HBL

CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2021

Habib Bank Limited
Condensed Interim Consolidated Statement of Financial Position
As at September 30, 2021

	Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	5	326,181,710	375,280,120
Balances with other banks	6	57,426,214	56,533,829
Lendings to financial institutions	7	148,873,463	30,154,193
Investments	8	1,937,064,327	1,948,576,822
Advances	9	1,371,115,134	1,223,510,222
Fixed assets	10	95,107,082	89,190,210
Intangible assets	11	11,821,003	10,412,880
Deferred tax assets		-	-
Other assets	12	133,110,017	115,404,542
		4,080,698,950	3,849,062,818
LIABILITIES			
Bills payable	13	47,002,764	46,434,199
Borrowings	14	397,760,623	544,107,826
Deposits and other accounts	15	3,166,927,396	2,830,371,390
Liabilities against assets subject to finance lease		-	-
Subordinated debt	16	12,374,000	22,356,000
Deferred tax liabilities	17	7,519,127	10,387,859
Other liabilities	18	167,726,481	129,910,297
		3,799,310,391	3,583,567,571
NET ASSETS		281,388,559	265,495,247
REPRESENTED BY			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		78,396,076	72,062,025
Surplus on revaluation of assets - net of tax	19	31,029,042	36,004,914
Unappropriated profit		153,459,861	138,208,223
Total equity attributable to the equity holders of the Bank		277,553,504	260,943,687
Non-controlling interest		3,835,055	4,551,560
		281,388,559	265,495,247
CONTINGENCIES AND COMMITMENTS	20		

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

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, 2021

	Note	January 01 to September 30, 2021	January 01 to September 30, 2020	July 01 to September 30, 2021	July 01 to September 30, 2020
		---------- (Rupees in '000) ----------			
Mark-up / return / profit / interest earned	22	192,743,213	207,931,102	65,879,599	64,799,539
Mark-up / return / profit / interest expensed	23	95,591,346	109,146,648	33,591,370	29,090,261
Net mark-up / return / profit / interest income		97,151,867	98,784,454	32,288,229	35,709,278
Non mark-up / interest income					
Fee and commission income	24	17,940,372	13,383,475	6,163,137	4,483,757
Dividend income		491,020	287,643	147,855	90,746
Share of profit of associates and joint venture		1,944,752	2,546,333	708,915	1,319,308
Foreign exchange income / (loss)		2,910,528	(333,426)	1,446,719	408,910
(Loss) / income from derivatives		(77,203)	622,743	(968,070)	364,465
Gain on securities - net	25	1,569,608	7,362,042	87,964	655,186
Other income	26	943,492	198,466	526,706	101,389
Total non mark-up / interest income		25,722,569	24,067,276	8,113,226	7,423,761
Total income		122,874,436	122,851,730	40,401,455	43,133,039
Non mark-up / interest expenses					
Operating expenses	27	70,012,984	70,284,509	23,161,038	22,612,470
Workers' Welfare Fund - charge		909,682	856,682	274,403	339,936
Other charges	28	79,104	292,448	27,242	59,840
Total non mark-up / interest expenses		71,001,770	71,433,639	23,462,683	23,012,246
Profit before provisions and taxation		51,872,666	51,418,091	16,938,772	20,120,793
Provisions / (reversals) and write offs - net	29	5,495,337	8,514,690	1,758,412	3,046,838
Profit before taxation		46,377,329	42,903,401	15,180,360	17,073,955
Taxation	30	19,391,383	17,631,334	6,224,384	6,990,500
Profit after taxation		26,985,946	25,272,067	8,955,976	10,083,455
Attributable to:					
Equity holders of the Bank		26,707,170	25,191,830	9,050,933	10,048,332
Non-controlling interest		278,776	80,237	(94,957)	35,123
		26,985,946	25,272,067	8,955,976	10,083,455
		----------Rupees----------			
Basic and diluted earnings per share	31	18.21	17.17	6.17	6.85

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

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, 2021

	January 01 to September 30, 2021	January 01 to September 30, 2020	July 01 to September 30, 2021	July 01 to September 30, 2020
	---------- (Rupees in '000) ----------			
Profit after taxation for the period attributable to:				
Equity holders of the Bank	26,707,170	25,191,830	9,050,933	10,048,332
Non-controlling interest	278,776	80,237	(94,957)	35,123
	26,985,946	25,272,067	8,955,976	10,083,455
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	3,404,864	3,197,630	4,804,162	(386,466)
Non-controlling interest	49,110	51,915	51,650	34,869
	3,453,974	3,249,545	4,855,812	(351,597)
Increase / (decrease) in share of exchange translation reserve of associates- net of tax	66,625	31,281	(118,752)	57,745
Movement in surplus / deficit on revaluation of investments - net of tax, attributable to:				
Equity holders of the Bank	(4,806,910)	8,144,346	(2,238,199)	(6,760,666)
Non-controlling interest	(24,807)	12,731	(15,701)	(12,690)
	(4,831,717)	8,157,077	(2,253,900)	(6,773,356)
Movement in share of surplus / deficit on revaluation of investments of associates - net of tax	(3,279)	(84,267)	73,023	49,901
Items that are not to be reclassified to the profit and loss account in subsequent periods:				
Share of remeasurement gain on defined benefit obligations of associates - net of tax	4,160	3,214	702	570
Movement in surplus on revaluation of fixed assets attributable to:				
Equity holders of the Bank	14,317	-	14,317	-
Non-controlling interest	(14,317)	-	(14,317)	-
	-	-	-	-
Total comprehensive income	25,675,709	36,628,917	11,512,861	3,066,718
Total comprehensive income attributable to:				
Equity holders of the Bank	25,386,947	36,484,034	11,586,186	3,009,416
Non-controlling interest	288,762	144,883	(73,325)	57,302
	25,675,709	36,628,917	11,512,861	3,066,718

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

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, 2021

	Attributable to shareholders of the Bank										Non-controlling interest	Total
		Reserves					Surplus/ (deficit) on revaluation of					
		Statutory		Capital								
	Share capital	Joint venture and subsidiary	Bank	Exchange translation	Non-distributable	On acquisition of common control entity	Investments	Fixed / Non Banking Assets	Unappropriated profit	Sub Total		
	(Rupees in '000)											
Balance as at December 31, 2019	14,668,525	1,239,213	33,463,859	31,167,030	547,115	(156,706)	3,530,150	21,345,233	114,550,097	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	-	-	-	-	-	-	-	-	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	-	-	8,060,079	-	25,195,044	36,484,034	144,883	36,628,917
Transferred to statutory reserves	-	164,538	2,498,601	-	-	-	-	-	(2,663,139)	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(34,451)	35,470	1,019	(1,019)	-
Exchange gain realised on capital reduction in subsidiary under liquidation - net of tax	-	-	-	(1,082,350)	-	-	-	-	-	(1,082,350)	-	(1,082,350)
Reversal of deferred tax asset recognised on subsidiary under liquidation	-	-	-	-	-	-	-	-	(108,817)	(108,817)	-	(108,817)
Exchange loss realised on closure of Bank branch - net of tax	-	-	-	1,151,197	-	-	-	-	-	1,151,197	-	1,151,197
Transactions with owners, recorded directly in equity												
Final cash dividend - Rs 1.25 per share declared subsequent to the year ended December 31, 2019	-	-	-	-	-	-	-	-	(1,833,565)	(1,833,565)	-	(1,833,565)
1st interim cash dividend - Rs 1.25 per share	-	-	-	-	-	-	-	-	(1,833,565)	(1,833,565)	-	(1,833,565)
	-	-	-	-	-	-	-	-	(3,667,130)	(3,667,130)	-	(3,667,130)
Balance as at September 30, 2020	14,668,525	1,403,751	35,962,460	34,464,788	547,115	(156,706)	11,590,229	21,310,782	133,341,525	253,132,469	4,540,860	257,673,329
Comprehensive income for the three months ended December 31, 2020												
Profit after taxation for the three months ended December 31, 2020	-	-	-	-	-	-	-	-	5,700,441	5,700,441	(59,159)	5,641,282
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	(880,134)	-	-	-	-	-	(880,134)	24,805	(855,329)
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	23,585	-	-	-	-	-	23,585	-	23,585
Remeasurement (loss) / gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(154,494)	(154,494)	486	(154,008)
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	-	-	1,954	1,954	-	1,954
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	(3,166,140)	6,167,217	-	3,001,077	44,113	3,045,190
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	119,244	-	-	119,244	-	119,244
	-	-	-	(856,549)	-	-	(3,046,896)	6,167,217	5,547,901	7,811,673	10,245	7,821,918
Transferred to statutory reserves	-	43,399	653,767	-	-	-	-	-	(697,166)	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(16,418)	15,963	(455)	455	-
Balance as at December 31, 2020	14,668,525	1,447,150	36,616,227	33,608,239	547,115	(156,706)	8,543,333	27,461,581	138,208,223	260,943,687	4,551,560	265,495,247
Comprehensive income for the nine months ended September 30, 2021												
Profit after taxation for the nine months ended September 30, 2021	-	-	-	-	-	-	-	-	26,707,170	26,707,170	278,776	26,985,946
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	3,404,864	-	-	-	-	-	3,404,864	49,110	3,453,974
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	66,625	-	-	-	-	-	66,625	-	66,625
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	-	-	4,160	4,160	-	4,160
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	(4,806,910)	14,317	-	(4,792,593)	(39,124)	(4,831,717)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	(3,279)	-	-	(3,279)	-	(3,279)
	-	-	-	3,471,489	-	-	(4,810,189)	14,317	26,711,330	25,386,947	288,762	25,675,709
Transferred to statutory reserves	-	211,158	2,644,569	-	-	-	-	-	(2,855,727)	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(180,000)	181,544	1,544	(1,544)	-
Exchange gain realised on liquidation of subsidiary - net of tax	-	-	-	(1,369)	-	-	-	-	-	(1,369)	-	(1,369)
Exchange gain realised on partial repatriation of branch capital - net of tax	-	-	-	(246,488)	-	-	-	-	-	(246,488)	-	(246,488)
Acquisition of additional interest in subsidiary	-	254,692	-	-	-	-	-	-	749,031	1,003,723	(1,003,723)	-
Transactions with owners, recorded directly in equity												
Final cash dividend - Rs 3 per share declared subsequent to the year ended December 31, 2020	-	-	-	-	-	-	-	-	(4,400,556)	(4,400,556)	-	(4,400,556)
1st interim cash dividend - Rs 1.75 per share	-	-	-	-	-	-	-	-	(2,566,992)	(2,566,992)	-	(2,566,992)
2nd interim cash dividend - Rs 1.75 per share	-	-	-	-	-	-	-	-	(2,566,992)	(2,566,992)	-	(2,566,992)
	-	-	-	-	-	-	-	-	(9,534,540)	(9,534,540)	-	(9,534,540)
Balance as at September 30, 2021	14,668,525	1,913,000	39,260,796	36,831,871	547,115	(156,706)	3,733,144	27,295,898	153,459,861	277,553,504	3,835,055	281,388,559

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

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, 2021

	January 01 to September 30, 2021	January 01 to September 30, 2020
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	46,377,329	42,903,401
Dividend income	(491,020)	(287,643)
Share of profit of associates and joint venture	(1,944,752)	(2,546,333)
	(2,435,772)	(2,833,976)
	43,941,557	40,069,425
Adjustments:		
Depreciation	5,057,323	4,416,629
Amortisation	732,514	568,511
Depreciation on right-of-use assets	2,505,344	2,956,378
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	2,685,059	1,695,822
Mark-up / return / profit / interest expensed on subordinated debt	941,834	2,133,133
Reversal of provision for diminution in value of investments	(1,130,801)	(39,555)
Provision against loans and advances	5,840,770	8,850,473
Provision against other assets	63,206	186,694
Provision against off-balance sheet obligations	1,192,386	33,207
Unrealised loss on held-for-trading securities	32,092	11,585
Exchange gain on goodwill	(135,074)	(113,841)
Exchange gain realised on partial repatriation of branch capital - net of tax	(246,488)	-
Exchange gain realised on liquidation of subsidiary - net of tax	(1,369)	(1,082,350)
Exchange loss realised on closure of bank branch - net of tax	-	1,151,197
Gain on sale of fixed assets - net	(36,736)	(7,679)
Gain on sale of non-banking asset	(16,000)	(6,780)
Workers' Welfare Fund - charge	909,682	856,682
	18,393,742	21,610,106
	62,335,299	61,679,531
(Increase) / decrease in operating assets		
Lendings to financial institutions	(118,719,270)	(18,782,383)
Held-for-trading securities	(66,810,981)	154,756,931
Advances	(153,445,682)	17,079,412
Other assets (excluding advance taxation)	(19,192,585)	24,479,365
	(358,168,518)	177,533,325
Increase / (decrease) in operating liabilities		
Bills payable	568,565	10,061,646
Borrowings from financial institutions	(146,347,203)	(39,682,200)
Deposits and other accounts	336,556,006	298,470,585
Other liabilities	31,636,356	16,425,311
	222,413,724	285,275,342
	(73,419,495)	524,488,198
Income tax paid	(18,161,032)	(8,202,392)
Net cash flows (used in) / generated from operating activities	(91,580,527)	516,285,806
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	110,072,560	(526,654,720)
Net investment in held-to-maturity securities	(36,078,556)	(17,654,658)
Net investment in associates	(500,239)	1,166,283
Dividend received	432,125	267,194
Investments in fixed assets	(9,439,825)	(5,312,542)
Investments in intangible assets	(2,014,969)	(1,395,351)
Proceeds from sale of fixed assets	62,089	36,253
Proceeds from sale of non-banking asset	216,000	42,500
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	3,471,489	3,228,911
Net cash flows generated from / (used in) investing activities	66,220,674	(546,276,130)
CASH FLOWS FROM FINANCING ACTIVITIES		
Effect of translation of net investment by non-controlling interest in subsidiary	49,110	51,915
Repayment of subordinated debt	(9,982,000)	(4,000)
Payment of mark-up on subordinated debt	(1,228,722)	(2,596,766)
Payment of lease liability against right-of-use assets	(3,381,485)	(3,549,705)
Dividend paid	(8,303,075)	(3,660,596)
Net cash flows used in financing activities	(22,846,172)	(9,759,152)
Decrease in cash and cash equivalents during the period	(48,206,025)	(39,749,476)
Cash and cash equivalents at the beginning of the period	425,972,091	402,061,876
Effect of exchange rate changes on cash and cash equivalents	5,841,858	6,780,395
	431,813,949	408,842,271
Cash and cash equivalents at the end of the period	383,607,924	369,092,795

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

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 Currency Exchange (Private) Limited – 100% shareholding
- HBL Asset Management Limited – 100% shareholding
- The First MicrofinanceBank Limited - 71.43% shareholding
- Habib Bank Financial Services (Private) Limited – 100% shareholding

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at 9th Floor, Habib Bank Tower, Jinnah Avenue, Blue Area, Islamabad and its principal office is at HBL Tower, Plot # G-4, KDA Scheme 5, Block 7, Clifton, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,640 (December 31, 2020: 1,659) branches inside Pakistan including 163 (December 31, 2020: 62) Islamic Banking Branches and 38 (December 31, 2020: 38) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A. (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

1.1 Habib Finance International Limited (HFIL) had voluntarily surrendered its banking license in 2019 and was under voluntary liquidation. HFIL's final general meeting to conclude the liquidation was held on February 19, 2021 and the company stands formally dissolved as on May 19, 2021. The entire capital has been repatriated to Pakistan.

1.2 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.

1.3 The Bank has decided to exit its operations in Mauritius and is at an advanced stage of discussions with a potential buyer.

1.4 During the period, the Bank has subscribed to 200 million Rights shares issued by the First MicrofinanceBank Limited (FMFB). Resultantly, the Bank's holding in FMFB has increased from 50.51% to 71.43%.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

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

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

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

2.5 **Critical accounting estimates and judgements**

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

3 **SIGNIFICANT ACCOUNTING POLICIES**

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

4 **FINANCIAL RISK MANAGEMENT**

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

		(Unaudited) September 30, 2021	(Audited) December 31, 2020
5	**CASH AND BALANCES WITH TREASURY BANKS**	(Rupees in '000)	
	In hand		
	Local currency	47,172,475	41,262,666
	Foreign currencies	5,662,937	16,341,859
		52,835,412	57,604,525
	With State Bank of Pakistan in		
	Local currency current accounts	97,493,399	130,745,447
	Foreign currency current accounts	9,167,992	6,788,327
	Foreign currency deposit accounts	17,088,727	13,768,677
		123,750,118	151,302,451
	With other Central Banks in		
	Foreign currency current accounts	49,184,734	47,941,657
	Foreign currency deposit accounts	10,778,013	11,120,595
		59,962,747	59,062,252
	With National Bank of Pakistan in		
	Local currency current accounts	88,568,264	104,866,634
	Local currency deposit account	505,770	697,247
		89,074,034	105,563,881
	National Prize Bonds	559,399	1,747,011
		326,181,710	375,280,120
6	**BALANCES WITH OTHER BANKS**		
	In Pakistan		
	In current accounts	608,088	2,284,347
	In deposit accounts	6,809,692	7,060,497
		7,417,780	9,344,844
	Outside Pakistan		
	In current accounts	29,097,925	30,271,581
	In deposit accounts	20,910,509	16,917,404
		50,008,434	47,188,985
		57,426,214	56,533,829
7	**LENDINGS TO FINANCIAL INSTITUTIONS**		
	Call money lendings	16,040,000	-
	Repurchase agreement lendings (reverse repo)	120,729,956	24,896,835
	Bai Muajjal receivable with:		
	- State Bank of Pakistan	-	5,257,358
	- Other financial institutions	12,103,507	-
		148,873,463	30,154,193

