Repurchase agreement borrowings		152,744,582	197,503,793
			251,811,003	259,708,164
	Unsecured			
	- Call money borrowings		-	4,900,000
	- Overdrawn nostro accounts		1,428,429	100,623
	- Borrowings of overseas branches and subsidiaries		34,290,986	56,524,651
	- Other long-term borrowings	15.1	52,852,030	60,838,074
			88,571,445	122,363,348
			340,382,448	382,071,512

15.1 This includes the following:

15.1.1 A loan from the International Finance Corporation amounting to US$ 150 million (December 31, 2019:US$ 150 million). The principal amount is payable in six equal half yearly installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi annually.

15.1.2 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 has been utilized by the Bank with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to 4 years from the date of initial drawdown. The entire drawn amount is payable in semi-annual installments over a period of 10 years starting from January 31, 2023. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.

15.1.3 A mortgage refinancing facility from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 194.309 million (December 31, 2019: Nil) on Musharakah basis for on-lending to customers. The amount is payable semi-annually from August 2020 to February 2023. The profit at 11.21% is payable semi-annually from August 2020.

A mortgage refinancing facility from PMRC amounting to Rs 300 million (December 31, 2019: Nil) on Musharakah basis for on-lending to customers in low and middle income groups. Any balance not disbursed to customers at the end of 1 year from initial disbursement (the pre-finance period) shall be repayable to PMRC in a bullet instalment. The remaining amount is payable semi-annually over a period equal to the weighted average tenor of mortgage loans to customers, up to a maximum of 25 years. Profit during the pre-finance period ranges from 10.00% to 11.00% and is payable semi-annually from August 2020. Profit post this period will be payable semi-annually at a rate to be determined based on an agreed formula including, inter alia, the amount of pre-finance facility utilized for further disbursements of mortgage loans to customers.

16 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	770,761,425	95,072,236	865,833,661	718,531,993	101,140,482	819,672,475
Savings deposits	894,653,982	95,572,001	990,225,983	904,288,563	84,593,001	988,881,564
Term deposits	320,523,782	122,257,713	442,781,495	255,854,893	104,894,494	360,749,387
	1,985,939,189	312,901,950	2,298,841,139	1,878,675,449	290,627,977	2,169,303,426
Financial institutions						
Current deposits	16,228,963	1,413,028	17,641,991	4,726,555	1,079,041	5,805,596
Savings deposits	268,062,399	318,279	268,380,678	123,858,010	18,008	123,876,018
Term deposits	563,992	2,074,779	2,638,771	2,001,790	912,256	2,914,046
	284,855,354	3,806,086	288,661,440	130,586,355	2,009,305	132,595,660
	2,270,794,543	316,708,036	2,587,502,579	2,009,261,804	292,637,282	2,301,899,086

17 SUBORDINATED DEBT

	Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
Tier II Term Finance Certificates	17.1	9,982,000	9,986,000
Additional Tier I Term Finance Certificates	17.2	12,374,000	12,374,000
		22,356,000	22,360,000

17.1 The Bank has issued Over The Counter (OTC) listed Term Finance Certificates (TFCs) as instruments of redeemable capital under Section 66 of the Companies Act, 2017 and the Basel III Guidelines set by the SBP. The key features of the issue are as follows:

Issue date	February 19, 2016
Issue amount	Rs 10 billion
Rating	AAA (Triple A) [December 31, 2019: AAA (Triple A)]
Tenor	10 years from the Issue Date
Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors but not including the Bank's Additional Tier I TFCs.
Profit payment frequency	Semi-annually in arrears
Redemption	The instrument has been structured to redeem 0.02% of the issue amount semi-annually during the first 108 months after the issue and 99.64% of the issue amount in two equal semi-annual installments in the 114th and 120th months.
Mark-up	Floating rate of return at Base Rate + 0.50%. The Base Rate is defined as the average “Ask Side” rate of the six months Karachi Interbank Offered Rate (KIBOR).
Call option	The Bank may call the TFCs, with the prior written approval of the SBP, on any profit payment date falling on or after the fifth anniversary of the Issue Date, subject to at least 60 days prior notice being given to the investors through the Trustee. The call option, once announced, will be irrevocable.
Lock-in clause	Neither profit nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

17.2 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:

Issue date	September 26, 2019
Issue amount	Rs 12.374 billion
Rating	AA+ (Double A plus) [December 31, 2019: AA+ (Double A plus)]
Tenor	Perpetual
Security	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.
Profit payment frequency	Quarterly in arrears
Redemption	Perpetual, hence not applicable.
Mark-up	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).
Call option	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 Date”).
Lock-in clause	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.
Loss absorbency clause	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

