

# HBL



A WORLD OF  
— DIGITAL POSSIBILITIES

HALF YEARLY REPORT  
— JUNE 30, 2022



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# CORPORATE INFORMATION

## Board of Directors

**Mr. Sultan Ali Allana**  
Chairman

**Mr. Shaffiq Dharamshi**  
Director

**Mr. Moez Ahamed Jamal**  
Director

**Mr. Salim Raza**  
Director

**Dr. Najeel Samie**  
Director

**Mr. Khaleel Ahmed**  
Director

**Ms. Saba Kamal**  
Director

**Mr. Muhammad Aurangzeb**  
President & CEO

**Chief Operating Officer**  
Mr. Sagheer Mufti

**Chief Financial Officer**  
Mr. Rayomond Kotwal

**Company Secretary**  
Ms. Neelofar Hameed

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

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

## Share Registrar

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

## HBL Corporate Secretariat

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

## Principal Office

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

## Registered Office

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

## Websites:

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

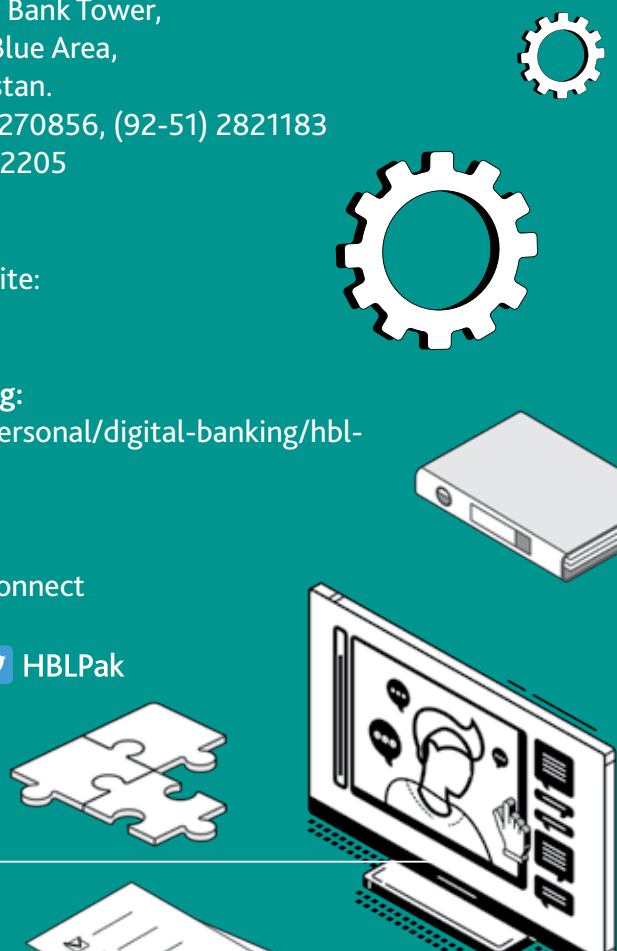
## Internet Banking:

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

## Konnect:

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

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





# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

# DIRECTORS' REVIEW

**On behalf of the Board of Directors, we are pleased to present the Consolidated Financial Statements for the half year ended June 30, 2022.**

Pakistan's economy continued its strong rebound from Covid with GDP growth of 6.0% surpassing pre-pandemic levels. The Large-Scale Manufacturing Index for 11MFY'22 recorded an increase of 11.7% with most demand indicators reflecting robust activity. The agriculture sector also posted a 4.4% growth with increase in most major crops. The growth story has, however, translated into macroeconomic imbalances with the twin deficits rearing up sharply, necessitating contractionary policies with monetary and fiscal tightening. These imbalances are increasingly exacerbated by elevated oil prices and the commodity super-cycle resulting from the Ukraine conflict. Headline inflation surged to 21.3% in Jun'22, a 14-year high, driven by the necessary reversal of fuel and electricity subsidies. Average inflation for FY'22 clocked in at an 11-year high of 12.15%, in line with the SBP's revised projections.

Exports have remained resilient, growing 27% to USD 29.3 billion in 11MFY'22. However, imports rose 36% to USD 65.5 billion, widening the trade deficit by 46%. Remittance flows increased by 6.3% to reach USD 28.4 billion. The current account deficit has thus deteriorated to USD 15.2 billion during 11MFY'22, in contrast to a deficit of USD 1.2 billion in the same period last year. SBP's foreign exchange reserves had reduced to a low of USD 8.2 billion; the recent inflow of USD 2.3 billion from China has provided some space. The tenuous external account situation led to additional pressure on the Rupee which depreciated by 12% against the dollar in Q2'22 and has slipped a further 14% in July 2022.

After protracted discussions, Pakistan has reached a staff level agreement with the IMF to complete the combined 7th and 8th reviews of the Extended Fund Facility (EFF) program. The IMF has also agreed to extend the EFF till Jun'23 and increase the facility by ~USD 1 billion, bringing the total to ~USD 7 billion. The IMF also highlighted policy priorities including: fiscal prudence to deliver a primary surplus; power sector reforms, including necessary tariff adjustments, to reduce transmission losses and load-shedding; a proactive monetary policy; poverty alleviation and strengthening of social safety nets; and improving governance and mitigating corruption. The agreement is subject to approval by the IMF's Executive Board after which, around USD 1.2 billion will be disbursed.

Tax collection grew 29% to a record Rs 6.1 trillion in FY'22, exceeding the target. Despite this strong performance, expansionary policies driven by fuel and power subsidies are expected to result in a fiscal deficit of 7.1% for FY'22, vs a budgeted level of 6.3%. The primary deficit is estimated at 2.4%, more than double that in FY'21.

The equity market, while exhibiting volatility, has generally remained bearish with the KSE100 index down by nearly 7% since the start of the year. Geopolitical instability, domestic political noise and macroeconomic concerns – in the particular the EFF resumption and the currency – have kept sentiment subdued. The Federal Budget in June 2022 announced several measures – Super Tax of 10% on 13 selected sectors, including banks, increase in capital gains tax on equities – which further weighed on the index. In H1'22, foreigners were net sellers of USD 47 million including Banking stocks of USD 61 million.

After maintaining status quo during Q1'22, rapid monetary tightening was seen in Q2'22 with the SBP raising the policy rate by 400 bps. In its July MPC meeting, the Central Bank has again increased the rate by 125 bps to 15.0%, citing the need to cool economic activity and support the rupee in the wake of multi-year high inflation and an exceptionally challenging and uncertain global environment. The latest rate hike brings the total increase to 800 bps since the start of the upcycle in Sep'21. The MPC also linked the rate on subsidized Export Refinance schemes to the policy rate. Fueled by the growing economy, credit demand has remained robust; private sector credit in FY'22 grew by 22% compared to 11% in FY'21. For the first 6 months of 2022, industry advances increased by 7.7% while deposits grew by 8.8% during the same period. Banking spreads have increased by 13 bps during H1'22 compared to the same period last year, as lending portfolios repriced up, while banks were able to contain the cost of deposits.

## Financial Performance

HBL has reported a profit before tax of Rs 34.6 billion for the first six months of 2022, 11% higher than the Rs 31.2 billion in the corresponding period last year. This was underpinned by strong and broad-based growth. The Bank's profit after tax has however declined from Rs 18.0 billion in H1'21 to Rs 12.1 billion in H1'22 on the back of excessive and retrospective tax measures announced in the Federal Budget. Accordingly, earnings per share reduced from Rs 12.04 in H1'21 to Rs 8.10 in H1'22.

HBL became the first bank in Pakistan to cross Rs 5.0 trillion in balance sheet footings on the back of strong deposit mobilization. In Q2'22, the Bank posted its highest ever quarterly growth of Rs 550 billion in deposits, which increased to Rs 3.8 trillion. Domestic deposits increased by 10% over December 2021, improving market share from 14.14% to 14.32%.

HBL continues to support its clients during these challenging times and stands ready to meet credit demand. The Bank's advances rose 10% over December 2021 to Rs 1.7 trillion with growth across all segments, including a rebound in international advances. Lending to the agriculture sector grew by 10%, reaching a record high of Rs 44 billion. The Bank's industry-leading consumer lending business continued to break barriers, with loans increasing by 15% to Rs 118 billion; the credit card portfolio crossed Rs 20 billion, another industry first. HBL Microfinance continued its financial inclusion journey, increasing lending by 27% over December 2021 to Rs 72 billion; it remains the industry leader in housing finance with a portfolio of Rs 21 billion.

HBL's spreads declined as the rapid tightening led to an immediate increase in customer deposit rates. However, given the robust growth of over Rs 500 billion in average balance sheet volumes, net interest income of the Bank rose by 14% to Rs 73.9 billion. Fee income momentum built over the last several quarters continued, with fees increasing by 28% over H1'21 to Rs 15.1 billion with double-digit growth across almost all businesses. As always, the flagship Cards business remains the biggest contributor, representing nearly 50% of the fee base and growing by 45% over H1'21. This was augmented by double-digit growth in branchless banking, trade and cash management income along with a strong performance from the Bank's Treasury. As a result, total revenue of the Bank has increased by 18% over H1'21 to Rs 97.6 billion.

Administrative expenses of the Bank (excluding the 1-off cost of the Voluntary Separation Scheme concluded in Q1) have increased by 19% over H1'21 on the back of double-digit inflation, higher transaction-driven variable cost, and the Bank's continued investment in people, technology and infrastructure. However, expenses were kept flat to the previous quarter and the cost / income ratio reduced from 59.6% in Q1'22 to 55.1% in Q2'22. Total provisions have reduced by 25% to Rs 2.8 billion in H1'22, with this charge mainly emanating from general provisions of Rs 1.3 billion and subjective classifications of Rs 1.1 billion recognized in Q1'22. The infection ratio remains at an all-time low level of 5.1% with total coverage at over 100%.

## Movement in Reserves

	Rupees in million
Unappropriated profit brought forward	158,441
Profit attributable to equity holders of the Bank	11,886
Re-measurement gain on defined benefit obligations – net of tax	209
Re-measurement gain on defined benefit obligations of associates – net of tax	2
Transferred from surplus on revaluation of assets – net of tax	36
Acquisition of additional interest in subsidiary	549
	12,682
Profit available for appropriation	171,123

### Appropriations:

Transferred to statutory reserves	(1,355)
Cash dividend – Final 2021	(3,300)
Cash dividend – 1st Interim 2022	(3,300)
Total appropriations	(7,955)
<b>Unappropriated profit carried forward</b>	<b>163, 168</b>

### Earnings per share (Rupees)

8.10

## Capital Ratios

HBL's excellent results for H1'22 have led to strong internal capital generation which, under normal circumstances, would lead to a continuous improvement in CAR, despite the Bank's focus on lending growth to support its customers and the economy.

However, the Bank's Capital Adequacy Ratio (CAR) continues to be impacted by the Rupee devaluation. In the last 12 months, the 29% devaluation of the Rupee (Rs 47/\$) has reduced HBL's Tier 1 CAR by 144 bps. During this quarter alone, the devaluation of Rs 21/\$ eroded Tier 1 CAR by 46 bps. In addition, the retrospective and excessive tax increases announced in the Finance Act further impacted Tier 1 CAR by 53 bps.

HBL's total consolidated Tier 1 CAR at June 2022 was 11.4% with Total CAR at 14.4%.

## Credit Ratings

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

## Dividend

The Board of Directors, in its meeting held on July 28, 2022, has declared an interim cash dividend of Rs 1.50 per share (15%) for the quarter ended June 30, 2022. The dividend payout has unfortunately been impacted by the extremely high level of tax charge in this quarter, but is nevertheless at 68% of Q2'22's unconsolidated earnings.



## Future Outlook

The global macroeconomic outlook has worsened, with risks of a global recession looming as central banks, spearheaded by the US Federal Reserve, adopt aggressive monetary tightening to combat multi-decade high inflation. The impact of fuel and energy price inflation is more pronounced in the case of energy importers such as Pakistan which, like most of the world, is facing a large negative income shock from necessary but difficult increases in utility prices. The withdrawal of energy subsidies was a necessary pre-condition for fiscal stabilization and for the resumption of the EFF but, as expected, this has spurred a sharp uptick in inflation which the SBP forecasts to remain in the 18% – 20% range for FY'23. With a much less benign environment, GDP growth is projected to decelerate to 3% – 4% in FY'23.

The recent announcement of the IMF Staff Level Agreement was greeted with relief, but the real respite will only be once the funds for the 7th and 8th tranches are disbursed and this is now a critical priority. An inflow of IMF funds will create a sharp positive reversal of sentiment, catalyse additional funding from external sources, alleviate pressure on the rupee and enable reserves to gradually resume their previous upward trajectory. However, given the protracted negotiations this time around, it is likely that the Government will have less flexibility if it fails to meet structural reform targets.

The FY23 Budget aims to reduce the government's borrowing needs by targeting a primary surplus of 0.2% of GDP. Tax collection targets are ambitious but are unfortunately targeted at existing taxpayers rather than a meaningful widening of the tax base. Non-tax revenue targets, in particular the petroleum development levy, are stretched while development expenditure is budgeted to grow by 30%+. It is crucial that the necessary fiscal consolidation is delivered to return to a growth trajectory while ensuring the sustainability of the country's domestic debt.

The effects of the strict fiscal and monetary measures will be felt immediately by the more economically vulnerable segments of society. The IMF remains open to targeted subsidies and, going by the success of the Ehsaas Emergency Cash programme, the GOP has demonstrated the ability to implement a massive welfare programme, which may go some way in alleviating poverty. A sustained decline in oil prices led by fears of a global recession can act as a positive trigger, lowering the import bill and dampening the inflationary and external account pressures.

HBL has remained faithful to its stated intent of supporting its more than 30 million customers through economic cycles, continuing to lend prudently but with commitment, even in this difficult environment. The Bank continues to lead in innovation. In yet another "industry-first", HBL has enabled customers to perform basic financial transactions through the Conversational Banking channel on WhatsApp. HBL Mobile and Internet Banking users reached nearly 3 million; in June 2022, over 10 million financial transactions were processed through Mobile/Internet and so far this year, we have processed transactions totaling over Rs 1 trillion, the same throughput as for the whole of last year. HBL Konnect remains the preferred delivery partner for the GoP, helping the Government disburse fuel subsidies to more than 6 million beneficiaries.

HBL maintains its leadership in the ESG area, in particular on environmental issues. During H1'22, HBL disbursed Rs 7.8 billion under the SBP's Renewable Energy scheme. HBL has contributed to several reforestation projects in Pakistan; recently, our staff volunteered in a drive for mangrove reforestation to protect Karachi's endangered coastline. During this quarter, HBL issued its first Sustainability Report, highlighting the full scale of its activities over the last several years. In 2022, the Bank also increased its contribution to the HBL Foundation by 50%, from 1% of PAT to 1.5% of PAT, enabling us to further strengthen support to deserving causes.

## Appreciation and Acknowledgement

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

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

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

On behalf of the Board

**Muhammad Aurangzeb**  
President & Chief Executive Officer

**Moez Ahamed Jamal**  
Director

July 28, 2022



## ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2022ء کو ختم ہونے والے نصف سال کے مختصر عبوری مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

### کلیاتی اقتصادیات کا جائزہ

پاکستانی معیشت نے COVID سے اپنی مستحکم بحالی جاری رکھی GDP کی شرح نمو 6.0% نے وبا سے پہلے کی سطح عبور کی۔ مالی سال 22ء کے 11 ماہ میں بڑے پیمانے پر مینوفیکچرنگ انڈیکس میں 11.7% اضافہ ریکارڈ کیا گیا جس میں زیادہ تر طلب کے اشاریے مستحکم سرگرمی کے عکاس ہیں۔ بیشتر اہم فصلوں میں اضافے سے زراعت کے شعبے میں بھی 4.4% نمو ہوئی؛ تاہم، یہ ترقی دہرے خساروں میں تیز اضافے سمیت میکرو اکنامک عدم توازن کی صورت میں سامنے آئی، جس کی وجہ سے مانیٹری اور مالیاتی تنگی کے ساتھ سخت پالیسیوں کی شدید ضرورت ہے۔ تیل کی بلند قیمتوں اور یوکرین کے تنازعے کے نتیجے میں اجناس کی سپر سائیکل کی وجہ سے یہ عدم توازن تیزی سے بڑھ رہا ہے۔ جون 22ء میں عمومی افراط زر 21.3% تک بڑھی، جو 14 سال کی بلند ترین سطح ہے، جس کی وجہ فیول اور بجلی کی سبسڈیز کی واپسی ہے۔ SBP کے نظر ثانی شدہ تخمینوں کے مطابق، مالی سال 22ء کے لیے اوسط افراط زر 12.15% سے 11 سال کی بلند ترین سطح پر جا پہنچی۔

اس دفعہ برآمدات لچکدار رہیں اور مالی سال 22ء کے 11 ماہ میں 27% بڑھ کر 29.3 ارب امریکی ڈالر ہو گئیں۔ تاہم درآمدات 36% بڑھ کر 65.5 ارب امریکی ڈالر تک پہنچ گئیں، جس سے تجارتی خسارہ 46% بڑھ گیا۔ ترسیلات زر کا بہاؤ 6.3% بڑھ کر 28.4 ارب امریکی ڈالر تک پہنچ گیا۔ اس طرح کرنٹ اکاؤنٹ خسارہ مالی سال 22ء کے 11 ماہ کے دوران 15.2 ارب امریکی ڈالر تک آگیا، اس کے برعکس پچھلے سال اسی مدت میں خسارہ 1.2 ارب امریکی ڈالر تھا۔ SBP کے زرمبادلہ کے ذخائر 8.2 ارب امریکی ڈالر کی کم ترین سطح پر رہ گئے تھے۔ چین سے 2.3 ارب امریکی ڈالر کی حالیہ آمد نے کچھ گنجائش پیدا کی ہے۔ بیرونی اکاؤنٹس کی نازک صورتحال نے روپے پر اضافی دباؤ ڈالا جو 22ء کی دوسری سہ ماہی میں ڈالر کے مقابلے میں 12% کمزور ہو گیا اور جولائی 2022ء میں مزید 14% تک گر گیا۔

طویل بات چیت کے بعد، پاکستان ایکسچینج فنڈ فیسلٹی (EFF) پروگرام کا مشترکہ ساتواں اور آٹھواں جائزہ مکمل کرنے کے لیے IMF سے اسٹاف لیول ایگریمنٹ کر چکا ہے۔ IMF نے EFF جون 23ء تک بڑھانے اور سہولت میں ایک ارب امریکی ڈالر کا اضافہ کرنے پر بھی اتفاق کیا ہے، جس سے کل رقم 7 ارب امریکی ڈالر ہو جائے گی۔ IMF نے پالیسی ترجیحات بھی اجاگر کیں جن میں شامل ہیں: پرائمری سرپلس کی فراہمی کے لیے مالی سمجھداری؛ ٹرانسمیشن کے نقصانات اور لوڈ شیڈنگ میں کمی کے لیے ٹیرف ایڈجسٹمنٹ کے ساتھ پاور سیکٹر میں اصلاحات؛ ایک فعال مانیٹری پالیسی؛ غربت کا خاتمہ اور سماجی حفاظتی روابط کی مضبوطی اور گورننس بہتر بنا کر بدعنوانی میں کمی کرنا۔ اس معاہدے کی منظوری کا اظہار IMF کے ایگزیکٹو بورڈ پر ہے جس کے بعد تقریباً 1.2 ارب امریکی ڈالر فراہم کیے جائیں گے۔

مالی سال 22ء میں ٹیکس کی وصولی 29% بڑھ کر ریکارڈ 6.1 کھرب روپے یعنی ہدف سے اوپر تک پہنچ گئی۔ اس بہترین کارکردگی کے باوجود، فیول اور بجلی کی سبسڈی سے چلنے والی توسیعی پالیسیوں میں مالی سال 22ء کے لیے 7.1% مالیاتی خسارہ متوقع ہے، جبکہ بجٹ کی سطح 6.3% ہے۔ بنیادی خسارے کا تخمینہ 2.4% لگایا گیا ہے جو مالی سال 21ء کے دوگنا سے زیادہ ہے۔

ایکویٹی مارکیٹ، اتار چڑھاؤ کے ساتھ سال کے آغاز سے اب تک KSE100 انڈیکس میں تقریباً 7% کمی کے ساتھ عموماً مندی کا شکار رہی ہے۔ جغرافیائی سیاسی عدم استحکام، مقامی سیاسی گہما گہمی اور مالیاتی اقتصادیات کی خدشات - خصوصاً EFF کی بحالی اور کرنسی سے جذبات دے رہے۔ جون 2022ء میں وفاقی بجٹ میں متعدد اقدامات کا اعلان کیا گیا۔ 13 منتخب شعبوں پر 10% سپر ٹیکس، بشمول بینک، ایکویٹیز پر کیپٹل گین ٹیکس میں اضافے سے انڈیکس پر مزید دباؤ بڑھا۔ 22ء کی پہلی ششماہی میں، 47 ملین امریکی ڈالر کے خالص سیلر غیر ملکی تھے جن میں 61 ملین امریکی ڈالر کے بینکنگ اسٹاک بھی شامل تھے۔

22ء کی پہلی سہ ماہی کے دوران صورتحال برقرار رکھنے کے بعد، 22ء کی دوسری سہ ماہی میں SBP کے پالیسی ریٹ میں 400bps اضافے کے ساتھ تیزی سے مالیاتی تنگی نظر آئی۔ جولائی کی MPC میٹنگ میں، یہ حوالہ دیتے ہوئے کہ اقتصادی سرگرمیوں کے ٹھہراؤ اور کئی سالہ بلند افراط زر اور ایک غیر معمولی چیلنجنگ اور غیر یقینی عالمی ماحول کے تناظر میں روپے کو سپورٹ کی ضرورت ہے، سینٹرل بینک نے دوبارہ شرح 125bps سے بڑھا کر 15.0% کر دی ہے۔ ستمبر 21ء میں اپ سائیکل کے آغاز کے بعد سے شرح میں اب تازہ ترین اضافے سے کل اضافہ 800bps پر آگیا ہے۔ سبسڈی والی ایکسپورٹ ری فنانس اسکیموں کی شرح کو بھی MPC نے پالیسی ریٹ سے منسلک کر دیا۔ بڑھتی ہوئی معیشت کی وجہ سے، قرض کی طلب مستحکم رہی ہے۔ مالی سال 22ء میں نجی شعبے کے قرضے میں مالی سال 21ء کے 11% کے مقابلے میں 22% اضافہ ہوا۔ 2022ء کے پہلے 6 ماہ میں صنعتی قرضوں میں 7.7% جبکہ ڈپازٹس میں 8.8% اضافہ ہوا۔ گزشتہ سال اسی مدت کے مقابلے میں 22ء کی پہلی ششماہی کے دوران بینکنگ اسپریڈز میں 13bps کا اضافہ ہوا ہے، کیونکہ قرض کے پورٹ فولیو کی قیمت بڑھ گئی، جبکہ بینک ڈپازٹس کی لاگت پر قابو پاسکے۔

### مالیاتی کارکردگی

HBL نے 2022ء کے پہلے 6 ماہ کا قبل از ٹیکس منافع 34.6 ارب روپے رپورٹ کیا ہے، جو گزشتہ سال اسی مدت کے 31.2 ارب روپے کے مقابلے میں 11% زیادہ ہے۔ اس کی وجہ مستحکم اور وسیع البینا دترتی تھی۔ تاہم وفاقی بجٹ میں عائد کردہ اضافی اور سابقہ ٹیکس اقدامات کی وجہ سے بینک کا بعد از ٹیکس منافع 21ء کی پہلی ششماہی میں 18.0 ارب روپے سے 22ء کی پہلی ششماہی میں 12.1 ارب روپے تک کم ہو گیا۔ اس کے مطابق، 21ء کی پہلی ششماہی میں فی شیئر آمدنی 12.04 روپے سے 22ء کی پہلی ششماہی میں 8.10 روپے تک کم ہو گئی۔

## سرمائے کا تناسب

22ء کی پہلی ششماہی میں HBL کے شاندار نتائج نے بہترین اندرونی سرمایہ پیدا کیا ہے جو عام حالات میں CAR میں مسلسل بہتری کا باعث بنے گا، اس کے باوجود کہ بینک اپنے کسٹمر اور معیشت کو سہارا دینے کے لیے قرض میں اضافے پر توجہ مرکوز رکھے ہوئے ہے۔

تاہم روپے کی قدر میں کمی سے بینک کا کیپٹل ایڈیوکیٹی ریشو (CAR) مسلسل متاثر ہو رہا ہے۔ گزشتہ 12 ماہ میں روپے (\$/47) کی قدر میں 29% کمی سے HBL کے Tier1 CAR، میں 144bps کی واقع ہوئی۔ محض اسی سہ ماہی میں قدر میں \$/21 روپے کی کمی سے Tier1 CAR بھی 46bps کم ہوا۔ اس کے ساتھ ساتھ فنانس ایکٹ کے تحت نئے اضافی اور گزشتہ ٹیکس سے Tier1 CAR مزید 53bps متاثر ہوا۔

HBL کا مجموعی کل Tier1 CAR جون 2022ء تک 11.4% تھا جبکہ کل CAR 14.4% ہو گیا۔

## کریڈٹ ریٹنگ

سہ ماہی کے دوران بینک کی کریڈٹ ریٹنگز کی، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ سے +A-1/AAA پر بالترتیب طویل المیعاد اور قلیل المیعاد کے لیے دوبارہ تصدیق کی گئی۔ ایڈیشنل Tier1 کیپٹل کے طور پر جاری کردہ اس کے TFCs کی درجہ بندی +AA پر برقرار رہی۔ تمام درجہ بندیوں پر آؤٹ لک مستحکم ہے۔ ریٹنگز میں کمرشل بینک کی حیثیت سے HBL کو ملک کا سب سے بڑا بینک قرار دیا گیا۔ اس کی پوزیشن، مضبوط مقامی فریج نچاز اور متنوع آپریشنز کے ساتھ بہترین لیکویڈیٹی، اس کے ٹھوس اثاثہ جات کے معیار اور خاص اہمیت کی عکاسی کرتی ہے۔

## منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 28 جولائی 2022ء کو منعقد ہونے والے اجلاس میں 30 جون 2022ء کو اختتام پذیر ہونے والی سہ ماہی کے لیے 1.50 روپے فی حصص (15%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔ گوکہ منافع منقسمہ کی ادائیگی بد قسمتی سے اس سہ ماہی میں انتہائی اعلیٰ سطح کے ٹیکسز سے متاثر ہوئی ہے، لیکن اس کے باوجود 22ء کی دوسری سہ ماہی کی غیر مجموعی آمدنی کا 68% ہے۔

## مستقبل کی صورت حال

مالیاتی اقتصادیات کا عالمی منظر نامہ عالمی افراط زر کے بڑھتے ہوئے خطرات کے سبب مزید خراب ہو گیا ہے کیونکہ سینٹرل بینک، امریکی فیڈرل ریزرو کی سربراہی میں، کئی دہائیوں کی بلند افراط زر کا مقابلہ کرنے کے لیے جارحانہ اقدامات کے تحت مالیاتی تنگی پیدا کر رہا ہے۔ فیول اور انرجی کی قیمتوں میں اضافے کا اثر پاکستان جیسے انرجی کے امپورٹر پر زیادہ گہرا ہو گا، جسے دنیا کے بیشتر خطوں کی طرح پوشیلیٹی قیمتوں میں ضروری لیکن مشکل اضافے سے آمدنی کے شدید منفی جھٹکے کا سامنا ہے۔ مالیاتی استحکام اور EFF کی بحالی کے لیے انرجی کی سبسڈی کی واپسی ایک اہم پیشگی شرط تھی لیکن توقع کے مطابق اس سے مہنگائی میں شدید اضافہ ہوا جو مالی سال 23ء کے لیے SBP کی 18% تا 20% کی رینج کی پیش گوئی سے تجاوز کر گئی۔ بہت کم سازگار ماحول کے ساتھ، مالی سال 23ء میں GDP کی نمو 3% سے 4% تک نیچے جانے کا امکان ہے۔

IMF کے اسٹاف لیول ایگریمنٹ کے حالیہ اعلان کو سکون کے ساتھ خوش آمدید کہا گیا، لیکن اصل مہلت صرف اس وقت ملے گی جب ساتویں اور آٹھویں قسط کے لیے فنڈز تقسیم کیے جائیں گے جو اب ایک اہم ترجیح ہے۔ IMF کے فنڈز کا اجرا جذبات میں انتہائی مثبت تبدیلی پیدا کرے گا، بیرونی ذرائع سے اضافی فنڈنگ کو تحریک ملے گی، روپے پر دباؤ کم ہو گا اور ذخائر بتدریج اپنی پچھلی تیز رفتار پر آنے کے قابل ہو جائیں گے۔ تاہم، اس بار طویل مذاکرات کے پیش نظر امکان ہے کہ حکومت ساختی اصلاحات کے اہداف پورے کرنے میں ناکام رہی تو اسے بے چلک صورت حال کا سامنا ہو گا۔

مالی سال 23ء کے بجٹ کا مقصد GDP کے 0.2% کے پرائمری سرپلس کو ہدف بنا کر حکومت کی قرض کی ضروریات کم کرنا ہے۔ ٹیکس وصولی کے اہداف بلند ہیں لیکن بد قسمتی سے ٹیکس بیس وسیع کرنے کے بجائے موجودہ ٹیکس دہندگان کو ہی نشانہ بنایا جاتا ہے۔ نان ٹیکس ریونیو کے اہداف، خاص طور پر پیٹرولیم ڈیولپمنٹ لیوی بڑھادیے گئے ہیں جبکہ ترقیاتی اخراجات میں 30% سے زیادہ اضافہ کرنے کا بجٹ رکھا گیا ہے۔ اہم یہ ہے کہ ملک کے مقامی قرضہ جات کی پائیداری یقینی بناتے ہوئے ترقی کی رفتار بحال کرنے کے لیے ضروری مالیاتی استحکام فراہم کیا جائے۔