8 INVESTMENTS

8.1 Investments by type

	Note	September 30, 2021 (Unaudited)				December 31, 2020 (Audited)			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		(Rupees in '000)							
Held-for-trading (HFT) securities									
Federal Government securities									
- Market Treasury Bills		171,073,518	-	(64,087)	171,009,431	105,568,935	-	(13,658)	105,555,277
- Pakistan Investment Bonds		24,825,098	-	15,506	24,840,604	25,655,331	-	19,066	25,674,397
Shares									
- Listed companies		48,320	-	(2,709)	45,611	137,682	-	8,542	146,224
Foreign securities									
- Government debt securities		2,296,785	-	19,198	2,315,983	102,884	-	23,578	126,462
		198,243,721	-	(32,092)	198,211,629	131,464,832	-	37,528	131,502,360
Available-for-sale (AFS) securities									
Federal Government securities									
- Market Treasury Bills		380,450,343	-	(79,003)	380,371,340	525,077,889	-	1,445,950	526,523,839
- Pakistan Investment Bonds		777,371,501	-	3,504,158	780,875,659	784,493,994	-	10,689,727	795,183,721
- Ijarah Sukuks		84,394,683	-	497,565	84,892,248	67,678,595	-	(322,645)	67,355,950
- Government of Pakistan US Dollar Bonds		17,038,188	(426,851)	354,522	16,965,859	10,410,050	(392,763)	645,468	10,662,755
- Government of Pakistan US Dollar Sukuks		-	-	-	-	706,395	(20,567)	49,222	735,050
- Other Federal Government securities		1,107,281	-	-	1,107,281	530,538	-	-	530,538
Shares									
- Listed companies		7,580,431	(1,909,156)	570,443	6,241,718	7,975,054	(2,983,143)	846,869	5,838,780
- Unlisted companies		5,372,623	(91,009)	-	5,281,614	4,899,328	(87,125)	-	4,812,203
Non-Government debt securities									
- Listed		51,382,317	(96,460)	685,531	51,971,388	46,943,545	-	321,860	47,265,405
- Unlisted		1,648,381	(247,380)	22,500	1,423,501	1,671,878	(270,877)	22,500	1,423,501
Foreign securities									
- Government debt securities		58,554,419	(342,401)	309,514	58,521,532	45,617,541	(565,331)	(10,504)	45,041,706
- Non-Government debt securities - Listed		15,620,620	(951,072)	101,731	14,771,279	14,601,331	(927,366)	76,457	13,750,422
- Equity securities - Unlisted		6,107	(316)	-	5,791	5,913	(321)	-	5,592
National Investment Unit Trust units		11,113	-	35,173	46,286	11,113	-	35,726	46,839
Real Estate Investment Trust units		55,000	-	3,600	58,600	55,000	-	(2,000)	53,000
Preference shares									
- Listed		744,400	-	80,500	824,900	744,400	-	155,400	899,800
- Unlisted		176,985	(152,990)	-	23,995	-	-	-	-
		1,401,514,392	(4,217,635)	6,086,234	1,403,382,991	1,511,422,564	(5,247,493)	13,954,030	1,520,129,101
Held-to-maturity (HTM) securities	8.2								
Federal Government securities									
- Market Treasury Bills		327,059	-	-	327,059	292,316	-	-	292,316
- Pakistan Investment Bonds		251,494,992	-	-	251,494,992	216,844,554	-	-	216,844,554
- Other Federal Government securities		10,794,000	-	-	10,794,000	10,794,000	-	-	10,794,000
Non-Government debt securities									
- Listed		2,432,804	-	-	2,432,804	4,277,922	-	-	4,277,922
- Unlisted		21,382,229	-	-	21,382,229	17,826,657	-	-	17,826,657
Foreign Securities									
- Government debt securities		13,847,158	-	-	13,847,158	13,617,545	(13)	-	13,617,532
- Non-Government debt securities									
- Listed		314,147	(8,479)	-	305,668	1,197,341	(14,650)	-	1,182,691
- Unlisted		649,344	(1,525)	-	647,819	312,842	(1,516)	-	311,326
		301,241,733	(10,004)	-	301,231,729	265,163,177	(16,179)	-	265,146,998
Investments in associates and joint venture	8.1.1	34,187,075	-	50,903	34,237,978	31,742,084	-	56,279	31,798,363
Total Investments		1,935,186,921	(4,227,639)	6,105,045	1,937,064,327	1,939,792,657	(5,263,672)	14,047,837	1,948,576,822

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

8.1.2 **Investments given as collateral**

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

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Federal Government securities		
- Market Treasury Bills	7,966,056	113,807,278
- Pakistan Investment Bonds	137,996,496	207,400,499
Foreign securities		
Government debt securities	6,835	-
	145,969,387	321,207,777

8.2 The market value of investments classified as held-to-maturity amounted to Rs 299,574.032 million (December 31, 2020: Rs 267,655.188 million).

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

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Opening balance	5,263,672	5,504,910
Exchange adjustments	94,768	68,085
Charge / (reversal)		
Charge for the period / year	388,396	1,400,035
Reversal for the period / year	(301,323)	(15,065)
Reversal on disposal during the period / year	(1,217,874)	(1,694,293)
Net reversal	(1,130,801)	(309,323)
Closing balance	4,227,639	5,263,672

8.4 **Particulars of provision against debt securities**

Category of classification	(Unaudited) September 30, 2021		(Audited) December 31, 2020	
	Non Performing Investments	Provision	Non Performing Investments	Provision
	(Rupees in '000)			
Domestic				
Loss	247,380	247,380	270,877	270,877
Overseas				
Overdue by:				
181 to 365 days	-	-	878,616	878,616
>365	917,593	917,593	-	-
	1,164,973	1,164,973	1,149,493	1,149,493

8.4.1 In addition to the above, overseas branches hold a general provision of Rs 909.195 million (December 31, 2020: Rs 1,043.590 million) against investments in accordance with the ECL requirements of IFRS 9.

9 **ADVANCES**

	Note	Performing		Non - performing		Total	
		(Unaudited) September 30, 2021	(Audited) December 31, 2020	(Unaudited) September 30, 2021	(Audited) December 31, 2020	(Unaudited) September 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		1,114,530,950	1,002,683,523	78,166,412	76,761,340	1,192,697,362	1,079,444,863
Islamic financing and related assets	36.3	153,881,179	154,081,348	352,087	337,107	154,233,266	154,418,455
Bills discounted and purchased		102,974,500	66,540,022	5,653,999	5,005,929	108,628,499	71,545,951
Advances - gross		1,371,386,629	1,223,304,893	84,172,498	82,104,376	1,455,559,127	1,305,409,269
Provision against advances							
- Specific	9.3	-	-	(74,127,184)	(70,835,763)	(74,127,184)	(70,835,763)
- General		(10,316,809)	(11,063,284)	-	-	(10,316,809)	(11,063,284)
		(10,316,809)	(11,063,284)	(74,127,184)	(70,835,763)	(84,443,993)	(81,899,047)
Advances - net of provision		1,361,069,820	1,212,241,609	10,045,314	11,268,613	1,371,115,134	1,223,510,222

9.1 **Particulars of advances (Gross)**

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
In local currency	1,119,910,202	1,054,929,659
In foreign currencies	335,648,925	250,479,610
	1,455,559,127	1,305,409,269

9.2 Advances include Rs 84,172.498 million (December 31, 2020: Rs 82,104.376 million) which have been placed under non-performing status as detailed below:

Category of classification	(Unaudited) September 30, 2021		(Audited) December 31, 2020	
	Non-performing advances	Provision	Non-performing advances	Provision
Domestic	(Rupees in '000)			
Other assets especially mentioned	1,487,546	-	1,228,797	-
Substandard	3,580,577	877,233	5,541,896	1,355,443
Doubtful	3,337,844	1,748,138	1,383,002	690,474
Loss	43,154,906	42,154,735	42,291,448	41,073,885
	51,560,873	44,780,106	50,445,143	43,119,802
Overseas				
Not past due but impaired	94,274	69,648	592,400	355,535
Overdue by:				
Upto 90 days	181,223	10,240	105,684	36,925
91 to 180 days	134,326	78,900	225,844	51,457
181 to 365 days	2,858,008	2,187,922	2,849,284	2,846,499
> 365 days	29,343,794	27,000,368	27,886,021	24,425,545
	32,611,625	29,347,078	31,659,233	27,715,961
Total	84,172,498	74,127,184	82,104,376	70,835,763

9.3 **Particulars of provision against advances**

	Note	September 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		70,835,763	11,063,284	81,899,047	72,634,967	3,730,991	76,365,958
Exchange adjustment		1,781,404	146,172	1,927,576	974,252	47,701	1,021,953
Charge for the period / year		10,335,008	796,480	11,131,488	9,301,182	7,636,845	16,938,027
Reversal for the period / year		(3,601,591)	(1,689,127)	(5,290,718)	(4,525,945)	(352,253)	(4,878,198)
Net charge / (reversal) against advances		6,733,417	(892,647)	5,840,770	4,775,237	7,284,592	12,059,829
Charged off during the period / year - agriculture financing	9.5	(282,052)	-	(282,052)	(750,824)	-	(750,824)
Written off during the period / year		(4,941,348)	-	(4,941,348)	(6,797,869)	-	(6,797,869)
Closing balance		74,127,184	10,316,809	84,443,993	70,835,763	11,063,284	81,899,047

9.4 General provision includes provision amounting to Rs 2,606.795 million (December 31, 2020: Rs 2,237.187 million) against consumer finance portfolio and Rs 491.700 million (December 31, 2020: Rs 421.751 million) against advances to microenterprises as required by the Prudential Regulations. General provision also includes Rs 2,475.262 million (December 31, 2020: Rs 1,985.294 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Group operates. General provision also includes Rs 4,743.052 million (December 31,2020: Rs 6,419.052 million) carried as a matter of prudence on account of COVID-19.

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

	Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
10 **FIXED ASSETS**		(Rupees in '000)	
Capital work-in-progress	10.1	5,731,260	2,639,430
Property and equipment		89,375,822	86,550,780
		95,107,082	89,190,210

10.1 **Capital work-in-progress**

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Civil works	2,528,277	762,188
Equipment	440,443	1,243,270
Advances to suppliers and contractors	2,762,540	633,972
	5,731,260	2,639,430

10.2 **Additions to fixed assets**

	(Unaudited) For the nine months ended	
	September 30, 2021	September 30, 2020
	(Rupees in '000)	
The following additions have been made to fixed assets during the period:		
Capital work-in-progress- net	3,091,830	882,095
Property and equipment		
Leasehold land	400,000	928,823
Building on free hold land	2,019	-
Building on leasehold land	184,048	75,124
Machinery	85,200	58,556
Leasehold improvements	1,391,656	711,646
Furniture and fixtures	626,518	352,287
Electrical, office and computer equipment	3,531,694	2,117,516
Vehicles	126,860	64,075
	6,347,995	4,308,027
Right-of-use assets - net	2,186,468	4,978,031
	11,626,293	10,168,153

10.3 **Disposal of fixed assets**

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

Property and equipment		
Leasehold improvements	2,903	10,393
Furniture and fixtures	1,254	4,209
Electrical, office and computer equipment	8,439	13,885
Vehicles	12,757	87
	25,353	28,574
Derecognition of right-of-use assets on closure of Bank branch	-	1,032,336
	25,353	1,060,910

11 **INTANGIBLE ASSETS**

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Capital work-in-progress - computer software	1,877,146	1,620,539
Intangible assets	9,943,857	8,792,341
	11,821,003	10,412,880

11.1 **Additions to intangible assets**

	(Unaudited) For the nine months ended	
	September 30, 2021	September 30, 2020
	(Rupees in '000)	
The following additions have been made to intangible assets during the period:		
Capital work-in-progress	256,607	595,166
Computer software	1,758,362	792,744
	2,014,969	1,387,910

12 OTHER ASSETS

	Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
Mark-up / return / profit / interest accrued in local currency - net of provision		44,368,341	49,348,579
Mark-up / return / profit / interest accrued in foreign currency - net of provision		3,486,749	2,878,167
Advances, deposits, advance rent and other prepayments		3,695,352	2,645,730
Advance taxation		19,959,947	21,124,536
Advances against subscription of securities		2,683	1,096,000
Stationery and stamps on hand		150,131	154,121
Accrued fees and commissions		260,598	476,113
Due from Government of Pakistan / SBP		1,692,351	1,532,223
Mark to market gain on forward foreign exchange contracts		10,361,257	4,101,950
Mark to market gain on derivative instruments		34,723	182,917
Non-banking assets acquired in satisfaction of claims		468,175	432,937
Acceptances		36,000,589	27,539,046
Clearing and settlement accounts		10,364,862	3,220,084
Dividend receivable		73,921	15,026
Claims receivable against fraud and forgeries		489,410	553,356
Others		2,784,041	1,022,072
		134,193,130	116,322,857
Provision held against other assets	12.1	(1,174,497)	(1,127,909)
Other assets - net of provision		133,018,633	115,194,948
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	91,384	209,594
Other assets - total		133,110,017	115,404,542

12.1 Provision held against other assets

Acceptances	-	419,923
Non-banking assets acquired in satisfaction of claims	3,105	3,152
Claims receivable against fraud and forgeries	489,410	553,356
Suit filed cases	4,800	4,998
Others	677,182	146,480
	1,174,497	1,127,909

12.1.1 Movement in provision against other assets

Opening balance	1,127,909	821,996
Exchange adjustment	239	19,735
Charge for the period / year	611,021	691,987
Reversal for the period / year	(547,815)	(33,899)
Net charge	63,206	658,088
Written off during the period / year	(16,857)	(49,042)
Transferred out	-	(322,868)
Closing balance	1,174,497	1,127,909

13 BILLS PAYABLE

In Pakistan	44,211,930	44,875,620
Outside Pakistan	2,790,834	1,558,579
	47,002,764	46,434,199

		Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
14	**BORROWINGS**		(Rupees in '000)	
	Secured			
	Borrowings from the SBP under			
	- Export refinance scheme		62,493,317	60,068,212
	- Long term financing facility		28,325,675	25,922,575
	- Financing facility for renewable energy power plants		4,968,878	1,716,425
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)		254,786	152,893
	- Refinance and credit guarantee scheme for women entrepreneurs		135,401	163,416
	- Financing facility for storage of agricultural produce		363,109	292,211
	- Refinance facility for working capital of SMEs		3,533	135,625
	- Refinance scheme for payment of wages and salaries		19,767,562	30,928,363
	- Refinance facility for combating COVID-19		1,138,886	1,300,000
	- Temporary economic refinance facility		19,486,843	4,917,263
			136,937,990	125,596,983
	Repurchase agreement borrowings		146,963,107	321,070,809
			283,901,097	446,667,792
	Unsecured			
	- Call money borrowings		-	13,450,000
	- Overdrawn nostro accounts		713,110	194,244
	- Borrowings of overseas branches and subsidiaries		55,667,984	30,376,372
	- Other long-term borrowings	14.1	57,478,432	53,419,418
			113,859,526	97,440,034
			397,760,623	544,107,826

14.1 This includes the following:

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

14.1.2 HBL has entered into a long-term financing facility arrangement of US$ 300 million with China Development Bank, to be utilized for on-lending to projects of the Bank's customers. Under this facility, US$ 170.975 million (December 31, 2020: US$ 165.975 million) has been utilized by the Bank, with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to January 31, 2023. Starting from that date, the entire drawn amount is payable in semi-annual installments over a period of 10 years. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.

14.1.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 181.985 million (December 31, 2020: Rs 194.309 million) for on-lending to customers. The principal amount is payable in semi-annual installments from August 2020 to February 2023. Profit at 11.21% per annum is payable semi-annually.

14.1.4 Mortgage refinancing facilities from PMRC, amounting to Rs 1,119.624 million (December 31, 2020: Rs 821.434 million), have been utilised by First MicrofinanceBank Limited to extend mortgage finance to low income groups.The principal amount is payable in quarterly installments from June 2020 to June 2031. Mark-up on these facilities ranges from 6.50% to 7.14% per annum and is payable in quarterly installments.

14.1.5 A loan from Allied Bank Limited to HBL Asset Management Limited amounting to Rs 1.4 billion (December 31, 2020: Rs 1.6 billion). The principal amount is payable in semi-annual installments from June 2020 to December 2024. Mark-up at KIBOR + 0.75% is payable semi-annually.

15 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	908,528,388	201,971,752	1,110,500,140	823,057,044	157,417,183	980,474,227
Savings deposits	1,059,848,455	97,234,554	1,157,083,009	995,229,006	94,756,615	1,089,985,621
Term deposits	412,456,032	184,656,165	597,112,197	315,226,455	141,767,942	456,994,397
	2,380,832,875	483,862,471	2,864,695,346	2,133,512,505	393,941,740	2,527,454,245
Financial institutions						
Current deposits	4,263,428	1,620,230	5,883,658	13,072,383	1,408,220	14,480,603
Savings deposits	270,420,424	617,173	271,037,597	267,728,866	657,250	268,386,116
Term deposits	19,577,572	5,733,223	25,310,795	13,163,008	6,887,418	20,050,426
	294,261,424	7,970,626	302,232,050	293,964,257	8,952,888	302,917,145
	2,675,094,299	491,833,097	3,166,927,396	2,427,476,762	402,894,628	2,830,371,390

16 SUBORDINATED DEBT

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

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

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

The key features of the issue are as follows:

Issue Date	September 26, 2019
Issue amount	Rs 12.374 billion
Rating	AA+ (Double A plus) [December 31, 2020: AA+ (Double A plus)]
Original Tenor	Perpetual
Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors. However, they shall rank superior to the claims of ordinary shareholders.
Profit payment	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 the investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the “Call Option Exercise Date”).
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".