18	**OTHER LIABILITIES**	**Note**	**(Unaudited) September 30, 2020**	**(Audited) December 31, 2019**
			(Rupees in '000)	
	Mark-up / return / profit / interest payable in local currency		17,374,247	11,253,838
	Mark-up / return / profit / interest payable in foreign currency		3,046,595	2,537,607
	Security deposits		1,116,462	1,138,813
	Accrued expenses		17,066,579	14,585,462
	Mark to market loss on forward foreign exchange contracts		2,503,595	7,924,799
	Mark to market loss on derivative instruments		1,798,870	1,708,824
	Unclaimed dividends		678,443	405,966
	Dividends payable		134,521	400,464
	Provision for post retirement medical benefits		4,116,511	3,872,768
	Provision for employees' compensated absences		2,575,823	2,644,978
	Provision against off-balance sheet obligations	18.1	804,190	437,795
	Acceptances		24,186,887	22,771,310
	Provision for staff retirement benefits		1,528,622	1,063,338
	Payable to defined benefit plans		102,919	577,964
	Provision for Workers' Welfare Fund		6,073,044	5,220,295
	Unearned income		4,222,491	3,777,028
	Qarz-e-Hasna Fund		338,923	338,923
	Levies and taxes payable		3,693,124	7,347,626
	Insurance payable		989,917	645,817
	Provision for rewards program expenses		1,512,798	1,249,725
	Liability against trading of securities		11,130,037	7,883,792
	Clearing and settlement accounts		8,999,783	2,037,252
	Payable to HBL Foundation		255,429	158,202
	Contingent consideration payable		500,000	500,000
	Charity fund		3,347	10,375
	Lease liability against right-of-use assets		15,580,203	12,861,471
	Unclaimed deposits		742,859	670,374
	Others		2,094,952	2,422,100
			133,171,171	116,446,906
18.1	**Provision against off-balance sheet obligations**			
	Opening balance		437,795	479,510
	Exchange adjustment		(8,327)	7,518
	Charge for the period / year		104,121	53,677
	Reversal for the period / year		(70,914)	(102,910)
	Net charge / (reversal)		33,207	(49,233)
	Written off during the period / year		(4,053)	-
	Other movement		345,568	-
	Closing balance		804,190	437,795
19	**SURPLUS ON REVALUATION OF ASSETS - NET OF TAX**			
	Surplus arising on revaluation of assets, on:			
	- Fixed assets		22,184,297	22,235,136
	- Available-for-sale securities	8.1	19,218,763	5,857,959
	- Non-banking assets acquired in satisfaction of claims	13	164,304	164,304
			41,567,364	28,257,399
	Deferred tax on surplus on revaluation of:			
	- Fixed assets		1,142,113	1,161,940
	- Available-for-sale securities		7,495,318	2,284,604
	- Non-banking assets acquired in satisfaction of claims		-	-
			8,637,431	3,446,544
	Surplus on revaluation of assets - net of tax		32,929,933	24,810,855

		Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
20	**CONTINGENCIES AND COMMITMENTS**		(Rupees in '000)	
	- Guarantees	20.1	202,865,415	151,961,169
	- Commitments	20.2	672,251,268	822,473,567
	- Other contingent liabilities	20.3	24,152,135	23,458,521
			899,268,818	997,893,257
20.1	**Guarantees**			
	Financial guarantees		64,584,136	35,102,960
	Performance guarantees		129,253,624	108,417,670
	Other guarantees		9,027,655	8,440,539
			202,865,415	151,961,169
20.2	**Commitments**			
	Trade-related contingent liabilities		133,049,099	110,535,832
	Commitments in respect of:			
	- Forward foreign exchange contracts	20.2.1	335,975,683	569,780,600
	- Forward Government securities transactions	20.2.2	167,464,191	107,869,401
	- Derivatives	20.2.3	32,029,568	29,437,457
	- Forward lending	20.2.4	804,648	3,425,853
			536,274,090	710,513,311
	Commitments for acquisition of:			
	- Fixed assets		1,394,807	661,877
	- Intangible assets		1,533,272	762,547
			2,928,079	1,424,424
			672,251,268	822,473,567
20.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		220,898,376	333,012,340
	Sale		115,077,307	236,768,260
			335,975,683	569,780,600
20.2.2	**Commitments in respect of forward Government securities transactions**			
	Purchase		100,561,269	45,771,399
	Sale		66,902,922	62,098,002
			167,464,191	107,869,401
20.2.3	**Commitments in respect of derivatives**			
	Cross Currency swaps			
	Purchase		10,953,475	9,525,572
	Sale		12,834,598	10,882,712
			23,788,073	20,408,284
	Interest rate swaps			
	Purchase		-	-
	Sale		8,241,495	9,029,173
			8,241,495	9,029,173
20.2.4	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to extend credit		804,648	3,425,853

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

		(Unaudited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
20.3	**Other contingent liabilities**		
20.3.1	Claims against the Bank not acknowledged as debts	24,152,135	23,458,521

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.

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, 2019 and in similar notes for the 2017 and 2018 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.

20.3.3 The Central Bank of United Arab Emirates (CB UAE) has carried out a regulatory examination of UAE operations and has shared a report with the management, which has been responded to. CB UAE is reviewing the bank's response and has not communicated any specific action till date. Therefore, the eventual outcome cannot be determined at this stage.

21 DERIVATIVE INSTRUMENTS

Product Analysis

	September 30, 2020 (Unaudited)			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market Gain
	'(Rupees in '000)			
Market Making	23,788,073	(1,785,238)	8,241,495	165,608

	December 31, 2019 (Audited)			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	'(Rupees in '000)			
Market Making	20,408,284	(1,232,477)	9,029,173	(421,893)

		Note	(Unaudited) For the nine months ended September 30, 2020	September 30, 2019
22	**MARK-UP / RETURN / PROFIT / INTEREST EARNED**		(Rupees in '000)	
	On:			
	Loans and advances		83,344,068	86,848,893
	Investments		110,069,194	73,915,770
	Lendings to financial institutions		4,154,528	11,963,066
	Balances with banks		491,497	1,301,785
			198,059,287	174,029,514
23	**MARK-UP / RETURN / PROFIT / INTEREST EXPENSED**			
	On:			
	Deposits		81,159,595	77,387,649
	Securities sold under repurchase agreement borrowings		10,803,577	15,137,393
	Borrowings		5,168,115	6,830,213
	Subordinated debt		2,133,133	1,190,676
	Cost of foreign currency swaps against foreign currency deposits / borrowings		4,306,426	3,705,855
	Lease liability against right-of-use assets		1,525,476	730,827
			105,096,322	104,982,613
24	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		2,691,536	3,108,859
	Consumer finance related fees		1,093,590	798,702
	Card related fees (debit and credit cards)		2,982,529	3,622,260
	Credit related fees		431,530	502,843
	Investment banking fees		947,846	1,300,236
	Commission on trade related products and guarantees		2,207,977	1,988,348
	Commission on cash management		497,306	519,510
	Commission on remittances (including home remittances)		236,164	306,168
	Commission on bancassurance		474,910	1,737,400
	Commission on Government to Person (G2P) payments		475,865	405,341
	Merchant discount and interchange fees		1,554,443	1,418,797
	Others		124,615	52,930
			13,718,311	15,761,394
	Less: Sales tax / Federal Excise Duty on fee and commission income		(2,037,924)	(1,891,821)
			11,680,387	13,869,573
25	**GAIN / (LOSS) ON SECURITIES - NET**			
	Realised	25.1	7,348,934	(1,384,642)
	Unrealised - held-for-trading	8.1	(11,500)	(52,244)
			7,337,434	(1,436,886)
25.1	**Gain / (loss) on securities - realised**			
	On:			
	Federal Government securities			
	- Market Treasury Bills		3,028,819	114,531
	- Pakistan Investment Bonds		5,188,191	(18,642)
	- Ijarah Sukuks		(148,619)	(23,857)
	Shares		(869,909)	(2,492,088)
	Non-Government debt securities		155,410	(36,727)
	Foreign securities		(24,771)	37,485
	Associates		19,813	1,034,656
			7,348,934	(1,384,642)