معاشرے کے معاشی طور پر کمزور طبقات کو سخت مالیاتی اور مانیٹری اقدامات کے اثرات فوری طور پر محسوس ہوں گے۔ IMF ہدفی سبسڈیز کے لیے اب تک کھلا ہے اور احساس ابھر چکی کیش پروگرام کی کامیابی دیکھتے ہوئے حکومت پاکستان نے بڑے پیمانے پر فلاحی پروگرام پر عمل کی صلاحیت کا مظاہرہ کیا ہے، جو غربت کے خاتمے میں کسی حد تک مدد کر سکتا ہے۔ عالمی افراط زر کے خدشات کی وجہ سے تیل کی قیمتوں میں مسلسل کمی ایک مثبت محرک کے طور پر کام کر سکتی ہے، جو امپورٹ بل اور افراط زر اور بیرونی اکاؤنٹ کا دباؤ کم کر سکتا ہے۔

HBL اکنامک سائیکل کے ذریعے اپنے 30 ملین سے زائد کسٹمر کی مدد کے عزم پر قائم ہے، اس مشکل وقت میں بھی احتیاط اور استقامت کے ساتھ قرض کی فراہمی جاری رکھے ہوئے ہے۔ بینک جدت میں سب سے آگے ہے۔ ایک اور ”صنعتی پہل“ میں HBL نے صارفین کو وائس ایپ پر کنور سیشنل بینکنگ چینل کے ذریعے بنیادی مالی ٹرانزیکشنز کے قابل بنایا ہے۔ HBL موبائل اور انٹرنیٹ بینکنگ یوزرز کی تعداد تقریباً 3 ملین تک پہنچ گئی ہے۔ محض جون 2022ء میں موبائل / انٹرنیٹ کے ذریعے 10 ملین سے زائد ٹرانزیکشنز کی گئیں اور اس سال اب تک کل 1 کھرب روپے سے زیادہ کی ٹرانزیکشنز کی گئی ہیں، یہ تعداد گزشتہ برس کے پورے سال کے لیے تھی۔ حکومت پاکستان کے لیے HBLKconnect ایک ترجیحی ڈیوری پارٹنر ہے، جس سے حکومت کو 6 ملین سے زیادہ مستفید ہونے والوں کو فیول کی سبسڈی فراہم کرنے میں مدد ملتی ہے۔

HBL پاکستان کا پہلا بینک بن گیا جس نے ڈپازٹ کے مستحکم استعمال سے بیلنس شیٹ فوننگ میں 5.0 کھرب روپے کو عبور کیا۔ 22ء کی دوسری سہ ماہی میں، بینک نے اپنے ذخائر میں 550 ارب روپے کی اب تک کی سب سے زیادہ سہ ماہی نمود کھائی، جو بڑھ کر 3.8 کھرب روپے ہو گئی۔ دسمبر 2021ء کے مقابلے میں ملکی ذخائر میں 10% اضافہ ہوا، جس سے مارکیٹ شیئر 14.14% سے بڑھ کر 14.32% ہو گیا۔

HBL اس مشکل وقت میں اپنے کلائنٹس کی معاونت جاری رکھے ہوئے ہے اور قرض کی طلب کی تکمیل کے لیے تیار ہے۔ بینک کے ایڈوانسز تمام شعبوں میں ترقی سے دسمبر 2021ء کے مقابلے میں 10% بڑھ کر 1.7 کھرب روپے تک پہنچ گئے، جس میں بین الاقوامی ایڈوانسز میں بحالی بھی شامل ہے۔ زرعی شعبے کے قرض میں 10% اضافہ ہوا، جو 44 ارب روپے کی بلند ترین سطح پر پہنچ گیا۔ بینک کا انڈسٹری لیڈر کنزرویٹو ملوں بزنس رکاوٹیں عبور کرتا رہا، جس میں قرضے 15% اضافے کے ساتھ 118 ارب روپے تک پہنچ گئے۔ کریڈٹ کارڈ پورٹ فولیو 20 ارب روپے سے تجاوز کر کے ”صنعتی پہل“ کا ایک اور اولین سیگمنٹ بن گیا۔ HBL مائیکرو فنانس کی مالی شمولیت کا سفر جاری رہا، جس میں دسمبر 2021ء کے مقابلے میں قرض میں 27% اضافہ کر کے 72 ارب روپے ہو گیا۔ یہ اب تک 21 ارب روپے کے پورٹ فولیو کے ساتھ ہاؤسنگ فنانس میں انڈسٹری لیڈر کا درجہ رکھتا ہے۔

HBL کے اسپرڈز میں کمی آئی کیونکہ فوری تنگی کے باعث کسٹمر ڈپازٹ کی شرح میں فوری اضافہ ہوا۔ تاہم اوسط بیلنس شیٹ کے حجم میں 500 ارب روپے سے زائد نمو کے پیش نظر، بینک کی خالص منافع جاتی آمدنی 14% بڑھ کر 73.9 ارب روپے ہو گئی۔ گزشتہ کئی سہ ماہیوں میں فیس کی آمدنی کی رفتار بڑھی، جس میں تقریباً تمام کاروباروں میں دہرے ہندسوں میں ترقی کے ساتھ 21ء کی پہلی ششماہی کے مقابلے میں فیس 28% اضافے سے 15.1 ارب روپے تک پہنچ گئی۔ ہمیشہ کی طرح، فلگ شپ کارڈز بزنس سب سے بڑا حصہ دار رہا، جو کہ فیس بیس کے تقریباً 50% پر مبنی اور 21ء کی پہلی ششماہی کے مقابلے میں 45% بڑھ رہا ہے۔ اس میں بینک کے ٹریڈری کی مضبوط کارکردگی کے ساتھ برانچ لیس بینکنگ ٹریڈ اور کیش منجمنٹ کی آمدنی میں دہرے ہندسوں کی نمو سے اضافہ ہوا؛ نتیجتاً بینک کا کل محصول 21ء کی پہلی ششماہی کے مقابلے میں 18% بڑھ کر 97.6 ارب روپے ہو گیا۔

بینک کے انتظامی اخراجات (پہلی سہ ماہی میں ختم ہونے والی والنٹری سپریشن اسکیم کی ایک بار کی لاگت کے علاوہ) میں 21ء کی پہلی ششماہی کے مقابلے 19% اضافہ ہوا۔ جس کی وجہ دہرے ہندسے کی افراط زر، زائد ٹرانزیکشن پر مبنی متغیر لاگت اور بینک کی لوگوں، ٹیکنالوجی اور انفراسٹرکچر میں جاری سرمایہ کاری ہے۔ تاہم اخراجات پچھلی سہ ماہی کے برابر برقرار رکھے گئے اور لاگت / آمدنی کا تناسب 22ء کی پہلی سہ ماہی میں 59.6% سے کم ہو کر 22ء کی دوسری سہ ماہی میں 55.1% رہ گیا۔ 22ء کی پہلی ششماہی میں کل پروڈونز 25% کم ہو کر 2.8 ارب روپے ہو گئے ہیں، جو اس چارج کے ساتھ ہے جو بنیادی طور پر 1.3 ارب روپے کے عمومی پروڈونز اور 22ء کی پہلی سہ ماہی میں تسلیم شدہ 1.1 ارب روپے کی مختصر درجہ بندی سے نکلتا ہے۔ انفیکشن کا تناسب 100% سے زیادہ کل کوریج کے ساتھ 5.1% کی کم ترین سطح پر رہا۔

## ذخائر میں اتار چڑھاؤ

### ملین روپے

158,441
11,886
209
2
36
549
12,682
171,123

افتتاحی غیر تخصیص شدہ منافع

11,886
209
2
36
549

بینک ایکویٹی کے حامل افراد کے لیے قابل ادائیگی منافع  
وضاحت شدہ منفعت پر منافع کے دوبارہ پیمائش کا حصہ - محصول کا خالص  
ایسوسی ایٹ کی ذمہ داریوں کی وضاحت شدہ منفعت پر منافع کے دوبارہ پیمائش کا حصہ - محصول کا خالص  
اثاثہ جات کی دوبارہ تشخیص پر سرپلس سے منتقل شدہ - محصول کا خالص  
سبسائیڈی میں اضافی منافع کا محصول

مناسب کارروائی کے لیے دستیاب منافع

(1,355)
(3,300)
(3,300)
(7,955)
163,168

### مختلف مدوں میں رکھی گئی رقم:

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ - حتیٰ 2021ء

نقد منافع منقسمہ - پہلا عبوری 2022ء

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

8.10

فی حصص (شیئر) آمدنی (روپے)

HBL خاص طور پر ماحولیاتی مسائل پر اپنی قیادت ESG کے شعبے میں بھی برقرار رکھے ہوئے ہے۔ 22ء کی پہلی ششماہی کے دوران، HBL نے SBP کی رینو ایبل انرجی اسکیم کے تحت 7.8 ارب روپے تقسیم کیے۔ HBL نے پاکستان میں جنگلات کے کئی منصوبوں میں تعاون کیا ہے۔ حال ہی میں ہمارے اسٹاف نے خطرے میں مبتلا کراچی کی ساحلی پٹی کی حفاظت کے لیے مینگروو کے جنگلات کی بحالی کی مہم میں رضاکارانہ طور پر کام کیا۔ اس سہ ماہی کے دوران HBL نے اپنی پہلی سسٹین ایبلٹی رپورٹ جاری کی، جس میں اپنی گزشتہ کئی سالوں سے وسیع پیمانے پر محیط سرگرمیوں پر روشنی ڈالی گئی۔ 2022ء میں بینک نے بھی HBL فاؤنڈیشن میں اپنا حصہ 50% بڑھا کر PAT کے 1% سے PAT کا 1.5% کر دیا، جس سے مستحقین کے زیادہ توجہ طلب مقاصد میں تعاون مزید بہتر ہو گا۔

## اظہارِ تشکر

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

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

آخر میں، لیکن یقینی طور پر کسی سے کم نہیں، ہم اپنے تمام ملازمین اور ان کے اہل خانہ، بالخصوص کسٹمر کا سامنا کرنے والے یونٹس اور برانچوں میں موجود عملے کے شکر گزار ہیں، جنھوں نے ان دو سالوں میں خطرناک وبائی حالات میں بہادری کا مظاہرہ کرتے ہوئے بحران کے اس وقت میں ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنائی۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم ان کے عزم اور اتھک محنت کے لیے انھیں خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ

معیز احمد جمال  
ڈائریکٹر

محمد اورنگزیب  
صدر اور چیف ایگزیکٹو آفیسر

28 جولائی 2022ء

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	(Unaudited) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021 (Rupees in '000)
<b>ASSETS</b>			
Cash and balances with treasury banks	5	439,601,146	441,252,246
Balances with other banks	6	49,296,929	64,438,075
Lendings to financial institutions	7	328,696,282	93,742,432
Investments	8	2,225,843,737	1,948,955,978
Advances	9	1,652,928,791	1,507,047,097
Fixed assets	10	104,268,491	98,676,342
Intangible assets	11	16,452,534	12,630,475
Deferred tax assets	12	5,634,116	-
Other assets	13	178,360,455	150,725,500
		<b>5,001,082,481</b>	<b>4,317,468,145</b>
<b>LIABILITIES</b>			
Bills payable	14	47,121,101	44,196,984
Borrowings	15	719,584,537	436,258,005
Deposits and other accounts	16	3,750,757,813	3,381,998,398
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	12,374,000	12,374,000
Deferred tax liabilities	12	-	5,082,602
Other liabilities	18	196,848,550	153,872,354
		<b>4,726,686,001</b>	<b>4,033,782,343</b>
<b>NET ASSETS</b>		<b>274,396,480</b>	<b>283,685,802</b>
<b>REPRESENTED BY</b>			
<b>Shareholders' equity</b>			
Share capital		14,668,525	14,668,525
Reserves		85,355,519	81,375,519
Surplus on revaluation of assets - net of tax	19	8,099,943	25,159,371
Unappropriated profit		163,167,568	158,441,418
Total equity attributable to the equity holders of the Bank		<b>271,291,555</b>	<b>279,644,833</b>
Non-controlling interest		<b>3,104,925</b>	<b>4,040,969</b>
		<b>274,396,480</b>	<b>283,685,802</b>

## CONTINGENCIES AND COMMITMENTS

20

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

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Dr. Najeef Samie  
Director

Salim Raza  
Director



# CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Note	January 01 to June 30, 2022	January 01 to June 30, 2021	April 01 to June 30, 2022	April 01 to June 30, 2021
(Rupees in '000)					
Mark-up / return / profit / interest earned	22	187,634,306	126,863,614	101,080,507	63,400,712
Mark-up / return / profit / interest expensed	23	113,738,181	61,999,976	63,450,310	31,006,348
Net mark-up / return / profit / interest income		73,896,125	64,863,638	37,630,197	32,394,364
<b>Non mark-up / interest income</b>					
Fee and commission income	24	15,057,386	11,777,235	7,715,822	5,872,874
Dividend income		410,139	343,165	155,212	225,563
Share of profit of associates and joint venture		816,212	1,235,837	722,805	976,517
Foreign exchange income		7,845,475	1,463,809	5,318,220	568,008
(Loss) / income from derivatives		(1,094,276)	890,867	(942,636)	(288,420)
Gain on securities - net	25	403,228	1,481,644	209,555	1,687,994
Other income	26	236,537	416,786	134,668	344,607
Total non mark-up / interest income		23,674,701	17,609,343	13,313,646	9,387,143
Total income		97,570,826	82,472,981	50,943,843	41,781,507
<b>Non mark-up / interest expenses</b>					
Operating expenses	27	59,047,026	46,851,946	28,689,839	22,949,969
Workers' Welfare Fund		686,889	635,279	400,132	316,133
Other charges	28	442,313	51,862	282,946	9,629
Total non mark-up / interest expenses		60,176,228	47,539,087	29,372,917	23,275,731
<b>Profit before provisions and taxation</b>		37,394,598	34,933,894	21,570,926	18,505,776
Provisions / (reversals) and write offs - net	29	2,803,115	3,736,925	1,560,227	1,817,015
<b>Profit before taxation</b>		34,591,483	31,196,969	20,010,699	16,688,761
<b>Taxation</b>	30	22,483,698	13,166,999	16,517,088	7,218,648
<b>Profit after taxation</b>		12,107,785	18,029,970	3,493,611	9,470,113
<b>Attributable to:</b>					
Equity holders of the Bank		11,885,830	17,656,237	3,407,004	9,320,386
Non-controlling interest		221,955	373,733	86,607	149,727
		12,107,785	18,029,970	3,493,611	9,470,113
<b>Rupees</b>					
<b>Basic and diluted earnings per share</b>	31	8.10	12.04	2.32	6.35

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

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Dr. Najeel Samie  
Director

Salim Raza  
Director

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

	January 01 to June 30, 2022	January 01 to June 30, 2021	April 01 to June 30, 2022	April 01 to June 30, 2021
	(Rupees in '000)			
<b>Profit after taxation for the period attributable to:</b>				
Equity holders of the Bank	11,885,830	17,656,237	3,407,004	9,320,386
Non-controlling interest	221,955	373,733	86,607	149,727
	12,107,785	18,029,970	3,493,611	9,470,113
<b>Other comprehensive (loss) / income</b>				
<i>Items that may be reclassified to the profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax, attributable to:				
Equity holders of the Bank	1,907,920	(1,399,298)	1,925,993	2,991,430
Non-controlling interest	44,140	(2,540)	33,318	35,239
	1,952,060	(1,401,838)	1,959,311	3,026,669
Increase in share of exchange translation reserve of associates- net of tax	74,066	185,377	30,679	4,892
Movement in surplus / deficit on revaluation of investments				
- net of tax, attributable to:				
Equity holders of the Bank	(16,755,510)	(2,568,711)	(8,160,434)	1,180,597
Non-controlling interest	(54,307)	(9,106)	(28,235)	(3,245)
	(16,809,817)	(2,577,817)	(8,188,669)	1,177,352
Movement in share of surplus / deficit on revaluation of investments of associates - net of tax	(135,751)	(76,302)	(74,748)	(31,978)
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods:</i>				
Movement in surplus / deficit on revaluation of fixed assets				
- net of tax, attributable to:				
Equity holders of the Bank	(201,262)	-	(201,262)	-
Non-controlling interest	(3,081)	-	(3,081)	-
	(204,343)	-	(204,343)	-
Movement in share of surplus / deficit on revaluation of fixed assets of associates - net of tax	116,293	-	(9,797)	-
Remeasurement gain on defined benefit obligations - net of tax	209,435	-	209,435	-
Share of remeasurement gain on defined benefit obligations of associates - net of tax	1,786	3,458	717	115
<b>Total comprehensive (loss) / income</b>	<b>(2,688,486)</b>	<b>14,162,848</b>	<b>(2,783,804)</b>	<b>13,647,163</b>
<b>Total comprehensive (loss) / income attributable to:</b>				
Equity holders of the Bank	(2,897,193)	13,800,761	(2,872,413)	13,465,442
Non-controlling interest	208,707	362,087	88,609	181,721
	<b>(2,688,486)</b>	<b>14,162,848</b>	<b>(2,783,804)</b>	<b>13,647,163</b>

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

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Dr. Najeel Samie  
Director

Salim Raza  
Director



# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

Attributable to shareholders of the Bank										Non-controlling interest	Total
Share capital	Reserves					Surplus / (deficit) on revaluation of		Unappropriated profit	Sub Total		
	Statutory		Capital			Investments	Fixed / Non Banking Assets				
Joint venture and subsidiary	Bank	Exchange translation	Non-distributable	On acquisition of common control entity							

(Rupees in '000)

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 six months ended June 30, 2021

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

#### Other comprehensive income / (loss)

Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax

Increase in share of exchange translation reserve of associates - net of tax

Share of remeasurement gain on defined benefit obligations of associates - net

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

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

Transferred to statutory reserves

Transferred from surplus on revaluation of assets - net of tax

Exchange gain realised on liquidation of subsidiary - net of tax

Transactions with owners, recorded directly in equity

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

1st interim cash dividend - Rs 1.75 per share

Balance as at June 30, 2021 14,668,525 1,612,072 38,364,659 32,392,949 547,115 (156,706) 5,898,320 27,302,174 147,147,449 267,776,557 4,912,621 272,689,178

### Comprehensive income for the six months ended December 31, 2021

Profit after taxation for the six months ended December 31, 2021

#### Other comprehensive income / (loss)

Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax

Decrease in share of exchange translation reserve of associates - net of tax

Remeasurement gain / (loss) on defined benefit obligations - net of tax

Share of remeasurement gain on defined benefit obligations of associates - net

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

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

Transferred to statutory reserves

Transferred from surplus on revaluation of assets - net of tax

Exchange gain realised on partial repatriation of branch capital - net of tax

Acquisition of additional interest in subsidiary

Transactions with owners, recorded directly in equity

2nd interim cash dividend - Rs 1.75 per share

3rd interim cash dividend - Rs 1.75 per share

Balance as at December 31, 2021 14,668,525 2,115,664 40,043,376 38,826,070 547,115 (156,706) (2,254,093) 27,413,464 158,441,418 279,644,833 4,040,969 283,685,802

### Comprehensive income for the six months ended June 30, 2022

Profit after taxation for the six months ended June 30, 2022

#### Other comprehensive income / (loss)

Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax

Increase in share of exchange translation reserve of associates - net of tax

Remeasurement gain on defined benefit obligations - net of tax

Share of remeasurement gain on defined benefit obligations of associates - net

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

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

Transferred to statutory reserves

Transferred from surplus on revaluation of assets - net of tax

Acquisition of additional interest in subsidiary

Transactions with owners, recorded directly in equity

Final cash dividend - Rs 2.25 per share declared subsequent to the year ended December 31, 2021

1st interim cash dividend - Rs 2.25 per share

Balance as at June 30, 2022 14,668,525 2,319,700 41,194,613 41,450,797 547,115 (156,706) (19,193,369) 27,293,312 163,167,568 271,291,555 3,104,925 274,396,480

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

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Raymond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Dr. Najeel Samie  
Director

Salim Raza  
Director

# CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

	January 01 to June 30, 2022	January 01 to June 30, 2021
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	34,591,483	31,196,969
Dividend income	(410,139)	(343,165)
Share of profit of associates and joint venture	(816,212)	(1,235,837)
Mark-up / return / profit / interest expensed on subordinated debt	791,733	658,751
	<b>(434,618)</b>	<b>(920,251)</b>
	<b>34,156,865</b>	<b>30,276,718</b>
<b>Adjustments:</b>		
Depreciation	3,705,836	3,334,792
Amortisation	833,695	480,630
Depreciation on right-of-use assets	1,883,844	1,670,210
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	1,465,030	2,029,590
Provision / (reversal of provision) for diminution in value of investments	699,193	(782,991)
Provision against loans and advances	3,586,223	2,388,850
Provision against other assets	346,549	1,042,488
(Reversal of provision) / provision against off-balance sheet obligations	(1,547,750)	1,454,777
Unrealised gain on held-for-trading securities	(13,613)	(14,158)
Exchange gain on goodwill	125,822	5,878
Exchange gain realised on liquidation of subsidiary - net of tax	-	(1,369)
Gain on sale of fixed assets - net	(25,494)	(42,017)
Gain on sale of non-banking asset	-	(16,000)
Workers' Welfare Fund	686,889	635,279
	<b>11,746,224</b>	<b>12,185,959</b>
	<b>45,903,089</b>	<b>42,462,677</b>
<b>Increase in operating assets</b>		
Lendings to financial institutions	(234,953,850)	(115,591,960)
Held-for-trading securities	(7,666,765)	(90,732,993)
Advances	(149,467,917)	(89,168,931)
Other assets (excluding advance taxation)	(37,586,807)	(13,829,458)
	<b>(429,675,339)</b>	<b>(309,323,342)</b>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	2,924,117	7,145,227
Borrowings from financial institutions	283,326,532	(37,286,756)
Deposits and other accounts	368,759,415	283,090,360
Other liabilities	43,572,723	20,516,601
	<b>698,582,787</b>	<b>273,465,432</b>
	<b>314,810,537</b>	<b>6,604,767</b>
	<b>(12,834,982)</b>	<b>(12,411,894)</b>
	<b>301,975,555</b>	<b>(5,807,127)</b>
Income tax paid		
<b>Net cash flows generated from / (used in) operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	(290,570,263)	75,421,661
Net investment in held-to-maturity securities	(5,183,767)	(46,342,605)
Net investment in associates	(3,045,228)	782,160
Dividend received	521,103	347,268
Investments in fixed assets	(8,427,620)	(7,457,390)
Investments in intangible assets	(4,741,846)	(943,858)
Proceeds from sale of fixed assets	32,878	58,576
Proceeds from sale of non-banking asset	-	216,000
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	1,981,986	(1,213,921)
<b>Net cash flows (used in) / generated from investing activities</b>	<b>(309,432,757)</b>	<b>20,867,891</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Effect of translation of net investment by non-controlling interest in subsidiary	44,140	(2,540)
Repayment of subordinated debt	-	(9,982,000)
Payment of mark-up on subordinated debt	(788,146)	(946,148)
Payment of lease liability against right-of-use assets	(2,384,977)	(2,067,436)
Dividend paid	(6,206,061)	(5,748,344)
<b>Net cash flows used in financing activities</b>	<b>(9,335,044)</b>	<b>(18,746,468)</b>
<b>Decrease in cash and cash equivalents during the period</b>	<b>(16,792,246)</b>	<b>(3,685,704)</b>
Cash and cash equivalents at the beginning of the period	493,896,900	433,710,606
Effect of exchange rate changes on cash and cash equivalents	11,793,421	(1,896,657)
	<b>505,690,321</b>	<b>431,813,949</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>488,898,075</b>	<b>428,128,245</b>

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

**Muhammad Aurangzeb**  
President and  
Chief Executive Officer

**Rayomond Kotwal**  
Chief Financial Officer

**Khaleel Ahmed**  
Director

**Dr. Najeeb Samie**  
Director

**Salim Raza**  
Director

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

### 1 THE GROUP AND ITS OPERATIONS

The Group consists of:

#### Holding company

- Habib Bank Limited, Pakistan

#### Subsidiaries

- Habib Allied Holding Limited (HAHL) – 100% shareholding
- HBL Bank UK Limited – 100% effective shareholding
- HBL Currency Exchange (Private) Limited – 100% shareholding
- HBL Asset Management Limited – 100% shareholding
- HBL Microfinance Bank 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 within and outside Pakistan. The Bank's registered office is at Habib Bank Tower, 9th Floor, 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 1,676 (December 31, 2021: 1,648) branches inside Pakistan including 275 (December 31, 2021: 259) Islamic Banking Branches and 37 (December 31, 2021: 37) 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 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.
- 1.2 The Bank has decided to exit its operations in Mauritius and is considering various options regarding the same.
- 1.3 The Bank has commenced an orderly wind-down of its Lebanon operations. Formalities for completion of the wind-down are underway.
- 1.4 The Bank has purchased the remaining shareholding of 9.50% in HAHL from the minority shareholder. Subsequent to the transaction, HAHL is now a wholly owned subsidiary of the Bank.
- 1.5 During the period, the Bank has subscribed to 140 million Rights shares issued by HBL Asset Management Limited (HBL AMC).

### 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.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2022

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, 2021.

### 2.3 Amendments to existing accounting and reporting standards that have become effective in the current year

There are certain amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 01, 2022. These are considered either to not be relevant or not to have any significant impact on these condensed interim consolidated financial statements.

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

As per the SBP's BPRD Circular Letter no. 03 dated July 05, 2022, the applicability of IFRS 9, Financial Instruments has been deferred to accounting periods beginning on or after January 01, 2023. Certain requirements of this standard will be applicable from January 01, 2024. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

There are various amendments to existing accounting and reporting standards as applicable in Pakistan that are not yet effective. 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 consolidated financial statements is same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2021, except the following:

During the period, the Bank has reviewed the useful life of Point of Sale (POS) terminals which has resulted in a change in the useful life of these terminals from 3 years to 4 years. This revision has been accounted for as a change in accounting estimate in accordance with the requirements of IAS 8 and accordingly, has been recognised prospectively in the consolidated profit and loss account from the current year.

The effect of this change on depreciation expense in the current period and the next corresponding period is as follows:

	June 30, 2023	June 30, 2022
	(Rupees in '000)	
Decrease in information technology expenses - depreciation	24,034	60,613

## 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, 2021.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE SIX MONTHS ENDED JUNE 30, 2022

#### 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, 2021.

#### 5 CASH AND BALANCES WITH TREASURY BANKS

	(Unaudited) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021
In hand		
Local currency	55,152,214	48,996,151
Foreign currencies	8,803,523	5,505,082
	<u>63,955,737</u>	<u>54,501,233</u>
With State Bank of Pakistan in		
Local currency current accounts	126,344,245	147,418,412
Local currency special deposit account	2,790,176	2,531,227
Foreign currency current accounts	9,731,980	8,637,953
Foreign currency deposit accounts	12,854,533	18,104,962
	<u>151,720,934</u>	<u>176,692,554</u>
With other Central Banks in		
Foreign currency current accounts	42,668,703	58,855,062
Foreign currency deposit accounts	27,375,884	12,755,756
	<u>70,044,587</u>	<u>71,610,818</u>
With National Bank of Pakistan in		
Local currency current accounts	152,730,799	137,197,419
Local currency deposit account	1,010,695	948,771
	<u>153,741,494</u>	<u>138,146,190</u>
National Prize Bonds	138,394	301,451
	<u>439,601,146</u>	<u>441,252,246</u>

#### 6 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	338,457	317,534
In deposit accounts	12,426,208	18,430,779
	<u>12,764,665</u>	<u>18,748,313</u>
Outside Pakistan		
In current accounts	23,317,616	32,804,685
In deposit accounts	13,214,648	12,885,077
	<u>36,532,264</u>	<u>45,689,762</u>
	<u>49,296,929</u>	<u>64,438,075</u>

#### 7 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	-	24,600,000
Repurchase agreement lendings (reverse repo)	328,696,282	64,970,746
Bai Muajjal receivable from financial institutions	-	4,171,686
	<u>328,696,282</u>	<u>93,742,432</u>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

### 8 INVESTMENTS

#### 8.1 Investments by type

INVESTMENTS	Note	June 30, 2022 (Unaudited)				December 31, 2021 (Audited)			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)									
<b>Held-for-trading (HFT) securities</b>									
<b>Federal Government securities</b>									
- Market Treasury Bills		70,173,909	-	(13,707)	70,160,202	111,592,255	-	(31,517)	111,560,738
- Pakistan Investment Bonds		137,906,857	-	33,997	137,940,854	92,201,740	-	110,414	92,312,154
<b>Shares</b>									
- Listed companies		147,531	-	(12,438)	135,093	332,860	-	(24,270)	308,590
<b>Foreign securities</b>									
- Government debt securities		3,949,436	-	5,761	3,955,197	316,867	-	12,619	329,486
		212,177,733	-	13,613	212,191,346	204,443,722	-	67,246	204,510,968
<b>Available-for-sale (AFS) securities</b>									
<b>Federal Government securities</b>									
- Market Treasury Bills		451,046,890	-	(3,085,004)	447,961,886	279,633,112	-	108,423	279,741,535
- Pakistan Investment Bonds		881,944,360	-	(19,476,449)	862,467,911	806,059,810	-	(4,943,247)	801,116,563
- Ijarah Sukuk		135,578,507	-	(2,173,746)	133,404,761	119,617,967	-	(537,141)	119,080,826
- Government of Pakistan US Dollar Bonds		22,067,382	(396,754)	(5,502,979)	16,167,649	16,378,045	(347,350)	438,586	16,469,281
- Other Federal Government securities		3,524,820	-	-	3,524,820	1,016,120	-	-	1,016,120
<b>Shares</b>									
- Listed companies		7,792,648	(2,119,191)	(39,200)	5,634,257	8,170,830	(1,962,154)	427,255	6,635,931
- Unlisted companies		5,372,888	(109,110)	-	5,263,778	5,372,623	(91,009)	-	5,281,614
<b>Non-Government debt securities</b>									
- Listed		52,069,729	(108,488)	(1,421,043)	50,540,198	51,499,951	(78,236)	638,300	52,060,015
- Unlisted		2,164,233	(413,232)	24,000	1,775,001	1,648,381	(247,381)	24,000	1,425,000
<b>Foreign securities</b>									
- Government debt securities		88,722,411	(887,487)	(1,248,059)	86,586,865	75,032,225	(288,791)	111,104	74,854,538
- Non-Government debt securities									
- Listed		12,971,284	(1,028,117)	(234,199)	11,708,968	13,972,530	(966,629)	61,692	13,067,593
- Unlisted		4,969,571	-	374	4,969,945	-	-	-	-
- Equity securities - Unlisted		6,933	(171)	-	6,762	6,318	(156)	-	6,162
<b>National Investment Unit Trust units</b>		11,113	-	32,324	43,437	11,113	-	35,335	46,448
<b>Real Estate Investment Trust units</b>		1,180,000	-	12,600	1,192,600	55,000	-	5,800	60,800
<b>Preference shares</b>									
- Listed		744,400	-	94,500	838,900	744,400	-	80,500	824,900
- Unlisted		176,985	(149,201)	-	27,784	176,985	(150,075)	-	26,910
		1,670,344,154	(5,211,751)	(33,016,881)	1,632,115,522	1,379,395,410	(4,131,781)	(3,549,393)	1,371,714,236
<b>Held-to-maturity (HTM) securities</b>									
8.2									
<b>Federal Government securities</b>									
- Market Treasury Bills		11,371,828	-	-	11,371,828	397,178	-	-	397,178
- Pakistan Investment Bonds		289,875,545	-	-	289,875,545	285,685,656	-	-	285,685,656
- Other Federal Government securities		-	-	-	-	10,794,000	-	-	10,794,000
<b>Non-Government debt securities</b>									
- Listed		1,733,589	-	-	1,733,589	2,365,422	-	-	2,365,422
- Unlisted		25,938,590	-	-	25,938,590	22,851,835	-	-	22,851,835
<b>Foreign Securities</b>									
- Government debt securities		13,369,160	-	-	13,369,160	14,672,889	-	-	14,672,889
- Non-Government debt securities									
- Listed		240,421	(22,312)	-	218,109	285,954	(25,061)	-	260,893
- Unlisted		323,668	(226)	-	323,442	616,100	(1,559)	-	614,541
		342,852,801	(22,538)	-	342,830,263	337,669,034	(26,620)	-	337,642,414
<b>Investments in associates and joint venture</b>									
	8.5	39,048,771	-	(342,165)	38,706,606	35,185,545	-	(97,185)	35,088,360
<b>Total Investments</b>									
		2,264,423,459	(5,234,289)	(33,345,433)	2,225,843,737	1,956,693,711	(4,158,401)	(3,579,332)	1,948,955,978

#### 8.1.1 Investments given as collateral

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

##### Federal Government securities

- Market Treasury Bills	102,180,344	980,924
- Pakistan Investment Bonds	289,134,514	139,564,697
	<b>391,314,858</b>	<b>140,545,621</b>

8.2 The market value of investments classified as held-to-maturity amounted to Rs 318,994.344 million (December 31, 2021: Rs 322,811.037 million).