17	**DEFERRED TAX ASSETS / (LIABILITIES)**	**Note**	**(Unaudited) September 30, 2021**	**(Audited) December 31, 2020**
			(Rupees in '000)	
	Deductible temporary differences on			
	- Tax losses of a subsidiary		469,811	469,486
	- Provision against investments		732,341	1,141,429
	- Provision against doubtful debts and off-balance sheet obligations		4,386,333	4,480,082
	- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		2,586,338	1,940,800
	- Provision against other assets		29,020	45,062
	- Deficit on revaluation of fixed assets		72,832	72,832
	- Ijarah financing		234,325	199,225
			8,511,000	8,348,916
	Taxable temporary differences on			
	- Accelerated tax depreciation		(1,506,815)	(1,667,333)
	- Surplus on revaluation of fixed assets	19	(1,787,432)	(1,827,924)
	- Surplus on revaluation of fixed assets of associates	19	(56,392)	(56,392)
	- Surplus on revaluation of investments	19	(2,394,439)	(5,430,518)
	- Surplus on revaluation of investments of associates	19	(19,852)	(21,949)
	- Management rights and goodwill		(308,568)	(237,741)
	- Share of profit of associates		(7,111,603)	(6,728,003)
	- Exchange translation reserve		(2,911,838)	(2,740,997)
	- Others		66,812	(25,918)
			(16,030,127)	(18,736,775)
	Net deferred tax liabilities		(7,519,127)	(10,387,859)

18	**OTHER LIABILITIES**			
	Mark-up / return / profit / interest payable in local currency		16,599,738	11,846,712
	Mark-up / return / profit / interest payable in foreign currency		3,073,295	2,362,314
	Security deposits		915,274	974,790
	Accrued expenses		19,474,660	19,271,148
	Mark to market loss on forward foreign exchange contracts		6,971,606	6,359,622
	Mark to market loss on derivative instruments		2,061,849	1,449,800
	Unclaimed dividends		719,206	693,700
	Dividends payable		1,321,585	115,626
	Provision for post retirement medical benefits		3,939,937	3,763,654
	Provision for employees' compensated absences		2,392,770	2,492,992
	Provision against off-balance sheet obligations	18.1	2,383,894	1,138,648
	Acceptances		36,000,589	27,539,046
	Branch adjustment account		2,265,628	816,307
	Provision for staff retirement benefits		1,225,251	1,239,418
	Payable to defined benefit plans		1,147,106	1,182,639
	Provision for Workers' Welfare Fund		7,250,027	6,379,456
	Unearned income		4,523,341	4,229,811
	Qarz-e-Hasna Fund		338,542	338,542
	Levies and taxes payable		3,859,475	7,073,633
	Insurance payable		1,236,875	887,519
	Provision for rewards program expenses		1,873,572	1,391,392
	Liability against trading of securities		12,979,488	902,755
	Clearing and settlement accounts		8,056,973	4,538,525
	Payable to HBL Foundation		271,323	315,431
	Contingent consideration payable		500,000	500,000
	Charity fund		4,409	4,234
	Lease liability against right-of-use asset		21,507,822	18,213,249
	Unclaimed deposits		368,685	91,752
	Others		4,463,561	3,797,582
			167,726,481	129,910,297

		(Unaudited) September 30, 2021	(Audited) December 31, 2020
18.1	**Provision against off-balance sheet obligations**	(Rupees in '000)	
	Opening balance	1,138,648	437,795
	Exchange adjustment	6,931	(25,452)
	Charge for the period / year	1,265,055	480,696
	Reversal for the period / year	(72,669)	(95,905)
	Net charge	1,192,386	384,791
	Written off during the year	(1,653)	(4,053)
	Transferred in	47,582	345,567
	Closing balance	2,383,894	1,138,648

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

	Note	September 30, 2021 (Unaudited)			December 31, 2020 (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:							
- Fixed assets		28,900,980	26,648	28,927,628	28,987,958	43,496	29,031,454
- Fixed assets of associates		144,596	-	144,596	144,596	-	144,596
- Available-for-sale securities	8.1	6,097,433	(11,199)	6,086,234	13,932,014	22,016	13,954,030
- Available-for-sale securities held by associates	8.1	50,903	-	50,903	56,279	-	56,279
- Non-banking assets acquired in satisfaction of claims	12	91,384	-	91,384	209,594	-	209,594
		35,285,296	15,449	35,300,745	43,330,441	65,512	43,395,953
Deferred tax on surplus / (deficit) on revaluation of:							
- Fixed assets		1,784,670	2,762	1,787,432	1,824,175	3,749	1,827,924
- Fixed assets of associates		56,392	-	56,392	56,392	-	56,392
- Available-for-sale securities		2,395,340	(901)	2,394,439	5,423,011	7,507	5,430,518
- Available-for-sale securities held by associates		19,852	-	19,852	21,949	-	21,949
- Non-banking assets acquired in satisfaction of claims		-	-	-	-	-	-
		4,256,254	1,861	4,258,115	7,325,527	11,256	7,336,783
Surplus on revaluation of assets - net of tax		31,029,042	13,588	31,042,630	36,004,914	54,256	36,059,170

		Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
20	**CONTINGENCIES AND COMMITMENTS**		(Rupees in '000)	
	- Guarantees	20.1	263,047,079	202,220,786
	- Commitments	20.2	971,712,489	795,974,261
	- Other contingent liabilities	20.3	25,460,161	23,966,530
			1,260,219,729	1,022,161,577
20.1	**Guarantees:**			
	Financial guarantees		91,829,652	64,395,790
	Performance guarantees		158,749,535	126,593,020
	Other guarantees		12,467,892	11,231,976
			263,047,079	202,220,786
20.2	**Commitments:**			
	Trade-related contingent liabilities		315,658,254	153,394,723
	Commitments in respect of:			
	- forward foreign exchange contracts	20.2.1	521,337,224	436,716,313
	- forward Government securities transactions	20.2.2	58,750,671	150,757,178
	- derivatives	20.2.3	35,398,475	38,504,637
	- forward lending	20.2.4	28,083,732	11,085,983
			643,570,102	637,064,111
	Commitments for acquisition of:			
	- fixed assets		10,930,280	4,389,650
	- intangible assets		1,553,853	1,125,777
			12,484,133	5,515,427
			971,712,489	795,974,261

		(Unaudited) September 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
20.2.1	**Commitments in respect of forward foreign exchange contracts**		
	Purchase	311,309,465	261,220,544
	Sale	210,027,759	175,495,769
		521,337,224	436,716,313
20.2.2	**Commitments in respect of forward Government securities transactions**		
	Purchase	38,984,028	96,427,590
	Sale	19,766,643	54,329,588
		58,750,671	150,757,178
20.2.3	**Commitments in respect of derivatives**		
	Cross currency swaps		
	Purchase	13,584,610	14,662,810
	Sale	15,475,386	16,007,336
		29,059,996	30,670,146
	Interest rate swaps		
	Purchase	-	-
	Sale	6,338,479	7,834,491
		6,338,479	7,834,491
20.2.4	**Commitments in respect of forward lending**		
	Undrawn formal standby facilities, credit lines and other commitments to extend credit	28,083,732	11,085,983

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.

20.3 **Other contingent liabilities**

20.3.1	Claims against the Group not acknowledged as debts	25,460,161	23,966,530

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, 2020 and in similar notes for the 2019, 2018, and 2017 financial statements. Similarly, on September 29, 2020, the Federal Reserve formally announced the termination of all Federal Reserve enforcement actions with HBL and HBLNY. Accordingly, HBL does not expect any further actions or proceedings from NYSDFS or the Federal Reserve.

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

21 **DERIVATIVE INSTRUMENTS**

Product Analysis

	September 30, 2021 (Unaudited)			
	Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	(Rupees in '000)			
Market Making	29,059,996	(2,008,159)	6,338,479	(18,967)

	December 31, 2020 (Audited)			
	Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
	(Rupees in '000)			
Market Making	30,670,146	(1,340,265)	7,834,491	73,382

		Note	(Unaudited) For the nine months ended September 30, 2021	September 30, 2020
			(Rupees in '000)	
22	**MARK-UP / RETURN / PROFIT / INTEREST EARNED**			
	On:			
	Loans and advances		80,377,570	92,471,534
	Investments		108,233,161	110,641,388
	Lendings to financial institutions		3,804,815	4,166,407
	Balances with banks		327,667	651,773
			192,743,213	207,931,102
23	**MARK-UP / RETURN / PROFIT / INTEREST EXPENSED**			
	On:			
	Deposits		70,521,350	84,940,666
	Securities sold under repurchase agreement borrowings		13,276,087	10,803,577
	Borrowings		4,208,785	5,268,832
	Subordinated debt		941,834	2,133,133
	Cost of foreign currency swaps against foreign currency deposits / borrowings		3,958,231	4,304,618
	Lease liability against right-of-use assets		2,685,059	1,695,822
			95,591,346	109,146,648
24	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		2,978,901	2,585,725
	Consumer finance related fees		1,320,821	1,093,590
	Card related fees (debit and credit cards)		5,155,667	3,046,710
	Credit related fees		1,392,920	930,890
	Investment banking fees		886,538	947,846
	Commission on trade related products and guarantees		3,023,028	2,361,665
	Commission on cash management		635,647	511,767
	Commission on remittances (including home remittances)		374,017	236,164
	Commission on bancassurance		610,469	475,038
	Commission on Government to Person (G2P) payments		235,171	475,865
	Management fee		436,771	437,468
	Merchant discount and interchange fees		2,500,105	1,554,443
	Wealth Management Fee		546,366	412,194
	Others		321,674	352,034
			20,418,095	15,421,399
	Less: Sales tax / Federal Excise Duty on fee and commission income		(2,477,723)	(2,037,924)
			17,940,372	13,383,475
25	**GAIN ON SECURITIES - NET**			
	Realised	25.1	1,601,700	7,373,627
	Unrealised - held-for-trading	8.1	(32,092)	(11,585)
			1,569,608	7,362,042

		(Unaudited) For the nine months ended	
25.1	**Gain / (loss) on securities - realised**	**September 30, 2021**	**September 30, 2020**
	On:	**(Rupees in '000)**	
	Federal Government securities		
	- Market Treasury Bills	306,976	3,028,820
	- Pakistan Investment Bonds	1,879,507	5,188,191
	- Ijarah Sukuks	(10,763)	(148,619)
	Shares	(563,768)	(884,762)
	Non-Government debt securities	9,356	155,495
	Foreign securities	(19,608)	34,502
		1,601,700	7,373,627
26	**OTHER INCOME**		
	Incidental charges	463,763	272,008
	Exchange gain realised on partial repatriation of branch capital	404,079	-
	Exchange gain realised on liquidation of subsidiary	1,919	1,743,205
	Exchange loss realised on closure of Bank branch	-	(1,887,208)
	Gain on sale of fixed assets - net	36,736	7,679
	Gain on sale of non-banking asset	16,000	6,780
	Rent on properties	20,995	56,002
		943,492	198,466
27	**OPERATING EXPENSES**		
	Total compensation expense	29,760,214	29,366,322
	Property expense		
	Rent and taxes	805,794	1,271,408
	Insurance	117,103	86,587
	Utilities cost	1,890,242	1,528,069
	Security (including guards)	1,599,270	1,529,397
	Repair and maintenance (including janitorial charges)	1,875,022	1,486,742
	Depreciation on owned fixed assets	2,573,777	2,344,043
	Depreciation on right-of-use assets	2,505,344	2,956,378
		11,366,552	11,202,624
	Information technology expenses		
	Software maintenance	2,846,480	2,413,681
	Hardware maintenance	635,406	577,321
	Depreciation	1,830,630	1,433,805
	Amortisation	732,514	568,511
	Network charges	1,045,267	932,926
	Consultancy charges	520,919	502,076
		7,611,216	6,428,320
	Other operating expenses		
	Legal and professional charges	557,838	2,550,160
	Outsourced services costs	1,354,461	1,367,792
	Travelling and conveyance	662,059	496,557
	Insurance	656,274	582,927
	Remittance charges	434,566	426,475
	Security charges	1,461,597	1,124,705
	Repairs and maintenance	1,076,800	963,729
	Depreciation	652,916	638,781
	Training and development	138,908	165,813
	Postage and courier charges	546,210	459,018
	Communication	661,908	536,917
	Stationery and printing	1,417,352	1,172,038
	Marketing, advertisement and publicity	3,096,707	2,316,885
	Donations	351,005	392,263
	Auditors' remuneration	246,899	245,056
	Brokerage and commission	523,198	602,585
	Subscription	215,342	204,200
	Documentation and processing charges	2,515,865	1,792,365
	Entertainment	259,306	218,642
	Consultancy charges	881,023	3,218,577
	Deposit insurance premium expense	1,878,366	1,674,062
	Product feature cost	847,182	468,498
	COVID-19 related expenses	195,698	528,773
	Others	643,522	1,140,425
		21,275,002	23,287,243
		70,012,984	70,284,509

		Note	(Unaudited) For the nine months ended September 30, 2021	September 30, 2020
28	**OTHER CHARGES**		(Rupees in '000)	
	Penalties imposed by the State Bank of Pakistan		74,105	291,460
	Penalties imposed by other regulatory bodies		4,999	988
			79,104	292,448
29	**PROVISIONS / (REVERSALS) AND WRITE OFFS - NET**			
	Reversal of provision for diminution in value of investments	8.3	(1,130,801)	(39,555)
	Provision against loans and advances	9.3	5,840,770	8,850,473
	Provision against other assets	12.1.1	63,206	186,694
	Provision against off-balance sheet obligations	18.1	1,192,386	33,207
	Recoveries against written off / charged off bad debts		(538,778)	(456,694)
	Recoveries against other assets written off		(9,976)	(59,435)
	Bad debts written off directly		78,530	-
			5,495,337	8,514,690
30	**TAXATION**			
	- Current		19,480,641	17,046,676
	- Prior years		(155,020)	74,246
	- Deferred		65,762	510,412
			19,391,383	17,631,334
31	**BASIC AND DILUTED EARNINGS PER SHARE**			
	Profit for the period attributable to equity holders of the Bank		26,707,170	25,191,830
			(Number)	
	Weighted average number of ordinary shares		1,466,852,508	1,466,852,508
			(Rupees)	
	Basic and diluted earnings per share		18.21	17.17

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 assets or liabilities 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, 2021 (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	1,458,955,141	-	1,458,955,141	-	1,458,955,141
- Shares - listed companies	6,287,329	6,287,329	-	-	6,287,329
- Non-Government debt securities					
- Listed	51,971,388	40,600,000	11,371,388	-	51,971,388
- Unlisted	622,500	-	622,500	-	622,500
- Foreign securities					
Government debt securities	60,837,515	-	60,837,515	-	60,837,515
Non-Government debt securities- listed	14,771,279	-	14,771,279	-	14,771,279
- National Investment Unit Trust units	46,286	-	46,286	-	46,286
- Real Estate Investment Trust units	58,600	58,600	-	-	58,600
- Preference Shares - Listed	780,500	780,500	-	-	780,500
	1,594,330,538	47,726,429	1,546,604,109	-	1,594,330,538
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	262,616,051	-	259,234,290	-	259,234,290
- Non-Government debt securities					
- Listed	2,432,804	-	2,446,127	-	2,446,127
- Unlisted	21,382,229	-	21,407,229	-	21,407,229
- Foreign securities					
Government debt securities	13,847,158	-	15,532,899	-	15,532,899
Non-Government debt securities					
- Listed	305,668	-	305,668	-	305,668
- Unlisted	647,819	-	647,819	-	647,819
	301,231,729	-	299,574,032	-	299,574,032
	1,895,562,267	47,726,429	1,846,178,141	-	1,893,904,570

	As at September 30, 2021 (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	521,337,224	-	3,389,651	-	3,389,651
- Forward Government securities transactions	58,750,671	-	7,382	-	7,382
- Derivative instruments	35,398,475	-	(2,027,126)	-	(2,027,126)

	As at December 31, 2020 (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	1,531,690,989	-	1,531,690,989	-	1,531,690,989
- Shares - listed companies	5,985,004	5,985,004	-	-	5,985,004
- Non-Government debt securities					
- Listed	47,265,405	40,240,000	7,025,405	-	47,265,405
- Unlisted	622,501	-	622,501	-	622,501
- Foreign securities					
Government debt securities	45,168,168	-	45,168,168	-	45,168,168
Non-Government debt securities- listed	13,750,422	-	13,750,422	-	13,750,422
- National Investment Unit Trust units	46,839	-	46,839	-	46,839
- Real Estate Investment Trust units	53,000	53,000	-	-	53,000
- Preference Shares - Listed	855,400	855,400	-	-	855,400
	1,645,437,728	47,133,404	1,598,304,324	-	1,645,437,728
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	227,930,870	-	228,022,102	-	228,022,102
- Non-Government debt securities					
- Listed	4,277,922	-	4,304,568	-	4,304,568
- Unlisted	17,826,657	-	17,826,657	-	17,826,657
- Foreign securities					
Government debt securities	13,617,532	-	15,850,104	-	15,850,104
Non-Government debt securities					
- Listed	1,182,691	-	1,338,915	-	1,338,915
- Unlisted	311,326	-	312,842	-	312,842
	265,146,998	-	267,655,188	-	267,655,188
	1,910,584,726	47,133,404	1,865,959,512	-	1,913,092,916

	As at December 31, 2020 (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	436,716,313	-	(2,257,672)	-	(2,257,672)
- Forward Government securities transactions	150,757,178	-	(52,974)	-	(52,974)
- Derivative instruments	38,504,637	-	(1,266,883)	-	(1,266,883)

32.2 **Fair value of non-financial assets**

	As at September 30, 2021 (Unaudited)				
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)				
- Fixed assets	53,084,929	-	-	53,084,929	53,084,929
- Non-banking assets acquired in satisfaction of claims	556,454	-	-	556,454	556,454
	53,641,383	-	-	53,641,383	53,641,383

	As at December 31, 2020 (Audited)				
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)				
- Fixed assets	52,856,178	-	-	52,856,178	52,856,178
- Non-banking assets acquired in satisfaction of claims	639,379	-	-	639,379	639,379
	53,495,557	-	-	53,495,557	53,495,557

33 SEGMENT INFORMATION

33.1 Segment details with respect to Business Activities

	For the nine months ended September 30, 2021 (Unaudited)									
	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Profit and loss account	(Rupees in million)									
Net mark-up / return / profit / interest income	(43,429)	20,444	8,521	22,970	80,336	3,845	(104)	5,933	(1,364)	97,152
Inter segment revenue / (expense) - net	74,378	(9,845)	-	(11,168)	(62,687)	3,027	-	-	6,295	-
Non mark-up / interest income	2,971	7,509	497	2,796	4,530	3,635	444	865	2,476	25,723
Total Income	33,920	18,108	9,018	14,598	22,179	10,507	340	6,798	7,407	122,875
Segment direct expenses	19,197	6,707	2,174	2,612	948	10,843	349	4,342	23,830	71,002
Inter segment expense allocation	12,175	1,519	503	1,425	210	5,196	-	-	(21,028)	-
Total expenses	31,372	8,226	2,677	4,037	1,158	16,039	349	4,342	2,802	71,002
Provisions - charge / (reversal)	-	1,134	264	690	(1,074)	2,087	-	1,626	769	5,496
Profit / (loss) before tax	2,548	8,748	6,077	9,871	22,095	(7,619)	(9)	830	3,836	46,377