		(Unaudited) For the nine months ended	
		September 30, 2020	September 30, 2019
26	**OTHER (LOSS) / INCOME**	(Rupees in '000)	
	Incidental charges	260,320	116,433
	Exchange gain realised on reduction in capital of subsidiary	1,395,592	-
	Exchange (loss) / gain realised on closure of bank's branch	(1,887,208)	165,156
	Gain on sale of fixed assets - net	4,663	88,692
	Gain on sale of non-banking asset - net	6,780	10,701
	Rent on properties	84,236	83,892
	Liabilities no longer required written back	-	52,411
		(135,617)	517,285
27	**OPERATING EXPENSES**		
	Total compensation expense	25,022,413	21,608,680
	Property expense		
	Rent and taxes	1,187,791	745,527
	Insurance	61,972	55,763
	Utilities cost	1,382,719	1,541,782
	Security (including guards)	1,351,172	1,234,365
	Repair and maintenance (including janitorial charges)	1,744,092	1,533,154
	Depreciation on owned fixed assets	2,178,651	2,039,681
	Depreciation on right-of-use assets	2,535,591	2,044,271
		10,441,988	9,194,543
	Information technology expenses		
	Software maintenance	2,193,551	1,804,354
	Hardware maintenance	592,619	502,610
	Depreciation	1,339,342	1,029,886
	Amortisation	528,656	334,527
	Network charges	852,195	1,010,143
	Consultancy charges	502,076	385,341
		6,008,439	5,066,861
	Other operating expenses		
	Legal and professional charges	2,461,574	4,354,132
	Outsourced services costs	1,366,812	1,133,103
	Travelling and conveyance	369,026	555,867
	Insurance	383,956	420,971
	Remittance charges	317,936	391,692
	Security charges	1,089,529	1,037,649
	Repairs and maintenance	617,944	504,701
	Depreciation	531,046	482,371
	Training and development	140,599	220,881
	Postage and courier charges	400,505	482,907
	Communication	495,071	490,823
	Stationery and printing	990,085	2,025,576
	Marketing, advertisement and publicity	2,883,258	2,526,146
	Donations	386,318	151,337
	Auditors' remuneration	124,117	116,184
	Brokerage and commission	490,814	415,494
	Subscription	122,831	99,207
	Documentation and processing charges	1,728,470	1,716,802
	Entertainment	175,928	214,989
	Consultancy charges	3,008,342	7,348,376
	Deposits insurance premium expense	1,674,062	1,567,824
	COVID-19 related expenses	528,773	-
	Others	1,009,255	362,243
		21,296,251	26,619,275
		62,769,091	62,489,359

		Note	(Unaudited) For the nine months ended September 30, 2020	September 30, 2019
28	**OTHER CHARGES**		(Rupees in '000)	
	Penalties imposed by the State Bank of Pakistan		291,460	402,321
	Penalties imposed by other regulatory bodies		988	1,736
			292,448	404,057
29	**PROVISIONS AND WRITE OFFS - NET**			
	(Reversal) / provision for diminution in value of investments	8.3	(253,139)	529,457
	Provision against loans and advances	9.3	7,650,261	1,079,341
	Provision against other assets	13.1.1	186,694	87,483
	Provision / (reversal) against off-balance sheet obligations	18.1	33,207	(56,932)
	Recoveries against written off / charged off bad debts		(272,073)	(365,914)
	Recoveries against other assets written off		(59,435)	(38,526)
			7,285,515	1,234,909
30	**TAXATION**			
	- Current		16,501,317	7,724,708
	- Prior years		74,246	1,933,029
	- Deferred		228,877	(1,258,665)
			16,804,440	8,399,072
31	**BASIC AND DILUTED EARNINGS PER SHARE**			
	Profit for the period		24,986,010	9,159,661
			(Number)	
	Weighted average number of ordinary shares		1,466,852,508	1,466,852,508
			(Rupees)	
	Basic and diluted earnings per share		17.03	6.24

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.

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 September 30, 2020 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	(Rupees in '000)				
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,404,373,479	-	1,404,373,479	-	1,404,373,479
- Shares - listed companies	6,385,257	6,385,257	-	-	6,385,257
- Non-Government debt securities					
- Listed	47,132,802	-	47,132,802	-	47,132,802
- Unlisted	-	-	-	-	-
- Foreign securities					
Government debt securities	34,992,286	-	34,992,286	-	34,992,286
Non-Government debt securities					
- Listed	2,524,534	-	2,524,534	-	2,524,534
- Unlisted	-	-	-	-	-
- National Investment Trust units	44,171	-	44,171	-	44,171
- Real Estate Investment Trust units	54,000	54,000	-	-	54,000
	1,495,506,529	6,439,257	1,489,067,272	-	1,495,506,529
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	180,536,559	-	180,753,987	-	180,753,987
- Non-Government debt securities					
- Listed	4,695,307	-	4,723,854	-	4,723,854
- Unlisted	17,098,785	-	17,098,785	-	17,098,785
- Foreign securities					-
Government debt securities	14,455,486	-	16,205,087	-	16,205,087
Non-Government debt securities					
- Listed	446,020	-	446,020	-	446,020
- Unlisted	343,630	-	343,630	-	343,630
- Associates and Joint venture	9,040,549	36,485,202	2,921,208	-	39,406,410
	226,616,336	36,485,202	222,492,571	-	258,977,773
	1,722,122,865	42,924,459	1,711,559,843	-	1,754,484,302