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE SIX MONTHS ENDED JUNE 30, 2022

	(Unaudited) June 30, 2022	(Audited) December 31, 2021
8.3 Particulars of provision held against diminution in the value of investments	(Rupees in '000)	
Opening balance	4,158,401	5,263,672
Exchange adjustments	201,925	153,452
Charge / (reversal)		
Charge for the period / year	1,121,159	512,131
Reversal for the period / year	(101,517)	(452,697)
Reversal on disposal during the period / year	(320,449)	(1,318,157)
Net charge / (reversal)	699,193	(1,258,723)
Transferred in	67,880	-
Other movement	106,890	-
Closing balance	5,234,289	4,158,401

#### 8.4 Particulars of provision against debt securities

Category of classification	(Unaudited) June 30, 2022		(Audited) December 31, 2021	
	Non- Performing Investments	Provision	Non- Performing Investments	Provision
<b>Domestic</b>	(Rupees in '000)			
Loss	413,232	413,232	247,381	247,381
<b>Overseas</b>				
Not past due but impaired	409,725	240,913	-	-
Overdue by:				
Up to 90 days	614,164	410,533	-	-
> 365 days	969,381	969,381	929,609	929,609
	1,993,270	1,620,827	929,609	929,609
Total	2,406,502	2,034,059	1,176,990	1,176,990

8.4.1 In addition to the above, overseas branches hold a general provision of Rs 822.557 million (December 31, 2021: Rs 778.017 million) against investments in accordance with the ECL requirements of IFRS 9.

8.5 This represents the Group's share of deficit on investments held by these entities.

		Performing		Non - performing		Total	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
		June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
		(Rupees in '000)					
9	ADVANCES	Note					

	(Unaudited) June 30, 2022	(Audited) December 31, 2021
9.1 Particulars of advances (gross)	(Rupees in '000)	
In local currency	1,300,826,045	1,222,102,342
In foreign currencies	441,858,697	368,798,249
	1,742,684,742	1,590,900,591



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2022

- 9.2 Advances include Rs 88,781.300 million (December 31, 2021: Rs 80,888.461 million) which have been placed under non-performing status as detailed below:

Category of classification	(Unaudited) June 30, 2022		(Audited) December 31, 2021	
	Non-performing advances	Provision	Non-performing advances	Provision
(Rupees in '000)				
<b>Domestic</b>				
Other assets especially mentioned	1,295,372	10,478	676,362	3,379
Substandard	6,470,675	1,628,157	2,919,319	711,251
Doubtful	2,751,409	1,364,296	2,566,040	1,286,243
Loss	42,617,109	41,834,492	43,406,758	42,415,330
	53,134,565	44,837,423	49,568,479	44,416,203
<b>Overseas</b>				
Not past due but impaired	1,508,080	698,177	1,411,443	611,553
Overdue by:				
Upto 90 days	14,057	2,109	29,965	-
91 to 180 days	55,147	2,542	17,181	14,815
181 to 365 days	477,094	112,069	2,312,907	1,929,459
> 365 days	33,592,357	31,414,309	27,548,486	25,873,156
	35,646,735	32,229,206	31,319,982	28,428,983
Total	88,781,300	77,066,629	80,888,461	72,845,186

- 9.3 Particulars of provision against advances

Note	(Unaudited) June 30, 2022			(Audited) December 31, 2021		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	72,845,186	11,008,308	83,853,494	70,835,763	11,063,284	81,899,047
Exchange adjustment	4,257,171	421,257	4,678,428	2,670,248	222,274	2,892,522
Charge for the period / year	5,472,142	1,424,338	6,896,480	12,415,018	1,613,469	14,028,487
Reversal for the period / year	(3,145,676)	(164,581)	(3,310,257)	(4,492,724)	(1,890,719)	(6,383,443)
Net charge / (reversal) against advances	2,326,466	1,259,757	3,586,223	7,922,294	(277,250)	7,645,044
Charged off during the period / year -						
agriculture financing	(250,759)	-	(250,759)	(532,280)	-	(532,280)
Written off during the period / year	(2,418,809)	-	(2,418,809)	(8,050,839)	-	(8,050,839)
Transferred out	(67,880)	-	(67,880)	-	-	-
Other movement	375,254	-	375,254	-	-	-
Closing balance	77,066,629	12,689,322	89,755,951	72,845,186	11,008,308	83,853,494

- 9.4 General provision includes provision amounting to Rs 3,085.110 million (December 31, 2021: Rs 2,753.209 million) against consumer finance portfolio and Rs 723.200 million (December 31, 2021: Rs 577.903 million) against advances to microenterprises as required by the Prudential Regulations. General provision also includes Rs 3,715.572 million (December 31, 2021: Rs 2,672.756 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 5,165.440 million (December 31, 2021: Rs 5,004.440 million) carried as a matter of prudence, on account of borrowers impacted by the Covid pandemic as well as by the currently stressed economic conditions.
- 9.5 These represent non-performing advances for agriculture finance which have been classified as loss, are fully provided and are in default for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held, in accordance with the SBP's Prudential Regulations for Agriculture Financing. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

10 FIXED ASSETS	Note	(Unaudited) June 30, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
Capital work-in-progress	10.1	11,113,394	7,803,605
Property and equipment		93,155,097	90,872,737
		104,268,491	98,676,342

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE SIX MONTHS ENDED JUNE 30, 2022

#### 10.1 Capital work-in-progress

	(Unaudited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
Civil works	9,067,147	4,375,253
Equipment	810,561	310,830
Advances to suppliers and contractors	1,235,686	3,117,522
	<u>11,113,394</u>	<u>7,803,605</u>

#### 10.2 Additions to fixed assets

	(Unaudited) For the six months ended June 30, 2022		(Audited) For the six months ended June 30, 2021	
	(Rupees in '000)			
The following additions have been made to fixed assets during the period:				
<b>Capital work-in-progress - net</b>	3,309,789		3,184,904	
<b>Property and equipment</b>				
Leasehold land	-		400,000	
Building on free hold land	-		1,026	
Building on leasehold land	76,980		184,048	
Machinery	27,391		74,670	
Leasehold improvements	1,084,311		1,003,166	
Furniture and fixtures	555,037		348,285	
Electrical, office and computer equipment	3,257,700		2,174,914	
Vehicles	117,524		86,377	
	<u>5,118,943</u>		<u>4,272,486</u>	
Right-of-use assets - net	<u>2,481,265</u>		<u>1,300,232</u>	
	<u>10,909,997</u>		<u>8,757,622</u>	

#### 10.3 Disposal of fixed assets

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

<b>Property and equipment</b>		
Leasehold improvements	560	1,300
Furniture and fixtures	716	1,042
Electrical, office and computer equipment	5,071	1,710
Vehicles	1,037	12,507
	<u>7,384</u>	<u>16,559</u>

#### 11 INTANGIBLE ASSETS

	(Unaudited) June 30, 2022	(Audited) December 31, 2021
Capital work-in-progress - computer software	3,552,471	2,056,072
Intangible assets	<u>12,900,063</u>	<u>10,574,403</u>
	<u>16,452,534</u>	<u>12,630,475</u>

#### 11.1 Additions to intangible assets

	(Unaudited) For the six months ended June 30, 2022		(Audited) For the six months ended June 30, 2021	
	(Rupees in '000)			
The following additions have been made to intangible assets during the period:				
Capital work-in-progress - net	1,496,399		204,998	
Computer software	2,411,806		753,269	
Goodwill - HABL	581,997		-	
	<u>4,490,202</u>		<u>958,267</u>	

11.1.1 As mentioned in note 1.4, the Bank has purchased the remaining shareholding of 9.50% in HABL from the minority shareholder. Goodwill represents the excess of the purchase consideration paid over the net assets of HABL acquired. For the computation of Goodwill, provisional figures based on latest available information have been considered. The management expects to finalise the determination of Goodwill within one year from the acquisition date, in compliance with the time frame allowed under IFRS 3, Business Combinations.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

12	DEFERRED TAX ASSETS / (LIABILITIES)	Note	(Unaudited) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021
	<b>Deductible temporary differences on</b>			
	- Tax losses of subsidiary		410,428	431,976
	- Provision against investments		977,682	766,916
	- Provision against doubtful debts and off-balance sheet obligations		4,124,004	3,721,755
	- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		2,719,221	2,586,450
	- Deficit on revaluation of investments	19	13,966,723	1,309,052
	- Deficit on revaluation of investments of associates	19	147,131	37,902
	- Provision against other assets		5,855	15,342
	- Ijarah financing		165,406	156,250
			<b>22,516,450</b>	<b>9,025,643</b>
	<b>Taxable temporary differences on</b>			
	- Accelerated tax depreciation		(1,450,437)	(1,360,584)
	- Surplus on revaluation of fixed assets	19	(1,954,620)	(1,777,800)
	- Surplus on revaluation of fixed assets of associates	19	(154,269)	(56,392)
	- Management rights and goodwill		(323,711)	(288,014)
	- Share of profit of associates		(8,223,926)	(7,328,089)
	- Exchange translation reserve		(4,817,654)	(3,287,635)
	- Others		42,283	(9,731)
			<b>(16,882,334)</b>	<b>(14,108,245)</b>
	<b>Net deferred tax assets / (liabilities)</b>		<b>5,634,116</b>	<b>(5,082,602)</b>
13	<b>OTHER ASSETS</b>			
	Mark-up / return / profit / interest accrued in local currency - net of provision		69,283,578	52,719,955
	Mark-up / return / profit / interest accrued in foreign currency - net of provision		4,805,217	3,791,224
	Advances, deposits, advance rent and other prepayments		5,471,839	3,825,328
	Advance taxation		12,214,105	21,708,444
	Advance against subscription of securities		1,578,000	178,000
	Stationery and stamps on hand		219,140	181,671
	Accrued fees and commissions		362,234	554,583
	Due from Government of Pakistan / SBP		3,485,378	2,137,045
	Mark to market gain on forward foreign exchange contracts		17,761,281	8,699,989
	Mark to market gain on derivative instruments		584,241	251,603
	Non-banking assets acquired in satisfaction of claims		388,576	459,389
	Receivable from defined benefit plan		-	759,354
	Acceptances		44,887,652	36,686,549
	Clearing and settlement accounts		16,092,153	17,436,987
	Dividend receivable		74,249	185,213
	Claims receivable against fraud and forgeries		528,099	541,337
	Others		1,977,351	1,628,410
			<b>179,713,093</b>	<b>151,745,081</b>
	Provision held against other assets	13.1	(1,576,702)	(1,243,645)
	Other assets - net of provision		178,136,391	150,501,436
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	224,064	224,064
	Other assets - total		<b>178,360,455</b>	<b>150,725,500</b>
13.1	<b>Provision held against other assets</b>			
	Non-banking assets acquired in satisfaction of claims		2,432	2,467
	Claims receivable against fraud and forgeries		528,099	541,337
	Suit filed cases		4,979	4,800
	Others		1,041,192	695,041
			<b>1,576,702</b>	<b>1,243,645</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Note	(Unaudited) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021
13.1.1	<b>Movement in provision against other assets</b>		
	Opening balance	1,243,645	1,127,909
	Exchange adjustment	9,269	(17,808)
	Charge for the period / year	381,049	741,684
	Reversal for the period / year	(34,500)	(551,548)
	Net charge	346,549	190,136
	Written off during the period / year	(23,879)	(56,592)
	Other movement	1,118	-
	Closing balance	1,576,702	1,243,645
14	<b>BILLS PAYABLE</b>		
	In Pakistan	45,579,632	42,793,433
	Outside Pakistan	1,541,469	1,403,551
		47,121,101	44,196,984
15	<b>BORROWINGS</b>		
	<b>Secured</b>		
	Borrowings from the SBP under		
	- Export refinance scheme	83,120,286	69,782,711
	- Long term financing facility	42,837,810	32,529,493
	- Financing facility for renewable energy power plants	7,162,751	6,805,470
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	283,041	241,788
	- Refinance and credit guarantee scheme for women entrepreneurs	94,099	155,370
	- Financing facility for storage of agricultural produce	386,076	333,349
	- Refinance scheme for payment of wages and salaries	7,903,751	15,476,761
	- Refinance facility for combating COVID-19	1,492,635	1,055,725
	- Temporary economic refinance facility	31,998,658	26,010,138
	- Refinance facility for SME Asaan Finance (SAAF)	1,982,052	-
		177,261,159	152,390,805
	Repurchase agreement borrowings	390,576,430	140,193,364
		567,837,589	292,584,169
	<b>Unsecured</b>		
	- Call money borrowings	-	1,000,000
	- Overdrawn nostro accounts	2,038,515	653,970
	- Borrowings of overseas branches and subsidiaries	84,002,169	82,898,483
	- Other long-term borrowings	65,706,264	59,121,383
		151,746,948	143,673,836
		719,584,537	436,258,005
15.1	This includes the following:		
15.1.1	A loan from the International Finance Corporation amounting to US\$ 125 million (December 31, 2021: US\$ 150 million). The remaining principal amount is payable in five equal semi-annual installments and the last installment is due on December 2024. Interest at LIBOR + 5.00% is payable semi-annually.		
15.1.2	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\$ 190 million (December 31, 2021: US\$ 170.975 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 from January 31, 2023 to January 31, 2033. 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 175.333 million (December 31, 2021: Rs 181.985 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 (December 31, 2021: 11.21% per annum) is payable semi-annually.		

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

- 15.1.4 Mortgage refinancing facilities from PMRC, amounting to Rs 1,005.244 million (December 31, 2021: Rs 1,082.977 million), utilised by HBL Microfinance Bank 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 (December 31, 2021: 6.50% to 7.14% per annum) and is payable quarterly.

### 16 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
<b>Customers</b>						
Current deposits	1,063,878,955	244,034,065	1,307,913,020	952,815,913	210,488,971	1,163,304,884
Savings deposits	1,083,590,201	168,347,329	1,251,937,530	1,112,754,751	103,505,665	1,216,260,416
Term deposits	493,937,411	211,398,322	705,335,733	471,532,451	180,237,348	651,769,799
	2,641,406,567	623,779,716	3,265,186,283	2,537,103,115	494,231,984	3,031,335,099
<b>Financial institutions</b>						
Current deposits	7,345,023	3,125,775	10,470,798	5,101,313	2,272,365	7,373,678
Savings deposits	445,455,253	1,243,557	446,698,810	299,998,542	451,389	300,449,931
Term deposits	21,953,057	6,448,865	28,401,922	36,824,833	6,014,857	42,839,690
	474,753,333	10,818,197	485,571,530	341,924,688	8,738,611	350,663,299
	3,116,159,900	634,597,913	3,750,757,813	2,879,027,803	502,970,595	3,381,998,398
				<b>Note</b>	<b>(Unaudited) June 30, 2022</b>	<b>(Audited) December 31, 2021</b>
					(Rupees in '000)	

### 17 SUBORDINATED DEBT

Additional Tier I Term Finance Certificates	17.1	<b>12,374,000</b>	12,374,000
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- 17.1 The Bank has issued listed, fully paid up, rated, privately placed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (AT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013.

The key features of the issue are as follows:

<b>Issue Date</b>	September 26, 2019
<b>Issue amount</b>	Rs 12.374 billion
<b>Rating</b>	AA+ (Double A plus) [December 31, 2021: AA+ (Double A plus)]
<b>Original Tenor</b>	Perpetual
<b>Security</b>	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.
<b>Profit payment</b>	Quarterly in arrears
<b>Redemption</b>	Perpetual, hence not applicable.
<b>Mark-up</b>	Floating rate of return at Base Rate + 1.60%. The Base Rate is defined as the average "Ask Side" rate of the three months Karachi Interbank Offered Rate (KIBOR).
<b>Call option</b>	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following:  (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised.  If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and 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").
<b>Lock-in clause</b>	Mark-up will only be paid from the current year's earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
<b>Loss absorbency clause</b>	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

	(Unaudited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
<b>18 OTHER LIABILITIES</b>		
Mark-up / return / profit / interest payable in local currency	15,149,818	10,014,802
Mark-up / return / profit / interest payable in foreign currency	3,741,107	2,589,051
Security deposits	1,220,687	909,334
Accrued expenses	20,146,028	20,870,306
Mark to market loss on forward foreign exchange contracts	9,098,879	7,337,247
Mark to market loss on derivative instruments	4,819,030	2,624,952
Unclaimed dividends	730,902	727,940
Dividends payable	1,719,576	1,327,763
Provision for post retirement medical benefits	3,624,543	4,557,833
Provision for employees' compensated absences	1,598,500	2,177,565
Provision against off-balance sheet obligations	1,319,434	2,687,054
Acceptances	44,887,652	36,686,549
Branch adjustment account	143,714	827,848
Provision for staff retirement benefits	1,385,237	1,251,289
Payable to defined benefit plans	736,235	437,648
Provision for Workers' Welfare Fund	8,339,542	7,735,706
Unearned income	4,510,826	4,452,650
Qarza-e-Hasna Fund	338,409	338,409
Levies and taxes payable	10,120,079	7,690,809
Insurance payable	1,304,382	1,235,949
Provision for rewards program expenses	2,223,086	1,748,370
Liability against trading of securities	19,479,532	3,701,035
Clearing and settlement accounts	10,454,012	4,221,476
Payable to HBL Foundation	182,786	405,576
Contingent consideration payable	500,000	500,000
Charity fund	16,315	44,865
Lease liability against right-of-use asset	23,999,684	22,307,342
Unclaimed deposits	548,016	348,609
Others	4,510,539	4,114,377
	<b>196,848,550</b>	<b>153,872,354</b>

### 18.1 Provision against off-balance sheet obligations

Opening balance	2,687,054	1,138,648
Exchange adjustment	180,130	(38,031)
Charge for the period / year	35,842	1,616,293
Reversal for the period / year	(1,583,592)	(75,785)
Net (reversal) / charge	(1,547,750)	1,540,508
Written off during the year	-	(1,653)
Transferred in	-	47,582
Closing balance	<b>1,319,434</b>	<b>2,687,054</b>

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

Note	June 30, 2022 (Unaudited)			December 31, 2021 (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	28,819,371	19,552	28,838,923	28,876,201	26,730	28,902,931
- Fixed assets of associates	358,766	-	358,766	144,596	-	144,596
- Available-for-sale securities	(32,939,533)	(77,348)	(33,016,881)	(3,498,964)	(50,429)	(3,549,393)
- Available-for-sale securities held by associates	(342,165)	-	(342,165)	(97,185)	-	(97,185)
- Non-banking assets acquired in satisfaction of claims	224,064	-	224,064	224,064	-	224,064
	(3,879,497)	(57,796)	(3,937,293)	25,648,712	(23,699)	25,625,013
Deferred tax liability / (asset) on surplus / (deficit) on revaluation of:						
- Fixed assets	1,954,620	-	1,954,620	1,775,005	2,795	1,777,800
- Fixed assets of associates	154,269	-	154,269	56,392	-	56,392
- Available-for-sale securities	(13,941,198)	(25,525)	(13,966,723)	(1,304,154)	(4,898)	(1,309,052)
- Available-for-sale securities held by associates	(147,131)	-	(147,131)	(37,902)	-	(37,902)
- Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-
	(11,979,440)	(25,525)	(12,004,965)	489,341	(2,103)	487,238
Surplus on revaluation of assets - net of tax	<b>8,099,943</b>	<b>(32,271.0)</b>	<b>8,067,672</b>	<b>25,159,371</b>	<b>(21,596)</b>	<b>25,137,775</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Note	(Unaudited) June 30, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
<b>20 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	20.1	291,772,909	260,750,915
- Commitments	20.2	1,142,053,472	1,119,772,107
- Other contingent liabilities	20.3	23,554,633	25,778,719
		<b>1,457,381,014</b>	<b>1,406,301,741</b>
<b>20.1 Guarantees:</b>			
Financial guarantees		92,440,367	88,017,271
Performance guarantees		192,431,689	164,593,834
Other guarantees		6,900,853	8,139,810
		<b>291,772,909</b>	<b>260,750,915</b>
<b>20.2 Commitments:</b>			
Trade-related contingent liabilities		397,010,036	339,979,058
Commitments in respect of:			
- forward foreign exchange contracts	20.2.1	554,823,628	601,681,574
- forward Government securities transactions	20.2.2	99,140,397	93,562,463
- derivatives	20.2.3	58,675,138	42,049,128
- forward lending	20.2.4	15,900,703	30,412,479
		<b>728,539,866</b>	<b>767,705,644</b>
Commitments for acquisition of:			
- fixed assets		9,700,656	10,202,010
- intangible assets		6,802,914	1,885,395
		<b>16,503,570</b>	<b>12,087,405</b>
		<b>1,142,053,472</b>	<b>1,119,772,107</b>
<b>20.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		347,014,065	340,760,830
Sale		207,809,563	260,920,744
		<b>554,823,628</b>	<b>601,681,574</b>
<b>20.2.2 Commitments in respect of forward Government securities transactions</b>			
Purchase		46,026,527	27,830,190
Sale		53,113,870	65,732,273
		<b>99,140,397</b>	<b>93,562,463</b>
<b>20.2.3 Commitments in respect of derivatives</b>			
<b>Cross Currency swaps</b>			
Purchase		24,877,031	17,058,770
Sale		29,723,107	19,308,883
		<b>54,600,138</b>	<b>36,367,653</b>
<b>Interest rate swaps</b>			
Purchase		-	-
Sale		4,075,000	5,681,475
		<b>4,075,000</b>	<b>5,681,475</b>
<b>20.2.4 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to extend credit		15,900,703	30,412,479
These represent commitments that are irrevocable because they can not be withdrawn at the discretion of the Group without the risk of incurring a significant penalty or expense.			
<b>20.3 Other contingent liabilities</b>			
<b>20.3.1 Claims against the Group not acknowledged as debts</b>		<b>23,554,633</b>	<b>25,778,719</b>
These mainly represent counter claims by borrowers for damages, claims filed by former employees of the Group and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these condensed interim consolidated financial statements.			
<b>20.3.2</b>	There were no tax related contingencies as at the period end.		



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

### 21 DERIVATIVE INSTRUMENTS

#### Product Analysis

June 30, 2022 (Unaudited)			
Cross currency swaps		Interest rate Swaps	
Notional principal	Mark to market loss	Notional principal	Mark to market loss
(Rupees in '000)			
Hedging	-	-	-
Market Making	54,600,138	4,075,000	(260,079)
	(3,974,710)		
December 31, 2021 (Audited)			
Cross currency swaps		Interest rate Swaps	
Notional principal	Mark to market loss	Notional principal	Mark to market loss
(Rupees in '000)			
Hedging	-	-	-
Market Making	36,367,653	5,681,475	(183,629)
	(2,189,720)		

### 22 MARK-UP / RETURN / PROFIT / INTEREST EARNED

		(Unaudited)	
		<u>For the six months ended</u>	
MARK-UP / RETURN / PROFIT / INTEREST EARNED	Note	June 30, 2022	June 30, 2021
		(Rupees in '000)	
On:			
Loans and advances		80,734,836	52,656,501
Investments		100,809,680	70,989,927
Lendings to financial institutions		5,644,924	2,995,313
Balances with banks		444,866	221,873
		<u>187,634,306</u>	<u>126,863,614</u>

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

On:			
Deposits		79,341,136	45,254,268
Securities sold under repurchase agreement borrowings		24,402,176	8,637,727
Borrowings		3,929,625	2,743,541
Subordinated debt		791,733	658,751
Cost of foreign currency swaps against foreign currency deposits / borrowings		3,808,481	2,676,099
Lease liability against right-of-use assets		1,465,030	2,029,590
		<u>113,738,181</u>	<u>61,999,976</u>

### 24 FEE AND COMMISSION INCOME

Branch banking customer fees	2,028,657	2,006,809
Consumer finance related fees	1,314,963	1,306,361
Card related fees (debit and credit cards)	4,003,333	2,851,943
Credit related fees	1,293,434	931,772
Investment banking fees	556,622	696,631
Commission on trade related products and guarantees	2,447,953	1,951,640
Commission on cash management	541,502	396,854
Commission on remittances (including home remittances)	341,438	240,963
Commission on bancassurance	381,293	464,896
Commission on Government to Person (G2P) payments	408,416	201,784
Management fee	322,957	297,026
Merchant discount and interchange fees	2,436,989	1,595,613
Wealth management fee	310,570	344,228
Others	559,709	159,922
	<u>16,947,836</u>	<u>13,446,442</u>
Less: Sales tax / Federal Excise Duty on fee and commission income	(1,890,450)	(1,669,207)
	<u>15,057,386</u>	<u>11,777,235</u>

### 25 GAIN ON SECURITIES - NET

Realised	25.1	389,615	1,467,486
Unrealised - held-for-trading	8.1	13,613	14,158
		<u>403,228</u>	<u>1,481,644</u>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

		(Unaudited)	
		For the six months ended	
		June 30, 2022	June 30, 2021
		(Rupees in '000)	
25.1	<b>Gain / (loss) on securities - realised</b>		
	On:		
	Federal Government securities		
	- Market Treasury Bills	(114,888)	250,932
	- Pakistan Investment Bonds	637,768	1,556,810
	- Ijarah Sukuk	44,988	(9,584)
	Shares	(140,719)	(432,278)
	Non-Government debt securities	(37,534)	77,395
	Foreign securities	-	24,211
		<b>389,615</b>	<b>1,467,486</b>
26	<b>OTHER INCOME</b>		
	Incidental charges	202,998	347,412
	Exchange gain realised on liquidation of subsidiary	-	1,919
	Gain on sale of fixed assets - net	25,494	42,017
	Gain on sale of non-banking asset	-	16,000
	Rent on properties	8,045	9,438
		<b>236,537</b>	<b>416,786</b>
27	<b>OPERATING EXPENSES</b>		
	<b>Total compensation expense</b>	25,587,002	19,654,131
	<b>Property expense</b>		
	Rent and taxes	608,116	574,413
	Insurance	105,300	83,420
	Utilities cost	1,588,790	1,080,672
	Security (including guards)	1,164,594	1,027,760
	Repair and maintenance (including janitorial charges)	1,705,586	1,179,646
	Depreciation on owned fixed assets	1,937,375	1,697,200
	Depreciation on right-of-use assets	1,883,844	1,670,210
		<b>8,993,605</b>	<b>7,313,321</b>
	<b>Information technology expenses</b>		
	Software maintenance	2,318,596	2,042,706
	Hardware maintenance	590,617	408,157
	Depreciation	1,291,124	1,197,698
	Amortisation	833,695	480,630
	Network charges	751,175	690,751
	Consultancy charges	390,390	306,164
		<b>6,175,597</b>	<b>5,126,106</b>
	<b>Other operating expenses</b>		
	Legal and professional charges	505,167	355,507
	Outsourced services costs	1,047,600	893,089
	Travelling and conveyance	661,304	431,502
	Insurance	612,779	449,413
	Remittance charges	327,468	280,604
	Security charges	1,160,909	939,524
	Repairs and maintenance	810,937	687,116
	Depreciation	477,337	439,894
	Training and development	209,464	92,693
	Postage and courier charges	420,325	347,884
	Communication	725,397	421,998
	Stationery and printing	1,183,279	970,884
	Marketing, advertisement and publicity	2,389,064	2,174,909
	Donations	185,786	267,139
	Auditors' remuneration	178,417	161,337
	Brokerage and commission	363,234	352,907
	Subscription	179,617	143,309
	Documentation and processing charges	2,445,607	1,607,954
	Entertainment	274,827	156,551
	Consultancy charges	587,373	873,964
	Deposit insurance premium expense	1,351,208	1,252,244
	Product feature cost	1,580,393	921,350
	COVID-19 related expenses	26,734	372,362
	Others	586,596	164,254
		<b>18,290,822</b>	<b>14,758,388</b>
		<b>59,047,026</b>	<b>46,851,946</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE SIX MONTHS ENDED JUNE 30, 2022

		(Unaudited)	
		For the six months ended	
		June 30,	June 30,
		2022	2021
		(Rupees in '000)	
28	<b>OTHER CHARGES</b>		
	Penalties imposed by the State Bank of Pakistan	420,361	51,794
	Penalties imposed by other regulatory bodies	21,952	68
		<u>442,313</u>	<u>51,862</u>
29	<b>PROVISIONS / (REVERSALS) AND WRITE OFFS - NET</b>		
	Provision / (reversal of provision) for diminution in value of investments	8.3 699,193	(782,991)
	Provision against loans and advances	9.3 3,586,223	2,388,850
	Provision against other assets	13.1.1 346,549	1,042,488
	(Reversal of provision) / provision against off-balance sheet obligations	18.1 (1,547,750)	1,454,777
	Recoveries against written off / charged off bad debts	(336,895)	(416,523)
	Recoveries against other assets written off	(1,087)	(7,531)
	Other write offs	56,882	-
	Bad debts written off directly	-	57,855
		<u>2,803,115</u>	<u>3,736,925</u>
30	<b>TAXATION</b>		
	- Current	18,825,534	13,594,911
	- Prior years	3,345,792	(155,020)
	- Deferred	312,372	(272,892)
		<u>22,483,698</u>	<u>13,166,999</u>
31	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>		
	Profit for the period attributable to equity holders of the Bank	<u>11,885,830</u>	<u>17,656,237</u>
		(Number)	
	Weighted average number of ordinary shares	<u>1,466,852,508</u>	<u>1,466,852,508</u>
		(Rupees)	
	Basic and diluted earnings per share	<u>8.10</u>	<u>12.04</u>
31.1	Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.		
32	<b>FAIR VALUE MEASUREMENTS</b>		
	The fair values of traded investments are based on quoted market prices.		
	The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities, cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.		
	In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.		