	As at September 30, 2021 (Unaudited)									
	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Statement of financial position	(Rupees in million)									
Cash and bank balances	134,411	-	26,123	296	100,044	110,318	7	11,699	710	383,608
Lendings to financial institutions	-	-	28,144	-	120,730	-	-	-	-	148,874
Inter segment lending	1,592,318	-	5,090	-	-	195,879	-	-	140,915	1,934,202
Investments	-	-	160,171	8,822	1,593,083	115,204	286	21,550	37,948	1,937,064
Advances - performing	-	176,006	152,915	677,572	-	287,049	-	46,889	20,639	1,361,070
Advances - non-performing	-	2,067	-	2,648	-	3,265	-	2,065	-	10,045
Others	12,918	4,219	13,186	38,065	38,678	11,750	2,925	10,230	108,067	240,038
Total assets	1,739,647	182,292	385,629	727,403	1,852,535	723,465	3,218	92,433	308,279	6,014,901
Borrowings	-	2,913	27,488	106,718	147,372	109,349	1,400	2,521	-	397,761
Subordinated debt	-	-	-	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,715,066	398	318,659	505,224	4	544,725	-	75,257	7,594	3,166,927
Inter segment borrowing	-	171,721	-	81,601	1,680,880	-	-	-	-	1,934,202
Others	24,581	7,260	12,285	33,860	22,650	25,428	439	5,424	90,321	222,248
Total liabilities	1,739,647	182,292	358,432	727,403	1,850,906	679,502	1,839	83,202	110,289	5,733,512
Equity	-	-	27,197	-	1,629	43,963	1,379	9,231	197,990	281,389
Total equity and liabilities	1,739,647	182,292	385,629	727,403	1,852,535	723,465	3,218	92,433	308,279	6,014,901
Contingencies and commitments	53,456	-	47,449	478,207	504,309	138,860	-	-	37,939	1,260,220

	For the nine months ended September 30, 2020 (Unaudited)									
	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Profit and loss account	(Rupees in million)									
Net mark-up / return / profit / interest income	(55,865)	19,085	10,141	31,753	88,688	5,243	(193)	4,634	(4,702)	98,784
Inter segment revenue / (expense) - net	97,262	(10,608)	-	(20,030)	(76,019)	2,017	-	-	7,378	-
Non mark-up / interest income	2,429	4,406	200	2,450	9,918	3,077	437	529	621	24,067
Total Income	43,826	12,883	10,341	14,173	22,587	10,337	244	5,163	3,297	122,851
Segment direct expenses	18,823	5,189	1,380	2,470	988	17,247	215	3,504	21,618	71,434
Inter segment expense allocation	10,243	1,434	339	1,245	207	5,196	-	-	(18,664)	-
Total expenses	29,066	6,623	1,719	3,715	1,195	22,443	215	3,504	2,954	71,434
Provisions - charge / (reversal)	66	1,779	702	2,740	(930)	3,032	-	1,058	67	8,514
Profit / (loss) before tax	14,694	4,481	7,920	7,718	22,322	(15,138)	29	601	276	42,903

	As at December 31, 2020 (Audited)									
	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Statement of financial position	(Rupees in million)									
Cash and bank balances	179,590	-	12,771	293	125,940	101,353	3	11,425	439	431,814
Lendings to financial institutions	-	-	5,257	-	24,897	-	-	-	-	30,154
Inter segment lending	1,430,513	-	91	-	-	183,892	-	-	145,705	1,760,201
Investments	-	-	139,619	8,675	1,660,147	93,245	461	14,542	31,888	1,948,577
Advances - performing	-	163,801	153,152	618,911	-	218,573	-	40,784	17,021	1,212,242
Advances - non-performing	-	1,960	211	4,308	-	3,943	-	844	3	11,269
Others	15,636	3,946	7,295	25,006	30,760	25,208	2,987	8,635	95,534	215,007
Total assets	1,625,739	169,707	318,396	657,193	1,841,744	626,214	3,451	76,230	290,590	5,609,264
Borrowings	-	4,011	32,183	100,397	324,181	79,714	1,600	2,022	-	544,108
Subordinated debt	-	-	-	-	-	-	-	-	22,356	22,356
Deposits and other accounts	1,607,921	348	257,414	430,203	9	465,866	-	61,726	6,884	2,830,371
Inter segment borrowing	-	159,043	-	98,870	1,502,288	-	-	-	-	1,760,201
Others	17,818	6,305	6,032	27,723	8,804	39,165	390	5,817	74,679	186,733
Total liabilities	1,625,739	169,707	295,629	657,193	1,835,282	584,745	1,990	69,565	103,919	5,343,769
Equity	-	-	22,767	-	6,462	41,469	1,461	6,665	186,671	265,495
Total equity and liabilities	1,625,739	169,707	318,396	657,193	1,841,744	626,214	3,451	76,230	290,590	5,609,264
Contingencies and commitments	13,104	-	9,416	321,938	551,311	97,502	-	-	28,891	1,022,162

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.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the nine months ended September 30, 2021

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

	As at September 30, 2021 (Unaudited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
Statement of financial position						
Balances with other banks						
In current accounts	-	-	107	-	101	-
Investments						
Opening balance	-	-	-	26,751,320	5,047,043	4,843,724
Investment made during the period	-	-	-	1,067,919	-	-
Share of profit - net of tax	-	-	-	1,199,819	744,933	-
Equity method related adjustments	-	-	-	1,115,848	294,878	-
Investment redeemed / disposed off during the period	-	-	-	(1,373,089)	-	-
Dividend received during the period	-	-	-	(460,136)	(145,181)	-
Revaluation of investment during the period	-	-	-	(19,412)	14,036	378,521
Closing balance	-	-	-	28,282,269	5,955,709	5,222,245
Advances						
Opening balance	249	305,836	4,504,529	1,125,000	-	7,748,994
Addition during the period	15,493	262,100	1,438,215	2,221,158	-	1,969,850
Repaid during the period	(15,713)	(194,541)	(1,812,107)	(170,175)	-	(2,124,075)
Transfer in - net	73	25,489	-	-	-	319,375
Exchange adjustment	-	-	184,789	212,365	-	-
Closing balance	102	398,884	4,315,426	3,388,348	-	7,914,144
Other assets						
Interest / mark-up accrued	-	446	63,424	43,018	-	269,174
Capital Work in progress	-	-	10,214	-	-	-
Other receivable / prepayments	-	-	1,093	799,033	-	2,624
	-	446	74,731	842,051	-	271,798
Borrowings						
Opening balance	-	-	3,638,498	959,006	1,598,344	1,315,743
Borrowings during the period	-	-	2,997,524	4,930,331	6,361,717	400,000
Settled during the period	-	-	(3,618,501)	(5,089,374)	(6,043,631)	(414,129)
Exchange adjustment	-	-	61,875	53,325	131,461	-
Closing balance	-	-	3,079,396	853,288	2,047,891	1,301,614
Deposits and other accounts						
Opening balance	122,063	495,061	12,981,422	36,318,748	-	1,814,234
Received during the period	510,936	3,137,519	339,739,415	697,117,714	-	215,089,241
Withdrawn during the period	(496,739)	(2,936,872)	(335,561,264)	(685,852,565)	-	(213,705,914)
Transfer (out) / in - net	(13,239)	(52,483)	-	-	-	12,059
Exchange adjustment	(73)	19,734	436,669	796	-	17,230
Closing balance	122,948	662,959	17,596,242	47,584,693	-	3,226,850
Other liabilities						
Interest / mark-up payable	756	2,635	300,768	51,205	3,891	10,724
Payable to staff retirement fund	-	-	-	-	-	1,147,106
Other payables	-	-	3,532	48,196	-	293,642
	756	2,635	304,300	99,401	3,891	1,451,472
Contingencies and commitments						
Letter of credit	-	-	551,832	-	-	1,467,133
Guarantees	-	-	142,529	-	-	3,538,236
Forward purchase of Government securities	-	-	1,560,298	-	-	516,413
Commitments in respect of forward lending	-	-	-	-	-	1,585,439
Interest rate swaps	-	-	638,479	1,000,000	-	-
	-	-	2,893,138	1,000,000	-	7,107,221
Others						
Securities held as custodian	-	12,700	5,943,555	54,903,500	-	9,694,585

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the nine months ended September 30, 2021

	For the nine months ended September 30, 2021 (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	-	14,852	196,157	162,492	-	630,414
Fee and commission income	-	-	127,533	709,279	267	16,382
Share of profit	-	-	-	1,199,819	744,933	-
Dividend income	-	-	-	-	-	89,307
Loss from derivatives	-	-	(2,557)	(8,767)	-	-
Expenses						
Mark-up / return / profit / interest expensed	6,003	8,712	829,136	869,894	18,210	182,213
Operating expenses						
Total compensation expense	-	968,425	-	-	-	990,451
Non-Executive Directors' fees	61,800	-	-	-	-	-
Insurance premium expense	-	-	-	1,504,179	-	-
Product feature cost	-	-	139,554	-	-	-
Travelling	-	-	11,508	-	-	-
Subscription	-	-	-	-	-	72,388
Donations	-	-	77,230	-	-	271,323
Brokerage and Commission	-	-	-	-	-	155,858
Other Expenses	-	-	7,210	-	-	37,798
Others						
Purchase of Government securities	-	-	242,442,156	23,453,887	-	8,614,457
Sale of Government securities	-	44,842	248,898,039	26,669,475	-	15,929,192
Purchase of foreign currencies	-	6,369	2,221,735	-	-	2,791,748
Sale of foreign currencies	5,756	268,770	2,529,316	181,800	-	4,481,885
Insurance claims settled	-	-	-	53,756	-	-

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

	As at December 31, 2020 (Audited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
Borrowings						
Opening balance	-	-	2,787,405	929,086	1,548,476	-
Borrowings during the year	-	-	9,160,032	2,913,226	4,855,377	1,400,000
Settled during the year	-	-	(8,543,252)	(2,913,226)	(4,855,377)	(84,257)
Exchange adjustment	-	-	234,313	29,920	49,868	-
Closing balance	-	-	3,638,498	959,006	1,598,344	1,315,743
Deposits and other accounts						
Opening balance	97,816	193,679	10,999,321	11,245,398	-	3,183,114
Received during the year	687,076	2,384,726	258,689,238	652,057,799	-	60,738,998
Withdrawn during the year	(667,490)	(2,123,156)	(257,004,084)	(626,978,755)	-	(62,159,850)
Transfer in / (out) - net	4,619	35,680	-	-	-	(3,237)
Exchange adjustment	42	4,132	296,947	(5,694)	-	55,209
Closing balance	122,063	495,061	12,981,422	36,318,748	-	1,814,234
Other liabilities						
Interest / mark-up payable	1,384	1,734	231,174	129,999	6,251	13,334
Payable to staff retirement fund	-	-	-	-	-	1,182,639
Other payables	-	-	8,711	37,931	-	347,986
	1,384	1,734	239,885	167,930	6,251	1,543,959
Contingencies and Commitments						
Letter of credit	-	-	145,085	-	-	1,576,326
Guarantees	-	-	134,121	-	-	3,419,047
Forward purchase of Government securities	-	-	861,632	-	-	316,416
Commitments in respect of forward lending	-	-	-	-	-	2,524,426
Interest rate swaps	-	-	859,491	1,125,000	-	-
	-	-	2,000,329	1,125,000	-	7,836,215
Others						
Securities held as custodian	-	17,745	5,457,675	30,978,500	-	13,662,385

	For the nine months ended September 30, 2020 (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	-	17,828	256,884	201,304	-	823,353
Fee and commission income	-	-	83,745	737,942	263	38,968
Share of profit	-	-	-	2,037,761	508,572	-
Dividend income	-	-	-	-	-	36,522
Loss from derivatives	-	-	(21,600)	(23,022)	-	-
Expense						
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	-	-
Product feature cost	-	-	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	-	-

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
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	187,980,735	172,930,425
Eligible Additional Tier 1 (ADT 1) Capital	12,418,224	12,533,284
Total Eligible Tier 1 Capital	200,398,959	185,463,709
Eligible Tier 2 Capital	55,847,945	51,969,228
Total Eligible Capital (Tier 1 + Tier 2)	256,246,904	237,432,937
Risk Weighted Assets (RWAs):		
Credit Risk	1,218,807,255	1,042,434,363
Market Risk	119,221,250	131,554,475
Operational Risk	203,276,223	203,276,223
Total	1,541,304,728	1,377,265,061
Common Equity Tier 1 Capital Adequacy ratio	12.20%	12.56%
Tier 1 Capital Adequacy Ratio	13.00%	13.47%
Total Capital Adequacy Ratio	16.63%	17.24%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	9.50%	9.50%
of which: capital conservation buffer requirement	1.50%	1.50%
of which: countercyclical buffer requirement	-	-
of which: D-SIB buffer requirement	2.00%	2.00%
CET1 available to meet buffers (as a percentage of risk weighted assets)	6.20%	6.56%
Other information:		
National minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	9.50%	9.50%
Tier 1 minimum ratio (%)	11.00%	11.00%
Total capital minimum ratio (%)	13.50%	13.50%
Leverage Ratio (LR)		
Eligible Tier-1 Capital	200,398,959	185,463,709
Total Exposures	4,790,292,378	4,364,466,103
Leverage Ratio (%)	4.18%	4.25%
Minimum Requirement (%)	3.00%	3.00%
Liquidity Coverage Ratio (LCR)	**Total Adjusted Value (Rupees in '000)**	
Average High Quality Liquid Assets	1,461,148,370	1,343,833,391
Average Net Cash Outflow	621,022,630	525,626,841
Liquidity Coverage Ratio (%)	235.28%	255.66%
Minimum Requirement (%)	100.00%	100.00%
	Total Weighted Value (Rupees in '000)	
Net Stable Funding Ratio (NSFR)		
Total Available Stable Funding	2,890,063,091	2,637,965,349
Total Required Stable Funding	1,691,415,207	1,448,252,363
Net Stable Funding Ratio (%)	170.87%	182.15%
Minimum Requirement (%)	100.00%	100.00%

36 ISLAMIC BANKING BUSINESS

The Bank operates 163 (December 31, 2020: 62) Islamic Banking branches and 732 (December 31, 2020: 853) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
ASSETS		(Rupees in '000)	
Cash and balances with treasury banks		25,599,459	12,685,357
Balances with other banks		523,535	85,710
Due from financial institutions	36.1	28,143,507	5,257,358
Investments	36.2	160,171,404	139,619,025
Islamic financing and related assets - net	36.3	152,914,936	153,363,009
Fixed assets		2,908,895	1,163,176
Intangible assets		-	-
Due from Head Office		5,000,862	90,320
Deferred tax assets		-	-
Other assets		10,366,822	6,132,151
		385,629,420	318,396,106
LIABILITIES			
Bills payable		64,118	9,451
Due to financial institutions	36.4	27,487,873	32,183,448
Deposits and other accounts	36.5	318,658,515	257,414,395
Due to Head Office		-	12,444
Subordinated debt		-	-
Deferred tax liabilities		471,340	8,718
Other liabilities		11,750,626	6,000,269
		358,432,472	295,628,725
NET ASSETS		27,196,948	22,767,381
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Surplus on revaluation of investments - net of tax		737,225	13,637
Unappropriated profit	36.6	25,959,723	22,253,744
		27,196,948	22,767,381
Contingencies and commitments	36.7		

PROFIT AND LOSS ACCOUNT		(Unaudited) For the nine months ended September 30, 2021	September 30, 2020
		(Rupees in '000)	
Profit / return earned	36.8	17,196,569	17,198,994
Profit / return expensed	36.9	8,675,798	7,058,308
Net profit / return		8,520,771	10,140,686
Other income / (loss)			
Fee and commission income		492,974	433,885
Dividend income		-	-
Foreign exchange income / (loss)		3,308	(59,803)
Income from derivatives		-	-
Loss on securities- net		(15)	(180,913)
Others		273	6,848
Total other income		496,540	200,017
Total income		9,017,311	10,340,703
Other expenses			
Operating expenses		2,547,914	1,542,801
Workers' Welfare Fund - charge		126,590	161,607
Other charges		2,803	14,107
Total other expenses		2,677,307	1,718,515
Profit before provisions		6,340,004	8,622,188
Provisions and write offs - net		262,904	702,479
Profit before taxation		6,077,100	7,919,709
Taxation		2,370,069	3,093,817
Profit after taxation		3,707,031	4,825,892

		(Unaudited) September 30, 2021	(Audited) December 31, 2020
36.1	**Due from Financial Institutions**	(Rupees in '000)	
	Repurchase agreement lendings (reverse repo)		
	Call money lendings	16,040,000	-
	Bai Muajjal receivable with:		
	- State Bank of Pakistan	-	5,257,358
	- Other financial institutions	12,103,507	-
		28,143,507	5,257,358

36.2 **Investments by segments**

	September 30, 2021 (Unaudited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)			
Federal Government securities				
- Ijarah Sukuks	84,394,683	-	497,565	84,892,248
- Other Federal Government securities	11,901,281	-	-	11,901,281
	96,295,964	-	497,565	96,793,529
Non-Government debt securities				
- Listed	47,742,587	-	688,500	48,431,087
- Unlisted	14,924,288	-	22,500	14,946,788
	62,666,875	-	711,000	63,377,875
Total Investments	158,962,839	-	1,208,565	160,171,404

	December 31, 2020 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)			
Federal Government securities				
- Ijarah Sukuks	67,678,595	-	(322,645)	67,355,950
- Other Federal Government securities	11,324,538	-	-	11,324,538
	79,003,133	-	(322,645)	78,680,488
Non-Government debt securities				
- Listed	47,291,628	-	322,500	47,614,128
- Unlisted	13,301,909	-	22,500	13,324,409
	60,593,537	-	345,000	60,938,537
Total Investments	139,596,670	-	22,355	139,619,025

		(Unaudited) September 30, 2021	(Audited) December 31, 2020
36.3	**Islamic financing and related assets - net**	(Rupees in '000)	
	Diminishing Musharakah	64,618,434	71,127,412
	Running Musharakah	44,295,557	45,034,254
	Wakalah	10,000,000	10,000,000
	Ijarah	1,952,485	2,341,651
	Murabaha	3,337,581	1,517,711
	Currency Salam	-	589,706
	Tijarah	1,211,371	422,168
	Istisna	568,936	271,460
	Home Financing	3,653,903	2,060,742
	Advance for Diminishing Musharakah	2,890,520	2,320,561
	Advance for Ijarah	573,344	312,748
	Advance for Murabaha	3,860,879	1,203,371
	Advance for Salam	220,000	1,027,180
	Advance for Istisna	10,854,949	11,874,971
	Inventories against Murabaha	1,932,299	2,204,687
	Inventories against Tijarah	2,357,468	824,156
	Inventories against Istisna	1,905,540	1,285,677
	Islamic financing and related assets - gross	154,233,266	154,418,455
	Provision against Islamic financing and related assets		
	- Specific	(351,146)	(126,457)
	- General	(967,184)	(928,989)
		(1,318,330)	(1,055,446)
	Islamic financing and related assets - net of provision	152,914,936	153,363,009

		Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
36.4	**Due to financial institutions**		(Rupees in '000)	
	Unsecured acceptances of funds		-	10,500,000
	Acceptances from the SBP under:			
	- Islamic export refinance scheme		17,864,511	12,185,727
	- Islamic long term financing facility		5,055,226	4,774,050
	- Islamic refinance and credit guarantee scheme for women entrepreneurs		5,883	-
	- Islamic refinance scheme for payment of wages and salaries		1,576,964	2,456,473
	- Islamic financing facility for renewable energy power plants		373,775	96,152
	- Islamic temporary economic refinance facility		2,421,169	1,676,737
	- Islamic financing facility for storage of agricultural produce		8,360	-
	Acceptances from Pakistan Mortgage Refinance Company		181,985	494,309
			27,487,873	32,183,448
36.5	**Deposits and other accounts**			
	Customers			
	Current deposits		72,304,979	64,402,537
	Savings deposits		120,046,607	105,290,516
	Term deposits		30,537,862	24,221,318
			222,889,448	193,914,371
	Financial Institutions			
	Current deposits		589,361	405,136
	Savings deposits		90,437,060	61,847,142
	Term deposits		4,742,646	1,247,746
			95,769,067	63,500,024
			318,658,515	257,414,395
36.6	**Islamic Banking business unappropriated profit**			
	Opening Balance		22,253,744	16,486,211
	Add: Islamic Banking profit for the period / year		6,077,100	9,464,811
	Less: Taxation		(2,370,069)	(3,696,779)
	Less: Transferred / Remitted to Head Office		(1,052)	(499)
	Closing Balance		25,959,723	22,253,744
36.7	**Contingencies and commitments**			
	- Guarantees	36.7.1	2,490,130	1,498,665
	- Commitments	36.7.2	44,959,234	7,917,674
			47,449,364	9,416,339
36.7.1	**Guarantees:**			
	Performance guarantees		2,032,609	1,435,850
	Other guarantees		457,521	62,815
			2,490,130	1,498,665
36.7.2	**Commitments:**			
	Trade-related contingent liabilities		29,333,414	6,208,476
	Commitments in respect of forward foreign exchange contracts	36.7.2.1	15,625,820	1,709,198
			44,959,234	7,917,674
36.7.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		7,922,298	740,199
	Sale		7,703,522	968,999
			15,625,820	1,709,198

		(Unaudited) For the nine months ended	
36.8	**Profit / return earned**	**September 30, 2021**	**September 30, 2020**
		(Rupees in '000)	
	On:		
	Financing	7,711,862	10,316,618
	Investments	8,041,493	5,857,861
	Placements	1,443,214	1,024,515
		17,196,569	17,198,994

		(Unaudited) For the nine months ended	
		September 30, 2021	**September 30, 2020**
36.9	**Profit / return expensed**	**(Rupees in '000)**	
	On:		
	Deposits and other accounts	7,781,825	6,487,505
	Amounts due to financial institutions	726,798	465,391
	Foreign currency deposits for Wa'ad based transactions	13,318	27,326
	Lease liability against right-of-use assets	153,857	78,086
		8,675,798	7,058,308

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

37.1 The Board of Directors, in its meeting held on October 15, 2021, has declared a cash dividend of Rs 1.75 per share in respect of the quarter ended September 30, 2021 (September 30, 2020: nil). These condensed interim consolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

38 **DATE OF AUTHORISATION FOR ISSUE**

These condensed interim consolidated financial statements were authorised for issue in the Board of Directors meeting held on October 15, 2021.

39 **GENERAL**

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

President and Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Director**

HBL

UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2021

Habib Bank Limited
Condensed Interim Unconsolidated Statement of Financial Position
As at September 30, 2021

	Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	5	299,463,091	347,988,749
Balances with other banks	6	36,791,588	38,422,719
Lendings to financial institutions	7	148,873,463	30,154,193
Investments	8	1,892,293,930	1,912,237,993
Advances	9	1,250,946,747	1,117,320,960
Fixed assets	10	90,698,101	84,350,518
Intangible assets	11	5,892,591	4,596,807
Deferred tax assets	12	499,766	-
Other assets	13	127,123,174	108,639,781
		3,852,582,451	3,643,711,720
LIABILITIES			
Bills payable	14	46,693,588	46,122,344
Borrowings	15	393,214,852	540,095,253
Deposits and other accounts	16	2,985,975,701	2,669,490,716
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	12,374,000	22,356,000
Deferred tax liabilities	12	-	2,968,857
Other liabilities	18	157,480,056	119,953,785
		3,595,738,197	3,400,986,955
NET ASSETS		256,844,254	242,724,765
REPRESENTED BY			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		67,612,867	63,040,638
Surplus on revaluation of assets - net of tax	19	30,868,242	35,752,856
Unappropriated profit		143,694,620	129,262,746
		256,844,254	242,724,765
CONTINGENCIES AND COMMITMENTS	20		

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

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, 2021

	Note	January 01 to September 30, 2021	January 01 to September 30, 2020	July 01 to September 30, 2021	July 01 to September 30 2020
		---------- (Rupees in '000) ----------			
Mark-up / return / profit / interest earned	22	180,997,700	198,059,287	62,026,280	61,322,719
Mark-up / return / profit / interest expensed	23	90,986,779	105,096,322	31,945,601	27,736,743
Net mark-up / return / profit / interest income		90,010,921	92,962,965	30,080,679	33,585,976
Non mark-up / interest income					
Fee and commission income	24	15,661,530	11,680,387	5,390,683	3,886,488
Dividend income		1,086,340	1,464,049	196,967	611,192
Foreign exchange income / (loss)		2,477,870	(941,862)	1,199,813	470,495
(Loss) / income from derivatives		(77,203)	622,896	(968,070)	364,563
Gain on securities - net	25	1,900,852	7,337,434	93,426	679,269
Other income / (loss)	26	976,892	(135,617)	537,155	104,555
Total non mark-up / interest income		22,026,281	20,027,287	6,449,974	6,116,562
Total income		112,037,202	112,990,252	36,530,653	39,702,538
Non mark-up / interest expenses					
Operating expenses	27	62,040,974	62,769,091	20,480,094	20,081,163
Workers' Welfare Fund -charge		903,374	852,748	271,985	338,853
Other charges	28	79,084	292,448	27,242	59,840
Total non mark-up / interest expenses		63,023,432	63,914,287	20,779,321	20,479,856
Profit before provisions and taxation		49,013,770	49,075,965	15,751,332	19,222,682
Provisions / (reversals) and write offs - net	29	3,916,205	7,285,515	753,997	2,578,224
Profit before taxation		45,097,565	41,790,450	14,997,335	16,644,458
Taxation	30	18,651,876	16,804,440	6,035,961	6,583,224
Profit after taxation		26,445,689	24,986,010	8,961,374	10,061,234
		---------- (Rupees) ----------			
Basic and diluted earnings per share	31	18.03	17.03	6.11	6.86

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

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, 2021

	January 01 to September 30, 2021	January 01 to September 30, 2020	July 01 to September 30, 2021	July 01 to September 30 2020
	---------- (Rupees in '000) ----------			
Profit after taxation for the period	26,445,689	24,986,010	8,961,374	10,061,234
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	2,174,148	2,626,107	3,577,770	(309,144)
Movement in surplus / deficit on revaluation of investments - net of tax	(4,719,320)	8,150,090	(2,181,941)	(6,788,350)
Total comprehensive income	23,900,517	35,762,207	10,357,203	2,963,740

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

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, 2021

	Share capital	Reserves			Surplus / (deficit) on revaluation of		Unappropriated profit	Total
		Statutory	Capital					
			Exchange Translation	Non - distributable	Investments	Fixed / Non-banking assets		
	(Rupees in '000)							
Balance as at December 31, 2019	14,668,525	33,463,859	23,263,185	547,115	3,573,355	21,237,500	104,668,407	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	-	8,150,090	-	24,986,010	35,762,207
Transferred to statutory reserve	-	2,498,601	-	-	-	-	(2,498,601)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(31,012)	31,012	-
Exchange loss realised on closure of Bank branch - net of tax	-	-	1,151,197	-	-	-	-	1,151,197
Transactions with owners, recorded directly in equity								
Final cash dividend - Rs 1.25 per share declared subsequent to the year ended December 31, 2019	-	-	-	-	-	-	(1,833,565)	(1,833,565)
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	35,962,460	27,040,489	547,115	11,723,445	21,206,488	123,519,698	234,668,220
Comprehensive income for the three months ended December 31, 2020								
Profit after taxation for the three months ended December 31, 2020	-	-	-	-	-	-	6,537,672	6,537,672
Other comprehensive income / (loss)								
Effect of translation of net investment in foreign branches - net of tax	-	-	(1,163,193)	-	-	-	-	(1,163,193)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	(154,770)	(154,770)
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(3,253,403)	6,090,239	-	2,836,836
	-	-	(1,163,193)	-	(3,253,403)	6,090,239	6,382,902	8,056,545
Transferred to statutory reserve	-	653,767	-	-	-	-	(653,767)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(13,913)	13,913	-
Balance as at December 31, 2020	14,668,525	36,616,227	25,877,296	547,115	8,470,042	27,282,814	129,262,746	242,724,765
Comprehensive income for the nine months ended September 30, 2021								
Profit after taxation for the nine months ended September 30, 2021	-	-	-	-	-	-	26,445,689	26,445,689
Other comprehensive income								
Effect of translation of net investment in foreign branches - net of tax	-	-	2,174,148	-	-	-	-	2,174,148
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(4,719,320)	-	-	(4,719,320)
	-	-	2,174,148	-	(4,719,320)	-	26,445,689	23,900,517
Transferred to statutory reserve	-	2,644,569		-	-	-	(2,644,569)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(165,294)	165,294	-
Exchange gain realised on partial repatriation of branch capital - net of tax	-	-	(246,488)	-	-	-	-	(246,488)
Transactions with owners, recorded directly in equity								
Final cash dividend - Rs 3 per share declared subsequent to the year ended December 31, 2020	-	-	-	-	-	-	(4,400,556)	(4,400,556)
1st interim cash dividend - Rs 1.75 per share	-	-	-	-	-	-	(2,566,992)	(2,566,992)
2nd interim cash dividend - Rs 1.75 per share	-	-	-	-	-	-	(2,566,992)	(2,566,992)
	-	-	-	-	-	-	(9,534,540)	(9,534,540)
Balance as at September 30, 2021	14,668,525	39,260,796	27,804,956	547,115	3,750,722	27,117,520	143,694,620	256,844,254

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

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, 2021

	January 01 to September 30, 2021	January 01 to September 30, 2020
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	45,097,565	41,790,450
Dividend income	(1,086,340)	(1,464,049)
	44,011,225	40,326,401
Adjustments:		
Depreciation	4,633,100	4,049,039
Amortisation	681,953	528,656
Depreciation on right-of-use assets	2,048,407	2,535,591
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	2,526,026	1,525,476
Mark-up / return / profit / interest expensed on subordinated debt	941,834	2,133,133
Reversal of diminution in value of investments	(1,125,272)	(253,139)
Provision against loans and advances	4,205,706	7,650,261
Provision against other assets	63,206	186,694
Provision against off-balance sheet obligations	1,192,386	33,207
Unrealised loss on held-for-trading securities	23,156	11,500
Exchange gain realised on partial repatriation of branch capital - net of tax	(246,488)	-
Exchange gain realised on liquidation of subsidiary	(13,354)	(1,395,592)
Exchange loss realised on closure of Bank branch - net of tax	-	1,151,197
Gain on sale of fixed assets - net	(36,983)	(4,663)
Gain on sale of non - banking assets	(16,000)	(6,780)
Workers' Welfare Fund - charge	903,374	852,748
	15,781,051	18,997,328
	59,792,276	59,323,729
(Increase) / decrease in operating assets		
Lendings to financial institutions	(118,719,270)	(18,782,383)
Held-for-trading securities	(62,688,835)	154,762,189
Advances	(137,831,493)	21,269,926
Other assets (excluding advance taxation)	(19,834,565)	27,348,511
	(339,074,163)	184,598,243
Increase / (decrease) in operating liabilities		
Bills payable	571,244	10,055,172
Borrowings from financial institutions	(146,880,401)	(41,689,064)
Deposits and other accounts	316,484,985	285,603,493
Other liabilities	30,527,637	13,577,423
	200,703,465	267,547,024
	(78,578,422)	511,468,996
Income tax paid	(17,562,442)	(7,817,465)
Net cash flows (used in) / generated from operating activities	(96,140,864)	503,651,531
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	115,978,235	(519,700,596)
Net investment in held-to-maturity securities	(37,456,074)	(17,508,385)
Net investment in subsidiaries	(2,324,696)	(325,635)
Net investment in associates	(222,276)	115,333
Dividend received	1,027,445	1,443,600
Investments in fixed assets	(9,173,810)	(4,925,857)
Investments in intangible assets	(1,989,662)	(1,368,729)
Proceeds realised on liquidation of subsidiary	36,590	3,021,200
Proceeds from sale of fixed assets	58,979	31,970
Proceeds from sale of non-banking assets	216,000	42,500
Effect of translation of net investment in foreign branches - net of tax	2,174,148	2,626,107
Net cash flows generated from / (used in) investing activities	68,324,879	(536,548,492)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of subordinated debt	(9,982,000)	(4,000)
Payment of mark-up on subordinated debt	(1,228,722)	(2,596,766)
Payment of lease liability against right-of-use assets	(2,827,007)	(2,884,124)
Dividend paid	(8,303,075)	(3,660,596)
Net cash flows used in financing activities	(22,340,804)	(9,145,486)
Decrease in cash and cash equivalents during the period	(50,156,789)	(42,042,447)
Cash and cash equivalents at the beginning of the period	382,156,714	364,178,366
Effect of exchange rate changes on cash and cash equivalents	4,254,754	5,202,990
	386,411,468	369,381,356
Cash and cash equivalents at the end of the period	336,254,679	327,338,909

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

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 9th Floor, Habib Bank Tower, Jinnah Avenue, Blue Area, Islamabad and its principal office is at HBL Tower, Plot # G-4, KDA Scheme 5, Block 7, Clifton, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,640 (December 31, 2020: 1,659) branches inside Pakistan including 163 (December 31, 2020: 62) Islamic Banking Branches and 38 (December 31, 2020: 38) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A. (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

1.1 Habib Finance International Limited (HFIL) had voluntarily surrendered its banking license in 2019 and was under voluntary liquidation. HFIL's final general meeting to conclude the liquidation was held on February 19, 2021 and the company stands formally dissolved as on May 19, 2021.The entire capital has been repatriated to Pakistan.

1.2 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.

1.3 The Bank has decided to exit its operations in Mauritius and is at an advanced stage of discussions with a potential buyer.

1.4 During the period, the Bank has subscribed to 200 million Rights shares issued by the First MicrofinanceBank Limited (FMFB). Resultantly, the Bank's holding in FMFB has increased from 50.51% to 71.43%.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

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

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

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

2.5 **Critical accounting estimates and judgements**

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

4 FINANCIAL RISK MANAGEMENT

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

5 CASH AND BALANCES WITH TREASURY BANKS

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
In hand		
Local currency	45,676,057	39,840,558
Foreign currencies	4,871,647	15,979,300
	50,547,704	55,819,858
With State Bank of Pakistan in		
Local currency current accounts	94,689,440	128,439,933
Foreign currency current accounts	9,167,992	6,788,327
Foreign currency deposit accounts	17,088,727	13,768,677
	120,946,159	148,996,937
With other Central Banks in		
Foreign currency current accounts	28,063,552	25,437,714
Foreign currency deposit accounts	10,778,013	11,120,595
	38,841,565	36,558,309
With National Bank of Pakistan in local currency current accounts	88,568,264	104,866,634
National Prize Bonds	559,399	1,747,011
	299,463,091	347,988,749

6 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	79,440	1,977,022
Outside Pakistan		
In current accounts	17,665,374	25,349,080
In deposit accounts	19,046,774	11,096,617
	36,712,148	36,445,697
	36,791,588	38,422,719

7 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	16,040,000	-
Repurchase agreement lendings (reverse repo)	120,729,956	24,896,835
Bai Muajjal receivable with:		
- State Bank of Pakistan	-	5,257,358
- Other financial institutions	12,103,507	-
	12,103,507	5,257,358
	148,873,463	30,154,193

8 INVESTMENTS

	Note	September 30, 2021 (Unaudited)				December 31, 2020 (Audited)			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1 Investments by type		(Rupees in '000)							
Held-for-trading (HFT) securities									
Federal Government securities									
- Market Treasury Bills		167,106,273	-	(62,259)	167,044,014	105,072,858	-	(13,636)	105,059,222
- Pakistan Investment Bonds		24,243,762	-	22,614	24,266,376	25,655,331	-	19,066	25,674,397
Shares									
- Listed companies		48,320	-	(2,709)	45,611	137,682	-	8,542	146,224
Foreign securities									
- Government debt securities		2,296,785	-	19,198	2,315,983	102,884	-	23,578	126,462
		193,695,140	-	(23,156)	193,671,984	130,968,755	-	37,550	131,006,305
Available-for-sale (AFS) securities									
Federal Government securities									
- Market Treasury Bills		368,317,333	-	(72,536)	368,244,797	514,554,259	-	1,445,967	516,000,226
- Pakistan Investment Bonds		773,794,850	-	3,532,399	777,327,249	782,920,795	-	10,650,864	793,571,659
- Ijarah Sukuks		84,394,683	-	497,565	84,892,248	67,678,595	-	(322,645)	67,355,950
- Government of Pakistan US Dollar Bonds		16,164,143	(426,851)	377,786	16,115,078	9,799,054	(392,763)	629,559	10,035,850
- Government of Pakistan US Dollar Sukuks		-	-	-	-	549,457	(20,567)	43,822	572,712
- Other Federal Government securities		1,107,281	-	-	1,107,281	530,538	-	-	530,538
Shares									
- Listed companies		7,580,431	(1,909,156)	570,443	6,241,718	7,975,054	(2,983,143)	846,869	5,838,780
- Unlisted companies		5,372,623	(91,009)	-	5,281,614	4,899,328	(87,125)	-	4,812,203
Non-Government debt securities									
- Listed		51,382,317	(96,460)	685,531	51,971,388	46,943,545	-	321,860	47,265,405
- Unlisted		1,648,381	(247,380)	22,500	1,423,501	1,671,878	(270,877)	22,500	1,423,501
Foreign securities									
- Government debt securities		48,906,442	(342,401)	311,845	48,875,886	40,682,649	(565,331)	(24,325)	40,092,993
- Non-Government debt securities - Listed		6,952,252	(33,479)	103,918	7,022,691	3,520,736	(48,750)	81,717	3,553,703
- Equity securities - Unlisted		6,107	(316)	-	5,791	5,913	(321)	-	5,592
National Investment Unit Trust units		11,113	-	35,173	46,286	11,113	-	35,726	46,839
Real Estate Investment Trust units		55,000	-	3,600	58,600	55,000	-	(2,000)	53,000
Preference shares									
- Listed		744,400	-	80,500	824,900	744,400	-	155,400	899,800
- Unlisted		176,985	(152,990)	-	23,995	-	-	-	-
		1,366,614,341	(3,300,042)	6,148,724	1,369,463,023	1,482,542,314	(4,368,877)	13,885,314	1,492,058,751
Held-to-maturity (HTM) securities	8.2								
Federal Government securities									
- Pakistan Investment Bonds		251,322,294	-	-	251,322,294	216,669,214	-	-	216,669,214
- Other Federal Government securities		10,794,000	-	-	10,794,000	10,794,000	-	-	10,794,000
Non-Government debt securities									
- Listed		2,432,804	-	-	2,432,804	4,277,922	-	-	4,277,922
- Unlisted		20,374,038	-	-	20,374,038	16,209,049	-	-	16,209,049
Foreign securities									
- Government debt securities		13,847,158	-	-	13,847,158	13,617,545	(13)	-	13,617,532
- Non-Government debt securities									
- Listed		314,147	(8,479)	-	305,668	397,139	(14,650)	-	382,489
- Unlisted		649,344	(1,525)	-	647,819	312,842	(1,516)	-	311,326
		299,733,785	(10,004)	-	299,723,781	262,277,711	(16,179)	-	262,261,532
Investment in associates and joint venture	8.2	9,519,055	-	-	9,519,055	9,296,779	-	-	9,296,779
Investment in subsidiary companies		19,916,087	-	-	19,916,087	17,614,626	-	-	17,614,626
Total Investments		1,889,478,408	(3,310,046)	6,125,568	1,892,293,930	1,902,700,185	(4,385,056)	13,922,864	1,912,237,993