	As at September 30, 2020 (Unaudited)				
	Notional Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Off-balance sheet financial instruments - measured at fair value					
Commitments					
- Forward foreign exchange contracts	335,975,683	-	(551,625)	-	(551,625)
- Forward Government securities transactions	167,464,191	-	(4,613)	-	(4,613)
- Derivative instruments	32,029,568	-	(1,619,630)	-	(1,619,630)

	As at December 31, 2019 (Audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	(Rupees in '000)				
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,077,517,719	-	1,077,517,719	-	1,077,517,719
- Shares - listed companies	6,653,529	6,653,529	-	-	6,653,529
- Non-Government debt securities - Listed	1,722,749		1,722,749		1,722,749
- Foreign securities					
Government debt securities	27,545,041	-	27,545,041	-	27,545,041
Non-Government debt securities					
- Listed	3,198,549	-	3,198,549	-	3,198,549
- Unlisted	349,384	-	349,384	-	349,384
- National Investment Trust units	42,804	-	42,804	-	42,804
- Real Estate Investment Trust units	62,450	62,450	-	-	62,450
	1,117,092,225	6,715,979	1,110,376,246	-	1,117,092,225
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	167,722,486	-	158,832,106	-	158,832,106
- Non-Government debt securities					
- Listed	5,799,373	-	5,839,857	-	5,839,857
- Unlisted	18,146,759	-	18,146,759	-	18,146,759
- Foreign securities					
Government debt securities	7,371,115	-	7,615,906	-	7,615,906
Non-Government debt securities					
- Listed	510,542	-	510,542	-	510,542
- Unlisted	512,933	-	516,268	-	516,268
- Associates and Joint venture	9,155,882	27,439,998	3,272,473	-	30,712,471
	209,219,090	27,439,998	194,733,911	-	222,173,909
	1,326,311,315	34,155,977	1,305,110,157	-	1,339,266,134

	As at December 31, 2019 (Audited)				
Off-balance sheet financial instruments - measured at fair value	Notional Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Commitments					
- Forward foreign exchange contracts	569,780,600	-	(1,376,244)	-	(1,376,244)
- Forward Government securities transactions	107,869,401	-	25,258	-	25,258
- Derivative instruments	29,437,457	-	(1,654,370)	-	(1,654,370)

32.2 Fair value of non-financial assets

	As at September 30, 2020 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Fixed assets	45,735,557	-	-	45,735,557	45,735,557
Non-banking assets acquired in satisfaction of claims	590,280	-	-	590,280	590,280
	46,325,837	-	-	46,325,837	46,325,837

	As at December 31, 2019 (Audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Fixed assets	44,947,377	-	-	44,947,377	44,947,377
Non-banking assets acquired in satisfaction of claims	626,000	-	-	626,000	626,000
	45,573,377	-	-	45,573,377	45,573,377

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

	For the nine months ended September 30, 2020 (Unaudited)						
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspon-dent banking	Head Office / Others	Total
	(Rupees in million)						
Profit and loss account							
Net mark-up / return / profit / interest income	(35,942)	10,864	29,653	88,688	4,123	(4,423)	92,963
Inter segment revenue / (expense) - net	91,289	(4,394)	(20,267)	(76,019)	2,017	7,374	-
Non mark-up / interest income	3,242	4,145	2,200	9,832	2,026	(1,417)	20,028
Total income	58,589	10,615	11,586	22,501	8,166	1,534	112,991
Segment direct expenses	17,850	3,879	1,314	903	13,967	26,001	63,914
Inter segment expense allocation	13,890	1,683	3,308	431	4,486	(23,798)	-
Total expenses	31,740	5,562	4,622	1,334	18,453	2,203	63,914
Provisions - charge	2,643	569	2,076	(930)	2,861	67	7,286
Profit / (loss) before tax	24,206	4,484	4,888	22,097	(13,148)	(736)	41,791

	As at September 30, 2020 (Unaudited)						
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspon-dent banking	Head Office / Others	Total
	(Rupees in million)						
Statement of financial position							
Cash and bank balances	174,927	-	1,007	84,807	66,598	-	327,339
Lendings to financial institutions	23,977	-	-	40,109	-	-	64,086
Inter segment lending	1,373,504	-	-	-	149,146	151,068	1,673,718
Investments	117,344	-	8,675	1,522,280	76,058	22,238	1,746,595
Advances - performing	264,000	68,281	519,831	-	169,106	15,487	1,036,705
Advances - non-performing	2,249	226	2,143	-	2,771	5	7,394
Others	21,943	2,159	30,236	29,067	13,654	82,628	179,687
Total assets	1,977,944	70,666	561,892	1,676,263	477,333	271,426	5,035,524
Borrowings	32,312	-	67,080	154,173	86,419	398	340,382
Subordinated debt	-	-	-	-	-	22,356	22,356
Deposits and other accounts	1,890,458	4,998	351,076	6	336,137	4,828	2,587,503
Inter segment borrowing	-	60,957	116,597	1,496,164	-	-	1,673,718
Others	33,616	4,711	27,139	16,135	15,200	80,096	176,897
Total liabilities	1,956,386	70,666	561,892	1,666,478	437,756	107,678	4,800,856
Equity	21,558	-	-	9,785	39,577	163,748	234,668
Total equity and liabilities	1,977,944	70,666	561,892	1,676,263	477,333	271,426	5,035,524
Contingencies and commitments	36,721	-	283,678	497,867	54,337	26,666	899,269