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE SIX MONTHS ENDED JUNE 30, 2022

All assets and liabilities for which fair value is measured or disclosed in these condensed interim consolidated financial statements are categorised within the following 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 June 30, 2022 (Unaudited)					
	Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
- Federal Government securities	1,668,103,263	-	1,668,103,263	-	1,668,103,263
- Shares - listed companies	5,769,350	5,769,350	-	-	5,769,350
- Non-Government debt securities					
- Listed	50,540,198	40,280,000	10,260,198	-	50,540,198
- Unlisted	624,000	-	624,000	-	624,000
- Foreign securities					
Government debt securities	90,542,062	-	90,542,062	-	90,542,062
Non-Government debt securities					
- Listed	11,708,968	-	11,708,968	-	11,708,968
- Unlisted	4,969,945	-	4,969,945	-	4,969,945
- National Investment Unit Trust units	43,437	-	43,437	-	43,437
- Real Estate Investment Trust units	67,600	67,600	-	-	67,600
- Preference Shares - Listed	794,500	794,500	-	-	794,500
	1,833,163,323	46,911,450	1,786,251,873	-	1,833,163,323
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government securities	301,247,373	-	276,636,586	-	276,636,586
- Non-Government debt securities					
- Listed	1,733,589	-	1,739,778	-	1,739,778
- Unlisted	25,938,590	-	26,805,846	-	26,805,846
- Foreign securities					
Government debt securities	13,369,160	-	13,248,045	-	13,248,045
Non-Government debt securities					
- Listed	218,109	-	240,421	-	240,421
- Unlisted	323,442	-	323,668	-	323,668
	342,830,263	-	318,994,344	-	318,994,344
	2,175,993,586	46,911,450	2,105,246,217	-	2,152,157,667

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

As at June 30, 2022 (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	554,823,628	-	8,662,402	-	8,662,402
- Forward Government securities transactions	99,140,397	-	248,983	-	248,983
- Derivative instruments	58,675,138	-	(4,234,789)	-	(4,234,789)

As at December 31, 2021 (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	1,420,281,097	-	1,420,281,097	-	1,420,281,097
- Shares - listed companies	6,944,521	6,944,521	-	-	6,944,521
- Non-Government debt securities					
- Listed	52,060,015	40,600,000	11,460,015	-	52,060,015
- Unlisted	624,000	-	624,000	-	624,000
- Foreign securities					
Government debt securities	75,184,024	-	75,184,024	-	75,184,024
Non-Government debt securities- listed	13,067,593	-	13,067,593	-	13,067,593
- National Investment Unit Trust units	46,448	-	46,448	-	46,448
- Real Estate Investment Trust units	60,800	60,800	-	-	60,800
- Preference Shares - Listed	780,500	780,500	-	-	780,500
	1,569,048,998	48,385,821	1,520,663,177	-	1,569,048,998

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

Investments					
- Federal Government securities	296,876,834	-	281,751,196	-	281,751,196
- Non-Government debt securities					
- Listed	2,365,422	-	2,376,486	-	2,376,486
- Unlisted	22,851,835	-	22,930,932	-	22,930,932
- Foreign securities					
Government debt securities	14,672,889	-	14,823,285	-	14,823,285
Non-Government debt securities					
- Listed	260,893	-	316,157	-	316,157
- Unlisted	614,541	-	612,981	-	612,981
	337,642,414	-	322,811,037	-	322,811,037
	1,906,691,412	48,385,821	1,843,474,214	-	1,891,860,035

As at December 31, 2021 (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	601,681,574	-	1,362,742	-	1,362,742
- Forward Government securities transactions	93,562,463	-	200,063	-	200,063
- Derivative instruments	42,049,128	-	(2,373,349)	-	(2,373,349)

### 32.2 Fair value of non-financial assets

As at June 30, 2022 (Unaudited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				

- Land and building	53,028,943	-	-	53,028,943	53,028,943
- Non-banking assets acquired in satisfaction of claims	610,208	-	-	610,208	610,208
	53,639,151	-	-	53,639,151	53,639,151

As at December 31, 2021 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				

- Land and building	53,190,296	-	-	53,190,296	53,190,296
- Non-banking assets acquired in satisfaction of claims	680,986	-	-	680,986	680,986
	53,871,282	-	-	53,871,282	53,871,282

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

### 33 SEGMENT INFORMATION

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

For the six months ended June 30, 2022 (Unaudited)

	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
<b>Profit and loss account</b> (Rupees in million)										
Net mark-up / return / profit / interest income	(48,218)	17,956	7,497	26,088	64,491	1,825	(65)	5,129	(807)	73,896
Inter segment revenue / (expense) - net	80,503	(9,609)	-	(14,434)	(63,256)	3,476	-	-	3,320	-
Non mark-up / interest income	1,912	6,116	769	2,010	7,494	4,272	329	873	(100)	23,675
Total Income	34,197	14,463	8,266	13,664	8,729	9,573	264	6,002	2,413	97,571
Segment direct expenses	11,940	6,458	2,644	1,655	580	8,584	242	3,804	24,269	60,176
Inter segment expense allocation	10,088	3,832	602	5,347	668	750	-	-	(21,287)	-
Total expenses	22,028	10,290	3,246	7,002	1,248	9,334	242	3,804	2,982	60,176
Provisions - charge / (reversal)	-	567	731	(1,184)	157	940	-	975	617	2,803
Profit / (loss) before tax	12,169	3,606	4,289	7,846	7,324	(701)	22	1,223	(1,186)	34,592

As at June 30, 2022 (Unaudited)

	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
<b>Statement of financial position</b> (Rupees in million)										
Cash and bank balances	204,778	-	27,971	393	127,841	106,684	9	20,039	1,183	488,898
Lendings to financial institutions	-	-	-	-	328,696	-	-	-	-	328,696
Inter segment lending	1,752,216	-	1,145	-	-	270,425	-	-	152,040	2,175,826
Investments	-	-	194,549	8,805	1,807,506	146,625	169	24,065	44,125	2,225,844
Advances - performing	-	207,702	203,660	763,467	-	367,450	-	70,888	28,047	1,641,214
Advances - non-performing	-	1,670	2,017	3,039	-	3,418	-	1,571	-	11,715
Others	19,841	5,242	17,775	53,199	63,924	25,091	3,211	10,099	106,334	304,716
<b>Total assets</b>	<b>1,976,835</b>	<b>214,614</b>	<b>447,117</b>	<b>828,903</b>	<b>2,327,967</b>	<b>919,693</b>	<b>3,389</b>	<b>126,662</b>	<b>331,729</b>	<b>7,176,909</b>
Borrowings	-	5,866	32,046	139,525	392,241	145,102	-	4,805	-	719,585
Subordinated debt	-	-	-	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,954,181	599	374,324	582,398	-	711,139	-	105,260	22,857	3,750,758
Inter segment borrowing	-	195,514	-	65,307	1,915,005	-	-	-	-	2,175,826
Others	22,654	12,635	11,873	41,673	35,978	24,927	2,049	5,756	86,424	243,969
<b>Total liabilities</b>	<b>1,976,835</b>	<b>214,614</b>	<b>418,243</b>	<b>828,903</b>	<b>2,343,224</b>	<b>881,168</b>	<b>2,049</b>	<b>115,821</b>	<b>121,655</b>	<b>6,902,512</b>
Equity	-	-	28,874	-	(15,257)	38,525	1,340	10,841	210,074	274,397
<b>Total equity and liabilities</b>	<b>1,976,835</b>	<b>214,614</b>	<b>447,117</b>	<b>828,903</b>	<b>2,327,967</b>	<b>919,693</b>	<b>3,389</b>	<b>126,662</b>	<b>331,729</b>	<b>7,176,909</b>
<b>Contingencies and commitments</b>	<b>75,199</b>	<b>-</b>	<b>37,317</b>	<b>546,138</b>	<b>567,705</b>	<b>191,901</b>	<b>-</b>	<b>-</b>	<b>39,121</b>	<b>1,457,381</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
<b>Profit and loss account</b> (Rupees in million)										
Net mark-up / return / profit / interest income	(28,426)	13,368	5,767	15,096	53,306	2,364	(69)	4,158	(700)	64,864
Inter segment revenue / (expense) - net	48,309	(6,459)	-	(7,484)	(40,764)	2,051	-	-	4,347	-
Non mark-up / interest income	1,976	4,882	260	1,960	3,371	2,087	309	553	2,211	17,609
Total Income	21,859	11,791	6,027	9,572	15,913	6,502	240	4,711	5,858	82,473
Segment direct expenses	11,305	4,294	1,115	1,151	641	7,264	226	2,861	18,682	47,539
Inter segment expense allocation	8,329	3,253	549	4,398	480	604	-	-	(17,613)	-
Total expenses	19,634	7,547	1,664	5,549	1,121	7,868	226	2,861	1,069	47,539
Provisions - charge / (reversal)	-	728	159	905	(911)	1,563	-	621	672	3,737
Profit / (loss) before tax	2,225	3,516	4,204	3,118	15,703	(2,929)	14	1,229	4,117	31,197

As at December 31, 2021 (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
<b>Statement of financial position</b> (Rupees in million)										
Cash and bank balances	181,994	-	29,178	364	151,013	117,638	11	24,910	582	505,690
Lendings to financial institutions	-	-	28,672	-	65,070	-	-	-	-	93,742
Inter segment lending	1,594,867	-	-	-	-	266,460	-	-	142,415	2,003,742
Investments	-	-	191,865	8,822	1,566,568	128,519	50	14,231	38,901	1,948,956
Advances - performing	-	199,979	166,056	744,323	-	308,901	-	55,629	24,116	1,499,004
Advances - non-performing	-	1,503	3	2,403	-	2,891	-	1,243	-	8,043
Others	18,762	2,838	17,593	41,047	44,735	18,388	2,895	13,876	101,899	262,033
<b>Total assets</b>	1,795,623	204,320	433,367	796,959	1,827,386	842,797	2,956	109,889	307,913	6,321,210
Borrowings	-	2,830	31,568	119,175	140,787	137,816	1,200	2,882	-	436,258
Subordinated debt	-	-	-	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,777,354	374	346,895	519,884	122	640,658	-	91,362	5,349	3,381,998
Inter segment borrowing	-	194,287	11,440	122,508	1,675,507	-	-	-	-	2,003,742
Others	18,269	6,829	15,739	35,392	14,139	22,894	422	5,561	83,907	203,152
<b>Total liabilities</b>	1,795,623	204,320	405,642	796,959	1,830,555	801,368	1,622	99,805	101,630	6,037,524
Equity	-	-	27,725	-	(3,169)	41,429	1,334	10,084	206,283	283,686
<b>Total equity and liabilities</b>	1,795,623	204,320	433,367	796,959	1,827,386	842,797	2,956	109,889	307,913	6,321,210
<b>Contingencies and commitments</b>	59,128	-	56,741	463,954	601,350	186,719	-	-	38,410	1,406,302

### 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 SIX MONTHS ENDED JUNE 30, 2022

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

As at June 30, 2022 (Unaudited)					
Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
(Rupees in '000)					
<b>Statement of financial position</b>					
<b>Balances with other banks</b>					
In current accounts	-	-	1,015	-	111
<b>Investments</b>					
Opening balance	-	-	-	28,790,446	6,297,914
Investment made during the period	-	-	-	1,254,325	-
Share of profit - net of tax	-	-	-	530,211	286,001
Equity method adjustments	-	-	-	2,550,240	616,816
Investment redeemed / disposed off during the period	-	-	-	(1,171,813)	-
Dividend received during the period	-	-	-	(416,725)	-
Revaluation of fixed asset during the period	-	-	-	214,170	-
Revaluation of investment during the period	-	-	-	(247,430)	2,451
Provision for diminution in the value of investments	-	-	-	-	(13,877)
Closing balance	-	-	-	31,503,424	7,203,182
<b>Advances</b>					
Opening balance	527	837,259	4,001,392	3,348,613	-
Addition during the period	16,143	189,471	8,431,352	-	-
Repaid during the period	(16,178)	(180,184)	(9,384,153)	(2,669,227)	-
Transfer out - net	-	(7,970)	-	-	-
Exchange adjustment	-	38,033	360,100	70,614	-
Closing balance	492	876,609	3,408,691	750,000	-
<b>Other assets</b>					
Interest / mark-up accrued	-	464	26,045	20,805	-
Other receivable / prepayments	-	-	21,382	235,746	-
	-	464	47,427	256,551	-
<b>Borrowings</b>					
Opening balance	-	-	3,177,871	3,969,060	-
Borrowings during the period	-	-	183,335	1,556,767	4,090,859
Settled during the period	-	-	-	(1,394,611)	(929,741)
Exchange adjustment	-	-	235,204	487,793	321,276
Closing balance	-	-	3,596,410	4,619,009	3,482,394
<b>Deposits and other accounts</b>					
Opening balance	155,051	546,158	19,836,563	50,630,080	-
Received during the period	415,171	1,368,740	219,943,944	926,804,349	5,544
Withdrawn during the period	(342,712)	(1,287,760)	(216,872,225)	(886,783,583)	(7,015)
Transfer out - net	-	(28,254)	-	-	-
Exchange adjustment	5,373	65,512	413,434	2,022	5,221
Closing balance	232,883	664,396	23,321,716	90,652,868	3,750
<b>Other liabilities</b>					
Interest / mark-up payable	1,281	1,263	221,984	48,254	10,997
Payable to defined benefit plan	-	-	-	-	-
Other payables	-	-	11,409	197,022	-
	1,281	1,263	233,393	245,276	10,997
<b>Contingencies and commitments</b>					
Letters of credit	-	-	1,242,809	-	-
Letters of guarantee	-	-	135,189	-	-
Forward purchase of Government securities	-	-	-	-	-
Forward purchase of foreign exchange contracts	-	-	-	1,002	-
Forward sale of Government securities	-	-	11,633,564	-	-
Interest rate swaps	-	-	-	750,000	-
	-	-	13,011,562	751,002	-
<b>Others</b>					
Securities held as custodian	-	41,100	5,306,250	93,813,300	-

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

	For the six months ended June 30, 2022 (Unaudited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
<b>Profit and loss account</b>						
<b>Income</b>						
Mark-up / return / profit / interest earned	-	19,331	117,959	56,459	-	765,981
Fee and commission income	-	-	96,558	389,510	-	6,223
Share of profit	-	-	-	530,211	286,001	-
Dividend income	-	-	-	-	-	53,249
Loss from derivatives	-	-	-	(59,872)	-	-
<b>Expenses</b>						
Mark-up / return / profit / interest expensed	9,440	9,100	698,199	1,856,325	13,553	146,806
Operating expenses						
Total compensation expense	-	1,520,747	-	-	-	1,784,524
Non-Executive Directors' fees	46,800	-	-	-	-	-
Insurance premium expense	-	-	-	1,273,592	-	-
Product feature cost	-	-	75,607	-	-	-
Travelling	-	-	7,894	-	-	-
Subscription	-	-	-	-	-	8,646
Donations	-	-	-	-	-	182,786
Brokerage and Commission	-	-	-	-	-	99,207
Other Expenses	-	-	24,108	-	-	24,261
Provision for diminution in the value of investments	-	-	-	-	-	13,877
<b>Others</b>						
Purchase of Government securities	-	-	122,358,939	42,597,945	-	15,508,066
Sale of Government securities	-	28,090	126,323,090	50,881,254	-	10,783,463
Purchase of foreign currencies	-	-	793,643	-	-	4,869
Sale of foreign currencies	5,847	134,140	834,202	75,900	-	7,407,316
Insurance claims settled	-	-	-	54,209	-	-

As at December 31, 2021 (Audited)						
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
<b>Statement of financial position</b>						
<b>Balances with other banks</b>						
In current accounts	-	-	374	-	104	-
<b>Investments</b>						
Opening balance	-	-	-	26,751,320	5,047,043	4,779,638
Investment made during the year	-	-	-	1,355,788	-	2,969,103
Share of profit - net of tax	-	-	-	1,700,017	885,578	-
Equity method adjustments	-	-	-	1,501,604	501,861	-
Investment redeemed / disposed off during the year	-	-	-	(1,892,695)	-	-
Dividend received during the year	-	-	-	(463,512)	(145,181)	-
Revaluation of investment during the year	-	-	-	(162,076)	8,613	(391)
Closing balance	-	-	-	28,790,446	6,297,914	7,748,350
<b>Advances</b>						
Opening balance	249	696,088	4,504,529	1,125,000	-	7,782,917
Addition during the year	19,023	372,347	2,013,784	2,265,231	-	5,567,065
Repaid during the year	(19,021)	(264,932)	(2,782,029)	(292,998)	-	(2,365,348)
Transfer in - net	276	34,006	-	-	-	182,500
Exchange adjustment	-	(250)	265,108	251,380	-	(325)
Closing balance	527	837,259	4,001,392	3,348,613	-	11,166,809
<b>Other assets</b>						
Interest / mark-up accrued	-	552	68,780	42,651	-	123,587
Receivable from defined benefit plan	-	-	-	-	-	759,354
Capital Work in progress	-	-	10,214	-	-	-
Other receivable / prepayments	-	-	29	154,005	-	-
	-	552	79,023	196,656	-	882,941

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

As at December 31, 2021 (Audited)						
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
(Rupees in '000)						
<b>Borrowings</b>						
Opening balance	-	-	2,314,648	2,282,856	1,598,344	1,315,743
Borrowings during the year	-	-	4,216,030	7,564,980	6,516,419	400,000
Settled during the year	-	-	(3,695,853)	(6,027,688)	(8,145,524)	(450,781)
Transfer in / (out) - net	-	-	-	-	-	-
Exchange adjustment	-	-	343,046	148,912	30,761	-
Closing balance	-	-	3,177,871	3,969,060	-	1,264,962
<b>Deposits and other accounts</b>						
Opening balance	122,063	496,147	12,981,422	36,318,748	-	1,833,343
Received during the year	646,231	3,514,801	485,687,364	1,001,631,636	-	88,512,854
Withdrawn during the year	(616,464)	(3,417,522)	(479,581,131)	(987,320,818)	-	(87,008,311)
Transfer out - net	3,118	(36,996)	-	-	-	114,741
Exchange adjustment	103	(10,272)	748,908	514	-	51,721
Closing balance	155,051	546,158	19,836,563	50,630,080	-	3,504,348
<b>Other liabilities</b>						
Interest / mark-up payable	1	723	135,791	41,504	-	10,476
Payable to defined benefit plan	-	-	-	-	-	437,648
Other payables	-	-	10,471	72,601	-	411,052
	1	723	146,262	114,105	-	859,176
<b>Contingencies and Commitments</b>						
Letters of credit	-	-	910,308	-	-	673,614
Letters of guarantee	-	-	167,204	-	-	3,538,494
Forward purchase of Government securities	-	-	630,652	-	-	1,859,052
Commitments in respect of forward lending	-	-	-	-	-	1,698,202
Interest rate swaps	-	-	564,808	875,000	-	-
	-	-	2,272,972	875,000	-	7,769,362
<b>Others</b>						
Securities held as custodians	-	12,920	5,326,720	77,701,130	-	9,860,745
For the six months ended June 30, 2021 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
(Rupees in '000)						
<b>Profit and loss account</b>						
<b>Income</b>						
Mark-up / return / profit / interest earned	-	9,082	129,960	105,649	-	377,852
Fee and commission income	-	-	79,854	531,739	88	4,726
Share of profit	-	-	-	989,362	246,475	-
Dividend income	-	-	-	-	-	76,890
Gain from derivatives	-	-	793	5,632	-	-
<b>Expense</b>						
Mark-up / return / profit / interest expensed	3,913	5,205	447,236	620,609	11,120	166,409
Operating expenses						
Total compensation expense	-	1,315,213	-	-	-	695,712
Non-Executive Directors' fees	36,000	-	-	-	-	-
Insurance premium expense	-	-	-	992,653	-	-
Product feature cost	-	-	87,429	-	-	-
Travelling	-	-	7,900	-	-	-
Subscription	-	-	-	-	-	61,284
Donations	-	-	77,230	-	-	187,489
Brokerage and Commission	-	-	-	-	-	104,011
Other Expenses	-	-	4,810	-	-	22,017
<b>Others</b>						
Purchase of Government securities	-	-	162,675,592	13,168,363	-	5,524,152
Sale of Government securities	-	23,996	167,248,536	16,126,983	-	10,414,257
Purchase of foreign currencies	-	1,653	819,712	-	-	2,764,346
Sale of foreign currencies	3,770	208,778	1,379,338	139,800	-	2,689,141
Insurance claims settled	-	-	-	40,543	-	-

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

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### CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

#### Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

(Unaudited)  
June 30,  
2022  
(Rupees in '000)

(Audited)  
December 31,  
2021

14,668,525 14,668,525

#### Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

190,300,596	192,465,081
12,398,383	12,606,759
202,698,979	205,071,840
53,340,325	55,846,089
256,039,304	260,917,929

#### Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

1,449,500,170	1,328,791,152
105,952,138	116,679,788
224,085,265	224,085,265
1,779,537,573	1,669,556,205

Common Equity Tier 1 Capital Adequacy ratio

10.69% 11.53%

Tier 1 Capital Adequacy Ratio

11.39% 12.28%

Total Capital Adequacy Ratio

14.39% 15.63%

#### 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)

4.69% 5.53%

#### Other information:

#### 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)

(Rupees in '000)

Eligible Tier-1 Capital

202,698,979 205,071,840

Total Exposures

5,428,602,683 4,687,343,787

#### Leverage Ratio (%)

3.73% 4.38%

#### Minimum Requirement (%)

3.00% 3.00%

#### Liquidity Coverage Ratio (LCR)

Total Adjusted Value  
(Rupees in '000)

Average High Quality Liquid Assets

3,030,621,738 1,477,650,149

Average Net Cash Outflow

1,340,018,705 638,366,023

#### Liquidity Coverage Ratio (%)

226.16% 231.47%

#### Minimum Requirement (%)

100.00% 100.00%

#### Net Stable Funding Ratio (NSFR)

Total Weighted Value  
(Rupees in '000)

Total Available Stable Funding

3,393,060,774 3,046,911,457

Total Required Stable Funding

2,156,945,644 1,964,571,726

#### Net Stable Funding Ratio (%)

157.31% 155.09%

#### Minimum Requirement (%)

100.00% 100.00%

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

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### ISLAMIC BANKING BUSINESS

The Bank operates 275 (December 31, 2021: 259) Islamic Banking branches and 573 (December 31, 2021: 614) Islamic Banking windows.

### STATEMENT OF FINANCIAL POSITION

#### ASSETS

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

Note	(Unaudited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
	27,034,257	28,015,270
	936,916	1,162,953
36.1	-	28,671,686
36.2	194,548,572	191,864,941
36.3	205,676,969	166,058,790
	5,353,688	4,629,739
	-	-
	1,137,871	-
	758,411	-
	11,670,602	12,962,183
	447,117,286	433,365,562

#### LIABILITIES

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

	20,714	26,310
36.4	32,045,622	31,567,668
36.5	374,324,034	346,895,368
	-	11,439,635
	-	-
	-	73,097
	11,852,729	15,554,392
	418,243,099	405,556,470
	28,874,187	27,809,092

#### NET ASSETS

#### REPRESENTED BY

Islamic Banking Fund	
Reserves	
(Deficit) / surplus on revaluation of investments - net of tax	
Unappropriated profit	

	500,000	500,000
	-	-
	(1,005,335)	114,330
36.6	29,379,522	27,194,762
	28,874,187	27,809,092

#### Contingencies and commitments

36.7	(Unaudited) For the six months ended	
	June 30, 2022	June 30, 2021

### PROFIT AND LOSS ACCOUNT

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

36.8	19,504,531	11,192,445
36.9	12,020,276	5,425,458
	7,484,255	5,766,987

#### Other income / (loss)

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

	503,946	334,117
	-	-
	232,330	(74,815)
	-	-
	44,988	1,047
	475	144
	781,739	260,493

#### Total income

	8,265,994	6,027,480
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#### Other expenses

Operating expenses	
Workers' Welfare Fund	
Other charges	
Total other expenses	

	3,156,203	1,573,940
	89,352	87,590
	342	2,803
	3,245,897	1,664,333

#### Profit before provisions

Provisions and write offs - net	
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	5,020,097	4,363,147
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#### Profit before taxation

Taxation	
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	4,288,889	4,204,330
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#### Profit after taxation

	2,101,556	1,639,689
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	2,187,333	2,564,641
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# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

		(Unaudited) June 30, 2022	(Audited) December 31, 2021		
		(Rupees in '000)			
36.1	<b>Due from Financial Institutions</b>				
	Call money lendings	-	24,500,000		
	Bai Muajjal receivable from financial institutions	-	4,171,686		
		<u>-</u>	<u>28,671,686</u>		
36.2	<b>Investments by segments</b>	<b>June 30, 2022 (Unaudited)</b>			
		<b>Cost / amortised cost</b>	<b>Provision for diminution</b>	<b>Surplus / (deficit)</b>	<b>Carrying value</b>
		<b>----- (Rupees in '000) -----</b>			
	<b>Federal Government securities</b>				
	- Ijarah Sukuk	135,578,507	-	(2,173,746)	133,404,761
	- Other Federal Government securities	3,524,820	-	-	3,524,820
		<u>139,103,327</u>	<u>-</u>	<u>(2,173,746)</u>	<u>136,929,581</u>
	<b>Non-Government debt securities</b>				
	- Listed	46,193,545	-	386,000	46,579,545
	- Unlisted	11,015,446	-	24,000	11,039,446
		<u>57,208,991</u>	<u>-</u>	<u>410,000</u>	<u>57,618,991</u>
	<b>Total Investments</b>	<u>196,312,318</u>	<u>-</u>	<u>(1,763,746)</u>	<u>194,548,572</u>
		<b>December 31, 2021 (Audited)</b>			
		<b>Cost / amortised cost</b>	<b>Provision for diminution</b>	<b>Surplus / (deficit)</b>	<b>Carrying value</b>
		<b>----- (Rupees in '000) -----</b>			
	<b>Federal Government securities</b>				
	- Ijarah Sukuk	119,617,967	-	(537,141)	119,080,826
	- Other Federal Government securities	11,810,120	-	-	11,810,120
		<u>131,428,087</u>	<u>-</u>	<u>(537,141)</u>	<u>130,890,946</u>
	<b>Non-Government debt securities</b>				
	- Listed	47,325,231	-	681,000	48,006,231
	- Unlisted	12,924,196	-	43,568	12,967,764
		<u>60,249,427</u>	<u>-</u>	<u>724,568</u>	<u>60,973,995</u>
	<b>Total Investments</b>	<u>191,677,514</u>	<u>-</u>	<u>187,427</u>	<u>191,864,941</u>
		(Unaudited) June 30, 2022	(Audited) December 31, 2021		
		(Rupees in '000)			
36.3	<b>Islamic financing and related assets - net</b>				
	Diminishing Musharakah	85,504,776	81,033,335		
	Running Musharakah	59,652,122	30,704,784		
	Wakalah	10,670,803	10,381,176		
	Ijarah	2,202,798	2,095,534		
	Murabaha	3,467,285	1,897,123		
	Currency Salam	54,999	195,118		
	Tijarah	3,103,684	2,058,785		
	Istisna	1,409,383	973,605		
	Musawamah	964,001	401,370		
	Advance for Diminishing Musharakah	6,328,634	3,573,753		
	Advance for Ijarah	2,593,730	1,208,139		
	Advance for Murabaha	3,880,779	8,687,338		
	Advance for Salam	-	1,228,367		
	Advance for Istisna	15,083,602	12,886,460		
	Advance for Musawamah	2,026,043	272,258		
	Inventories against Murabaha	2,323,525	2,438,918		
	Inventories against Salam	2,250,000	-		
	Inventories against Tijarah	2,829,597	3,347,923		
	Inventories against Istisna	3,099,630	3,708,194		
	Islamic financing and related assets - gross	<u>207,445,391</u>	<u>167,092,180</u>		
	Provision against Islamic financing and related assets				
	- Specific	(961,342)	(334,402)		
	- General	(807,080)	(698,988)		
		<u>(1,768,422)</u>	<u>(1,033,390)</u>		
	Islamic financing and related assets - net of provision	<u>205,676,969</u>	<u>166,058,790</u>		

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Note	(Unaudited) June 30, 2022	(Audited) December 31, 2021
(Rupees in '000)			
<b>36.4 Due to financial institutions</b>			
Unsecured acceptances of funds		-	1,000,000
Acceptances from the SBP under:			
- Islamic export refinance scheme		20,090,200	20,029,111
- Islamic long term financing facility		7,585,775	5,892,219
- Islamic financing facility for renewable energy power plants		551,331	336,665
- Islamic refinance facility for modernization of Small & Medium Enterprises (SMEs)		7,040	7,480
- Islamic refinance and credit guarantee scheme for women entrepreneurs		4,368	-
- Islamic refinance scheme for payment of wages and salaries		647,829	1,253,895
- Islamic refinance facility for combating COVID-19		161,510	-
- Islamic temporary economic refinance facility		2,822,236	2,866,313
Acceptances from Pakistan Mortgage Refinance Company		175,333	181,985
		<b>32,045,622</b>	<b>31,567,668</b>
<b>36.5 Deposits and other accounts</b>			
<b>Customers</b>			
Current deposits		89,416,097	77,159,559
Savings deposits		138,717,207	124,677,445
Term deposits		29,067,922	37,475,091
		<b>257,201,226</b>	<b>239,312,095</b>
<b>Financial Institutions</b>			
Current deposits		101,450	628,929
Savings deposits		116,138,712	103,455,298
Term deposits		882,646	3,499,046
		<b>117,122,808</b>	<b>107,583,273</b>
		<b>374,324,034</b>	<b>346,895,368</b>
<b>36.6 Islamic Banking business unappropriated profit</b>			
Opening Balance		27,194,762	22,253,744
Add: Islamic Banking profit for the period / year		4,288,889	8,101,754
Less: Taxation		(2,101,556)	(3,159,684)
Less: Transferred / Remitted to Head Office		(2,573)	(1,052)
Closing Balance		<b>29,379,522</b>	<b>27,194,762</b>
<b>36.7 Contingencies and commitments</b>			
- Guarantees	36.7.1	2,840,254	2,446,959
- Commitments	36.7.2	34,476,057	54,293,996
		<b>37,316,311</b>	<b>56,740,955</b>
<b>36.7.1 Guarantees</b>			
Performance guarantees		<b>2,840,254</b>	<b>2,446,959</b>
<b>36.7.2 Commitments</b>			
Trade-related contingent liabilities		32,196,171	36,101,034
Commitments in respect of forward foreign exchange contracts	36.7.2.1	2,279,886	18,192,962
		<b>34,476,057</b>	<b>54,293,996</b>
<b>36.7.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		750,260	9,520,227
Sale		1,529,626	8,672,735
		<b>2,279,886</b>	<b>18,192,962</b>



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE SIX MONTHS ENDED JUNE 30, 2022

		(Unaudited) For the six months ended	
		June 30, 2022	June 30, 2021
		(Rupees in '000)	
36.8	<b>Profit / return earned</b>		
	On:		
	Financing	8,962,156	5,168,368
	Investments	10,190,009	5,714,212
	Amounts due from financial institutions	352,366	309,865
		<u>19,504,531</u>	<u>11,192,445</u>
36.9	<b>Profit / return expensed</b>		
	On:		
	Deposits and other accounts	8,575,167	4,831,157
	Amounts due to financial institutions	3,160,289	524,809
	Foreign currency deposits for Wa'ad based transactions	13,062	(11,770)
	Lease liability against right-of-use assets	271,758	81,262
		<u>12,020,276</u>	<u>5,425,458</u>
37	<b>NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE</b>		
37.1	The Board of Directors, in its meeting held on July 28, 2022, has declared a cash dividend of Rs 1.50 per share in respect of the quarter ended June 30, 2022 (June 30, 2021: Rs 1.75 per share). 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	<b>DATE OF AUTHORISATION FOR ISSUE</b>		
	These condensed interim consolidated financial statements were authorised for issue in the Board of Directors meeting held on July 28, 2022.		
39	<b>GENERAL</b>		
39.1	Comparative figures have been re-arranged and reclassified for comparison purposes.		