8.1.1 Investments given as collateral

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

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Federal Government securities		
- Market Treasury Bills	7,966,056	113,807,278
- Pakistan Investment Bonds	137,996,496	207,400,499
Foreign securities		
Government debt securities	6,835	-
	145,969,387	321,207,777

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, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Book value	Market value	Book value	Market value
	(Rupees in '000)			
- Investment classified as held-to-maturity	299,723,781	298,040,259	262,261,532	264,661,267
- Investment in listed associates and joint venture	9,262,824	29,341,020	9,040,549	31,042,377

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

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Opening balance	4,385,056	4,905,784
Exchange adjustment	50,262	12,357
Charge / (reversal)		
Charge for the period / year	388,396	1,176,274
Reversal for the period / year	(295,794)	(15,066)
Reversal on disposal during the period / year	(1,217,874)	(1,694,293)
Net reversal	(1,125,272)	(533,085)
Closing balance	3,310,046	4,385,056

8.4 **Particulars of provision against debt securities**

	(Unaudited) September 30, 2021		(Audited) December 31, 2020	
Category of classification	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	(Rupees in '000)			
Domestic				
Loss	247,380	247,380	270,877	270,877

8.4.1 In addition to the above, overseas branches hold a general provision of Rs 909.195 million (December 31, 2020: Rs 1,043.590 million) against investment in accordance with the ECL requirements of IFRS 9.

9 **ADVANCES**	Note	Performing		Non - performing		Total	
		(Unaudited) September 30, 2021	(Audited) December 31, 2020	(Unaudited) September 30, 2021	(Audited) December 31, 2020	(Unaudited) September 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		1,019,899,809	915,997,978	70,685,985	70,107,569	1,090,585,794	986,105,547
Islamic financing and related assets	36.3	153,881,179	154,081,348	352,087	337,107	154,233,266	154,418,455
Bills discounted and purchased		79,418,936	48,357,231	5,653,999	5,005,929	85,072,935	53,363,160
Advances - gross		1,253,199,924	1,118,436,557	76,692,071	75,450,605	1,329,891,995	1,193,887,162
Provision against advances							
- Specific	9.3	-	-	(70,270,266)	(67,067,637)	(70,270,266)	(67,067,637)
- General		(8,674,982)	(9,498,565)	-	-	(8,674,982)	(9,498,565)
		(8,674,982)	(9,498,565)	(70,270,266)	(67,067,637)	(78,945,248)	(76,566,202)
Advances - net of provision		1,244,524,942	1,108,937,992	6,421,805	8,382,968	1,250,946,747	1,117,320,960

9.1 **Particulars of advances (Gross)**

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
In local currency	1,070,182,216	1,013,517,803
In foreign currencies	259,709,779	180,369,359
	1,329,891,995	1,193,887,162

9.2 Advances include Rs 76,692.071 million (December 31, 2020: Rs 75,450.605 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Unaudited) September 30, 2021		(Audited) December 31, 2020	
	Non - performing advances	Provision	Non - performing advances	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	748,091	-	723,200	-
Substandard	2,801,672	683,641	5,298,716	1,294,860
Doubtful	1,709,165	854,583	1,077,034	538,517
Loss	42,955,807	41,960,035	42,141,393	40,925,622
	48,214,735	43,498,259	49,240,343	42,758,999
Overseas				
Not past due but impaired	94,274	69,648	592,400	355,535
Overdue by:				
Upto 90 days	14,233	10,240	105,684	36,925
91 to 180 days	134,326	78,900	225,844	51,457
181 to 365 days	2,858,008	2,187,922	2,847,011	2,846,499
> 365 days	25,376,495	24,425,297	22,439,323	21,018,222
	28,477,336	26,772,007	26,210,262	24,308,638
Total	76,692,071	70,270,266	75,450,605	67,067,637

9.3 **Particulars of provision against advances**

	Note	September 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		67,067,637	9,498,565	76,566,202	66,459,144	3,292,615	69,751,759
Exchange adjustment		1,621,385	139,013	1,760,398	743,861	37,955	781,816
Charge for the period / year		8,202,761	619,683	8,822,444	7,989,721	6,450,039	14,439,760
Reversal for the period / year		(3,034,459)	(1,582,279)	(4,616,738)	(3,920,241)	(282,044)	(4,202,285)
Net charge / (reversal) against advances		5,168,302	(962,596)	4,205,706	4,069,480	6,167,995	10,237,475
Charged off during the period / year- agriculture financing	9.5	(282,052)	-	(282,052)	(750,824)	-	(750,824)
Written off during the period / year		(3,305,006)	-	(3,305,006)	(3,454,024)	-	(3,454,024)
Closing balance		70,270,266	8,674,982	78,945,248	67,067,637	9,498,565	76,566,202

9.4 General provision includes provision amounting to Rs 2,606.795 million (December 31, 2020: Rs 2,237.187 million) against consumer finance portfolio. General provision also includes Rs 2,326.237 million (December 31, 2020: Rs 1,843.428 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Bank operates. General provision also includes Rs 3,741.950 million (December 31, 2020: 5,417.950 million) carried as a matter of prudence on account of COVID-19.

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

		Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
10	**FIXED ASSETS**		(Rupees in '000)	
	Capital work-in-progress	10.1	5,499,804	2,309,644
	Property and equipment		85,198,297	82,040,874
			90,698,101	84,350,518
10.1	**Capital work-in-progress**			
	Civil works		2,526,167	602,868
	Equipment		440,443	1,182,896
	Advances to suppliers and contractors		2,533,194	523,880
			5,499,804	2,309,644

10.2 **Additions to fixed assets**

	(Unaudited) For the nine months ended	
	September 30, 2021	September 30, 2020
The following additions have been made to fixed assets during the period:	(Rupees in '000)	
Capital work-in-progress - net	3,190,160	752,119
Property and equipment		
Leasehold land	400,000	928,823
Building on free hold land	2,019	-
Building on leasehold land	184,048	75,124
Machinery	85,200	58,556
Leasehold improvements	1,340,718	668,360
Furniture and fixtures	616,242	308,575
Electrical, office and computer equipment	3,263,615	1,973,788
Vehicles	91,808	52,737
	5,983,650	4,065,963
Right-of-use assets - net	2,007,161	4,893,112
	11,180,971	9,711,194

10.3 **Disposals of fixed assets**

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

Property and equipment		
Leasehold improvements	24	9,410
Furniture and fixtures	1,082	4,074
Electrical, office and computer equipment	8,237	13,787
Vehicles	12,653	36
	21,996	27,307
Dercognition of right-of-use assets on closure of Bank branch	-	1,032,336
	21,996	1,059,643

		(Unaudited) September 30, 2021	(Audited) December 31, 2020
11	**INTANGIBLE ASSETS**	(Rupees in '000)	
	Capital work-in-progress - computer software	1,855,009	1,553,039
	Intangible assets	4,037,582	3,043,768
		5,892,591	4,596,807

11.1 **Additions to intangibles assets**

	(Unaudited) For the nine months ended	
	September 30, 2021	September 30, 2020
The following additions have been made to intangible assets during the period:	(Rupees in '000)	
Capital work-in-progress	301,970	579,498
Computer software	1,687,692	781,861
	1,989,662	1,361,359

		Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
			(Rupees in '000)	
12	**DEFERRED TAX ASSETS / (LIABLITIES)**			
	Deductible temporary differences on			
	- Provision against investments		724,188	1,143,042
	- Provision against doubtful debts and off-balance sheet obligations		3,417,140	3,591,810
	- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		2,583,250	1,938,319
	- Provision against other assets		29,020	45,062
	- Deficit on revaluation of fixed assets		72,832	72,832
	- Ijarah financing		234,325	199,225
			7,060,755	6,990,290
	Taxable temporary differences on			
	- Accelerated tax depreciation		(1,744,810)	(1,851,784)
	- Surplus on revaluation of fixed assets	19	(1,758,358)	(1,788,461)
	- Surplus on revaluation of investments	19	(2,398,002)	(5,415,272)
	- Exchange translation reserve		(659,819)	(903,630)
			(6,560,989)	(9,959,147)
	Net deferred tax assets / (liabilities)		499,766	(2,968,857)
13	**OTHER ASSETS**			
	Mark-up / return / profit / interest accrued in local currency - net of provision		40,202,151	44,804,538
	Mark-up / return / profit / interest accrued in foreign currency - net of provision		3,336,362	2,448,754
	Advances, deposits, advance rent and other prepayments		3,371,168	2,355,787
	Advance taxation		19,886,200	21,183,176
	Advances against subscription of securities		2,683	1,096,000
	Stationery and stamps on hand		120,925	113,476
	Accrued fees and commissions		248,353	464,201
	Due from Government of Pakistan / SBP		1,602,191	1,441,901
	Mark to market gain on forward foreign exchange contracts		10,058,657	3,358,985
	Mark to market gain on derivative instruments		34,723	182,917
	Non-banking assets acquired in satisfaction of claims		468,175	432,937
	Branch adjustment account		-	538,852
	Acceptances		35,382,492	26,702,624
	Clearing and settlement accounts		10,364,862	3,220,084
	Dividend receivable		73,921	15,026
	Claims receivable against fraud and forgeries		489,410	553,356
	Others		2,564,014	645,482
			128,206,287	109,558,096
	Provision held against other assets	13.1	(1,174,497)	(1,127,909)
	Other assets- net of provision		127,031,790	108,430,187
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	91,384	209,594
	Other assets - total		127,123,174	108,639,781
13.1	**Provision held against other assets**			
	Acceptances		-	419,923
	Non-banking assets acquired in satisfaction of claims		3,105	3,152
	Claims receivable against fraud and forgeries		489,410	553,356
	Suit filed cases		4,800	4,998
	Others		677,182	146,480
			1,174,497	1,127,909

	Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
13.1.1 **Movement in provision against other assets**			
Opening balance		1,127,909	821,996
Exchange adjustment		239	19,735
Charge for the period / year		611,021	691,987
Reversal for the period / year		(547,815)	(33,899)
Net charge		63,206	658,088
Written off during the period / year		(16,857)	(49,042)
Transferred out		-	(322,868)
Closing balance		1,174,497	1,127,909
14 **BILLS PAYABLE**			
In Pakistan		44,094,363	44,792,798
Outside Pakistan		2,599,225	1,329,546
		46,693,588	46,122,344
15 **BORROWINGS**			
Secured			
Borrowings from the SBP under			
- Export refinance scheme		62,493,317	60,068,212
- Long term financing facility		28,325,675	25,922,575
- Financing facility for renewable energy power plants		4,968,878	1,716,425
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)		254,786	152,893
- Refinance and credit guarantee scheme for women entrepreneurs		135,401	163,416
- Financing facility for storage of agricultural produce		363,109	292,211
- Refinance facility for working capital of SMEs		3,533	135,625
- Refinance scheme for payment of wages and salaries		19,767,562	30,928,363
- Refinance facility for combating COVID-19		1,138,886	1,300,000
- Temporary economic refinance facility		19,486,843	4,917,263
		136,937,990	125,596,983
Repurchase agreement borrowings		146,963,107	321,070,809
		283,901,097	446,667,792
Unsecured			
- Call money borrowings		-	13,450,000
- Overdrawn nostro accounts		428,165	164,928
- Borrowings of overseas branches		53,926,782	28,814,549
- Other long-term borrowings	15.1	54,958,808	50,997,984
		109,313,755	93,427,461
		393,214,852	540,095,253

15.1 This includes the following:

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

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$ 170.975 million (December 31, 2020: US$ 165.975 million) has been utilized by the Bank, with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to January 31, 2023. Starting from that date, the entire drawn amount is payable in semi-annual installments over a period of 10 years. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.

15.1.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 181.985 million (December 31, 2020: Rs 194.309 million) for on-lending to customers. The principal amount is payable in semi-annual installments from August 2020 to February 2023. The profit at 11.21% per annum is payable semi-annually.

16 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	903,452,896	124,315,360	1,027,768,256	818,376,303	95,804,417	914,180,720
Savings deposits	1,024,647,331	88,688,439	1,113,335,770	976,981,942	85,041,111	1,062,023,053
Term deposits	377,459,843	162,397,543	539,857,386	292,861,588	112,812,988	405,674,576
	2,305,560,070	375,401,342	2,680,961,412	2,088,219,833	293,658,516	2,381,878,349
Financial institutions						
Current deposits	5,167,795	1,474,762	6,642,557	14,003,219	1,310,351	15,313,570
Savings deposits	272,443,764	617,173	273,060,937	259,670,600	657,250	260,327,850
Term deposits	19,577,572	5,733,223	25,310,795	5,083,529	6,887,418	11,970,947
	297,189,131	7,825,158	305,014,289	278,757,348	8,855,019	287,612,367
	2,602,749,201	383,226,500	2,985,975,701	2,366,977,181	302,513,535	2,669,490,716

17 SUBORDINATED DEBT

	Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
Tier II Term Finance Certificates	17.1	-	9,982,000
Additional Tier I Term Finance Certificates	17.2	12,374,000	12,374,000
		12,374,000	22,356,000

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

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 (KIBOR).

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, 2020: AA+ (Double A plus)]
Tenor	Perpetual
Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors. 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 the investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the “Call Option Exercise Date”).
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".

		Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
			(Rupees in '000)	
18	**OTHER LIABILITIES**			
	Mark-up / return / profit / interest payable in local currency		15,127,686	9,964,075
	Mark-up / return / profit / interest payable in foreign currency		2,922,118	2,209,403
	Security deposits		915,274	974,790
	Accrued expenses		18,437,614	17,984,739
	Mark to market loss on forward foreign exchange contracts		6,532,000	5,996,571
	Mark to market loss on derivative instruments		2,061,849	1,449,800
	Unclaimed dividends		719,206	693,700
	Dividends payable		1,321,585	115,626
	Provision for post retirement medical benefits		3,939,937	3,763,654
	Provision for employees' compensated absences		2,392,770	2,492,992
	Provision against off-balance sheet obligations	18.1	2,383,894	1,138,648
	Acceptances		35,382,492	26,702,624
	Branch adjustment account		699,140	-
	Provision for staff retirement benefits		1,225,251	1,239,418
	Payable to defined benefit plans		1,147,106	1,182,639
	Provision for Workers' Welfare Fund		7,227,700	6,324,325
	Unearned income		4,523,341	4,229,811
	Qarz-e-Hasna Fund		338,542	338,542
	Levies and taxes payable		3,773,995	6,977,533
	Insurance payable		1,222,935	868,971
	Provision for rewards program expenses		1,873,572	1,391,392
	Liability against trading of securities		12,979,488	902,755
	Clearing and settlement accounts		8,057,012	4,538,482
	Payable to HBL Foundation		271,323	315,431
	Contingent consideration payable		500,000	500,000
	Charity fund		4,409	4,234
	Lease liability against right-of-use assets		18,752,108	15,300,909
	Unclaimed deposits		368,685	91,752
	Others		2,379,024	2,260,969
			157,480,056	119,953,785
18.1	**Provision against off-balance sheet obligations**			
	Opening balance		1,138,648	437,795
	Exchange adjustment		6,931	(25,452)
	Charge for the period / year		1,265,055	480,696
	Reversal for the period / year		(72,669)	(95,905)
	Net charge		1,192,386	384,791
	Written off during the year		(1,653)	(4,053)
	Transferred in		47,582	345,567
	Closing balance		2,383,894	1,138,648
19	**SURPLUS ON REVALUATION OF ASSETS - NET OF TAX**			
	Surplus arising on revaluation of:			
	- Fixed assets		28,784,494	28,861,681
	- Available-for-sale securities	8.1	6,148,724	13,885,314
	- Non-banking assets acquired in satisfaction of claims	13	91,384	209,594
			35,024,602	42,956,589
	Deferred tax on surplus on revaluation of:			
	- Fixed assets		1,758,358	1,788,461
	- Available-for-sale securities		2,398,002	5,415,272
	- Non-banking assets acquired in satisfaction of claims		-	-
			4,156,360	7,203,733
	Surplus on revaluation of assets - net of tax		30,868,242	35,752,856

		Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
20	**CONTINGENCIES AND COMMITMENTS**		(Rupees in '000)	
	- Guarantees	20.1	262,056,776	201,448,496
	- Commitments	20.2	922,046,315	762,895,459
	- Other contingent liabilities	20.3	25,381,123	23,888,069
			1,209,484,214	988,232,024
20.1	**Guarantees:**			
	Financial guarantees		90,618,578	63,750,853
	Performance guarantees		158,970,306	126,465,667
	Other guarantees		12,467,892	11,231,976
			262,056,776	201,448,496
20.2	**Commitments:**			
	Trade-related contingent liabilities		309,242,330	151,147,102
	Commitments in respect of:			
	- Forward foreign exchange contracts	20.2.1	479,459,003	405,885,132
	- Forward Government securities transactions	20.2.2	58,750,671	150,757,178
	- Derivatives	20.2.3	35,398,475	38,504,637
	- Forward lending	20.2.4	26,711,703	11,085,983
			600,319,852	606,232,930
	Commitments for acquisition of:			
	- Fixed assets		10,930,280	4,389,650
	- Intangible assets		1,553,853	1,125,777
			12,484,133	5,515,427
			922,046,315	762,895,459
20.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		290,438,628	245,614,763
	Sale		189,020,375	160,270,369
			479,459,003	405,885,132
20.2.2	**Commitments in respect of forward Government securities transactions**			
	Purchase		38,984,028	96,427,590
	Sale		19,766,643	54,329,588
			58,750,671	150,757,178
20.2.3	**Commitments in respect of derivatives**			
	Cross currency swaps			
	Purchase		13,584,610	14,662,810
	Sale		15,475,386	16,007,336
			29,059,996	30,670,146
	Interest rate swaps			
	Purchase		-	-
	Sale		6,338,479	7,834,491
			6,338,479	7,834,491
20.2.4	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to extend credit		26,711,703	11,085,983

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

		(Unaudited) September 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
20.3	**Other contingent liabilities**		
20.3.1	Claims against the Bank not acknowledged as debts	25,381,123	23,888,069

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

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

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

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

21 DERIVATIVE INSTRUMENTS

Product Analysis

	September 30, 2021 (Unaudited)				December 31, 2020 (Audited)			
	Cross currency swaps		Interest rate swaps		Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss	Notional principal	Mark to market loss	Notional principal	Mark to market Gain
	'(Rupees in '000)				'(Rupees in '000)			
Market Making	29,059,996	(2,008,159)	6,338,479	(18,967)	30,670,146	(1,340,265)	7,834,491	73,382

	Note	(Unaudited) For the nine months ended September 30, 2021	September 30, 2020
22 MARK-UP / RETURN / PROFIT / INTEREST EARNED		(Rupees in '000)	
On:			
Loans and advances		69,660,130	83,344,068
Investments		107,242,082	110,069,194
Lendings to financial institutions		3,799,440	4,154,528
Balances with banks		296,048	491,497
		180,997,700	198,059,287
23 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED			
On:			
Deposits		66,224,638	81,159,595
Securities sold under repurchase agreement borrowings		13,275,792	10,803,577
Borrowings		4,035,714	5,168,115
Subordinated debt		941,834	2,133,133
Cost of foreign currency swaps against foreign currency deposits / borrowings		3,982,775	4,306,426
Lease liability against right-of-use assets		2,526,026	1,525,476
		90,986,779	105,096,322
24 FEE AND COMMISSION INCOME			
Branch banking customer fees		2,842,555	2,460,149
Consumer finance related fees		1,320,821	1,093,590
Card related fees (debit and credit cards)		5,005,268	2,982,529
Credit related fees		588,301	431,530
Investment banking fees		886,538	947,846
Commission on trade related products and guarantees		2,823,559	2,207,977
Commission on cash management		635,420	511,687
Commission on remittances (including home remittances)		374,017	236,164
Commission on bancassurance		610,469	474,910
Commission on Government to Person (G2P) payments		235,171	475,865
Merchant discount and interchange fees		2,500,105	1,554,443
Others		317,029	341,621
		18,139,253	13,718,311
Less: Sales tax / Federal Excise Duty on fee and commission income		(2,477,723)	(2,037,924)
		15,661,530	11,680,387
25 GAIN ON SECURITIES - NET			
Realised	25.1	1,924,008	7,348,934
Unrealised - held-for-trading	8.1	(23,156)	(11,500)
		1,900,852	7,337,434

		(Unaudited) For the nine months ended	
		September 30, 2021	September 30, 2020
25.1	**Gain / (Loss) on securities - realised**	(Rupees in '000)	
	On:		
	Federal Government securities		
	- Market Treasury Bills	306,976	3,028,819
	- Pakistan Investment Bonds	1,879,507	5,188,191
	- Ijarah Sukuks	(10,763)	(148,619)
	Shares	(563,768)	(869,909)
	Non-Government debt securities	420	155,410
	Foreign securities	(44,209)	(24,771)
	Associates	355,845	19,813
		1,924,008	7,348,934
26	**OTHER INCOME / (LOSS)**		
	Incidental charges	454,101	260,320
	Exchange gain realised on partial repatriation of branch capital	404,079	-
	Exchange gain realised on liquidation of subsidiary	13,354	1,395,592
	Exchange loss realised on closure of bank branch	-	(1,887,208)
	Gain on sale of fixed assets - net	36,983	4,663
	Gain on sale of non-banking assets	16,000	6,780
	Rent on properties	52,375	84,236
		976,892	(135,617)
27	**OPERATING EXPENSES**		
	Total compensation expense	24,956,542	25,022,413
	Property expense		
	Rent and taxes	742,845	1,187,791
	Insurance	84,431	61,972
	Utilities cost	1,724,124	1,382,719
	Security (including guards)	1,399,884	1,351,172
	Repair and maintenance (including janitorial charges)	1,784,764	1,409,408
	Depreciation on owned fixed assets	2,390,206	2,178,651
	Depreciation on right-of-use assets	2,048,407	2,535,591
		10,174,661	10,107,304
	Information technology expenses		
	Software maintenance	2,569,864	2,193,551
	Hardware maintenance	622,759	552,109
	Depreciation	1,724,073	1,339,342
	Amortisation	681,953	528,656
	Network charges	956,089	852,195
	Consultancy charges	520,919	502,076
		7,075,657	5,967,929
	Other operating expenses		
	Legal and professional charges	446,444	2,461,574
	Outsourced services costs	1,354,461	1,367,792
	Travelling and conveyance	538,026	369,026
	Insurance	391,995	383,956
	Remittance charges	336,109	317,936
	Security charges	1,538,722	1,089,529
	Repairs and maintenance	1,048,940	952,628
	Depreciation	518,821	531,046
	Training and development	114,486	140,599
	Postage and courier charges	480,434	400,505
	Communication	626,475	495,071
	Stationery and printing	1,272,554	1,030,595
	Marketing, advertisement and publicity	3,202,395	2,471,051
	Donations	348,803	386,318
	Auditors' remuneration	133,776	124,117
	Brokerage and commission	523,198	602,585
	Subscription	109,413	122,831
	Documentation and processing charges	2,409,779	1,728,470
	Entertainment	212,187	175,928
	Consultancy charges	810,346	2,896,571
	Deposits insurance premium expense	1,878,366	1,674,062
	Product feature cost	847,182	468,498
	COVID-19 related expenses	195,698	528,773
	Others	495,504	951,984
		19,834,114	21,671,445
		62,040,974	62,769,091

		Note	(Unaudited) For the nine months ended September 30, 2021	September 30, 2020
28	**OTHER CHARGES**		(Rupees in '000)	
	Penalties imposed by the State Bank of Pakistan		74,085	291,460
	Penalties imposed by other regulatory bodies		4,999	988
			79,084	292,448
29	**PROVISIONS / (REVERSALS) AND WRITE OFFS - NET**			
	Reversal of provision for diminution in value of investments	8.3	(1,125,272)	(253,139)
	Provision against loans and advances	9.3	4,205,706	7,650,261
	Provision against other assets	13.1.1	63,206	186,694
	Provision against off-balance sheet obligations	18.1	1,192,386	33,207
	Recoveries against written off / charged off bad debts		(488,375)	(272,073)
	Recoveries against other assets written off		(9,976)	(59,435)
	Bad debts written off directly		78,530	-
			3,916,205	7,285,515
30	**TAXATION**			
	- Current		19,014,438	16,501,317
	- Prior years		(155,020)	74,246
	- Deferred		(207,542)	228,877
			18,651,876	16,804,440
31	**BASIC AND DILUTED EARNINGS PER SHARE**			
	Profit for the period		26,445,689	24,986,010
			(Number)	
	Weighted average number of ordinary shares		1,466,852,508	1,466,852,508
			(Rupees)	
	Basic and diluted earnings per share		18.03	17.03

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 assets or liabilities, 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, 2021 (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	1,437,889,762	-	1,437,889,762	-	1,437,889,762
- Shares - listed companies	6,287,329	6,287,329	-	-	6,287,329
- Non-Government debt securities					
- Listed	51,971,388	40,600,000	11,371,388	-	51,971,388
- Unlisted	622,500	-	622,500	-	622,500
- Foreign securities					
Government debt securities	51,191,869	-	51,191,869	-	51,191,869
Non-Government debt securities - Listed	7,022,691	-	7,022,691	-	7,022,691
- National Investment Unit Trust units	46,286	-	46,286	-	46,286
- Real Estate Investment Trust units	58,600	58,600	-	-	58,600
- Preference shares - Listed	780,500	780,500	-	-	780,500
	1,555,870,925	47,726,429	1,508,144,496	-	1,555,870,925
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	262,116,294	-	258,733,708	-	258,733,708
- Non-Government debt securities					
- Listed	2,432,804	-	2,446,127	-	2,446,127
- Unlisted	20,374,038	-	20,374,038	-	20,374,038
- Foreign securities					-
Government debt securities	13,847,158	-	15,532,899	-	15,532,899
Non-Government debt securities					
- Listed	305,668	-	305,668	-	305,668
- Unlisted	647,819	-	647,819	-	647,819
- Associates and Joint venture	9,262,824	26,528,805	2,812,215	-	29,341,020
	308,986,605	26,528,805	300,852,474	-	327,381,279
	1,864,857,530	74,255,234	1,808,996,970	-	1,883,252,204

	As at September 30, 2021 (Unaudited)				
	Notional Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Off-balance sheet financial instruments - measured at fair value	(Rupees in '000)				
Commitments					
- Forward foreign exchange contracts	479,459,003	-	3,526,657	-	3,526,657
- Forward Government securities transactions	58,750,671	-	7,382	-	7,382
- Derivative instruments	35,398,475	-	(2,027,126)	-	(2,027,126)

	As at December 31, 2020 (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	1,518,270,016	-	1,518,270,016	-	1,518,270,016
- Shares - listed companies	5,985,004	5,985,004	-	-	5,985,004
- Non-Government debt securities					
- Listed	47,265,405	40,240,000	7,025,405	-	47,265,405
- Unlisted	622,500	-	622,500	-	622,500
- Foreign securities					
Government debt securities	40,219,455	-	40,219,455	-	40,219,455
Non-Government debt securities- listed	3,553,703	-	3,553,703		3,553,703
- National Investment Unit Trust units	46,839	-	46,839	-	46,839
- Real Estate Investment Trust units	53,000	53,000	-	-	53,000
- Preference shares - Listed	855,400	855,400	-	-	855,400
	1,616,871,322	47,133,404	1,569,737,918	-	1,616,871,322
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	227,463,214	-	227,463,214	-	227,463,214
- Non-Government debt securities					
- Listed	4,277,922	-	4,304,568	-	4,304,568
- Unlisted	16,209,049	-	16,209,049	-	16,209,049
- Foreign securities					
Government debt securities	13,617,532	-	15,850,104	-	15,850,104
Non-Government debt securities					
- Listed	382,489	-	430,226	-	430,226
- Unlisted	311,326	-	312,842	-	312,842
- Associates and Joint venture	9,040,549	27,994,673	3,047,704	-	31,042,377
	271,302,081	27,994,673	267,617,707	-	295,612,380
	1,888,173,403	75,128,077	1,837,355,625	-	1,912,483,702

	As at December 31, 2020 (Audited)				
	Notional Value	Level 1	Level 2	Level 3	Total
Off-balance sheet financial instruments - measured at fair value	(Rupees in '000)				
Commitments					
- Forward foreign exchange contracts	405,885,132	-	(2,637,586)	-	(2,637,586)
- Forward Government securities transactions	150,757,178	-	(52,974)	-	(52,974)
- Derivative instruments	38,504,637	-	(1,266,883)	-	(1,266,883)

32.2 Fair value of non-financial assets

	As at September 30, 2021 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Fixed assets	52,889,290	-	-	52,889,290	52,889,290
Non-banking assets acquired in satisfaction of claims	556,454	-	-	556,454	556,454
	53,445,744	-	-	53,445,744	53,445,744

	As at December 31, 2020 (Audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Fixed assets	52,560,430	-	-	52,560,430	52,560,430
Non-banking assets acquired in satisfaction of claims	639,379	-	-	639,379	639,379
	53,199,809	-	-	53,199,809	53,199,809

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

	For the nine months ended September 30, 2021 (Unaudited)							
	Branch banking	Consumer,SME & Rural banking	Islamic	Corporate, Commercial and Investment 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	(43,429)	20,444	8,521	22,970	80,336	2,557	(1,388)	90,011
Inter segment revenue / (expense) - net	74,378	(9,845)	-	(11,168)	(62,687)	3,027	6,295	-
Non mark-up / interest income	2,971	7,509	497	2,796	4,530	2,528	1,196	22,027
Total income	33,920	18,108	9,018	14,598	22,179	8,112	6,103	112,038
Segment direct expenses	19,197	6,707	2,174	2,612	948	7,602	23,783	63,023
Inter segment expense allocation	12,175	1,519	503	1,425	210	5,196	(21,028)	-
Total expenses	31,372	8,226	2,677	4,037	1,158	12,798	2,755	63,023
Provisions - charge / (reversal)	-	1,134	264	690	(1,074)	2,134	769	3,917
Profit / (loss) before tax	2,548	8,748	6,077	9,871	22,095	(6,820)	2,579	45,098

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the nine months ended September 30, 2021

	As at September 30, 2021 (Unaudited)							
	Branch banking	Consumer,SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspon-dent banking	Head Office / Others	Total
	(Rupees in million)							
Statement of financial position								
Cash and bank balances	134,411	-	26,123	296	100,044	75,380	-	336,254
Lendings to financial institutions	-	-	28,144	-	120,730	-	-	148,874
Inter segment lending	1,592,318	-	5,090	-	-	195,879	140,915	1,934,202
Investments	-	-	160,171	8,822	1,593,083	107,582	22,636	1,892,294
Advances - performing	-	176,006	152,915	677,572	-	215,393	22,639	1,244,525
Advances - non-performing	-	2,067	-	2,648	-	1,706	-	6,421
Others	12,918	4,219	13,186	38,065	38,678	19,765	97,383	224,214
Total assets	1,739,647	182,292	385,629	727,403	1,852,535	615,705	283,573	5,786,784
Borrowings	-	2,913	27,488	106,718	147,372	108,723	-	393,214
Subordinated debt	-	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,715,066	398	318,659	505,224	4	436,103	10,522	2,985,976
Inter segment borrowing	-	171,721	-	81,601	1,680,880	-	-	1,934,202
Others	24,581	7,260	12,285	33,860	22,650	37,654	65,883	204,173
Total liabilities	1,739,647	182,292	358,432	727,403	1,850,906	582,480	88,779	5,529,939
Equity	-	-	27,197	-	1,629	33,225	194,794	256,845
Total equity and liabilities	1,739,647	182,292	385,629	727,403	1,852,535	615,705	283,573	5,786,784
Contingencies and commitments	53,823	-	47,449	478,211	504,309	87,753	37,939	1,209,484

	For the nine months ended September 30, 2020 (Unaudited)							
	Branch banking	Consumer,SME & Rural banking	Islamic	Corporate, Commercial and Investment 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	(55,865)	19,085	10,141	31,753	88,688	3,888	(4,727)	92,963
Inter segment revenue / (expense) - net	97,262	(10,608)	-	(20,030)	(76,019)	2,017	7,378	-
Non mark-up / interest income	2,429	4,406	200	2,450	9,918	2,052	(1,428)	20,027
Total income	43,826	12,883	10,341	14,173	22,587	7,957	1,223	112,990
Segment direct expenses	18,823	5,189	1,380	2,470	988	13,667	21,397	63,914
Inter segment expense allocation	10,243	1,434	339	1,245	207	5,195	(18,663)	-
Total expenses	29,066	6,623	1,719	3,715	1,195	18,862	2,734	63,914
Provisions - charge / (reversal)	66	1,779	702	2,740	(930)	2,861	67	7,285
Profit / (loss) before tax	14,694	4,481	7,920	7,718	22,322	(13,766)	(1,578)	41,791

	As at December 31, 2020 (Audited)							
	Branch banking	Consumer,SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspon-dent banking	Head Office / Others	Total
	(Rupees in million)							
Statement of financial position								
Cash and bank balances	179,590	-	12,771	293	125,940	67,818	-	386,412
Lendings to financial institutions	-	-	5,257	-	24,897	-	-	30,154
Inter segment lending	1,430,513	-	91	-	-	183,892	145,705	1,760,201
Investments	-	-	139,619	8,675	1,660,147	81,305	22,492	1,912,238
Advances - performing	-	163,801	153,152	618,911	-	156,054	17,020	1,108,938
Advances - non-performing	-	1,960	211	4,308	-	1,902	2	8,383
Others	15,636	3,946	7,295	25,006	30,760	24,639	90,305	197,587
Total assets	1,625,739	169,707	318,396	657,193	1,841,744	515,610	275,524	5,403,913
Borrowings	-	4,011	32,183	100,397	324,181	79,323	-	540,095
Subordinated debt	-	-	-	-	-	-	22,356	22,356
Deposits and other accounts	1,607,921	348	257,414	430,203	9	365,484	8,112	2,669,491
Inter segment borrowing	-	159,043	-	98,870	1,502,288	-	-	1,760,201
Others	17,818	6,305	6,032	27,723	8,804	44,329	58,034	169,045
Total liabilities	1,625,739	169,707	295,629	657,193	1,835,282	489,136	88,502	5,161,188
Equity	-	-	22,767	-	6,462	26,474	187,022	242,725
Total equity and liabilities	1,625,739	169,707	318,396	657,193	1,841,744	515,610	275,524	5,403,913
Contingencies and commitments	13,108	-	9,416	321,938	551,311	63,568	28,891	988,232