	For the nine months ended September 30, 2019 (Unaudited)						
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspon-dent banking	Head Office / Others	Total
	(Rupees in million)						
Profit and loss account							
Net mark-up / return / profit / interest income	(38,964)	9,167	38,087	59,747	4,413	(3,403)	69,047
Inter segment revenue / (expense) - net	94,495	(3,271)	(31,115)	(65,911)	1,379	4,423	-
Non mark-up / interest income	5,158	4,682	2,826	976	2,295	(2,909)	13,028
Total income	60,689	10,578	9,798	(5,188)	8,087	(1,889)	82,075
Segment direct expenses	21,507	4,283	1,826	363	16,695	18,608	63,282
Inter segment expense allocation	10,768	733	851	198	3,757	(16,307)	-
Total expenses	32,275	5,016	2,677	561	20,452	2,301	63,282
Provisions - charge / (reversal)	1,160	217	(823)	111	244	326	1,235
Profit / (loss) before tax	27,254	5,345	7,944	(5,860)	(12,609)	(4,516)	17,558

	As at December 31, 2019 (Audited)						
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspon-dent banking	Head Office / Others	Total
	(Rupees in million)						
Statement of financial position							
Cash and bank balances	161,969	-	619	121,382	85,411	-	369,381
Lendings to financial institutions	20,489	-	-	24,814	-	-	45,303
Inter segment lending	1,265,980	-	-	-	179,243	96,142	1,541,365
Investments	32,793	-	15,447	1,232,686	50,723	20,313	1,351,962
Advances - performing	323,249	57,908	528,385	-	144,608	12,919	1,067,069
Advances - non-performing	1,807	149	2,094	-	1,899	-	5,949
Others	32,009	1,661	35,905	30,134	11,142	103,218	214,069
Total assets	1,838,296	59,718	582,450	1,409,016	473,026	232,592	4,595,098
Borrowings	23,776	-	68,801	200,002	89,493	-	382,072
Subordinated debt	-	-	-	-	-	22,360	22,360
Deposits and other accounts	1,773,863	3,528	188,176	20	332,828	3,484	2,301,899
Inter segment borrowing	-	51,520	303,408	1,186,437	-	-	1,541,365
Others	23,950	4,670	22,065	19,384	14,907	61,004	145,980
Total liabilities	1,821,589	59,718	582,450	1,405,843	437,228	86,848	4,393,676
Equity	16,707	-	-	3,173	35,798	145,744	201,422
Total equity and liabilities	1,838,296	59,718	582,450	1,409,016	473,026	232,592	4,595,098
Contingencies and commitments	31,112	-	217,213	674,728	50,293	24,547	997,893

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 September 30, 2020 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
Statement of financial position	(Rupees in '000)						
Balances with other banks							
In current accounts	-	-	18,285	576,302	-	2,089	-
Investments							
Opening balance	-	-	-	18,590,630	9,276,448	135,665	4,775,603
Investment made during the period	-	-	-	-	-	-	-
Investment redeemed / disposed off during	-	-	-	(1,625,607)	(115,334)	-	-
the period	-	-	-	-	-	-	-
Revaluation of investment during the period	-	-	-	-	-	-	(41,277)
Exchange translation impact	-	-	-	325,634	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-
Closing balance	-	-	-	17,290,657	9,161,114	135,665	4,734,326
Advances							
Opening balance	1,181	300,024	3,853,355	52,035	1,375,000	-	7,924,895
Addition during the period	7,032	98,498	9,243,446	2,116,382	-	-	5,066,902
Repaid during the period	(7,868)	(99,547)	(8,890,435)	(125,675)	(125,000)	-	(4,495,995)
Transfer (out) - net	-	(56,693)	-	-	-	-	(1,726,437)
Other movements	-	-		1,104	-		-
Closing balance	345	242,282	4,206,366	2,043,846	1,250,000	-	6,769,365
Provision held against advances	-	-	-	-	-	-	-
Other Assets							
Interest / mark-up accrued	-	653	30,325	75,327	33,262	-	183,943
Other receivable	-	945	-	-	452,997	-	3,250
	-	1,598	30,325	75,327	486,259	-	187,193
Borrowings							
Opening balance	-	-	2,475,576	4,187,854	929,086	1,548,476	-
Borrowings during the period	-	-	5,137,997	5,592,048	1,946,308	3,243,847	500,000
Settled during the period	-	-	(5,676,733)	(9,094,331)	(2,919,463)	(4,865,771)	(5,691)
Other movements	-	-	219,553	235,724	44,069	73,448	-
Closing balance	-	-	2,156,393	921,295	-	-	494,309
Deposits and other accounts							
Opening balance	26,259	165,374	7,803,875	1,076,088	11,245,324	-	670,531
Received during the period	176,949	2,871,900	131,742,505	147,191,096	494,447,426	-	46,713,818
Withdrawn during the period	(161,780)	(2,628,947)	(132,760,832)	(147,088,061)	(480,253,415)	-	(44,634,781)
Transfer in / (out) - net	4,619	(271)	-	-	-	-	(3,532)
Other movements	99	3,731	410,553	(3,350)	711		-
Closing balance	46,146	411,787	7,196,101	1,175,773	25,440,046	-	2,746,036
Other liabilities							
Interest / mark-up payable	2	1,710	108,532	3,473	30,591	-	1,503
Payable to staff retirement fund	-	-	-	-	-	-	102,919
Other payables	-	-	5,440	17,689	76,840	-	255,429
	2	1,710	113,972	21,162	107,431	-	359,851
Contingencies and Commitments							
Letter of credit	-	-	295,693	-	-	-	1,674,674
Letter of guarantee	-	-	134,457	4,594	-	-	3,419,047
Forward purchase of Government securities	-	-	440,039	-	-	-	300,017
Forward sale of Government securities	-	-	-	-	-	-	-
Forward Lending	-	-	-	-	-	-	200,000
Interest rate swaps	-	-	933,161	-	1,250,000	-	-
	-	-	1,803,350	4,594	1,250,000	-	5,593,738
Others							
Securities held as custodians	-	5,525	4,628,195	-	66,087,460	-	8,325,275