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Dr. Najeef Samie  
Director

Salim Raza  
Director



# CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

# DIRECTORS' REVIEW

## On behalf of the Board of Directors, we are pleased to present the Unconsolidated Financial Statements for the half year ended June 30, 2022.

Pakistan's economy continued its strong rebound from Covid with GDP growth of 6.0% surpassing pre-pandemic levels. The Large-Scale Manufacturing Index for 11MFY'22 recorded an increase of 11.7% with most demand indicators reflecting robust activity. The agriculture sector also posted a 4.4% growth with increase in most major crops. The growth story has, however, translated into macroeconomic imbalances with the twin deficits rearing up sharply, necessitating contractionary policies with monetary and fiscal tightening. These imbalances are increasingly exacerbated by elevated oil prices and the commodity super-cycle resulting from the Ukraine conflict. Headline inflation surged to 21.3% in Jun'22, a 14-year high, driven by the necessary reversal of fuel and electricity subsidies. Average inflation for FY'22 clocked in at an 11-year high of 12.15%, in line with the SBP's revised projections.

Exports have remained resilient, growing 27% to USD 29.3 billion in 11MFY'22. However, imports rose 36% to USD 65.5 billion, widening the trade deficit by 46%. Remittance flows increased by 6.3% to reach USD 28.4 billion. The current account deficit has thus deteriorated to USD 15.2 billion during 11MFY'22, in contrast to a deficit of USD 1.2 billion in the same period last year. SBP's foreign exchange reserves had reduced to a low of USD 8.2 billion; the recent inflow of USD 2.3 billion from China has provided some space. The tenuous external account situation led to additional pressure on the Rupee which depreciated by 12% against the dollar in Q2'22 and has slipped a further 14% in July 2022.

After protracted discussions, Pakistan has reached a staff level agreement with the IMF to complete the combined 7th and 8th reviews of the Extended Fund Facility (EFF) program. The IMF has also agreed to extend the EFF till Jun'23 and increase the facility by ~USD 1 billion, bringing the total to ~USD 7 billion. The IMF also highlighted policy priorities including: fiscal prudence to deliver a primary surplus; power sector reforms, including necessary tariff adjustments, to reduce transmission losses and load-shedding; a proactive monetary policy; poverty alleviation and strengthening of social safety nets; and improving governance and mitigating corruption. The agreement is subject to approval by the IMF's Executive Board after which, around USD 1.2 billion will be disbursed.

Tax collection grew 29% to a record Rs 6.1 trillion in FY'22, exceeding the target. Despite this strong performance, expansionary policies driven by fuel and power subsidies are expected to result in a fiscal deficit of 7.1% for FY'22, vs a budgeted level of 6.3%. The primary deficit is estimated at 2.4%, more than double that in FY'21.

The equity market, while exhibiting volatility, has generally remained bearish with the KSE100 index down by nearly 7% since the start of the year. Geopolitical instability, domestic political noise and macroeconomic concerns – in the particular the EFF resumption and the currency – have kept sentiment subdued. The Federal Budget in June 2022 announced several measures – Super Tax of 10% on 13 selected sectors, including banks, increase in capital gains tax on equities – which further weighed on the index. In H1'22, foreigners were net sellers of USD 47 million including Banking stocks of USD 61 million.

After maintaining status quo during Q1'22, rapid monetary tightening was seen in Q2'22 with the SBP raising the policy rate by 400 bps. In its July MPC meeting, the Central Bank has again increased the rate by 125 bps to 15.0%, citing the need to cool economic activity and support the rupee in the wake of multi-year high inflation and an exceptionally challenging and uncertain global environment. The latest rate hike brings the total increase to 800 bps since the start of the upcycle in Sep'21. The MPC also linked the rate on subsidized Export Refinance schemes to the policy rate. Fueled by the growing economy, credit demand has remained robust; private sector credit in FY'22 grew by 22% compared to 11% in FY'21. For the first 6 months of 2022, industry advances increased by 7.7% while deposits grew by 8.8% during the same period. Banking spreads have increased by 13 bps during H1'22 compared to the same period last year, as lending portfolios repriced up, while banks were able to contain the cost of deposits.

### Financial Performance

HBL has reported a profit before tax of Rs 32.4 billion for the first six months of 2022, 8% higher than the Rs 30.1 billion in the corresponding period last year. This was underpinned by strong and broad-based growth. The Bank's profit after tax has however declined from Rs 17.5 billion in H1'21 to Rs 11.5 billion in H1'22 on the back of excessive and retrospective tax measures announced in the Federal Budget. Accordingly, earnings per share reduced from Rs 11.92 in H1'21 to Rs 7.85 in H1'22.

In the first six months of 2022, HBL grew its balance sheet by over Rs 650 billion (16%) to Rs 4.7 trillion on the back of strong deposit mobilization. In Q2'22, the Bank posted its highest ever quarterly growth of Rs 550 billion in deposits, which increased to Rs 3.5 trillion. Domestic deposits increased by 10% over December 2021, improving market share from 14.14% to 14.32%.

HBL continues to support its clients during these challenging times and stands ready to meet credit demand. The Bank's advances rose 9% over December 2021 to Rs 1.5 trillion with growth across all segments, including a rebound in international advances. Lending to the agriculture sector grew by 10%, reaching a record high of Rs 44 billion. The Bank's industry-leading consumer lending business continued to break barriers, with loans increasing by 15% to Rs 118 billion; the credit card portfolio crossed Rs 20 billion, another industry first.

HBL's spreads declined as the rapid tightening led to an immediate increase in customer deposit rates. However, given the robust growth of over Rs 475 billion in average balance sheet volumes, net interest income of the Bank rose by 13% to Rs 67.7 billion. Fee income momentum built over the last several quarters continued, with fees increasing by 29% over H1'21 to Rs 13.2 billion with double-digit growth across almost all businesses. As always, the flagship Cards business remains the biggest contributor, representing nearly 50% of the fee base and growing by 45% over H1'21. This was augmented by double-digit growth in branchless banking, trade and cash management income along with an strong performance from the Bank's Treasury. As a result, total revenue of the Bank has increased by 16% over H1'21 to Rs 87.7 billion.

Administrative expenses of the Bank (excluding the 1-off cost of the Voluntary Separation Scheme concluded in Q1) have increased by 18% over H1'21 on the back of double-digit inflation, higher transaction-driven variable cost, and the Bank's continued investment in people, technology and infrastructure. However, expenses were kept flat to the previous quarter and the cost / income ratio reduced from 57.9% in Q1'22 to 54.4% in Q2'22. Total provisions have reduced by 42% to Rs 1.8 billion in H1'22, with this charge mainly emanating from general provisions of Rs 1.1 billion and subjective classifications of Rs 1.1 billion recognized in Q1'22. The infection ratio remains at an all-time low level of 5.1% with total coverage at over 100%.

## Movement in Reserves

	Rupees in million
Unappropriated profit brought forward	148,392
Profit after tax	11,512
Re-measurement gain on defined benefit obligations – net of tax	209
Transferred from surplus on revaluation of assets – net of tax	29
	11,750
Profit available for appropriation	160,142
<b>Appropriations:</b>	
Transferred to statutory reserves	(1,151)
Cash dividend – Final 2021	(3,300)
Cash dividend – 1st Interim 2022	(3,300)
Total appropriations	(7,751)
<b>Unappropriated profit carried forward</b>	<b>152,391</b>
<b>Earnings per share (Rupees)</b>	<b>7.85</b>

## Capital Ratios

THBL's excellent results for H1'22 have led to strong internal capital generation which, under normal circumstances, would lead to a continuous improvement in CAR, despite the Bank's focus on lending growth to support its customers and the economy.

However, the Bank's Capital Adequacy Ratio (CAR) continues to be impacted by the Rupee devaluation. In the last 12 months, the 29% devaluation of the Rupee (Rs 47/\$) has reduced HBL's Tier 1 CAR by 94 bps. During this quarter alone, the devaluation of Rs 21/\$ eroded Tier 1 CAR by 36 bps. In addition, the retrospective and excessive tax increases announced in the Finance Act further impacted Tier 1 CAR by 49 bps.

HBL's total unconsolidated Tier 1 CAR at June 2022 was 12.5% with Total CAR at 15.3%.

## Credit Ratings

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

## Dividend

The Board of Directors, in its meeting held on July 28, 2022, has declared an interim cash dividend of Rs 1.50 per share (15%) for the quarter ended June 30, 2022. The dividend payout has unfortunately been impacted by the extremely high level of tax charge in this quarter, but is nevertheless at 68% of Q2'22's unconsolidated earnings.

## Future Outlook

The global macroeconomic outlook has worsened, with risks of a global recession looming as central banks, spearheaded by the US Federal Reserve, adopt aggressive monetary tightening to combat multi-decade high inflation. The impact of fuel and energy price inflation is more pronounced in the case of energy importers such as Pakistan which, like most of the world, is facing a large negative income shock from necessary but difficult increases in utility prices. The withdrawal of energy subsidies was a necessary pre-condition for fiscal stabilization and for the resumption of the EFF but, as expected, this has spurred a sharp uptick in inflation which the SBP forecasts to remain in the 18% – 20% range for FY'23. With a much less benign environment, GDP growth is projected to decelerate to 3% – 4% in FY'23.

The recent announcement of the IMF Staff Level Agreement was greeted with relief, but the real respite will only be once the funds for the 7th and 8th tranches are disbursed and this is now a critical priority. An inflow of IMF funds will create a sharp positive reversal of sentiment, catalyse additional funding from external sources, alleviate pressure on the rupee and enable reserves to gradually resume their previous upward trajectory. However, given the protracted negotiations this time around, it is likely that the Government will have less flexibility if it fails to meet structural reform targets.

The FY23 Budget aims to reduce the government's borrowing needs by targeting a primary surplus of 0.2% of GDP. Tax collection targets are ambitious but are unfortunately targeted at existing taxpayers rather than a meaningful widening of the tax base. Non-tax revenue targets, in particular the petroleum development levy, are stretched while development expenditure is budgeted to grow by 30%+. It is crucial that the necessary fiscal consolidation is delivered to return to a growth trajectory while ensuring the sustainability of the country's domestic debt.

The effects of the strict fiscal and monetary measures will be felt immediately by the more economically vulnerable segments of society. The IMF remains open to targeted subsidies and, going by the success of the Ehsaas Emergency Cash programme, the GOP has demonstrated the ability to implement a massive welfare programme, which may go some way in alleviating poverty. A sustained decline in oil prices led by fears of a global recession can act as a positive trigger, lowering the import bill and dampening the inflationary and external account pressures.

HBL has remained faithful to its stated intent of supporting its more than 30 million customers through economic cycles, continuing to lend prudently but with commitment, even in this difficult environment. The Bank continues to lead in innovation. In yet another "industry-first", HBL has enabled customers to perform basic financial transactions through the Conversational Banking channel on WhatsApp. HBL Mobile and Internet Banking users reached nearly 3 million; in June 2022, over 10 million financial transactions were processed through Mobile/Internet and so far this year, we have processed transactions totaling over Rs 1 trillion, the same throughput as for the whole of last year. HBL Konnect remains the preferred delivery partner for the GoP, helping the Government disburse fuel subsidies to more than 6 million beneficiaries.

HBL maintains its leadership in the ESG area, in particular on environmental issues. During H1'22, HBL disbursed Rs 7.8 billion under the SBP's Renewable Energy scheme. HBL has contributed to several reforestation projects in Pakistan; recently, our staff volunteered in a drive for mangrove reforestation to protect Karachi's endangered coastline. During this quarter, HBL issued its first Sustainability Report, highlighting the full scale of its activities over the last several years. In 2022, the Bank also increased its contribution to the HBL Foundation by 50%, from 1% of PAT to 1.5% of PAT, enabling us to further strengthen support to deserving causes.

## Appreciation and Acknowledgement

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

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

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

On behalf of the Board

**Muhammad Aurangzeb**  
President & Chief Executive Officer

**Moez Ahamed Jamal**  
Director

July 28, 2022

## ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2022 کو ختم ہونے والے نصف سال کے مختصر عبوری غیر مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

### کلیاتی اقتصادیات کا جائزہ

پاکستانی معیشت نے COVID سے اپنی مستحکم بحالی جاری رکھی GDP کی شرح نمو 6.0% نے وبا سے پہلے کی سطح عبور کی۔ مالی سال 22ء کے 11 ماہ میں بڑے پیمانے پر مینوفیکچرنگ انڈیکس میں 11.7% اضافہ ریکارڈ کیا گیا جس میں زیادہ تر طلب کے اشاریے مستحکم سرگرمی کے عکاس ہیں۔ بیشتر اہم فصلوں میں اضافے سے زراعت کے شعبے میں بھی 4.4% نمو ہوئی؛ تاہم، یہ ترقی دہرے خساروں میں تیز اضافے سمیت میکرو اکنامک عدم توازن کی صورت میں سامنے آئی، جس کی وجہ سے مانیٹری اور مالیاتی تنگی کے ساتھ سخت پالیسیوں کی شدید ضرورت ہے۔ تیل کی بلند قیمتوں اور یوکرین کے تنازعے کے نتیجے میں اجناس کی سپر سائیکل کی وجہ سے یہ عدم توازن تیزی سے بڑھ رہا ہے۔ جون 22ء میں عمومی افراط زر 21.3% تک بڑھی، جو 14 سال کی بلند ترین سطح ہے، جس کی وجہ فیول اور بجلی کی سبسڈیز کی واپسی ہے۔ SBP کے نظر ثانی شدہ تخمینوں کے مطابق، مالی سال 22ء کے لیے اوسط افراط زر 12.15% سے 11 سال کی بلند ترین سطح پر جا پہنچی۔

اس دفعہ برآمدات لچکدار رہیں اور مالی سال 22ء کے 11 ماہ میں 27% بڑھ کر 29.3 ارب امریکی ڈالر ہو گئیں۔ تاہم درآمدات 36% بڑھ کر 65.5 ارب امریکی ڈالر تک پہنچ گئیں، جس سے تجارتی خسارہ 46% بڑھ گیا۔ ترسیلات زر کا بہاؤ 6.3% بڑھ کر 28.4 ارب امریکی ڈالر تک پہنچ گیا۔ اس طرح کرنٹ اکاؤنٹ خسارہ مالی سال 22ء کے 11 ماہ کے دوران 15.2 ارب امریکی ڈالر تک آگیا، اس کے برعکس پچھلے سال اسی مدت میں خسارہ 1.2 ارب امریکی ڈالر تھا۔ SBP کے زرمبادلہ کے ذخائر 8.2 ارب امریکی ڈالر کی کم ترین سطح پر رہ گئے تھے۔ چین سے 2.3 ارب امریکی ڈالر کی حالیہ آمد نے کچھ گنجائش پیدا کی ہے۔ بیرونی اکاؤنٹس کی نازک صورتحال نے روپے پر اضافی دباؤ ڈالا جو 22ء کی دوسری سہ ماہی میں ڈالر کے مقابلے میں 12% کمزور ہو گیا اور جولائی 2022ء میں مزید 14% تک گر گیا۔

طویل بات چیت کے بعد، پاکستان ایکسچینج فنڈ فیسلٹی (EFF) پروگرام کا مشترکہ ساتواں اور آٹھواں جائزہ مکمل کرنے کے لیے IMF سے اسٹاف لیول ایگریمنٹ کر چکا ہے۔ IMF نے EFF جون 23ء تک بڑھانے اور سہولت میں ایک ارب امریکی ڈالر کا اضافہ کرنے پر بھی اتفاق کیا ہے، جس سے کل رقم 7 ارب امریکی ڈالر ہو جائے گی۔ IMF نے پالیسی ترجیحات بھی اجاگر کیں جن میں شامل ہیں: پرائمری سرپلس کی فراہمی کے لیے مالی سمجھداری؛ ٹرانسمیشن کے نقصانات اور لوڈ شیڈنگ میں کمی کے لیے ٹیرف ایڈجسٹمنٹ کے ساتھ پاور سیکٹر میں اصلاحات؛ ایک فعال مانیٹری پالیسی؛ غربت کا خاتمہ اور سماجی حفاظتی روابط کی مضبوطی اور گورننس بہتر بنا کر بدعنوانی میں کمی کرنا۔ اس معاہدے کی منظوری کا انحصار IMF کے ایگزیکٹو بورڈ پر ہے جس کے بعد تقریباً 1.2 ارب امریکی ڈالر فراہم کیے جائیں گے۔

مالی سال 22ء میں ٹیکس کی وصولی 29% بڑھ کر ریکارڈ 6.1 کھرب روپے یعنی ہدف سے اوپر تک پہنچ گئی۔ اس بہترین کارکردگی کے باوجود، فیول اور بجلی کی سبسڈی سے چلنے والی توسیعی پالیسیوں میں مالی سال 22ء کے لیے 7.1% مالیاتی خسارہ متوقع ہے، جبکہ بجٹ کی سطح 6.3% ہے۔ بنیادی خسارے کا تخمینہ 2.4% لگایا گیا ہے جو مالی سال 21ء کے دوگنا سے زیادہ ہے۔

ایکویٹی مارکیٹ، اتار چڑھاؤ کے ساتھ سال کے آغاز سے اب تک KSE100 انڈیکس میں تقریباً 7% کمی کے ساتھ عموماً مندی کا شکار رہی ہے۔ جغرافیائی سیاسی عدم استحکام، مقامی سیاسی گہما گہمی اور مالیاتی اقتصادیات کی خدشات - خصوصاً EFF کی بحالی اور کرنسی سے جذبات دے رہے۔ جون 2022ء میں وفاقی بجٹ میں متعدد اقدامات کا اعلان کیا گیا۔ 13 منتخب شعبوں پر 10% سپر ٹیکس، بشمول بینک، ایکویٹیز پر کیپٹل گین ٹیکس میں اضافے سے انڈیکس پر مزید دباؤ بڑھا۔ 22ء کی پہلی ششماہی میں، 47 ملین امریکی ڈالر کے خالص سیلر غیر ملکی تھے جن میں 61 ملین امریکی ڈالر کے بینکنگ اسٹاک بھی شامل تھے۔

22ء کی پہلی سہ ماہی کے دوران صورتحال برقرار رکھنے کے بعد، 22ء کی دوسری سہ ماہی میں SBP کے پالیسی ریٹ میں 400bps اضافے کے ساتھ تیزی سے مالیاتی تنگی نظر آئی۔ جولائی کی MPC میٹنگ میں، یہ حوالہ دیتے ہوئے کہ اقتصادی سرگرمیوں کے ٹھہراؤ اور کئی سالہ بلند افراط زر اور ایک غیر معمولی چیلنجنگ اور غیر یقینی عالمی ماحول کے تناظر میں روپے کو سپورٹ کی ضرورت ہے، سینٹرل بینک نے دوبارہ شرح 125bps سے بڑھا کر 15.0% کر دی ہے۔ ستمبر 21ء میں اپ سائیکل کے آغاز کے بعد سے شرح میں اب تازہ ترین اضافے سے کل اضافہ 800bps پر آگیا ہے۔ سبسڈی والی ایکسپورٹ ری فنانس اسکیموں کی شرح کو بھی MPC نے پالیسی ریٹ سے منسلک کر دیا۔ بڑھتی ہوئی معیشت کی وجہ سے، قرض کی طلب مستحکم رہی ہے۔ مالی سال 22ء میں نجی شعبے کے قرضے میں مالی سال 21ء کے 11% کے مقابلے میں 22% اضافہ ہوا۔ 2022ء کے پہلے 6 ماہ میں صنعتی قرضوں میں 7.7% جبکہ ڈپازٹس میں 8.8% اضافہ ہوا۔ گزشتہ سال اسی مدت کے مقابلے میں 22ء کی پہلی ششماہی کے دوران بینکنگ اسپریڈز میں 13bps کا اضافہ ہوا ہے، کیونکہ قرض کے پورٹ فولیو کی قیمت بڑھ گئی، جبکہ بینک، ڈپازٹس کی لاگت پر قابو پاسکے۔

### مالیاتی کارکردگی

HBL نے 2022ء کے پہلے 6 ماہ کا قبل از ٹیکس منافع 32.4 ارب روپے رپورٹ کیا ہے، جو گزشتہ سال اسی مدت کے 30.1 ارب روپے کے مقابلے میں 8% زیادہ ہے۔ اس کی وجہ مستحکم اور وسیع البینا دترتی تھی۔ تاہم وفاقی بجٹ میں عائد کردہ اضافی اور سابقہ ٹیکس اقدامات کی وجہ سے بینک کا بعد از ٹیکس منافع 21ء کی پہلی ششماہی میں 17.5 ارب روپے سے 22ء کی پہلی ششماہی میں 11.5 ارب روپے تک کم ہو گیا۔ اس کے مطابق، 21ء کی پہلی ششماہی میں فی شیئر آمدنی 11.92 روپے سے 22ء کی پہلی ششماہی میں 7.85 روپے تک کم ہو گئی۔



## سرمائے کا تناسب

22ء کی پہلی ششماہی میں HBL کے شاندار نتائج نے بہترین اندرونی سرمایہ پیدا کیا ہے جو عام حالات میں CAR میں مسلسل بہتری کا باعث بنے گا، اس کے باوجود کہ بینک اپنے کسٹمر اور معیشت کو سہارا دینے کے لیے قرض میں اضافے پر توجہ مرکوز رکھے ہوئے ہے۔

تاہم روپے کی قدر میں کمی سے بینک کا کیپٹل ایڈیوکیٹی ریشو (CAR) مسلسل متاثر ہو رہا ہے۔ گزشتہ 12 ماہ میں روپے (\$/47) کی قدر میں 29% کمی سے HBL کے Tier1 CAR، میں 144 bps کی واقع ہوئی۔ محض اسی سہ ماہی میں قدر میں \$/21 روپے کی کمی سے Tier1 CAR بھی 36 bps کم ہوا۔ اس کے ساتھ ساتھ فنانس ایکٹ کے تحت نئے اضافی اور گزشتہ ٹیکس سے Tier1 CAR مزید 49 bps متاثر ہوا۔

HBL کا غیر مجموعی کل Tier1 CAR جون 2022ء تک 12.5% تھا جبکہ کل 15.3% CAR ہو گیا۔

## کریڈٹ ریٹنگ

سہ ماہی کے دوران بینک کی کریڈٹ ریٹنگز کی، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ سے + A-1/AAA پر بالترتیب طویل المیعاد اور قلیل المیعاد کے لیے دوبارہ تصدیق کی گئی۔ ایڈیشنل Tier1 کیپٹل کے طور پر جاری کردہ اس کے TFCs کی درجہ بندی + AA پر برقرار رہی۔ تمام درجہ بندیوں پر آؤٹ لک مستحکم ہے۔ ریٹنگز میں کمرشل بینک کی حیثیت سے HBL کو ملک کا سب سے بڑا بینک قرار دیا گیا۔ اس کی پوزیشن، مضبوط مقامی فرنیچر اور متنوع آپریشنز کے ساتھ بہترین لیکویڈٹی، اس کے ٹھوس اثاثہ جات کے معیار اور خاص اہمیت کی عکاسی کرتی ہے۔

## منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 28 جولائی 2022ء کو منعقد ہونے والے اجلاس میں 30 جون 2022ء کو اختتام پذیر ہونے والی سہ ماہی کے لیے 1.50 روپے فی حصص (15%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔ گوکہ منافع منقسمہ کی ادائیگی بد قسمتی سے اس سہ ماہی میں انتہائی اعلیٰ سطح کے ٹیکسز سے متاثر ہوئی ہے، لیکن اس کے باوجود 22ء کی دوسری سہ ماہی کی غیر مجموعی آمدنی کا 68% ہے۔

## مستقبل کی صورت حال

مالیاتی اقتصادیات کا عالمی منظر نامہ عالمی افراط زر کے بڑھتے ہوئے خطرات کے سبب مزید خراب ہو گیا ہے کیونکہ سینٹرل بینک، امریکی فیڈرل ریزرو کی سربراہی میں، کئی دہائیوں کی بلند افراط زر کا مقابلہ کرنے کے لیے جارحانہ اقدامات کے تحت مالیاتی تنگی پیدا کر رہا ہے۔ فیول اور انرجی کی قیمتوں میں اضافے کا اثر پاکستان جیسے انرجی کے امپورٹر پر زیادہ گہرا ہو گا، جسے دنیا کے بیشتر خطوں کی طرح پوشیلیٹی قیمتوں میں ضروری لیکن مشکل اضافے سے آمدنی کے شدید منفی جھٹکے کا سامنا ہے۔ مالیاتی استحکام اور EFF کی بحالی کے لیے انرجی کی سبسڈی کی واپسی ایک اہم پیشگی شرط تھی لیکن توقع کے مطابق اس سے مہنگائی میں شدید اضافہ ہوا جو مالی سال 23ء کے لیے SBP کی 18% تا 20% کی رینج کی پیش گوئی سے تجاوز کر گئی۔ بہت کم سازگار ماحول کے ساتھ، مالی سال 23ء میں GDP کی نمو 3% سے 4% تک نیچے جانے کا امکان ہے۔

IMF کے اسٹاف لیول ایگریمنٹ کے حالیہ اعلان کو سکون کے ساتھ خوش آمدید کہا گیا، لیکن اصل مہلت صرف اس وقت ملے گی جب ساتویں اور آٹھویں قسط کے لیے فنڈز تقسیم کیے جائیں گے جو اب ایک اہم ترجیح ہے۔ IMF کے فنڈز کا اجرا جذبات میں انتہائی مثبت تبدیلی پیدا کرے گا، بیرونی ذرائع سے اضافی فنڈنگ کو تحریک ملے گی، روپے پر دباؤ کم ہو گا اور ذخائر بتدریج اپنی پچھلی تیز رفتار پر آنے کے قابل ہو جائیں گے۔ تاہم، اس بار طویل مذاکرات کے پیش نظر امکان ہے کہ حکومت ساختی اصلاحات کے اہداف پورے کرنے میں ناکام رہی تو اسے بے چلک صورت حال کا سامنا ہو گا۔