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, 2021 (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	-	-	107	577,800	-	-	-
Investments							
Opening balance	-	-	-	17,614,626	9,161,114	135,665	4,843,724
Investment made during the period	-	-	-	2,000,000	500,000	-	-
Investment redeemed / disposed off during the period	-	-	-	(23,236)	(277,723)	-	-
Revaluation of investment during the period	-	-	-	324,696	-	-	378,521
Closing balance	-	-	-	19,916,086	9,383,391	135,665	5,222,245
Advances							
Opening balance	249	305,836	4,504,528	2,073,885	1,125,000	-	7,748,994
Addition during the period	15,493	262,100	1,438,215	556,342	874,724	-	1,969,850
Repaid during the period	(15,713)	(194,541)	(1,812,107)	(425,249)	(125,000)	-	(2,124,075)
Transfer in- net	73	25,489	-	-	-	-	319,375
Exchange adjustment	-	-	184,789	10,566	63,854		-
Closing balance	102	398,884	4,315,425	2,215,544	1,938,578	-	7,914,144
Other Assets							
Interest / mark-up accrued	-	446	63,424	214,235	25,051	-	269,174
Other receivable	-	-	1,064	-	495,852	-	2,317
	-	446	64,488	214,235	520,903	-	271,491
Borrowings							
Opening balance	-	-	3,200,856	468,382	959,006	1,598,344	494,309
Borrowings during the period	-	-	2,997,524	1,931,772	2,862,773	6,361,717	-
Settled during the period	-	-	(3,180,858)	(2,129,847)	(3,021,816)	(6,043,631)	(312,324)
Exchange adjustment	-	-	61,875	17,251	53,325	131,461	-
Closing balance	-	-	3,079,397	287,558	853,288	2,047,891	181,985
Deposits and other accounts							
Opening balance	20,794	447,740	7,288,452	1,087,262	36,293,203	-	1,684,143
Received during the period	197,285	3,137,519	315,249,695	276,209,037	696,761,646	-	214,218,008
Withdrawn during the period	(190,134)	(2,922,239)	(313,960,300)	(274,368,947)	(685,526,072)	-	(212,979,151)
Transfer (out) / in - net	(13,239)	(52,485)	-	-	-	-	12,059
Exchange adjustment	(73)	19,734	436,671	4,901	796	-	10,221
Closing balance	14,633	630,269	9,014,518	2,932,253	47,529,573	-	2,945,280
Other liabilities							
Interest / mark-up payable	37	2,635	88,803	1,187	50,419	3,891	8,343
Payable to staff retirement fund	-	-	-	-	-	-	1,147,106
Other payables	-	-	1,132	21,938	16,400	-	271,323
	37	2,635	89,935	23,125	66,819	3,891	1,426,772
Contingencies and Commitments							
Letter of credit	-	-	551,832	-	-	-	1,467,133
Guarantees	-	-	142,529	55,211	-	-	3,538,236
Forward purchase of Government securities	-	-	1,560,298	-	-	-	516,413
Forward Lending	-	-	-	-	-	-	1,585,439
Interest rate swaps	-	-	638,479	-	1,000,000	-	-
	-	-	2,893,138	55,211	1,000,000	-	7,107,221
Others							
Securities held as custodians	-	12,700	5,943,555	-	54,903,500	-	9,694,585

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the nine months ended September 30, 2021

	For the nine months ended September 30, 2021 (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	-	14,852	196,157	317,954	145,245	-	630,414
Fee and commission income	-	-	127,533	24,769	709,279	267	16,382
Dividend income	-	-	-	-	460,136	145,181	89,307
Foreign exchange gain	-	-	-	151,478	-	-	-
Loss from derivatives	-	-	(2,557)	-	(8,767)	-	-
Gain on sale of securities - net	-	-	-	-	355,845	-	-
Rent on properties	-	-	-	31,380	-	-	-
Other income	-	-	-	20,490	-	-	-
Expense							
Mark-up / return / profit / interest expensed	88	8,712	225,562	20,661	868,243	18,210	124,043
Operating expenses							
Total compensation expense	-	1,113,926	-	-	-	-	846,139
Non-Executive Directors' fees	61,800	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	1,173,593	-	-
Product feature cost	-	-	139,554	-	-	-	-
Travelling	-	-	4,478	-	-	-	-
Subscription	-	-	-	-	-	-	70,959
Donation	-	-	77,230	-	-	-	271,323
Brokerage and Commission	-	-	-	-	-	-	155,858
Other expenses	-	-	-	314,356	-	-	20,140
Others							
Purchase of Government securities	-	-	242,442,156	1,995,995	23,453,887	-	8,614,457
Sale of Government securities	-	44,842	248,898,039	23,450,418	26,669,475	-	15,929,192
Purchase of foreign currencies	-	-	2,221,735	610,024	-	-	2,791,748
Sale of foreign currencies	-	-	2,529,316	8,062,645	181,800	-	4,481,885
Insurance claims settled	-	-	-	-	53,699	-	-

	As at December 31, 2020 (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	-	-	25,483	362,924	-	4,074	-
Investments							
Opening balance	-	-	-	18,590,630	9,276,448	135,665	4,775,603
Investment made during the period	-	-	-	500,000	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	(115,334)	-	-
Revaluation of investment during the year	-	-	-	(1,625,607)	-	-	68,121
Exchange adjustment	-	-	-	149,603	-	-	-
Closing balance	-	-	-	17,614,626	9,161,114	135,665	4,843,724
Advances							
Opening balance	1,144	302,682	3,853,355	52,035	1,375,000	-	7,924,895
Addition during the year	10,157	222,404	7,294,502	2,141,455	-	-	7,668,197
Repaid during the year	(11,062)	(162,557)	(6,729,728)	(121,823)	(250,000)	-	(6,242,581)
Transfer in / (out) - net	10	(56,693)	-	-	-	-	(1,601,517)
Exchange adjustment	-	-	86,399	2,218	-	-	-
Closing balance	249	305,836	4,504,528	2,073,885	1,125,000	-	7,748,994
Other Assets							
Interest / mark-up accrued	-	710	23,444	92,882	30,556	-	198,970
Other receivable	-	-	-	-	305,198	-	3,335
	-	710	23,444	92,882	335,754	-	202,305
Borrowings							
Opening balance	-	-	2,475,576	4,187,854	929,086	1,548,476	-
Borrowings during the year	-	-	6,992,840	6,016,905	2,913,226	4,855,377	500,000
Settled during the year	-	-	(6,473,832)	(9,919,751)	(2,913,226)	(4,855,377)	(5,691)
Exchange adjustment	-	-	206,272	183,374	29,920	49,868	-
Closing balance	-	-	3,200,856	468,382	959,006	1,598,344	494,309

	As at December 31, 2020 (Audited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Deposits and other accounts							
Opening balance	26,259	192,845	7,803,875	1,076,088	11,245,324	-	716,890
Received during the year	223,185	2,338,236	234,970,772	206,571,000	651,783,633	-	60,058,254
Withdrawn during the year	(233,311)	(2,123,153)	(235,783,141)	(206,561,582)	(626,730,063)	-	(59,090,555)
Transfer in / (out) - net	4,619	35,680	-	-	-	-	(3,237)
Exchange adjustment	42	4,132	296,946	1,756	(5,691)		2,791
Closing balance	20,794	447,740	7,288,452	1,087,262	36,293,203	-	1,684,143
Other liabilities							
Interest / mark-up payable	10	1,734	52,208	1,715	128,470	6,251	8,048
Payable to staff retirement fund	-	-	-	-	-	-	1,182,639
Other payables	-	-	1,511	18	33,615	-	315,431
	10	1,734	53,719	1,733	162,085	6,251	1,506,118
Contingencies and Commitments							
Letter of credit	-	-	145,085	-	-	-	1,576,326
Guarantees	-	-	134,121	4,320	-	-	3,419,047
Forward purchase of Government securities	-	-	861,632	-	-	-	316,416
Commitments in respect of forward lending	-	-	-	-	-	-	2,524,426
Interest rate swaps	-	-	859,491	-	1,125,000	-	-
	-	-	2,000,329	4,320	1,125,000	-	7,836,215
Others							
Securities held as custodians	-	17,745	5,457,675	-	30,978,500	-	13,662,385

	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	-	-
Product feature cost	-	-	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	-	-

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(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	188,480,783	172,940,364
Eligible Additional Tier 1 (ADT 1) Capital	10,384,046	10,438,063
Total Eligible Tier 1 Capital	198,864,829	183,378,427
Eligible Tier 2 Capital	58,303,667	54,025,763
Total Eligible Capital (Tier 1 + Tier 2)	257,168,496	237,404,190
Risk Weighted Assets (RWAs):		
Credit Risk	1,101,395,307	935,446,560
Market Risk	93,856,038	109,134,799
Operational Risk	191,948,129	191,948,129
Total	1,387,199,474	1,236,529,488
Common Equity Tier 1 Capital Adequacy ratio	13.59%	13.99%
Tier 1 Capital Adequacy Ratio	14.34%	14.83%
Total Capital Adequacy Ratio	18.54%	19.20%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	9.50%	9.50%
of which: capital conservation buffer requirement	1.50%	1.50%
of which: countercyclical buffer requirement	-	-
of which: D-SIB buffer requirement	2.00%	2.00%
CET1 available to meet buffers (as a percentage of risk weighted assets)	7.59%	7.99%
Other information:		
National minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	9.50%	9.50%
Tier 1 minimum ratio (%)	11.00%	11.00%
Total capital minimum ratio (%)	13.50%	13.50%
Leverage Ratio (LR)		
Eligible Tier-1 Capital	198,864,829	183,378,427
Total Exposures	4,563,164,372	4,167,230,907
Leverage Ratio (%)	4.36%	4.40%
Minimum Requirement (%)	3.00%	3.00%
Liquidity Coverage Ratio (LCR)	**Total Adjusted Value (Rupees in '000)**	
Average High Quality Liquid Assets	1,461,148,370	1,343,833,391
Average Net Cash Outflow	621,022,630	525,626,841
Liquidity Coverage Ratio (%)	235.28%	255.66%
Minimum Requirement (%)	100.00%	100.00%
Net Stable Funding Ratio (NSFR)	**Total Weighted Value (Rupees in '000)**	
Total Available Stable Funding	2,890,063,091	2,637,965,349
Total Required Stable Funding	1,691,415,207	1,448,252,363
Net Stable Funding Ratio (%)	170.87%	182.15%
Minimum Requirement (%)	100.00%	100.00%

36 ISLAMIC BANKING BUSINESS

The Bank operates 163 (December 31, 2020: 62) Islamic Banking branches and 732 (December 31, 2020: 853) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
ASSETS		(Rupees in '000)	
Cash and balances with treasury banks		25,599,459	12,685,357
Balances with other banks		523,535	85,710
Due from financial institutions	36.1	28,143,507	5,257,358
Investments	36.2	160,171,404	139,619,025
Islamic financing and related assets - net	36.3	152,914,936	153,363,009
Fixed assets		2,908,895	1,163,176
Intangible assets		-	-
Due from Head Office		5,000,862	90,320
Deferred tax assets		-	-
Other assets		10,366,822	6,132,151
		385,629,420	318,396,106
LIABILITIES			
Bills payable		64,118	9,451
Due to financial institutions	36.4	27,487,873	32,183,448
Deposits and other accounts	36.5	318,658,515	257,414,395
Due to Head Office		-	12,444
Subordinated debt		-	-
Deferred tax liabilities		471,340	8,718
Other liabilities		11,750,626	6,000,269
		358,432,472	295,628,725
NET ASSETS		27,196,948	22,767,381
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Surplus on revaluation of investments - net of tax		737,225	13,637
Unappropriated profit	36.6	25,959,723	22,253,744
		27,196,948	22,767,381
Contingencies and commitments	36.7		

PROFIT AND LOSS ACCOUNT		(Unaudited) For the nine months ended September 30, 2021	September 30, 2020
		(Rupees in '000)	
Profit / return earned	36.8	17,196,569	17,198,994
Profit / return expensed	36.9	8,675,798	7,058,308
Net profit / return		8,520,771	10,140,686
Other income / (loss)			
Fee and commission income		492,974	433,885
Dividend income		-	-
Foreign exchange income / (loss)		3,308	(59,803)
Income from derivatives		-	-
Loss on securities- net		(15)	(180,913)
Others		273	6,848
Total other income		496,540	200,017
Total income		9,017,311	10,340,703
Other expenses			
Operating expenses		2,547,914	1,542,801
Workers' Welfare Fund - charge		126,590	161,607
Other charges		2,803	14,107
Total other expenses		2,677,307	1,718,515
Profit before provisions		6,340,004	8,622,188
Provisions and write offs - net		262,904	702,479
Profit before taxation		6,077,100	7,919,709
Taxation		2,370,069	3,093,817
Profit after taxation		3,707,031	4,825,892

		(Unaudited) September 30, 2021	(Audited) December 31, 2020
36.1	**Due from Financial Institutions**	(Rupees in '000)	
	Call money lendings	16,040,000	-
	Bai Muajjal receivable with:		
	- State Bank of Pakistan	-	5,257,358
	- Other financial institutions	12,103,507	-
		28,143,507	5,257,358

36.2 **Investments by segments**

	September 30, 2021 (Unaudited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)			
Federal Government securities				
-Ijarah Sukuks	84,394,683	-	497,565	84,892,248
-Other Federal Government securities	11,901,281	-	-	11,901,281
	96,295,964	-	497,565	96,793,529
Non-Government debt securities				
-Listed	47,742,587	-	688,500	48,431,087
-Unlisted	14,924,288	-	22,500	14,946,788
	62,666,875	-	711,000	63,377,875
Total Investments	158,962,839	-	1,208,565	160,171,404

	December 31, 2020 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)			
Federal Government securities				
-Ijarah Sukuks	67,678,595	-	(322,645)	67,355,950
-Other Federal Government securities	11,324,538	-	-	11,324,538
	79,003,133	-	(322,645)	78,680,488
Non-Government debt securities				
-Listed	47,291,628	-	322,500	47,614,128
-Unlisted	13,301,909	-	22,500	13,324,409
	60,593,537	-	345,000	60,938,537
Total Investments	139,596,670	-	22,355	139,619,025

		(Unaudited) September 30, 2021	(Audited) December 31, 2020
36.3	**Islamic financing and related assets - net**	(Rupees in '000)	
	Diminishing Musharakah	64,618,434	71,127,412
	Running Musharakah	44,295,557	45,034,254
	Wakalah	10,000,000	10,000,000
	Ijarah	1,952,485	2,341,651
	Murabaha	3,337,579	1,517,711
	Currency Salam	-	589,706
	Tijarah	1,211,371	422,168
	Istisna	568,936	271,460
	Home Financing	3,653,903	2,060,742
	Advance for Diminishing Musharakah	2,890,520	2,320,561
	Advance for Ijarah	573,344	312,748
	Advance for Murabaha	3,860,879	1,203,371
	Advance for Salam	220,000	1,027,180
	Advance for Istisna	10,854,949	11,874,971
	Inventories against Murabaha	1,932,299	2,204,687
	Inventories against Tijarah	2,357,468	824,156
	Inventories against Istisna	1,905,542	1,285,677
	Islamic financing and related assets - gross	154,233,266	154,418,455
	Provision against Islamic financing and related assets		
	-Specific	(351,146)	(126,457)
	-General	(967,184)	(928,989)
		(1,318,330)	(1,055,446)
	Islamic financing and related assets - net of provision	152,914,936	153,363,009

		Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
36.4	**Due to financial institutions**		(Rupees in '000)	
	Unsecured acceptances of funds		-	10,500,000
	Acceptances from the SBP under:			
	- Islamic export refinance scheme		17,864,511	12,185,727
	- Islamic long term financing facility		5,055,226	4,774,050
	- Islamic refinance and credit guarantee scheme for women entrepreneurs		5,883	-
	- Islamic refinance scheme for payment of wages and salaries		1,576,964	2,456,473
	- Islamic financing facility for renewable energy power plants		373,775	96,152
	- Islamic temporary economic refinance facility		2,421,169	1,676,737
	- Islamic financing facility for storage of agricultural produce		8,360	-
	Acceptances from Pakistan Mortgage Refinance Company		181,985	494,309
			27,487,873	32,183,448
36.5	**Deposits and other accounts**			
	Customers			
	Current deposits		72,304,979	64,402,537
	Savings deposits		120,046,607	105,290,516
	Term deposits		30,537,862	24,221,318
			222,889,448	193,914,371
	Financial Institutions			
	Current deposits		589,361	405,136
	Savings deposits		90,437,060	61,847,142
	Term deposits		4,742,646	1,247,746
			95,769,067	63,500,024
			318,658,515	257,414,395
36.6	**Islamic Banking business unappropriated profit**			
	Opening Balance		22,253,744	16,486,211
	Add: Islamic Banking profit for the period / year		6,077,100	9,464,811
	Less: Taxation		(2,370,069)	(3,696,779)
	Less: Transferred / Remitted to Head Office		(1,052)	(499)
	Closing Balance		25,959,723	22,253,744
36.7	**Contingencies and commitments**			
	- Guarantees	36.7.1	2,490,130	1,498,665
	- Commitments	36.7.2	44,959,234	7,917,674
			47,449,364	9,416,339
36.7.1	**Guarantees:**			
	Performance guarantees		2,032,609	1,435,850
	Other guarantees		457,521	62,815
			2,490,130	1,498,665
36.7.2	**Commitments:**			
	Trade-related contingent liabilities		29,333,414	6,208,476
	Commitments in respect of forward foreign exchange contracts	36.7.2.1	15,625,820	1,709,198
			44,959,234	7,917,674
36.7.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		7,922,298	740,199
	Sale		7,703,522	968,999
			15,625,820	1,709,198

		(Unaudited) For the nine months ended	
36.8	**Profit / return earned**	**September 30, 2021**	**September 30, 2020**
		(Rupees in '000)	
	On:		
	Financing	7,711,862	10,316,618
	Investments	8,041,493	5,857,861
	Placements	1,443,214	1,024,515
		17,196,569	17,198,994

	(Unaudited) For the nine months ended	
	September 30, 2021	**September 30, 2020**
	(Rupees in '000)	
36.9 **Profit / return expensed**		
On:		
Deposits and other accounts	7,781,825	6,487,505
Amounts due to financial institutions	726,798	465,391
Foreign currency deposits for Wa'ad based transactions	13,318	27,326
Lease liability against right-of-use assets	153,857	78,086
	8,675,798	7,058,308

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

37.1 The Board of Directors, in its meeting held on October 15, 2021, has declared a cash dividend of Rs 1.75 per share in respect of the quarter ended September 30, 2021 (September 30, 2020: nil) . These condensed interim unconsolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

38 **DATE OF AUTHORISATION FOR ISSUE**

These condensed interim unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on October 15, 2021.

39 **GENERAL**

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

President and Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Director**