	For the nine months ended September 30, 2020 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Profit and loss account							
Income							
Mark-up / return / profit / interest earned	-	17,828	256,884	229,828	201,304	-	823,353
Fee and commission income	-	-	83,745	26,710	737,942	263	38,968
Dividend income	-	-	-	-	665,244	518,967	36,522
Foreign exchange gain	-	-	-	211,992	-	-	-
Loss from derivatives	-	-	(21,600)	-	(23,022)	-	-
Gain on sale of securities - net	-	-	-	-	34,666	-	-
Rent on properties	-	-	-	28,234	-	-	-
Other income	-	-	-	6,784	-	-	-
Expense							
Mark-up / return / profit / interest expensed	88	8,860	338,982	52,652	601,909	19,797	116,574
Operating expenses							
Total compensation expense	-	846,132	-	-	-	-	691,929
Non-Executive Directors' fees	60,600	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	883,565	-	-
Advertisement and publicity	-	-	76,887	-	-	-	-
Travelling	-	-	15,773	-	-	-	-
Subscription	-	-	-	-	-	-	44,269
Donation	-	-	76,950	-	-	-	255,429
Other expenses	-	-	7,450	199	-	-	157,303
Others							
Purchase of Government securities	-	-	75,901,592	-	20,627,560	-	6,313,719
Sale of Government securities	-	31,716	79,135,998	1,274,283	67,062,075	-	9,442,915
Purchase of foreign currencies	-	-	727,028	11,775,792	3,875	-	1,868
Sale of foreign currencies	-	-	2,438,735	4,374,515	92,800	-	4,471,035
Insurance claims settled	-	-	-	-	107,812	-	-

	As at December 31, 2019 (Audited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
Statement of financial position	(Rupees in '000)						
Balances with other banks							
In current accounts	-	-	215	350,881	-	2,569	-
Investments							
Opening balance	-	-	-	18,111,059	11,523,187	135,665	4,004,502
Investment made during the year	-	-	-	-	-	-	1,095,511
Investment redeemed / disposed off during the year	-	-	-	-	(2,246,739)	-	(158,960)
Exchange translation impact	-	-	-	479,571	-	-	-
Transfer (out) - net	-	-	-	-	-	-	(165,450)
Closing balance	-	-	-	18,590,630	9,276,448	135,665	4,775,603
Advances							
Opening balance	1,566	235,460	3,536,393	40,806	1,500,000	-	13,376,593
Addition during the year	13,159	176,846	5,302,656	56,271	-	-	350,670,513
Repaid during the year	(13,544)	(108,244)	(4,985,694)	(45,042)	(125,000)	-	(347,326,871)
Transfer (out) - net	-	(4,425)	-	-	-	-	(8,795,340)
Closing balance	1,181	299,637	3,853,355	52,035	1,375,000	-	7,924,895
Provision held against advances	-	-	-	-	-	-	(1,726,437)
Other Assets							
Interest / mark-up accrued	-	665	49,194	56,948	44,448	-	224,553
Receivable from staff retirement fund	-	-	-	-	-	-	24,419
Other receivable	-	3,195	-	57,079	277,475	-	1,852
	-	3,860	49,194	114,027	321,923	-	250,824
Borrowings							
Opening balance	-	-	2,290,315	-	2,499,514	1,388,619	-
Borrowings during the year	-	-	8,423,723	10,370,969	2,754,171	4,750,143	-
Settled during the year	-	-	(8,238,462)	(6,183,115)	(4,324,599)	(4,590,286)	-
Closing balance	-	-	2,475,576	4,187,854	929,086	1,548,476	-

	As at December 31, 2019 (Audited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Deposits and other accounts							
Opening balance	72,451	14,188	7,181,954	1,366,812	4,499,559	-	778,919
Received during the year	475,433	1,500,913	291,153,125	215,020,749	383,397,316	-	133,112,658
Withdrawn during the year	(517,919)	(1,351,466)	(290,531,204)	(215,311,473)	(376,651,551)	-	(133,180,618)
Transfer in / (out) - net	(3,706)	1,739	-	-	-	-	(40,428)
Closing balance	26,259	165,374	7,803,875	1,076,088	11,245,324	-	670,531
Other liabilities							
Interest / mark-up payable	-	863	45,717	7,169	40,441	7,076	1,258
Payable to staff retirement fund	-	-	-	-	-	-	577,964
Other payables	-	-	69,334	35,669	123,558	-	158,202
	-	863	115,051	42,838	163,999	7,076	737,424
Contingencies and Commitments							
Letter of credit	-	-	502,087	-	-	-	2,655,788
Letter of guarantee	-	-	142,888	12,921	-	-	-
Forward purchase of Government securities	-	-	-	-	-	-	386,193
Forward sale of Government securities	-	-	-	181,610	-	-	-
Interest rate swaps	-	-	1,154,173	-	1,375,000	-	-
	-	-	1,799,148	194,531	1,375,000	-	3,041,981
Others							
Securities held as custodians	-	8,730	7,195,675	-	28,665,515	-	8,526,920

	For the nine months ended September 30, 2019 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Profit and loss account							
Income							
Mark-up / return / profit / interest earned	-	12,055	277,703	411,339	138,819	-	1,210,390
Fee and commission income	-	-	3,880	32,739	1,746,838	244	3,529
Dividend income	-	-	-	-	712,099	-	81,776
Foreign exchange loss	-	-	-	(119,949)	-	-	-
Loss from derivatives	-	-	(25,647)	-	(6,758)	-	-
Gain on sale of securities - net	-	-	-	-	1,034,656	-	-
Rent on properties	-	-	-	28,241	-	-	-
Other income	-	-	-	5,654	-	-	-
Expense							
Mark-up / return / profit / interest expensed	1,227	3,583	276,223	47,866	247,533	33,711	35,957
Operating expenses	-	-	-	-	-	-	-
Total compensation expense	-	781,532	-	-	-	-	654,187
Non-Executive Directors' fees	36,800	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	876,299	-	-
Advertisement and publicity	-	-	61,877	-	-	-	724,067
Travelling	-	-	21,536	20	-	-	-
Subscription	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	41,712
Brokerage and commission	-	-	-	-	-	-	101,137
Other expenses	-	-	-	3,866	-	-	123,973
Provision for diminution in value of investments	-	-	-	-	-	-	723
							(106,885)
Others							
Purchase of Government securities	-	24,175	108,031,647	-	19,953,031	-	294,101,001
Sale of Government securities	-	24,457	140,361,091	66,129	38,307,507	-	319,912,676
Purchase of foreign currencies	15,863	-	1,615,694	5,758,823	5,527	-	4,148
Sale of foreign currencies	-	-	2,886,661	2,458,425	53,884	-	8,860,325
Insurance claims settled	-	-	-	-	163,820	-	-