مالی سال 23ء کے بجٹ کا مقصد GDP کے 0.2% کے پرائمری سرپلس کو ہدف بنا کر حکومت کی قرض کی ضروریات کم کرنا ہے۔ ٹیکس وصولی کے اہداف بلند ہیں لیکن بد قسمتی سے ٹیکس بیس وسیع کرنے کے بجائے موجودہ ٹیکس دہندگان کو ہی نشانہ بنایا جاتا ہے۔ نان ٹیکس ریونیو کے اہداف، خاص طور پر پیٹرولیم ڈیولپمنٹ لیوی بڑھادیے گئے ہیں جبکہ ترقیاتی اخراجات میں 30% سے زیادہ اضافہ کرنے کا بجٹ رکھا گیا ہے۔ اہم یہ ہے کہ ملک کے مقامی قرضہ جات کی پائیداری یقینی بناتے ہوئے ترقی کی رفتار بحال کرنے کے لیے ضروری مالیاتی استحکام فراہم کیا جائے۔

معاشرے کے معاشی طور پر کمزور طبقات کو سخت مالیاتی اور مانیٹری اقدامات کے اثرات فوری طور پر محسوس ہوں گے۔ IMF ہدفی سبسڈیز کے لیے اب تک کھلا ہے اور احساس ابھر چکی کیش پروگرام کی کامیابی دیکھتے ہوئے حکومت پاکستان نے بڑے پیمانے پر فلاحی پروگرام پر عمل کی صلاحیت کا مظاہرہ کیا ہے، جو غربت کے خاتمے میں کسی حد تک مدد کر سکتا ہے۔ عالمی افراط زر کے خدشات کی وجہ سے تیل کی قیمتوں میں مسلسل کمی ایک مثبت محرک کے طور پر کام کر سکتی ہے، جو امپورٹ بل اور افراط زر اور بیرونی اکاؤنٹ کا دباؤ کم کر سکتا ہے۔

HBL اکنامک سائیکل کے ذریعے اپنے 30 ملین سے زائد کسٹمر کی مدد کے عزم پر قائم ہے، اس مشکل وقت میں بھی احتیاط اور استقامت کے ساتھ قرض کی فراہمی جاری رکھے ہوئے ہے۔ بینک جدت میں سب سے آگے ہے۔ ایک اور ”صنعتی پہل“ میں HBL نے صارفین کو وائس ایپ پر کنور سیشنل بینکنگ چینل کے ذریعے بنیادی مالی ٹرانزیکشنز کے قابل بنایا ہے۔ HBL موبائل اور انٹرنیٹ بینکنگ یوزرز کی تعداد تقریباً 3 ملین تک پہنچ گئی ہے۔ محض جون 2022ء میں موبائل / انٹرنیٹ کے ذریعے 10 ملین سے زائد ٹرانزیکشنز کی گئیں اور اس سال اب تک کل 1 کھرب روپے سے زیادہ کی ٹرانزیکشنز کی گئی ہیں، یہ تعداد گزشتہ برس کے پورے سال کے لیے تھی۔ حکومت پاکستان کے لیے HBLKconnect ایک ترجیحی ڈیوری پارٹنر ہے، جس سے حکومت کو 6 ملین سے زیادہ مستفید ہونے والوں کو فیول کی سبسڈی فراہم کرنے میں مدد ملتی ہے۔



HBL کی بیلنس شیٹ نے 2022ء کی پہلی ششماہی میں ڈپازٹ کے مستحکم استعمال سے 650 ارب روپے (16%) سے بڑھ کر 4.7 کھرب روپے کو عبور کیا۔ 22ء کی دوسری سہ ماہی میں، بینک نے اپنے ذخائر میں 550 ارب روپے کی اب تک کی سب سے زیادہ سہ ماہی نمود کھائی، جو بڑھ کر 3.5 کھرب روپے ہو گئی۔ دسمبر 2021ء کے مقابلے میں ملکی ذخائر میں 10% اضافہ ہوا، جس سے مارکیٹ شیئر 14.14% سے بڑھ کر 14.32% ہو گیا۔

HBL اس مشکل وقت میں اپنے کلائنٹس کی معاونت جاری رکھے ہوئے ہے اور قرض کی طلب کی تکمیل کے لیے تیار ہے۔ بینک کے ایڈوانسز تمام شعبوں میں ترقی سے دسمبر 2021ء کے مقابلے میں 9% بڑھ کر 1.5 کھرب روپے تک پہنچ گئے، جس میں بین الاقوامی ایڈوانسز میں بحالی بھی شامل ہے۔ زرعی شعبے کے قرض میں 10% اضافہ ہوا، جو 44 ارب روپے کی بلند ترین سطح پر پہنچ گیا۔ بینک کا انڈسٹری لیڈر کنزرویٹو مریٹوں بزنس رکاوٹیں عبور کرتا رہا، جس میں قرضے 15% اضافے کے ساتھ 118 ارب روپے تک پہنچ گئے۔ کریڈٹ کارڈ پورٹ فولیو 20 ارب روپے سے تجاوز کر کے ”صنعتی پہل“ کا ایک اور اولین سیگمنٹ بن گیا۔

HBL کے اسپرڈز میں کمی آئی کیونکہ فوری تنگی کے باعث کسٹمر ڈپازٹ کی شرح میں فوری اضافہ ہوا۔ تاہم اوسط بیلنس شیٹ کے حجم میں 475 ارب روپے سے زائد نمو کے پیش نظر، بینک کی خالص منافع جاتی آمدنی 13% بڑھ کر 67.7 ارب روپے ہو گئی۔ گزشتہ کئی سہ ماہیوں میں فیس کی آمدنی کی رفتار بڑھی، جس میں تقریباً تمام کاروباروں میں دہرے ہندسوں میں ترقی کے ساتھ 21ء کی پہلی ششماہی کے مقابلے میں فیس 29% اضافے سے 13.2 ارب روپے تک پہنچ گئی۔ ہمیشہ کی طرح، فلیگ شپ کارڈز بزنس سب سے بڑا حصہ دار رہا، جو کہ فیس بیس کے تقریباً 50% پر مبنی اور 21ء کی پہلی ششماہی کے مقابلے میں 45% بڑھ رہا ہے۔ اس میں بینک کے ٹریڈری کی مضبوط کارکردگی کے ساتھ براؤنچ لیس بینکنگ، ٹریڈ اور کیش منیجمنٹ کی آمدنی میں دہرے ہندسوں کی نمو سے اضافہ ہوا؛ نتیجتاً بینک کا کل محصول 21ء کی پہلی ششماہی کے مقابلے میں 16% بڑھ کر 87.7 ارب روپے ہو گیا۔

بینک کے انتظامی اخراجات (پہلی سہ ماہی میں ختم ہونے والی والنٹری سپریشن اسکیم کی ایک بار کی لاگت کے علاوہ) میں 21ء کی پہلی ششماہی کے مقابلے 18% اضافہ ہوا۔ جس کی وجہ دہرے ہندسے کی افراط زر، زائد ٹرانزیکشن پر مبنی متغیر لاگت اور بینک کی لوگوں، ٹیکنالوجی اور انفراسٹرکچر میں جاری سرمایہ کاری ہے۔ تاہم اخراجات پچھلی سہ ماہی کے برابر برقرار رکھے گئے اور لاگت / آمدنی کا تناسب 22ء کی پہلی سہ ماہی میں 57.9% سے کم ہو کر 22ء کی دوسری سہ ماہی میں 54.4% رہ گیا۔ 22ء کی پہلی ششماہی میں کل پروڈونز 42% کم ہو کر 1.8 ارب روپے ہو گئے ہیں، جو اس چارج کے ساتھ ہے جو بنیادی طور پر 1.1 ارب روپے کے عمومی پروڈونز اور 22ء کی پہلی سہ ماہی میں تسلیم شدہ 1.1 ارب روپے کی مختصر درجہ بندی سے نکلتا ہے۔ انفیکشن کا تناسب 100% سے زیادہ کل کوریج کے ساتھ 5.1% کی کم ترین سطح پر رہا۔

## ذخائر میں اتار چڑھاؤ

### ملین روپے

148,392
11,512
209
29
11,750
160,142

افتتاحی غیر تخصیص شدہ منافع

بعد از ٹیکس منافع

وضاحت شدہ منفعت پر منافع کے دوبارہ پیکاش کا حصہ - محصول کا خالص اثاثہ جات کی دوبارہ تشخیص پر سرپلس سے منتقل شدہ - محصول کا خالص

مناسب کارروائی کے لیے دستیاب منافع

(1,151)
(3,300)
(3,300)
(7,751)
152,391

مختلف مدوں میں رکھی گئی رقم:

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ - حتمی 2021ء

نقد منافع منقسمہ - پہلا عبوری 2022ء

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

7.85

فی حصص (شیئر) آمدنی (روپے)

HBL خاص طور پر ماحولیاتی مسائل پر اپنی قیادت ESG کے شعبے میں بھی برقرار رکھے ہوئے ہے۔ 22ء کی پہلی ششماہی کے دوران، HBL نے SBP کی رینو ایبل انرجی اسکیم کے تحت 7.8 ارب روپے تقسیم کیے۔ HBL نے پاکستان میں جنگلات کے کئی منصوبوں میں تعاون کیا ہے۔ حال ہی میں ہمارے اسٹاف نے خطرے میں مبتلا کراچی کی ساحلی پٹی کی حفاظت کے لیے مینگر وو کے جنگلات کی بحالی کی مہم میں رضاکارانہ طور پر کام کیا۔ اس سہ ماہی کے دوران HBL نے اپنی پہلی سسٹین ایبلٹی رپورٹ جاری کی، جس میں اپنی گزشتہ کئی سالوں سے وسیع پیمانے پر محیط سرگرمیوں پر روشنی ڈالی گئی۔ 2022ء میں بینک نے بھی HBL فاؤنڈیشن میں اپنا حصہ 50% بڑھا کر PAT کے 1% سے PAT کا 1.5% کر دیا، جس سے مستحقین کے زیادہ توجہ طلب مقاصد میں تعاون مزید بہتر ہو گا۔

## اظہارِ تشکر

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

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

آخر میں، لیکن یقینی طور پر کسی سے کم نہیں، ہم اپنے تمام ملازمین اور ان کے اہل خانہ، بالخصوص کسٹمر کا سامنا کرنے والے یونٹس اور برانچوں میں موجود عملے کے شکر گزار ہیں، جنھوں نے ان دو سالوں میں خطرناک وبائی حالات میں بہادری کا مظاہرہ کرتے ہوئے بحران کے اس وقت میں ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنائی۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم ان کے عزم اور اتھک محنت کے لیے انھیں خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ

معیز احمد جمال  
ڈائریکٹر

محمد اورنگزیب  
صدر اور چیف ایگزیکٹو آفیسر

28 جولائی 2022ء

# INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Habib Bank Limited

## Report on review of Condensed Interim Unconsolidated Financial Statements

### Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Habib Bank Limited** ("the Bank") as at 30 June 2022 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### Scope of Review

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

### Conclusion

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

### Other Matter

The figures for the quarter ended 30 June 2022 in the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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

Date: 16 August 2022

Karachi

UDIN: RR202210201mRJLpnbCN

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

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

Note (Unaudited) (Audited)  
June 30, December 31,  
2022 2021  
(Rupees in '000)

## ASSETS

Cash and balances with treasury banks	5	410,957,154	409,528,880
Balances with other banks	6	22,658,041	32,176,188
Lendings to financial institutions	7	328,696,282	93,742,432
Investments	8	2,171,366,957	1,905,188,657
Advances	9	1,506,111,489	1,384,549,476
Fixed assets	10	99,702,138	94,158,252
Intangible assets	11	9,602,838	6,613,409
Deferred tax assets	12	16,456,708	3,744,933
Other assets	13	169,984,545	144,885,979
		<b>4,735,536,152</b>	<b>4,074,588,206</b>

## LIABILITIES

Bills payable	14	46,797,609	43,853,860
Borrowings	15	713,994,334	432,261,654
Deposits and other accounts	16	3,530,963,252	3,184,260,887
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	12,374,000	12,374,000
Deferred tax liabilities		-	-
Other liabilities	18	183,977,503	143,908,895
		<b>4,488,106,698</b>	<b>3,816,659,296</b>

## NET ASSETS

**247,429,454** **257,928,910**

## REPRESENTED BY

### Shareholders' equity

Share capital		14,668,525	14,668,525
Reserves		71,732,272	69,678,669
Surplus on revaluation of assets - net of tax	19	8,637,313	25,189,245
Unappropriated profit		152,391,344	148,392,471
		<b>247,429,454</b>	<b>257,928,910</b>

## CONTINGENCIES AND COMMITMENTS

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

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Dr. Najeel Samie  
Director

Salim Raza  
Director

# CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Note	January 01 to June 30, 2022	January 01 to June 30, 2021	April 01 to June 30, 2022	April 01 to June 30, 2021
(Rupees in '000)					
Mark-up / return / profit / interest earned	22	175,332,296	118,971,420	94,460,710	59,360,938
Mark-up / return / profit / interest expensed	23	107,657,673	59,041,178	59,947,183	29,493,084
Net mark-up / return / profit / interest income		67,674,623	59,930,242	34,513,527	29,867,854
<b>Non mark-up / interest income</b>					
Fee and commission income	24	13,200,816	10,270,847	6,755,198	5,156,829
Dividend income		822,312	889,373	224,328	553,009
Foreign exchange income		6,355,548	1,278,057	4,338,588	453,211
(Loss) / income from derivatives		(1,094,276)	890,867	(942,636)	(288,420)
Gain on securities - net	25	475,772	1,807,426	277,458	1,974,313
Other income	26	241,698	439,737	144,203	352,630
Total non mark-up / interest income		20,001,870	15,576,307	10,797,139	8,201,572
Total income		87,676,493	75,506,549	45,310,666	38,069,426
<b>Non mark-up / interest expenses</b>					
Operating expenses	27	52,340,741	41,560,880	25,262,734	20,210,736
Workers' Welfare Fund		649,426	631,389	367,665	314,171
Other charges	28	442,313	51,842	282,946	9,609
Total non mark-up / interest expenses		53,432,480	42,244,111	25,913,345	20,534,516
<b>Profit before provisions and taxation</b>		34,244,013	33,262,438	19,397,321	17,534,910
Provisions / (reversals) and write offs - net	29	1,828,437	3,162,208	1,041,729	1,434,741
<b>Profit before taxation</b>		32,415,576	30,100,230	18,355,592	16,100,169
<b>Taxation</b>	30	20,903,205	12,615,915	15,138,242	6,913,776
<b>Profit after taxation</b>		11,512,371	17,484,315	3,217,350	9,186,393
(Rupees)					
<b>Basic and diluted earnings per share</b>	31	7.85	11.92	2.19	6.26

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

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Dr. Najeef Samie  
Director

Salim Raza  
Director

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

	January 01 to June 30, 2022	January 01 to June 30, 2021	April 01 to June 30, 2022	April 01 to June 30, 2021
	(Rupees in '000)			
<b>Profit after taxation for the period</b>	<b>11,512,371</b>	<b>17,484,315</b>	<b>3,217,350</b>	<b>9,186,393</b>
<b>Other comprehensive (loss) / income</b>				
<i>Items that may be reclassified to the profit and loss account in subsequent periods</i>				
Effect of translation of net investment in foreign branches - net of tax	902,366	(1,403,622)	1,332,608	1,454,510
Movement in surplus / deficit on revaluation of investments - net of tax	(16,321,530)	(2,537,379)	(7,946,152)	1,203,121
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods</i>				
Remeasurement gain on defined benefit obligations - net of tax	209,435	-	209,435	-
Movement in surplus / deficit on revaluation of fixed assets - net of tax	(201,262)	-	(201,262)	-
<b>Total comprehensive (loss) / income</b>	<b>(3,898,620)</b>	<b>13,543,314</b>	<b>(3,388,021)</b>	<b>11,844,024</b>

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

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Dr. Najeel Samie  
Director

Salim Raza  
Director

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2022

Share capital	Reserves			Surplus / (deficit) on revaluation of		Unappropriated profit	Total
	Statutory	Capital		Investments	Fixed / Non-banking assets		
		Exchange Translation	Non - distributable				
(Rupees in '000)							
14,668,525	36,616,227	25,877,296	547,115	8,470,042	27,282,814	129,262,746	242,724,765
-	-	-	-	-	-	17,484,315	17,484,315
-	-	(1,403,622)	-	-	-	-	(1,403,622)
-	-	-	-	(2,537,379)	-	-	(2,537,379)
-	-	(1,403,622)	-	(2,537,379)	-	17,484,315	13,543,314
-	1,748,432	-	-	-	-	(1,748,432)	-
-	-	-	-	-	(149,600)	149,600	-
-	-	-	-	-	-	(4,400,556)	(4,400,556)
-	-	-	-	-	-	(2,566,992)	(2,566,992)
-	-	-	-	-	-	(6,967,548)	(6,967,548)
14,668,525	38,364,659	24,473,674	547,115	5,932,663	27,133,214	138,180,681	249,300,531
-	-	-	-	-	-	16,787,179	16,787,179
-	-	4,860,993	-	-	-	-	4,860,993
-	-	-	-	-	-	206,025	206,025
-	-	-	-	(7,978,025)	132,680	-	(7,845,345)
-	-	4,860,993	-	(7,978,025)	132,680	16,993,204	14,008,852
-	1,678,717	-	-	-	-	(1,678,717)	-
-	-	-	-	-	(31,287)	31,287	-
-	-	(246,489)	-	-	-	-	(246,489)
-	-	-	-	-	-	(2,566,992)	(2,566,992)
-	-	-	-	-	-	(2,566,992)	(2,566,992)
-	-	-	-	-	-	(5,133,984)	(5,133,984)
14,668,525	40,043,376	29,088,178	547,115	(2,045,362)	27,234,607	148,392,471	257,928,910
-	-	-	-	-	-	11,512,371	11,512,371
-	-	902,366	-	-	-	-	902,366
-	-	-	-	-	-	209,435	209,435
-	-	-	-	(16,321,530)	(201,262)	-	(16,522,792)
-	-	902,366	-	(16,321,530)	(201,262)	11,721,806	(3,898,620)
-	1,151,237	-	-	-	-	(1,151,237)	-
-	-	-	-	-	(29,140)	29,140	-
-	-	-	-	-	-	(3,300,418)	(3,300,418)
-	-	-	-	-	-	(3,300,418)	(3,300,418)
-	-	-	-	-	-	(6,600,836)	(6,600,836)
14,668,525	41,194,613	29,990,544	547,115	(18,366,892)	27,004,205	152,391,344	247,429,454

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

**Muhammad Aurangzeb**  
President and  
Chief Executive Officer

**Rayomond Kotwal**  
Chief Financial Officer

**Khaleel Ahmed**  
Director

**Dr. Najeeb Samie**  
Director

**Salim Raza**  
Director



# CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

January 01 to  
June 30, 2022  
(Rupees in '000)

32,415,576	30,100,230
(822,312)	(889,373)
791,733	658,751
(30,579)	(230,622)
32,384,997	29,869,608

3,356,450	3,054,251
782,443	447,329
1,567,836	1,368,784
1,365,308	1,920,974
699,193	(777,874)
2,611,545	1,772,051
346,549	1,042,488
(1,547,750)	1,454,777
(22,100)	(14,286)
-	(13,354)
(25,090)	(43,126)
-	(16,000)
649,426	631,389
9,783,810	10,827,403
42,168,807	40,697,011

(234,953,850)	(115,591,960)
(6,901,825)	(88,890,317)
(124,173,558)	(78,230,620)
(34,871,958)	(11,786,562)
(400,901,191)	(294,499,459)

2,943,749	7,186,490
281,732,680	(36,309,529)
346,702,365	277,385,248
39,283,798	18,295,061
670,662,592	266,557,270
311,930,208	12,754,822
(12,289,123)	(12,000,924)
299,641,085	753,898

(285,527,727)	73,882,630
(862,293)	(47,719,532)
(2,578,834)	68,720
(29,049)	(222,276)
933,276	893,476
(7,856,170)	(7,297,365)
(3,734,317)	(941,454)
-	36,590
31,587	58,168
-	216,000
902,366	(1,403,622)
(298,721,161)	17,571,335

-	(9,982,000)
(788,146)	(946,148)
(2,015,590)	(1,764,549)
(6,206,061)	(5,748,344)
(9,009,797)	(18,441,041)

(8,089,873)	(115,808)
431,368,625	388,052,074
10,336,443	(1,640,606)
441,705,068	386,411,468
433,615,195	386,295,660

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

### CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation  
Dividend income  
Mark-up / return / profit / interest expensed on subordinated debt

### Adjustments:

Depreciation  
Amortisation  
Depreciation on right-of-use assets  
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets  
Provision / (reversal of provision) for diminution in value of investments  
Provision against loans and advances  
Provision against other assets  
(Reversal of provision) / provision against off-balance sheet obligations  
Unrealised gain on held-for-trading securities  
Exchange gain realised on liquidation of subsidiary  
Gain on sale of fixed assets - net  
Gain on sale of non - banking assets  
Workers' Welfare Fund

### Increase in operating assets

Lendings to financial institutions  
Held-for-trading securities  
Advances  
Other assets (excluding advance taxation)

### Increase / (decrease) in operating liabilities

Bills payable  
Borrowings from financial institutions  
Deposits and other accounts  
Other liabilities

Income tax paid

### Net cash flows generated from operating activities

### CASH FLOWS FROM INVESTING ACTIVITIES

Net investment in available-for-sale securities  
Net investment in held-to-maturity securities  
Net investment in subsidiaries  
Net investment in associates  
Dividend received  
Investments in fixed assets  
Investments in intangible assets  
Proceeds realised on liquidation of subsidiary  
Proceeds from sale of fixed assets  
Proceeds from sale of non-banking assets  
Effect of translation of net investment in foreign branches - net of tax

### Net cash flows (used in) / generated from investing activities

### CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of subordinated debt  
Payment of mark-up on subordinated debt  
Payment of lease liability against right-of-use assets  
Dividend paid

### Net cash flows used in financing activities

### Decrease in cash and cash equivalents during the period

Cash and cash equivalents at the beginning of the period  
Effect of exchange rate changes on cash and cash equivalents

### Cash and cash equivalents at the end of the period

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Raymond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Dr. Najeeb Samie  
Director

Salim Raza  
Director

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

### 1 STATUS AND NATURE OF BUSINESS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services within and outside Pakistan. The Bank's registered office is at Habib Bank Tower, 9th Floor, 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 1,676 (December 31, 2021: 1,648) branches inside Pakistan including 275 (December 31, 2021: 259) Islamic Banking Branches and 37 (December 31, 2021: 37) 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 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.
- 1.2 The Bank has decided to exit its operations in Mauritius and is considering various options regarding the same.
- 1.3 The Bank has commenced an orderly wind-down of its Lebanon operations. Formalities for completion of the wind-down are underway.
- 1.4 The Bank has purchased the remaining shareholding of 9.50% in Habib Allied Holding Limited (HAHL) from the minority shareholder. Subsequent to the transaction, HAHL is now a wholly owned subsidiary of the Bank.
- 1.5 During the period, the Bank has subscribed to 140 million Rights shares issued by HBL Asset Management Limited (HBL AMC).

### 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 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 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, 2021.

#### 2.3 Amendments to existing accounting and reporting standards that have become effective in the current year

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2022. These are considered either to not be relevant or not to have any significant impact on these condensed interim unconsolidated financial statements.

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

As per the SBP's BPRD Circular Letter no. 03 dated July 05, 2022, the applicability of IFRS 9, Financial Instruments has been deferred to accounting periods beginning on or after January 01, 2023. Certain requirements of this standard will be applicable from January 01, 2024. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

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

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE SIX MONTHS ENDED JUNE 30, 2022

#### 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, 2021, except the following:

During the period, the Bank has reviewed the useful life of Point of Sale (POS) terminals which has resulted in a change in the useful life of these terminals from 3 years to 4 years. This revision has been accounted for as a change in accounting estimate in accordance with the requirements of IAS 8 and accordingly, has been recognised prospectively in the unconsolidated profit and loss account from the current year.

The effect of this change on depreciation expense in the current period and the next corresponding period is as follows:

	June 30, 2023 (Rupees in '000)	June 30, 2022
Decrease in information technology expenses - depreciation	24,034	60,613

#### 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, 2021.

#### 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, 2021.

#### 5 CASH AND BALANCES WITH TREASURY BANKS

	(Unaudited) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021
In hand		
Local currency	52,854,109	46,849,289
Foreign currencies	7,989,908	5,167,639
	60,844,017	52,016,928
With State Bank of Pakistan in		
Local currency current accounts	121,527,223	143,740,748
Local currency special deposit account	2,790,176	2,531,227
Foreign currency current accounts	9,731,980	8,637,953
Foreign currency deposit accounts	12,854,533	18,104,962
	146,903,912	173,014,890
With other Central Banks in		
Foreign currency current accounts	22,964,148	34,242,436
Foreign currency deposit accounts	27,375,884	12,755,756
	50,340,032	46,998,192
With National Bank of Pakistan in local currency current accounts	152,730,799	137,197,419
National Prize Bonds	138,394	301,451
	410,957,154	409,528,880

#### 6 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	34,062	65
Outside Pakistan		
In current accounts	16,012,208	25,295,629
In deposit accounts	6,611,771	6,880,494
	22,623,979	32,176,123
	22,658,041	32,176,188

#### 7 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	-	24,600,000
Repurchase agreement lendings (reverse repo)	328,696,282	64,970,746
Bai Muajjal receivable from financial institutions	-	4,171,686
	328,696,282	93,742,432

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

8	INVESTMENTS	Note	June 30, 2022 (Unaudited)				December 31, 2021 (Audited)			
			Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1	Investments by type		(Rupees in '000)							
	<b>Held-for-trading (HFT) securities</b>									
	<i>Federal Government securities</i>									
	- Market Treasury Bills		69,279,901	-	(5,220)	69,274,681	111,463,172	-	(31,502)	111,431,670
	- Pakistan Investment Bonds		137,906,857	-	33,997	137,940,854	92,201,740	-	110,414	92,312,154
	<i>Shares</i>									
	- Listed companies		147,531	-	(12,438)	135,093	332,860	-	(24,270)	308,590
	<i>Foreign securities</i>									
	- Government debt securities		3,949,436	-	5,761	3,955,197	316,867	-	12,619	329,486
			211,283,725	-	22,100	211,305,825	204,314,639	-	67,261	204,381,900
	<b>Available-for-sale (AFS) securities</b>									
	<i>Federal Government securities</i>									
	- Market Treasury Bills		441,014,226	-	(3,030,782)	437,983,444	274,430,197	-	121,938	274,552,135
	- Pakistan Investment Bonds		877,748,164	-	(19,259,920)	858,488,244	801,894,166	-	(4,790,129)	797,104,037
	- Ijarah Sukuk		135,578,507	-	(2,173,746)	133,404,761	119,617,967	-	(537,141)	119,080,826
	- Government of Pakistan US Dollar Bonds		21,019,203	(396,754)	(5,154,550)	15,467,899	15,473,165	(347,350)	458,144	15,583,959
	- Other Federal Government securities		3,524,820	-	-	3,524,820	1,016,120	-	-	1,016,120
	<i>Shares</i>									
	- Listed companies		7,792,648	(2,119,191)	(39,200)	5,634,257	8,170,830	(1,962,154)	427,255	6,635,931
	- Unlisted companies		5,372,623	(109,110)	-	5,263,513	5,372,623	(91,009)	-	5,281,614
	<i>Non-Government debt securities</i>									
	- Listed		52,069,729	(108,488)	(1,421,043)	50,540,198	51,499,951	(78,236)	638,300	52,060,015
	- Unlisted		2,164,233	(413,232)	24,000	1,775,001	1,648,381	(247,381)	24,000	1,425,000
	<i>Foreign securities</i>									
	- Government debt securities		73,805,846	(887,487)	(1,100,995)	71,817,364	58,024,162	(288,791)	112,561	57,847,932
	- Non-Government debt securities - Listed		8,579,945	(58,737)	(205,805)	8,315,403	6,958,115	(37,019)	70,385	6,991,481
	- Equity securities - Unlisted		6,933	(171)	-	6,762	6,318	(156)	-	6,162
	<i>National Investment Unit Trust units</i>		11,113	-	32,324	43,437	11,113	-	35,335	46,448
	<i>Real Estate Investment Trust units</i>		1,180,000	-	12,600	1,192,600	55,000	-	5,800	60,800
	<i>Preference shares</i>									
	- Listed		744,400	-	94,500	838,900	744,400	-	80,500	824,900
	- Unlisted		176,985	(149,201)	-	27,784	176,985	(150,075)	-	26,910
			1,630,789,375	(4,242,371)	(32,222,617)	1,594,324,387	1,345,099,493	(3,202,171)	(3,353,052)	1,338,544,270
	<b>Held-to-maturity (HTM) securities</b>	8.2								
	<i>Federal Government securities</i>									
	- Market Treasury Bills		10,936,713	-	-	10,936,713	-	-	-	-
	- Pakistan Investment Bonds		288,964,518	-	-	288,964,518	285,512,630	-	-	285,512,630
	- Other Federal Government securities		-	-	-	-	10,794,000	-	-	10,794,000
	<i>Non-Government debt securities</i>									
	- Listed		1,733,589	-	-	1,733,589	2,365,422	-	-	2,365,422
	- Unlisted		17,890,136	-	-	17,890,136	18,348,917	-	-	18,348,917
	<i>Foreign securities</i>									
	- Government debt securities		13,369,160	-	-	13,369,160	14,672,889	-	-	14,672,889
	- Non-Government debt securities									
	- Listed		240,421	(22,312)	-	218,109	285,954	(25,061)	-	260,893
	- Unlisted		323,668	(226)	-	323,442	616,100	(1,559)	-	614,541
			333,458,205	(22,538)	-	333,435,667	332,595,912	(26,620)	-	332,569,292
	<b>Investment in associates and joint venture</b>	8.2	9,630,480	-	-	9,630,480	9,601,431	-	-	9,601,431
	<b>Investment in subsidiary companies</b>		22,670,598	-	-	22,670,598	20,091,764	-	-	20,091,764
	<b>Total Investments</b>		2,207,832,383	(4,264,909)	(32,200,517)	2,171,366,957	1,911,703,239	(3,228,791)	(3,285,791)	1,905,188,657

### 8.1.1 Investments given as collateral

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

<i>Federal Government securities</i>		
- Market Treasury Bills	102,180,344	980,924
- Pakistan Investment Bonds	289,134,514	139,564,697
	<b>391,314,858</b>	<b>140,545,621</b>

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

	June 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Book value	Market value	Book value	Market value
	(Rupees in '000)			
- Investments classified as held-to-maturity	333,435,667	309,622,335	332,569,292	317,744,030
- Investment in listed associates and joint venture	9,374,249	21,658,516	9,345,200	27,584,028

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

	(Unaudited) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021 (Rupees in '000)
Opening balance	3,228,791	4,385,056
Exchange adjustment	162,155	74,724
Charge / (reversal)		
Charge for the period / year	1,121,159	512,131
Reversal for the period / year	(101,517)	(424,963)
Reversal on disposal during the period / year	(320,449)	(1,318,157)
Net charge / (reversal)	699,193	(1,230,989)
Transferred in	67,880	-
Other movement	106,890	-
Closing balance	4,264,909	3,228,791

### 8.4 Particulars of provision against debt securities

Category of classification	(Unaudited) June 30, 2022		(Audited) December 31, 2021	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	(Rupees in '000)			
<b>Domestic</b>				
Loss	413,232	413,232	247,381	247,381
<b>Overseas</b>				
Not past due but impaired	409,725	240,913	-	-
Overdue by:				
Upto 90 days	614,164	410,533	-	-
	1,023,889	651,446	-	-
Total	1,437,121	1,064,678	247,381	247,381

8.4.1 In addition to the above, overseas branches hold a general provision of Rs 822.557 million (December 31, 2021: Rs 778.017 million) against investment in accordance with the ECL requirements of IFRS 9.

9 ADVANCES	Note	Performing		Non - performing		Total	
		(Unaudited) June 30, 2022	(Audited) December 31, 2021	(Unaudited) June 30, 2022	(Audited) December 31, 2021	(Unaudited) June 30, 2022	(Audited) December 31, 2021
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		1,178,879,277	1,125,717,507	71,656,448	68,226,061	1,250,535,725	1,193,943,568
Islamic financing and related assets	36.3	204,509,179	166,754,863	2,936,212	337,317	207,445,391	167,092,180
Bills discounted and purchased		125,426,399	96,563,328	7,094,896	5,606,279	132,521,295	102,169,607
Advances - gross		1,508,814,855	1,389,035,698	81,687,556	74,169,657	1,590,502,411	1,463,205,355
Provision against advances							
- Specific		-	-	(73,292,321)	(69,086,372)	(73,292,321)	(69,086,372)
- General	9.3	(11,098,601)	(9,569,507)	-	-	(11,098,601)	(9,569,507)
		(11,098,601)	(9,569,507)	(73,292,321)	(69,086,372)	(84,390,922)	(78,655,879)
Advances - net of provision		1,497,716,254	1,379,466,191	8,395,235	5,083,285	1,506,111,489	1,384,549,476

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

	(Unaudited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
9.1 Particulars of advances (gross)		
In local currency	1,228,187,581	1,164,857,784
In foreign currencies	362,314,830	298,347,571
	<b>1,590,502,411</b>	<b>1,463,205,355</b>

9.2 Advances include Rs 81,687.556 million (December 31, 2021: Rs 74,169.657 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Unaudited) June 30, 2022		(Audited) December 31, 2021	
	Non - performing advances	Provision	Non - performing advances	Provision
	(Rupees in '000)			
<b>Domestic</b>				
Other assets especially mentioned	401,541	-	338,312	-
Substandard	6,118,571	1,542,112	2,613,643	633,285
Doubtful	1,964,808	982,404	1,204,317	602,158
Loss	42,328,332	41,562,993	43,080,525	42,092,554
	<b>50,813,252</b>	<b>44,087,509</b>	<b>47,236,797</b>	<b>43,327,997</b>
<b>Overseas</b>				
Not past due but impaired	151,871	69,312	33,958	8,490
Overdue by:				
Upto 90 days	14,057	2,109	29,965	-
91 to 180 days	46,384	2,542	17,181	14,815
181 to 365 days	136,203	112,069	1,995,683	1,929,459
> 365 days	30,525,789	29,018,780	24,856,073	23,805,611
	<b>30,874,304</b>	<b>29,204,812</b>	<b>26,932,860</b>	<b>25,758,375</b>
Total	<b>81,687,556</b>	<b>73,292,321</b>	<b>74,169,657</b>	<b>69,086,372</b>

### 9.3 Particulars of provision against advances

Note	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	69,086,372	9,569,507	78,655,879	67,067,637	9,498,565	76,566,202
Exchange adjustment	3,903,384	414,634	4,318,018	2,397,887	209,339	2,607,226
Charge for the period / year	4,079,807	1,148,290	5,228,097	9,396,546	1,284,701	10,681,247
Reversal for the period / year	(2,582,722)	(33,830)	(2,616,552)	(3,455,270)	(1,423,098)	(4,878,368)
Net charge / (reversal) against advances	1,497,085	1,114,460	2,611,545	5,941,276	(138,397)	5,802,879
Charged off during the period / year- agriculture financing	9.5 (250,759)	-	(250,759)	(532,280)	-	(532,280)
Written off during the period / year	(875,881)	-	(875,881)	(5,788,148)	-	(5,788,148)
Transferred out	(67,880)	-	(67,880)	-	-	-
Closing balance	<b>73,292,321</b>	<b>11,098,601</b>	<b>84,390,922</b>	<b>69,086,372</b>	<b>9,569,507</b>	<b>78,655,879</b>

9.4 General provision includes provision amounting to Rs 3,085.110 million (December 31, 2021: Rs 2,753.209 million) against consumer finance portfolio. General provision also includes Rs 3,554.151 million (December 31, 2021: Rs 2,517.958 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 4,459.340 million (December 31, 2021: 4,298.340 million) carried as a matter of prudence, on account of borrowers impacted by the Covid pandemic as well as by the currently stressed economic conditions.

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.

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Note	(Unaudited) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021 (Rupees in '000)
10	<b>FIXED ASSETS</b>		
	Capital work-in-progress	10,569,059	7,487,106
	Property and equipment	89,133,079	86,671,146
		<u>99,702,138</u>	<u>94,158,252</u>
10.1	<b>Capital work-in-progress</b>		
	Civil works	9,058,323	4,367,583
	Equipment	810,561	310,830
	Advances to suppliers and contractors	700,175	2,808,693
		<u>10,569,059</u>	<u>7,487,106</u>
10.2	<b>Additions to fixed assets</b>		
		(Unaudited) For the six months ended June 30, 2022	(Audited) For the six months ended June 30, 2021 (Rupees in '000)
	The following additions have been made to fixed assets during the period:		
	<i>Capital work-in-progress - net</i>	3,081,953	3,323,215
	<i>Property and equipment</i>		
	Leasehold land	-	400,000
	Building on freehold land	-	1,026
	Building on leasehold land	76,980	184,048
	Machinery	27,391	74,670
	Leasehold improvements	1,044,457	953,186
	Furniture and fixtures	547,592	340,114
	Electrical, office and computer equipment	3,025,415	1,945,659
	Vehicles	52,382	75,447
		<u>4,774,217</u>	<u>3,974,150</u>
	Right-of-use assets - net	2,352,868	1,220,226
		<u>10,209,038</u>	<u>8,517,591</u>
10.3	<b>Disposals of fixed assets</b>		
	The net book value of fixed assets disposed off during the period is as follows:		
	<i>Property and equipment</i>		
	Leasehold improvements	141	-
	Furniture and fixtures	693	897
	Electrical, office and computer equipment	4,626	1,638
	Vehicles	1,037	12,507
		<u>6,497</u>	<u>15,042</u>
11	<b>INTANGIBLE ASSETS</b>		
	Capital work-in-progress - computer software	3,518,532	2,034,059
	Intangible assets	6,084,306	4,579,350
		<u>9,602,838</u>	<u>6,613,409</u>
11.1	<b>Additions to intangibles assets</b>		
		(Unaudited) For the six months ended June 30, 2022	(Audited) For the six months ended June 30, 2021 (Rupees in '000)
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress - net	1,484,473	246,248
	Computer software	2,249,844	695,206
		<u>3,734,317</u>	<u>941,454</u>



**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Note	(Unaudited) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021
<b>12 DEFERRED TAX ASSETS / (LIABILITIES)</b>			
<b>Deductible temporary differences on</b>			
- Provision against investments		888,778	744,857
- Provision against doubtful debts and off-balance sheet obligations		3,415,189	3,033,816
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		2,717,260	2,583,250
- Deficit on revaluation of investments	19	13,855,725	1,307,690
- Provision against other assets		5,855	15,342
- Ijarah financing		165,406	156,250
		<b>21,048,213</b>	<b>7,841,205</b>
<b>Taxable temporary differences on</b>			
- Accelerated tax depreciation		(1,821,956)	(1,675,533)
- Surplus on revaluation of fixed assets	19	(1,927,669)	(1,748,389)
- Exchange translation reserve		(841,880)	(672,350)
		<b>(4,591,505)</b>	<b>(4,096,272)</b>
<b>Net deferred tax assets</b>		<b>16,456,708</b>	<b>3,744,933</b>
<b>13 OTHER ASSETS</b>			
Mark-up / return / profit / interest accrued in local currency - net of provision		64,215,184	48,301,309
Mark-up / return / profit / interest accrued in foreign currency - net of provision		4,514,582	3,558,922
Advances, deposits, advance rent and other prepayments		5,062,493	3,564,250
Advance taxation		12,392,491	21,699,101
Advance against subscription of securities		1,578,000	178,000
Stationery and stamps on hand		141,599	134,835
Accrued fees and commissions		362,234	542,228
Due from Government of Pakistan / SBP		3,398,218	2,048,993
Mark to market gain on forward foreign exchange contracts		17,423,773	8,470,307
Mark to market gain on derivative instruments		584,241	251,603
Non-banking assets acquired in satisfaction of claims		388,576	459,389
Receivable from defined benefit plan		-	759,354
Branch adjustment account		1,095,361	897,554
Acceptances		42,241,101	35,740,017
Clearing and settlement accounts		16,092,153	17,436,987
Dividend receivable		74,249	185,213
Claims receivable against fraud and forgeries		528,099	541,337
Others		1,244,829	1,136,161
		<b>171,337,183</b>	<b>145,905,560</b>
Provision held against other assets	13.1	(1,576,702)	(1,243,645)
Other assets- net of provision		<b>169,760,481</b>	<b>144,661,915</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	224,064	224,064
Other assets - total		<b>169,984,545</b>	<b>144,885,979</b>
<b>13.1 Provision held against other assets</b>			
Non-banking assets acquired in satisfaction of claims		2,432	2,467
Claims receivable against fraud and forgeries		528,099	541,337
Suit filed cases		4,979	4,800
Others		1,041,192	695,041
		<b>1,576,702</b>	<b>1,243,645</b>

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Note	(Unaudited) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021 (Rupees in '000)
<b>13.1.1 Movement in provision against other assets</b>			
Opening balance		1,243,645	1,127,909
Exchange adjustment		9,269	(17,808)
Charge for the period / year		381,049	741,684
Reversal for the period / year		(34,500)	(551,548)
Net charge		346,549	190,136
Written off during the period / year		(23,879)	(56,592)
Other movement		1,118	-
Closing balance		1,576,702	1,243,645
<b>14 BILLS PAYABLE</b>			
In Pakistan		45,460,347	42,654,426
Outside Pakistan		1,337,262	1,199,434
		46,797,609	43,853,860
<b>15 BORROWINGS</b>			
<b>Secured</b>			
Borrowings from the SBP under			
- Export refinance scheme		83,120,286	69,782,711
- Long term financing facility		42,837,810	32,529,493
- Financing facility for renewable energy power plants		7,162,751	6,805,470
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)		283,041	241,788
- Refinance and credit guarantee scheme for women entrepreneurs		94,099	155,370
- Financing facility for storage of agricultural produce		386,076	333,349
- Refinance scheme for payment of wages and salaries		7,903,751	15,476,761
- Refinance facility for combating COVID-19		1,492,635	1,055,725
- Temporary economic refinance facility		31,998,658	26,010,138
- Refinance facility for SME Asaan Finance (SAAF) scheme		1,982,052	-
		177,261,159	152,390,805
Repurchase agreement borrowings		390,576,430	140,193,364
		567,837,589	292,584,169
<b>Unsecured</b>			
- Call money borrowings		-	1,000,000
- Overdrawn nostro accounts		1,664,362	618,796
- Borrowings of overseas branches		79,791,364	81,220,283
- Other long-term borrowings		64,701,019	56,838,406
	15.1	146,156,745	139,677,485
		713,994,334	432,261,654
<b>15.1 This includes the following:</b>			
<b>15.1.1</b> A loan from the International Finance Corporation amounting to US\$ 125 million (December 31, 2021: US\$ 150 million). The remaining principal amount is payable in five equal semi-annual installments and the last installment is due on December 2024. Interest at LIBOR + 5.00% is payable semi-annually.			
<b>15.1.2</b> 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\$ 190 million (December 31, 2021: US\$ 170.975 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 from January 31, 2023 to January 31, 2033. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.			
<b>15.1.3</b> A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 175.333 million (December 31, 2021: Rs 181.985 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 (December 31, 2021: 11.21% per annum) is payable semi-annually.			

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

### 16 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
<b>Customers</b>						
Current deposits	1,057,571,732	162,106,989	1,219,678,721	946,973,718	130,629,895	1,077,603,613
Savings deposits	1,068,043,991	156,727,869	1,224,771,860	1,083,204,383	93,067,228	1,176,271,611
Term deposits	462,768,939	189,670,018	652,438,957	437,652,740	158,727,090	596,379,830
	2,588,384,662	508,504,876	3,096,889,538	2,467,830,841	382,424,213	2,850,255,054
<b>Financial institutions</b>						
Current deposits	8,060,803	2,403,564	10,464,367	5,635,457	1,406,584	7,042,041
Savings deposits	400,808,796	1,243,557	402,052,353	294,001,584	451,389	294,452,973
Term deposits	15,108,129	6,448,865	21,556,994	26,495,962	6,014,857	32,510,819
	423,977,728	10,095,986	434,073,714	326,133,003	7,872,830	334,005,833
	3,012,362,390	518,600,862	3,530,963,252	2,793,963,844	390,297,043	3,184,260,887
				Note	(Unaudited) June 30, 2022	(Audited) December 31, 2021
					(Rupees in '000)	

### 17 SUBORDINATED DEBT

Additional Tier I Term Finance Certificates	17.1	12,374,000	12,374,000
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- 17.1 The Bank has issued listed, fully paid up, rated, privately placed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (AT 1) as outlined by the State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

The key features of the issue are as follows:

<b>Issue date</b>	September 26, 2019
<b>Issue amount</b>	Rs 12.374 billion
<b>Rating</b>	AA+ (Double A plus) [December 31, 2021: AA+ (Double A plus)]
<b>Original Tenor</b>	Perpetual
<b>Security</b>	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.
<b>Profit payment frequency</b>	Quarterly in arrears
<b>Redemption</b>	Perpetual, hence not applicable.
<b>Mark-up</b>	Floating rate of return at Base Rate + 1.60%. The Base Rate is defined as the average "Ask Side" rate of the three months Karachi Interbank Offered Rate (KIBOR).
<b>Call option</b>	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following: (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised.  If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and 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").
<b>Lock-in clause</b>	Mark-up will only be paid from the current year's earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
<b>Loss absorbency clause</b>	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

18	OTHER LIABILITIES	Note	(Unaudited) June 30, 2022	(Audited) December 31, 2021
			(Rupees in '000)	
	Mark-up / return / profit / interest payable in local currency		13,648,492	8,660,189
	Mark-up / return / profit / interest payable in foreign currency		3,374,614	2,499,116
	Security deposits		1,220,687	909,334
	Accrued expenses		17,661,224	19,564,176
	Mark to market loss on forward foreign exchange contracts		8,489,139	6,895,147
	Mark to market loss on derivative instruments		4,819,030	2,624,952
	Unclaimed dividends		730,902	727,940
	Dividends payable		1,719,576	1,327,763
	Provision for post retirement medical benefits		3,624,543	4,557,833
	Provision for employees' compensated absences		1,598,500	2,177,565
	Provision against off-balance sheet obligations	18.1	1,319,434	2,687,054
	Acceptances		42,241,101	35,740,017
	Provision for staff retirement benefits		1,385,237	1,251,289
	Payable to defined benefit plans		736,235	433,201
	Provision for Workers' Welfare Fund		8,153,252	7,503,825
	Unearned income		4,510,826	4,452,650
	Qarz-e-Hasna Fund		338,409	338,409
	Levies and taxes payable		9,852,354	7,527,698
	Insurance payable		1,287,360	1,221,867
	Provision for rewards program expenses		2,223,086	1,748,370
	Liability against trading of securities		19,479,532	3,701,035
	Clearing and settlement accounts		10,437,097	4,214,923
	Payable to HBL Foundation		182,786	405,576
	Contingent consideration payable		500,000	500,000
	Charity fund		16,315	44,865
	Lease liability against right-of-use assets		21,306,981	19,528,712
	Unclaimed deposits		548,016	348,609
	Others		2,572,775	2,316,780
			<b>183,977,503</b>	<b>143,908,895</b>
18.1	<b>Provision against off-balance sheet obligations</b>			
	Opening balance		2,687,054	1,138,648
	Exchange adjustment		180,130	(38,031)
	Charge for the period / year		35,842	1,616,293
	Reversal for the period / year		(1,583,592)	(75,785)
	Net (reversal) / charge		(1,547,750)	1,540,508
	Written off during the year		-	(1,653)
	Transferred in		-	47,582
	Closing balance		<b>1,319,434</b>	<b>2,687,054</b>
19	<b>SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
	Surplus / (deficit) arising on revaluation of:			
	- Fixed assets		28,707,810	28,758,932
	- Available-for-sale securities	8.1	(32,222,617)	(3,353,052)
	- Non-banking assets acquired in satisfaction of claims	13	224,064	224,064
			(3,290,743)	25,629,944
	Deferred tax liability / (asset) on surplus / (deficit) on revaluation of:			
	- Fixed assets		1,927,669	1,748,389
	- Available-for-sale securities		(13,855,725)	(1,307,690)
	- Non-banking assets acquired in satisfaction of claims		-	-
			(11,928,056)	440,699
	Surplus on revaluation of assets - net of tax		<b>8,637,313</b>	<b>25,189,245</b>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

20	CONTINGENCIES AND COMMITMENTS	Note	(Unaudited) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021 (Rupees in '000)
	- Guarantees	20.1	291,197,961	259,969,505
	- Commitments	20.2	1,114,817,840	1,073,509,689
	- Other contingent liabilities	20.3	23,198,642	25,699,064
			<u>1,429,214,443</u>	<u>1,359,178,258</u>
20.1	<b>Guarantees:</b>			
	Financial guarantees		91,872,124	86,368,473
	Performance guarantees		192,424,984	165,461,222
	Other guarantees		6,900,853	8,139,810
			<u>291,197,961</u>	<u>259,969,505</u>
20.2	<b>Commitments:</b>			
	Trade-related contingent liabilities		395,391,709	336,984,624
	Commitments in respect of:			
	- Forward foreign exchange contracts	20.2.1	531,434,932	560,033,923
	- Forward Government securities transactions	20.2.2	99,140,397	93,562,463
	- Derivatives	20.2.3	58,675,138	42,049,128
	- Forward lending	20.2.4	13,672,094	28,792,146
			<u>702,922,561</u>	<u>724,437,660</u>
	Commitments for acquisition of:			
	- Fixed assets		9,700,656	10,202,010
	- Intangible assets		6,802,914	1,885,395
			<u>16,503,570</u>	<u>12,087,405</u>
			<u>1,114,817,840</u>	<u>1,073,509,689</u>
20.2.1	<b>Commitments in respect of forward foreign exchange contracts</b>			
	Purchase		335,660,248	320,185,675
	Sale		195,774,684	239,848,248
			<u>531,434,932</u>	<u>560,033,923</u>
20.2.2	<b>Commitments in respect of forward Government securities transactions</b>			
	Purchase		46,026,527	27,830,190
	Sale		53,113,870	65,732,273
			<u>99,140,397</u>	<u>93,562,463</u>
20.2.3	<b>Commitments in respect of derivatives</b>			
	<b>Cross currency swaps</b>			
	Purchase		24,877,031	17,058,770
	Sale		29,723,107	19,308,883
			<u>54,600,138</u>	<u>36,367,653</u>
	<b>Interest rate swaps</b>			
	Purchase		-	-
	Sale		4,075,000	5,681,475
			<u>4,075,000</u>	<u>5,681,475</u>
20.2.4	<b>Commitments in respect of forward lending</b>			
	Undrawn formal standby facilities, credit lines and other commitments to extend credit		13,672,094	28,792,146
	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) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021 (Rupees in '000)
20.3	<b>Other contingent liabilities</b>			
20.3.1	Claims against the Bank not acknowledged as debts		<u>23,198,642</u>	<u>25,699,064</u>
	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	There were no tax related contingencies as at the period end.			

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

### 21 DERIVATIVE INSTRUMENTS

#### Product Analysis

	June 30, 2022 (Unaudited)			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	(Rupees in '000)			
Hedging	-	-	-	-
Market Making	54,600,138	(3,974,710)	4,075,000	(260,079)

	December 31, 2021 (Audited)			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	(Rupees in '000)			
Hedging	-	-	-	-
Market Making	36,367,653	(2,189,720)	5,681,475	(183,629)

### 22 MARK-UP / RETURN / PROFIT / INTEREST EARNED

On:	(Unaudited) For the six months ended	
	June 30, 2022	June 30, 2021
	(Rupees in '000)	
Loans and advances	70,930,618	45,575,218
Investments	99,467,486	70,430,831
Lendings to financial institutions	4,626,617	2,774,555
Balances with banks	307,575	190,816
	<u>175,332,296</u>	<u>118,971,420</u>

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

On:		
Deposits	73,501,544	42,503,420
Securities sold under repurchase agreement borrowings	24,401,974	8,637,436
Borrowings	3,780,574	2,634,938
Subordinated debt	791,733	658,751
Cost of foreign currency swaps against foreign currency deposits / borrowings	3,816,540	2,685,659
Lease liability against right-of-use assets	1,365,308	1,920,974
	<u>107,657,673</u>	<u>59,041,178</u>

### 24 FEE AND COMMISSION INCOME

Branch banking customer fees	1,933,255	1,887,285
Consumer finance related fees	1,314,963	1,306,361
Card related fees (debit and credit cards)	3,880,309	2,762,218
Credit related fees	477,864	410,741
Investment banking fees	556,622	696,631
Commission on trade related products and guarantees	2,255,935	1,820,361
Commission on cash management	541,233	396,720
Commission on remittances (including home remittances)	341,438	240,963
Commission on bancassurance	381,293	464,896
Commission on Government to Person (G2P) payments	408,416	201,784
Merchant discount and interchange fees	2,436,989	1,595,613
Wealth Management Fee	5,713	-
Others	557,236	156,481
	<u>15,091,266</u>	<u>11,940,054</u>
Less: Sales tax / Federal Excise Duty on fee and commission income	<u>(1,890,450)</u>	<u>(1,669,207)</u>
	<u>13,200,816</u>	<u>10,270,847</u>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

			(Unaudited)		
	Note		For the six months ended		
			June 30,	June 30,	
			2022	2021	
			(Rupees in '000)		
25		<b>GAIN ON SECURITIES - NET</b>			
		Realised	25.1	453,672	1,793,140
		Unrealised - held-for-trading	8.1	22,100	14,286
				<u>475,772</u>	<u>1,807,426</u>
25.1		<b>Gain / (Loss) on securities - realised</b>			
		On:			
		Federal Government securities			
		- Market Treasury Bills		(106,392)	250,932
		- Pakistan Investment Bonds		637,768	1,556,810
		- Ijarah Sukuk		44,988	(9,584)
		Shares		(140,719)	(432,278)
		Non-Government debt securities		(46,022)	77,395
		Foreign securities		-	(33)
		Associates		64,049	349,898
				<u>453,672</u>	<u>1,793,140</u>
26		<b>OTHER INCOME</b>			
		Incidental charges		185,921	337,286
		Exchange gain realised on liquidation of subsidiary		-	13,354
		Gain on sale of fixed assets - net		25,090	43,126
		Gain on sale of non-banking assets		-	16,000
		Rent on properties		30,687	29,971
				<u>241,698</u>	<u>439,737</u>
27		<b>OPERATING EXPENSES</b>			
		<b>Total compensation expense</b>		21,781,562	16,466,325
		<b>Property expense</b>			
		Rent and taxes		571,953	525,030
		Insurance		76,361	59,272
		Utilities cost		1,448,192	988,769
		Security (including guards)		1,004,128	894,203
		Repair and maintenance (including janitorial charges)		1,633,971	1,125,655
		Depreciation on owned fixed assets		1,769,463	1,575,280
		Depreciation on right-of-use assets		1,567,836	1,368,784
				<u>8,071,904</u>	<u>6,536,993</u>
		<b>Information technology expenses</b>			
		Software maintenance		2,123,053	1,841,110
		Hardware maintenance		579,961	396,626
		Depreciation		1,201,029	1,127,623
		Amortisation		782,443	447,329
		Network charges		677,433	630,403
		Consultancy charges		378,213	306,164
				<u>5,742,132</u>	<u>4,749,255</u>
		<b>Other operating expenses</b>			
		Legal and professional charges		398,448	284,723
		Outsourced services costs		1,047,600	893,089
		Travelling and conveyance		523,013	334,763
		Insurance		282,241	282,238
		Remittance charges		249,873	216,237
		Security charges		1,091,365	1,009,342
		Repairs and maintenance		789,913	670,798
		Depreciation		385,958	351,348
		Training and development		173,094	81,133
		Postage and courier charges		362,731	302,210
		Communication		697,589	398,260
		Stationery and printing		1,081,380	868,261
		Marketing, advertisement and publicity		2,336,694	2,241,438
		Donations		185,786	264,969
		Auditors' remuneration		115,575	88,997
		Brokerage and commission		363,234	352,907
		Subscription		107,969	68,298
		Documentation and processing charges		2,340,125	1,544,501
		Entertainment		226,360	125,971
		Consultancy charges		533,679	824,654
		Deposits insurance premium expense		1,351,208	1,252,244
		Product feature cost		1,580,393	921,350
		COVID-19 related expenses		26,734	372,362
		Others		494,181	58,214
				<u>16,745,143</u>	<u>13,808,307</u>
				<u>52,340,741</u>	<u>41,560,880</u>



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE SIX MONTHS ENDED JUNE 30, 2022

		(Unaudited)	
		For the six months ended	
	Note	June 30, 2022	June 30, 2021
(Rupees in '000)			
28	<b>OTHER CHARGES</b>		
	Penalties imposed by the State Bank of Pakistan	420,361	51,774
	Penalties imposed by other regulatory bodies	21,952	68
		<u>442,313</u>	<u>51,842</u>
29	<b>PROVISIONS / (REVERSALS) AND WRITE OFFS - NET</b>		
	Provision / (reversal of provision) for diminution in value of investments	8.3 699,193	(777,874)
	Provision against loans and advances	9.3 2,611,545	1,772,051
	Provision against other assets	13.1.1 346,549	1,042,488
	(Reversal of provision) / provision against off-balance sheet obligations	18.1 (1,547,750)	1,454,777
	Recoveries against written off / charged off bad debts	(336,895)	(379,558)
	Recoveries against other assets written off	(1,087)	(7,531)
	Other write offs	56,882	-
	Bad debts written off directly	-	57,855
		<u>1,828,437</u>	<u>3,162,208</u>
30	<b>TAXATION</b>		
	- Current	18,092,946	13,225,265
	- Prior years	3,344,792	(155,020)
	- Deferred	(534,533)	(454,330)
		<u>20,903,205</u>	<u>12,615,915</u>
31	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>		
	Profit for the period	<u>11,512,371</u>	<u>17,484,315</u>
		(Number)	
	Weighted average number of ordinary shares	<u>1,466,852,508</u>	<u>1,466,852,508</u>
		(Rupees)	
	Basic and diluted earnings per share	<u>7.85</u>	<u>11.92</u>
31.1	Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.		

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 MEASUREMENTS

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

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.