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Unaudited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,668,525	14,668,525
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	166,997,327	142,980,287
Eligible Additional Tier 1 (ADT 1) Capital	12,076,906	12,270,890
Total Eligible Tier 1 Capital	179,074,233	155,251,177
Eligible Tier 2 Capital	52,640,767	38,318,243
Total Eligible Capital (Tier 1 + Tier 2)	231,715,000	193,569,420
Risk Weighted Assets (RWAs):		
Credit Risk	870,477,376	866,844,689
Market Risk	123,167,886	98,801,011
Operational Risk	168,054,363	168,054,363
Total	1,161,699,625	1,133,700,063
Common Equity Tier 1 Capital Adequacy ratio	14.38%	12.61%
Tier 1 Capital Adequacy Ratio	15.41%	13.69%
Total Capital Adequacy Ratio	19.95%	17.07%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	9.50%	10.50%
of which: capital conservation buffer requirement	1.50%	2.50%
of which: countercyclical buffer requirement	-	-
of which: D-SIB or G-SIB buffer requirement	2.00%	2.00%
CET1 available to meet buffers (as a percentage of risk weighted assets)	8.38%	6.61%
Other information:		
National minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	9.50%	10.50%
Tier 1 minimum ratio (%)	11.00%	12.00%
Total capital minimum ratio (%)	13.50%	14.50%
Leverage Ratio (LR)		
Eligible Tier-1 Capital	179,074,233	155,251,177
Total Exposures	3,865,674,204	3,417,160,879
Leverage Ratio (%)	4.63%	4.54%
Minimum Requirement (%)	3.00%	3.00%
Liquidity Coverage Ratio (LCR)	**Total Adjusted Value (Rupees in '000)**	
Average High Quality Liquid Assets	1,296,769,551	906,731,376
Average Net Cash Outflow	506,522,709	585,290,046
Liquidity Coverage Ratio (%)	256.01%	154.92%
Minimum Requirement (%)	100.00%	100.00%
Net Stable Funding Ratio (NSFR)	**Total Weighted Value (Rupees in '000)**	
Total Available Stable Funding	2,532,832,087	2,354,284,645
Total Required Stable Funding	1,347,165,508	1,337,084,320
Net Stable Funding Ratio (%)	188.01%	176.08%
Minimum Requirement (%)	100.00%	100.00%

36 ISLAMIC BANKING BUSINESS

The Bank operates 58 (December 31, 2019: 48) Islamic Banking branches and 483 (December 31, 2019: 493) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
ASSETS		(Rupees in '000)	
Cash and balances with treasury banks		16,757,236	17,113,303
Balances with other banks		-	-
Due from financial institutions	36.1	23,977,460	20,489,184
Investments	36.2	117,343,729	33,594,111
Islamic financing and related assets - net	36.3	118,060,806	153,117,099
Fixed assets		766,607	862,149
Intangible assets		-	-
Due from Head Office		-	40,224,245
Deferred tax assets		1,651	18,126
Other assets		7,011,415	10,709,190
		283,918,904	276,127,407
LIABILITIES			
Bills payable		9,272	18,048
Due to financial institutions	36.4	15,682,212	10,780,192
Deposits and other accounts	36.5	239,400,053	242,548,177
Due to Head Office		1,629,982	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities		5,639,313	6,073,627
		262,360,832	259,420,044
NET ASSETS		21,558,072	16,707,363
REPRESENTED BY			
Islamic Banking Fund		250,000	250,000
Reserves		-	-
Deficit on revaluation of investments - net of tax		(2,582)	(28,352)
Unappropriated profit	36.6	21,310,654	16,485,715
		21,558,072	16,707,363
Contingencies and commitments	36.7		

PROFIT AND LOSS ACCOUNT		(Unaudited) For the nine months ended September 30, 2020	September 30, 2019
		(Rupees in '000)	
Profit / return earned	36.8	17,194,190	13,772,948
Profit / return expensed	36.9	7,056,160	6,804,712
Net profit / return		10,138,030	6,968,236
Other income			
Fee and commission income		433,885	471,921
Dividend income		-	-
Foreign exchange (loss) / income		(59,803)	27,042
Income from derivatives		-	-
Loss on securities - net		(180,913)	(27,609)
Others		6,704	5,895
Total other income		199,873	477,249
Total income		10,337,903	7,445,485
Other expenses			
Operating expenses		1,540,954	1,450,266
Workers' Welfare Fund		161,607	118,298
Other charges		14,107	-
Total other expenses		1,716,668	1,568,564
Profit before provisions		8,621,235	5,876,921
Provisions and write offs - net		702,479	80,315
Profit before taxation		7,918,756	5,796,606
Taxation		3,093,817	2,260,676
Profit after taxation		4,824,939	3,535,930

		(Unaudited) September 30, 2020	(Audited) December 31, 2019
36.1	**Due from Financial Institutions**	(Rupees in '000)	
	Unsecured	10,390,000	-
	Bai Muajjal Receivable from State Bank of Pakistan	5,257,577	20,489,184
	Bai Muajjal Receivable from other financial institutions	8,329,883	-
		23,977,460	20,489,184

36.2 **Investments by segments**

	September 30, 2020 (Unaudited)				December 31, 2019 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Federal Government securities								
-Ijarah Sukuks	44,678,362	-	(236,712)	44,441,650	4,667,551	-	(46,478)	4,621,073
- Bai Muajjal with Government of Pakistan	10,794,000	-	-	10,794,000	10,794,000	-	-	10,794,000
	55,472,362	-	(236,712)	55,235,650	15,461,551	-	(46,478)	15,415,073
Non-Government debt securities								
-Listed	47,708,984	-	217,480	47,926,464	3,564,480	-	-	3,564,480
-Unlisted	14,166,615	-	15,000	14,181,615	14,614,558	-	-	14,614,558
	61,875,599	-	232,480	62,108,079	18,179,038	-	-	18,179,038
Total Investments	117,347,961	-	(4,232)	117,343,729	33,640,589	-	(46,478)	33,594,111

		(Unaudited) September 30, 2020	(Audited) December 31, 2019
36.3	**Islamic financing and related assets - net**	(Rupees in '000)	
	Ijarah	2,268,965	2,171,508
	Murabaha	697,577	1,095,324
	Diminishing Musharakah	62,281,360	83,342,719
	Wakalah	10,000,000	10,000,000
	Istisna	1,159,792	-
	Tijarah	277,552	-
	Islamic Home Financing	1,335,991	770,666
	Running Musharakah	17,011,728	16,085,686
	Currency Salam	299,512	-
	Islamic refinance scheme for payment of wages and salaries	1,594,225	-
	Advance for Ijarah	211,739	276,530
	Advance for Murabaha	2,227,331	973,239
	Advance for Diminishing Musharakah	2,639,453	6,295,175
	Advance for Istisna	13,417,008	26,191,522
	Advance for Salam	-	400,000
	Advance Against Islamic Temporary Economic Refinance Facility	335,782	-
	Advance Against Islamic Financing Facility for Renewable Energy	48,713	-
	Inventories against Murabaha	1,795,389	3,808,372
	Inventories against Istisna	609,637	1,615,548
	Inventories against Tijarah	695,605	293,209
	Islamic financing and related assets - gross	118,907,359	153,319,498
	Provision against Islamic financing and related assets		
	-Specific	(56,490)	(183,056)
	-General	(790,063)	(19,343)
		(846,553)	(202,399)
	Islamic financing and related assets - net of provision	118,060,806	153,117,099

36.4	**Due to financial institutions**		
	Unsecured acceptance of funds	-	2,500,000
	Acceptances from the SBP under Islamic Export Refinance Scheme	9,444,321	5,409,205
	Acceptances from the SBP under Islamic Long Term Financing Facility	4,270,181	2,870,987
	Acceptances from SBP under Islamic refinance scheme for payment of wages and salaries	1,412,487	-
	Acceptance from SBP under Islamic Financing Facility for Renewable Energy	48,713	-
	Acceptance from SBP under Islamic Temporary Economic Refinance Facility	12,200	-
	Acceptances from Pakistan Mortgage Refinance Company	494,310	-
		15,682,212	10,780,192

		Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
36.5	**Deposits and other accounts**		(Rupees in '000)	
	Customers			
	Current deposits		59,381,940	53,090,383
	Savings deposits		101,707,046	108,120,718
	Term deposits		14,530,410	14,648,767
			175,619,396	175,859,868
	Financial Institutions			
	Current deposits		277,865	302,467
	Savings deposits		61,208,489	65,183,796
	Term deposits		2,294,303	1,202,046
			63,780,657	66,688,309
			239,400,053	242,548,177
36.6	**Islamic Banking business unappropriated profit**			
	Opening Balance		16,485,715	11,091,387
	Add: Islamic Banking profit for the period / year		7,918,756	8,845,722
	Less: Taxation		(3,093,817)	(3,451,394)
	Closing Balance		21,310,654	16,485,715
36.7	**Contingencies and commitments**			
	- Guarantees	36.7.1	1,146,530	593,721
	- Commitments	36.7.2	16,595,220	17,180,683
			17,741,750	17,774,404
36.7.1	**Guarantees**			
	Financial Guarantees		37,224	-
	Performance guarantees		1,010,281	308,988
	Other guarantees		99,025	284,733
			1,146,530	593,721
36.7.2	**Commitments**			
	Trade-related contingent liabilities		5,942,880	3,456,851
	Commitments in respect of forward foreign exchange contracts	36.7.2.1	10,652,340	13,723,832
			16,595,220	17,180,683
36.7.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		5,629,827	7,721,565
	Sale		5,022,513	6,002,267
			10,652,340	13,723,832

		(Unaudited) For the nine months ended	
36.8	**Profit / return earned**	September 30, 2020	September 30, 2019
		(Rupees in '000)	
	On:		
	Financing	10,316,618	9,219,440
	Investments	5,857,861	3,121,571
	Due from financial institutions	1,019,711	1,431,937
		17,194,190	13,772,948
36.9	**Profit / return expensed**		
	On:		
	Deposits and other accounts	6,485,357	5,223,936
	Amounts due to financial institutions	465,391	1,282,136
	Foreign currency deposits for Wa'ad based transactions	27,326	247,703
	Lease liability against right-of-use assets	78,086	50,937
		7,056,160	6,804,712

37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

37.1 In compliance with the SBP's instructions as disclosed in note 4.6 to the condensed interim unconsolidated financial statements, the Board of Directors, in its meeting held on October 16, 2020 has not declared any cash dividend in respect of the quarter ended September 30, 2020 (September 30, 2019: Rs 1.25 per share). Therefore, there is no non-adjusting event after the balance sheet date.

38 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on October 16, 2020.

39 GENERAL

39.1 These condensed interim unconsolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular Letter No. 5 dated March 22, 2019 and related clarifications / modifications.

39.2 The comparative figures have been re-arranged and reclassified for comparison purposes.

Muhammad Aurangzeb	Rayomond Kotwal	Shaffiq Dharamshi	Salim Raza	Salim Yahya Chinoy
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director