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

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

### 32.1 Fair value of financial assets

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

As at June 30, 2022 (Unaudited)					
	Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
- Federal Government securities	1,652,559,883	-	1,652,559,883	-	1,652,559,883
- Shares - listed companies	5,769,350	5,769,350	-	-	5,769,350
- Non-Government debt securities					
- Listed	50,540,198	40,280,000	10,260,198	-	50,540,198
- Unlisted	624,000	-	624,000	-	624,000
- Foreign securities					
- Government debt securities	75,772,561	-	75,772,561	-	75,772,561
- Non-Government debt securities - Listed	8,315,403	-	8,315,403	-	8,315,403
- National Investment Unit Trust units	43,437	-	43,437	-	43,437
- Real Estate Investment Trust units	67,600	67,600	-	-	67,600
- Preference shares - Listed	794,500	794,500	-	-	794,500
	1,794,486,932	46,911,450	1,747,575,482	-	1,794,486,932
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government securities	299,901,231	-	275,313,030	-	275,313,030
- Non-Government debt securities					
- Listed	1,733,589	-	1,739,778	-	1,739,778
- Unlisted	17,890,136	-	18,757,393	-	18,757,393
- Foreign securities					
- Government debt securities	13,369,160	-	13,248,045	-	13,248,045
- Non-Government debt securities					
- Listed	218,109	-	240,421	-	240,421
- Unlisted	323,442	-	323,668	-	323,668
- Associates and Joint venture	9,374,249	19,386,708	2,271,808	-	21,658,516
	342,809,916	19,386,708	311,894,143	-	331,280,851
	2,137,296,848	66,298,158	2,059,469,625	-	2,125,767,783
As at June 30, 2022 (Unaudited)					
	Notional Value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Commitments					
- Forward foreign exchange contracts	531,434,932	-	8,934,634	-	8,934,634
- Forward Government securities transactions	99,140,397	-	248,983	-	248,983
- Derivative instruments	58,675,138	-	(4,234,789)	-	(4,234,789)

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

### On balance sheet financial instruments

#### Financial assets - measured at fair value

##### Investments

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

Carrying value	As at December 31, 2021 (Audited)			Total
	Level 1	Level 2	Level 3	
(Rupees in '000)				
1,410,064,781	-	1,410,064,781	-	1,410,064,781
6,944,521	6,944,521	-	-	6,944,521
52,060,015	40,600,000	11,460,015	-	52,060,015
624,000	-	624,000	-	624,000
58,177,418	-	58,177,418	-	58,177,418
6,991,481	-	6,991,481	-	6,991,481
46,448	-	46,448	-	46,448
60,800	60,800	-	-	60,800
780,500	780,500	-	-	780,500
1,535,749,964	48,385,821	1,487,364,143	-	1,535,749,964

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

##### Investments

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

296,306,630	-	281,187,106	-	281,187,106
2,365,422	-	2,376,486	-	2,376,486
18,348,917	-	18,428,015	-	18,428,015
14,672,889	-	14,823,285	-	14,823,285
260,893	-	316,157	-	316,157
614,541	-	612,981	-	612,981
9,345,200	24,846,843	2,737,185	-	27,584,028
341,914,492	24,846,843	320,481,215	-	345,328,058
1,877,664,456	73,232,664	1,807,845,358	-	1,881,078,022

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

##### Commitments

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

Notional Value	As at December 31, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
560,033,923	-	1,575,160	-	1,575,160
93,562,463	-	200,063	-	200,063
42,049,128	-	(2,373,349)	-	(2,373,349)

## 32.2 Fair value of non-financial assets

##### Land and Buildings

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

As at June 30, 2022 (Unaudited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
52,832,312	-	-	52,832,312	52,832,312
610,208	-	-	610,208	610,208
53,442,520	-	-	53,442,520	53,442,520
As at December 31, 2021 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
52,925,664	-	-	52,925,664	52,925,664
680,986	-	-	680,986	680,986
53,606,650	-	-	53,606,650	53,606,650

## 33 SEGMENT INFORMATION

### 33.1 Segment Details with respect to Business Activities

#### For the six months ended June 30, 2022 (Unaudited)

	Branch banking	Consumer, SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)								
<b>Profit and loss account</b>								
Net mark-up / return / profit / interest income	(48,218)	17,956	7,497	26,088	64,491	698	(837)	67,675
Inter segment revenue / (expense) - net	80,503	(9,609)	-	(14,434)	(63,256)	3,476	3,320	-
Non mark-up / interest income	1,912	6,116	769	2,010	7,494	2,875	(1,175)	20,001
Total income	34,197	14,463	8,266	13,664	8,729	7,049	1,308	87,676
Segment direct expenses	11,940	6,458	2,644	1,655	580	6,053	24,102	53,432
Inter segment expense allocation	10,088	3,832	602	5,347	668	750	(21,287)	-
Total expenses	22,028	10,290	3,246	7,002	1,248	6,803	2,815	53,432
Provisions - charge / (reversal)	-	567	731	(1,184)	157	940	618	1,829
Profit / (loss) before tax	12,169	3,606	4,289	7,846	7,324	(694)	(2,125)	32,415

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

As at June 30, 2022 (Unaudited)							
Branch banking	Consumer, SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)							
<b>Statement of financial position</b>							
Cash and bank balances	204,778	-	27,971	393	127,841	72,632	433,615
Lendings to financial institutions	-	-	-	-	328,696	-	328,696
Inter segment lending	1,752,216	-	1,145	-	270,425	152,040	2,175,826
Investments	-	-	194,549	8,805	1,807,506	26,066	2,171,367
Advances - performing	-	207,702	203,660	763,467	294,840	28,047	1,497,716
Advances - non-performing	-	1,670	2,017	3,039	1,669	-	8,395
Others	19,841	5,242	17,775	53,199	63,924	116,173	295,747
<b>Total assets</b>	<b>1,976,835</b>	<b>214,614</b>	<b>447,117</b>	<b>828,903</b>	<b>2,327,967</b>	<b>793,600</b>	<b>6,911,362</b>
Borrowings	-	5,866	32,046	139,524	392,241	144,317	713,994
Subordinated debt	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,954,181	599	374,324	582,398	595,127	24,334	3,530,963
Inter segment borrowing	-	195,514	-	65,307	1,915,005	-	2,175,826
Others	22,654	12,635	11,873	41,674	35,978	79,976	230,776
<b>Total liabilities</b>	<b>1,976,835</b>	<b>214,614</b>	<b>418,243</b>	<b>828,903</b>	<b>2,343,224</b>	<b>116,684</b>	<b>6,663,933</b>
Equity	-	-	28,874	-	(15,257)	28,170	247,429
<b>Total equity and liabilities</b>	<b>1,976,835</b>	<b>214,614</b>	<b>447,117</b>	<b>828,903</b>	<b>2,327,967</b>	<b>322,326</b>	<b>6,911,362</b>
<b>Contingencies and commitments</b>	<b>75,259</b>	<b>-</b>	<b>37,317</b>	<b>546,138</b>	<b>567,705</b>	<b>163,674</b>	<b>1,429,214</b>

For the six months ended June 30, 2021 (Unaudited)							
Branch banking	Consumer, SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)							
<b>Profit and loss account</b>							
Net mark-up / return / profit / interest income	(28,426)	13,368	5,767	15,096	53,306	1,527	59,930
Inter segment revenue / (expense) - net	48,309	(6,459)	-	(7,484)	(40,764)	2,051	-
Non mark-up / interest income	1,976	4,882	260	1,960	3,371	1,440	15,756
Total income	21,859	11,791	6,027	9,572	15,913	5,018	75,506
Segment direct expenses	11,305	4,294	1,115	1,151	641	5,097	42,244
Inter segment expense allocation	8,329	3,253	549	4,398	480	604	-
Total expenses	19,634	7,547	1,664	5,549	1,121	5,701	42,244
Provisions - charge / (reversal)	-	728	159	905	(911)	1,609	3,163
Profit / (loss) before tax	2,225	3,516	4,204	3,118	15,703	(2,292)	30,099

As at December 31, 2021 (Audited)							
Branch banking	Consumer, SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)							
<b>Statement of financial position</b>							
Cash and bank balances	181,994	-	29,178	364	151,013	79,156	441,705
Lendings to financial institutions	-	-	28,672	-	65,070	-	93,742
Inter segment lending	1,594,867	-	-	-	266,460	144,415	2,005,742
Investments	-	-	191,865	8,822	1,566,568	22,584	1,905,189
Advances - performing	-	199,979	166,056	746,323	-	242,992	1,379,466
Advances - non-performing	-	1,503	3	2,403	-	1,174	5,083
Others	18,762	2,838	17,592	41,047	44,735	15,078	249,403
<b>Total assets</b>	<b>1,795,623</b>	<b>204,320</b>	<b>433,366</b>	<b>798,959</b>	<b>1,827,386</b>	<b>720,210</b>	<b>6,080,330</b>
Borrowings	-	2,830	31,568	119,175	140,787	137,902	432,262
Subordinated debt	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,777,354	374	346,895	519,884	122	528,259	3,184,261
Inter segment borrowing	-	194,287	11,440	124,508	1,675,507	-	2,005,742
Others	18,269	6,829	15,654	35,392	14,139	22,881	187,763
<b>Total liabilities</b>	<b>1,795,623</b>	<b>204,320</b>	<b>405,557</b>	<b>798,959</b>	<b>1,830,555</b>	<b>689,042</b>	<b>5,822,402</b>
Equity	-	-	27,809	-	(3,169)	31,168	257,928
<b>Total equity and liabilities</b>	<b>1,795,623</b>	<b>204,320</b>	<b>433,366</b>	<b>798,959</b>	<b>1,827,386</b>	<b>720,210</b>	<b>6,080,330</b>
<b>Contingencies and commitments</b>	<b>60,144</b>	<b>-</b>	<b>56,741</b>	<b>463,954</b>	<b>601,350</b>	<b>138,579</b>	<b>1,359,178</b>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

### 34 RELATED PARTY TRANSACTIONS

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

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

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

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

	As at June 30, 2022 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
Statement of financial position	(Rupees in '000)						
<b>Balances with other banks</b>							
In current accounts	-	-	1,015	599,923	-	-	-
<b>Investments</b>							
Opening balance	-	-	-	20,091,764	9,465,766	135,665	7,748,350
Investment made during the period	-	-	-	1,728,795	790,957	-	2,000,000
Investment redeemed / disposed off during the period	-	-	-	-	(761,908)	-	-
Revaluation of investment during the period	-	-	-	850,039	-	-	(3,011)
Provision for diminution in the value of investments	-	-	-	-	-	-	(13,877)
Closing balance	-	-	-	22,670,598	9,494,815	135,665	9,731,462
<b>Advances</b>							
Opening balance	527	447,007	4,001,392	2,092,521	1,845,811	-	11,132,886
Addition during the period	16,143	181,783	8,431,352	336,535	51,890	-	4,754,561
Repaid during the period	(16,178)	(180,183)	(9,384,153)	(385,157)	(1,147,701)	-	(3,668,597)
Transfer out - net	-	(7,970)	-	-	-	-	-
Exchange adjustment	-	-	360,100	3,697	-	-	-
Closing balance	492	440,637	3,408,691	2,047,596	750,000	-	12,218,850
<b>Other Assets</b>							
Interest / mark-up accrued	-	464	26,045	303,680	20,805	-	233,772
Receivable from Defined Benefit Plan	-	-	-	-	-	-	-
Other receivable	-	-	-	-	-	-	-
	-	464	26,045	303,680	20,805	-	233,772
<b>Borrowings</b>							
Opening balance	-	-	3,177,871	475,527	3,969,060	-	181,985
Borrowings during the period	-	-	183,335	63,222	1,556,767	4,090,859	-
Settled during the period	-	-	-	(564,167)	(1,394,611)	(929,741)	(6,652)
Exchange adjustment	-	-	235,204	25,418	487,793	321,276	-
Closing balance	-	-	3,596,410	-	4,619,009	3,482,394	175,333
<b>Deposits and other accounts</b>							
Opening balance	42,382	468,361	10,820,031	6,314,465	50,605,027	-	2,960,354
Received during the period	139,671	1,435,945	179,916,252	306,741,911	843,669,080	5,544	680,650,571
Withdrawn during the period	(131,491)	(1,272,086)	(176,491,199)	(311,673,143)	(823,398,395)	(7,015)	(680,040,575)
Transfer out - net	-	(28,254)	-	-	-	-	-
Exchange adjustment	5,371	60,426	413,437	63,359	2,022	5,221	7,963
Closing balance	55,933	664,392	14,658,521	1,446,592	70,877,734	3,750	3,578,313
<b>Other liabilities</b>							
Interest / mark-up payable	8	1,263	63,884	-	47,629	10,997	2,774
Payable to defined benefit plan	-	-	-	-	-	-	736,235
Other payables	-	-	99	18,781	61,927	-	182,786
	8	1,263	63,983	18,781	109,556	10,997	921,795
<b>Contingencies and Commitments</b>							
Letters of credit	-	-	1,242,809	-	-	-	15,105
Letters of guarantee	-	-	135,189	60,298	-	-	3,530,727
Forward purchase of Government securities	-	-	-	-	-	-	83,133
Forward sale of Government securities	-	-	11,633,564	-	-	-	3,263,234
Forward purchase of foreign exchange contracts	-	-	-	409,693	1,002	-	-
Interest rate swaps	-	-	-	-	750,000	-	-
	-	-	13,011,562	469,991	751,002	-	6,892,199
<b>Others</b>							
Securities held as custodians	-	41,100	5,306,250	-	93,813,300	-	7,605,445

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

	For the six months ended June 30, 2022 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
<b>Profit and loss account</b>							
<b>Income</b>							
Mark-up / return / profit / interest earned	-	11,503	117,959	465,315	52,462	-	765,075
Fee and commission income	-	-	96,558	39,397	389,510	-	6,223
Dividend income	-	-	-	-	416,725	-	56,236
Foreign exchange gain	-	-	-	570,332	-	-	-
Loss from derivatives	-	-	-	-	(59,872)	-	-
Gain on sale of securities - net	-	-	-	-	335,535	-	-
Rent on properties	-	-	-	22,642	-	-	-
Other income	-	-	-	731	-	-	-
<b>Expense</b>							
Mark-up / return / profit / interest expensed	667	8,773	129,794	40,936	813,814	13,553	100,642
Operating expenses							
Total compensation expense	-	1,369,732	-	-	-	-	1,680,940
Non-Executive Directors' fees	46,800	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	898,325	-	-
Product feature cost	-	-	75,607	-	-	-	-
Travelling	-	-	4,964	-	-	-	-
Subscription	-	-	-	-	-	-	8,646
Donation	-	-	-	-	-	-	182,786
Brokerage and Commission	-	-	-	-	-	-	99,207
Other expenses	-	-	18,768	65,115	-	-	18,719
Provision for diminution in the value of investments	-	-	-	-	-	-	13,877
<b>Others</b>							
Purchase of Government securities	-	-	122,358,939	-	42,597,945	-	15,508,066
Sale of Government securities	-	28,090	126,323,090	2,988,499	50,881,254	-	10,783,463
Purchase of foreign currencies	-	-	793,643	1,182,482	-	-	4,199
Sale of foreign currencies	-	-	834,202	3,879,115	75,900	-	7,392,774
Insurance claims settled	-	-	-	-	54,122	-	-
<b>As at December 31, 2021 (Audited)</b>							
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
<b>Statement of financial position</b>							
<b>Balances with other banks</b>							
In current accounts	-	-	374	235,105	-	-	-
<b>Investments</b>							
Opening balance	-	-	-	17,614,626	9,161,114	135,665	4,779,638
Investment made during the period	-	-	-	2,000,000	650,000	-	2,969,103
Investment redeemed / disposed off during the year	-	-	-	(23,236)	(345,348)	-	-
Revaluation of investment during the year	-	-	-	500,374	-	-	(391)
Closing balance	-	-	-	20,091,764	9,465,766	135,665	7,748,350
<b>Advances</b>							
Opening balance	249	305,836	4,504,528	2,073,885	1,125,000	-	7,748,994
Addition during the year	19,023	372,347	2,013,784	1,720,019	895,993	-	5,567,065
Repaid during the year	(19,021)	(264,932)	(2,782,029)	(1,688,225)	(250,000)	-	(2,365,348)
Transfer in / (out) - net	276	34,006	-	-	-	-	182,500
Exchange adjustment	-	(250)	265,109	(13,158)	74,818	-	(325)
Closing balance	527	447,007	4,001,392	2,092,521	1,845,811	-	11,132,886
<b>Other Assets</b>							
Interest / mark-up accrued	-	552	68,780	179,118	16,130	-	123,587
Receivable from defined benefit plan	-	-	-	-	-	-	759,354
Other receivable	-	-	-	-	-	-	-
	-	552	68,780	179,118	16,130	-	882,941
<b>Borrowings</b>							
Opening balance	-	-	1,877,006	468,382	2,282,856	1,598,344	494,309
Borrowings during the year	-	-	4,216,030	2,327,678	7,564,980	6,516,419	-
Settled during the year	-	-	(3,258,210)	(2,366,193)	(6,027,688)	(8,145,524)	(312,324)
Transfer in - net	-	-	-	-	-	-	-
Exchange adjustment	-	-	343,045	45,660	148,912	30,761	-
Closing balance	-	-	3,177,871	475,527	3,969,060	-	181,985

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2022

	As at December 31, 2021 (Audited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
<b>Deposits and other accounts</b>							
Opening balance	20,794	447,740	7,288,452	1,087,262	36,293,203	-	1,684,143
Received during the year	260,411	2,277,862	445,766,161	412,224,268	1,001,182,265	-	86,731,344
Withdrawn during the year	(242,044)	(2,000,383)	(442,983,490)	(406,949,534)	(986,870,955)	-	(85,600,878)
Transfer (out) / in - net	3,118	(267,073)	-	-	-	-	114,741
Exchange adjustment	103	10,215	748,908	(47,531)	514	-	31,004
Closing balance	42,382	468,361	10,820,031	6,314,465	50,605,027	-	2,960,354
<b>Other liabilities</b>							
Interest / mark-up payable	1	723	6,255	908	40,182	-	8,233
Payable to defined benefit plan	-	-	-	-	-	-	433,201
Other payables	-	-	4,150	18,784	43,601	-	405,576
	1	723	10,405	19,692	83,783	-	847,010
<b>Contingencies and Commitments</b>							
Letter of credit	-	-	910,308	-	-	-	673,614
Letter of guarantee	-	-	167,204	55,672	-	-	3,538,494
Forward purchase of Government securities	-	-	630,652	-	-	-	1,859,052
Commitment in respect of Forward Foreign Currency	-	-	-	282,422	-	-	-
Commitment in respect Forward lending	-	-	-	-	-	-	1,698,202
Interest rate swaps	-	-	564,808	-	875,000	-	-
	-	-	2,272,972	338,094	875,000	-	7,769,362
<b>Others</b>							
Securities held as custodians	-	12,920	5,326,720	-	77,701,130	-	9,860,745

	For the six months ended June 30, 2021 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
<b>Profit and loss account</b>							
<b>Income</b>							
Mark-up / return / profit / interest earned	-	9,082	129,960	200,846	96,154	-	377,852
Fee and commission income	-	-	79,854	16,296	531,739	88	4,726
Dividend income	-	-	-	-	407,645	145,181	76,890
Foreign exchange gain	-	-	-	95,133	-	-	-
Gain from derivatives	-	-	793	-	5,632	-	-
Gain on sale of securities - net	-	-	-	-	349,898	-	-
Rent on properties	-	-	-	20,533	-	-	-
Other income	-	-	-	12,890	-	-	-
<b>Expense</b>							
Mark-up / return / profit / interest expensed	36	5,205	127,977	12,313	619,493	11,120	130,856
Operating expenses							
Total compensation expense	-	1,178,513	-	-	-	-	600,952
Non-Executive Directors' fees	36,000	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	783,908	-	-
Product feature cost	-	-	87,429	-	-	-	-
Travelling	-	-	2,385	-	-	-	-
Subscription	-	-	-	-	-	-	61,284
Donation	-	-	77,230	-	-	-	187,489
Brokerage and Commission	-	-	-	-	-	-	104,011
Other expenses	-	-	-	304,811	-	-	15,890
<b>Others</b>							
Purchase of Government securities	-	-	162,675,592	998,818	13,168,363	-	5,524,152
Sale of Government securities	-	23,996	167,248,536	17,148,536	16,126,983	-	10,414,257
Purchase of foreign currencies	-	-	819,712	49,784	-	-	2,764,346
Sale of foreign currencies	-	-	1,379,338	7,196,404	139,800	-	2,689,141
Insurance claims settled	-	-	-	-	40,486	-	-



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

	(Unaudited) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021 (Rupees in '000)
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	14,668,525	14,668,525
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	191,907,419	193,371,438
Eligible Additional Tier 1 (ADT 1) Capital	9,370,543	10,428,514
Total Eligible Tier 1 Capital	201,277,962	203,799,952
Eligible Tier 2 Capital	45,969,763	58,372,958
Total Eligible Capital (Tier 1 + Tier 2)	247,247,725	262,172,910
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	1,320,287,204	1,217,657,907
Market Risk	80,390,500	92,254,538
Operational Risk	212,268,669	212,268,669
Total	1,612,946,373	1,522,181,114
Common Equity Tier 1 Capital Adequacy ratio	11.90%	12.70%
Tier 1 Capital Adequacy Ratio	12.48%	13.39%
Total Capital Adequacy Ratio	15.33%	17.22%
<b>Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)</b>	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)	5.90%	6.70%
<b>Other information:</b>		
<b>Minimum capital requirements prescribed by the SBP</b>		
CET1 minimum ratio (%)	9.50%	9.50%
Tier 1 minimum ratio (%)	11.00%	11.00%
Total capital minimum ratio (%)	13.50%	13.50%
<b>Leverage Ratio (LR)</b>		
	(Rupees in '000)	
Eligible Tier-1 Capital	201,277,962	203,799,952
Total Exposures	5,200,453,592	4,470,420,642
<b>Leverage Ratio (%)</b>	3.87%	4.56%
<b>Minimum Requirement (%)</b>	3.00%	3.00%
<b>Liquidity Coverage Ratio (LCR)</b>		
	Total Adjusted Value (Rupees in '000)	
Average High Quality Liquid Assets	3,030,621,738	1,477,650,149
Average Net Cash Outflow	1,340,018,705	638,366,023
<b>Liquidity Coverage Ratio (%)</b>	226.16%	231.47%
<b>Minimum Requirement (%)</b>	100.00%	100.00%
<b>Net Stable Funding Ratio (NSFR)</b>		
	Total Weighted Value (Rupees in '000)	
Total Available Stable Funding	3,393,060,774	3,046,911,457
Total Required Stable Funding	2,156,945,644	1,964,571,726
<b>Net Stable Funding Ratio (%)</b>	157.31%	155.09%
<b>Minimum Requirement (%)</b>	100.00%	100.00%

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

### 36 ISLAMIC BANKING BUSINESS

The Bank operates 275 (December 31, 2021: 259) Islamic Banking branches and 573 (December 31, 2021: 614) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited)	(Audited)
		June 30, 2022	December 31, 2021
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		27,034,257	28,015,270
Balances with other banks		936,916	1,162,953
Due from financial institutions	36.1	-	28,671,686
Investments	36.2	194,548,572	191,864,941
Islamic financing and related assets - net	36.3	205,676,969	166,058,790
Fixed assets		5,353,688	4,629,739
Intangible assets		-	-
Due from Head Office		1,137,871	-
Deferred tax assets		758,411	-
Other assets		11,670,602	12,962,183
		447,117,286	433,365,562
LIABILITIES			
Bills payable		20,714	26,310
Due to financial institutions	36.4	32,045,622	31,567,668
Deposits and other accounts	36.5	374,324,034	346,895,368
Due to Head Office		-	11,439,635
Subordinated debt		-	-
Deferred tax liabilities		-	73,097
Other liabilities		11,852,729	15,554,392
		418,243,099	405,556,470
		28,874,187	27,809,092
NET ASSETS			
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
(Deficit) / surplus on revaluation of investments - net of tax		(1,005,335)	114,330
Unappropriated profit	36.6	29,379,522	27,194,762
		28,874,187	27,809,092
Contingencies and commitments			
	36.7		
		(Unaudited)	
		For the six months ended	
		June 30,	June 30,
		2022	2021
(Rupees in '000)			
PROFIT AND LOSS ACCOUNT			
Profit / return earned	36.8	19,504,531	11,192,445
Profit / return expensed	36.9	12,020,276	5,425,458
Net profit / return		7,484,255	5,766,987
Other income / (loss)			
Fee and commission income		503,946	334,117
Dividend income		-	-
Foreign exchange income / (loss)		232,330	(74,815)
Income from derivatives		-	-
Gain on securities- net		44,988	1,047
Others		475	144
Total other income		781,739	260,493
Total income		8,265,994	6,027,480
Other expenses			
Operating expenses		3,156,203	1,573,940
Workers' Welfare Fund		89,352	87,590
Other charges		342	2,803
Total other expenses		3,245,897	1,664,333
Profit before provisions		5,020,097	4,363,147
Provisions and write offs - net		731,208	158,817
Profit before taxation		4,288,889	4,204,330
Taxation		2,101,556	1,639,689
Profit after taxation		2,187,333	2,564,641

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

		(Unaudited) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021
36.1	<b>Due from Financial Institutions</b>		
	Call money lendings	-	24,500,000
	Bai Muajjal receivable from financial institutions	-	4,171,686
		<u>-</u>	<u>28,671,686</u>
36.2	<b>Investments by segments</b>		
	<b>June 30, 2022 (Unaudited)</b>		
	<b>Cost / Provision Surplus / Carrying value</b>		
	<b>amortised cost for diminution (Rupees in '000)</b>		
	<b>Federal Government securities</b>		
	- Ijarah Sukuk	135,578,507	-
	- Other Federal Government securities	3,524,820	-
		<u>139,103,327</u>	<u>-</u>
	<b>Non-Government debt securities</b>		
	- Listed	46,193,545	-
	- Unlisted	11,015,446	24,000
		<u>57,208,991</u>	<u>410,000</u>
	<b>Total Investments</b>	<u>196,312,318</u>	<u>(1,763,746)</u>
	<b>December 31, 2021 (Audited)</b>		
	<b>Cost / Provision Surplus / Carrying value</b>		
	<b>amortised cost for diminution (Rupees in '000)</b>		
	<b>Federal Government securities</b>		
	- Ijarah Sukuk	119,617,967	-
	- Other Federal Government securities	11,810,120	-
		<u>131,428,087</u>	<u>(537,141)</u>
	<b>Non-Government debt securities</b>		
	- Listed	47,325,231	-
	- Unlisted	12,924,196	43,568
		<u>60,249,427</u>	<u>724,568</u>
	<b>Total Investments</b>	<u>191,677,514</u>	<u>187,427</u>
36.3	<b>Islamic financing and related assets - net</b>		
	Diminishing Musharakah	85,504,776	81,033,335
	Running Musharakah	59,652,122	30,704,784
	Wakalah	10,670,803	10,381,176
	Ijarah	2,202,798	2,095,534
	Murabaha	3,467,285	1,897,123
	Currency Salam	54,999	195,118
	Tijarah	3,103,684	2,058,785
	Istisna	1,409,383	973,605
	Musawamah	964,001	401,370
	Advance for Diminishing Musharakah	6,328,634	3,573,753
	Advance for Ijarah	2,593,730	1,208,139
	Advance for Murabaha	3,880,779	8,687,338
	Advance for Salam	-	1,228,367
	Advance for Istisna	15,083,602	12,886,460
	Advance for Musawamah	2,026,043	272,258
	Inventories against Murabaha	2,323,525	2,438,918
	Inventories against Salam	2,250,000	-
	Inventories against Tijarah	2,829,597	3,347,923
	Inventories against Istisna	3,099,630	3,708,194
	Islamic financing and related assets - gross	<u>207,445,391</u>	<u>167,092,180</u>
	Provision against Islamic financing and related assets		
	-Specific	(961,342)	(334,402)
	-General	(807,080)	(698,988)
		<u>(1,768,422)</u>	<u>(1,033,390)</u>
	Islamic financing and related assets - net of provision	<u>205,676,969</u>	<u>166,058,790</u>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Note	(Unaudited) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021
<b>36.4 Due to financial institutions</b>			
Unsecured acceptances of funds		-	1,000,000
Acceptances from the SBP under:			
- Islamic export refinance scheme		20,090,200	20,029,111
- Islamic long term financing facility		7,585,775	5,892,219
- Islamic financing facility for renewable energy power plants		551,331	336,665
- Islamic refinance facility for modernization of Small & Medium Enterprises (SMEs)		7,040	7,480
- Islamic refinance and credit guarantee scheme for women entrepreneurs		4,368	-
- Islamic refinance scheme for payment of wages and salaries		647,829	1,253,895
- Islamic refinance facility for combating COVID-19		161,510	-
- Islamic temporary economic refinance facility		2,822,236	2,866,313
Acceptances from Pakistan Mortgage Refinance Company		175,333	181,985
		<b>32,045,622</b>	<b>31,567,668</b>
<b>36.5 Deposits and other accounts</b>			
<b>Customers</b>			
Current deposits		89,416,097	77,159,559
Savings deposits		138,717,207	124,677,445
Term deposits		29,067,922	37,475,091
		<b>257,201,226</b>	<b>239,312,095</b>
<b>Financial Institutions</b>			
Current deposits		101,450	628,929
Savings deposits		116,138,712	103,455,298
Term deposits		882,646	3,499,046
		<b>117,122,808</b>	<b>107,583,273</b>
		<b>374,324,034</b>	<b>346,895,368</b>
<b>36.6 Islamic Banking business unappropriated profit</b>			
Opening Balance		27,194,762	22,253,744
Add: Islamic Banking profit for the period / year		4,288,889	8,101,754
Less: Taxation		(2,101,556)	(3,159,684)
Less: Transferred / Remitted to Head Office		(2,573)	(1,052)
Closing Balance		<b>29,379,522</b>	<b>27,194,762</b>
<b>36.7 Contingencies and commitments</b>			
- Guarantees	36.7.1	2,840,254	2,446,959
- Commitments	36.7.2	34,476,057	54,293,996
		<b>37,316,311</b>	<b>56,740,955</b>
<b>36.7.1 Guarantees</b>			
Performance guarantees		<b>2,840,254</b>	<b>2,446,959</b>
<b>36.7.2 Commitments</b>			
Trade-related contingent liabilities		32,196,171	36,101,034
Commitments in respect of forward foreign exchange contracts	36.7.2.1	2,279,886	18,192,962
		<b>34,476,057</b>	<b>54,293,996</b>
<b>36.7.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		750,260	9,520,227
Sale		1,529,626	8,672,735
		<b>2,279,886</b>	<b>18,192,962</b>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2022

		(Unaudited) For the six months ended	
		June 30, 2022	June 30, 2021
		(Rupees in '000)	
36.8	<b>PROFIT / RETURN EARNED</b>		
	On:		
	Financing	8,962,156	5,168,368
	Investments	10,190,009	5,714,212
	Amounts due from financial institutions	352,366	309,865
		<u>19,504,531</u>	<u>11,192,445</u>
36.9	<b>Profit / return expensed</b>		
	On:		
	Deposits and other accounts	8,575,167	4,831,157
	Amounts due to financial institutions	3,160,289	524,809
	Foreign currency deposits for Wa'ad based transactions	13,062	(11,770)
	Lease liability against right-of-use assets	271,758	81,262
		<u>12,020,276</u>	<u>5,425,458</u>
37	<b>NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE</b>		
37.1	The Board of Directors, in its meeting held on July 28, 2022, has declared a cash dividend of Rs 1.50 per share in respect of the quarter ended June 30, 2022 (June 30, 2021: Rs 1.75 per share) . 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	<b>DATE OF AUTHORISATION FOR ISSUE</b>		
	These condensed interim unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on July 28, 2022.		
39	<b>GENERAL</b>		
39.1	Comparative figures have been re-arranged and reclassified for comparison purposes.		

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Khaleel Ahmed  
Director

Dr. Najeeb Samie  
Director

Salim Raza  
Director







