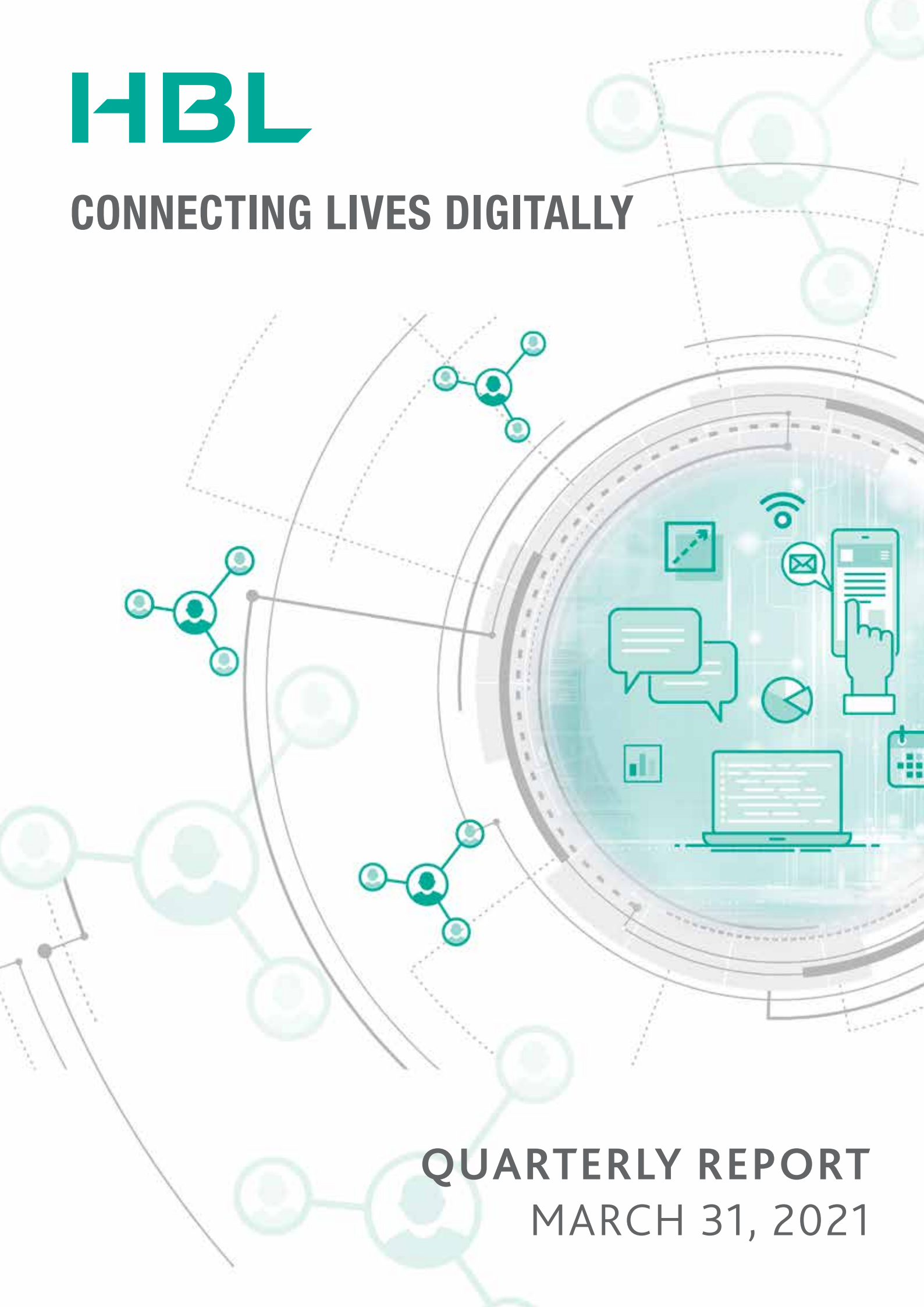


HBL

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QUARTERLY REPORT
MARCH 31, 2021

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Corporate Information

Board of Directors

Mr. Sultan Ali Allana
Chairman

Mr. Shaffiq Dharamshi
Director

Mr. Moez Ahamed Jamal
Director

Mr. Salim Raza
Director

Dr. Najeeb Samie
Director

Mr. Khaleel Ahmed
Director

Ms. Saba Kamal
Director

Mr. Muhammad Aurangzeb
President & CEO

Chief Operating Officer
Mr. Sagheer Mufti

Chief Financial Officer
Mr. Rayomond Kotwal

Company Secretary
Ms. Neelofar Hameed

Legal Advisors
Mandviwalla and Zafar
Legal Consultants and Advocates

Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

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

Internet Banking:

www.hbl.com/personal/digital-banking/hbl-internetbanking

Konnect:

www.hbl.com/konnect

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

* The Board was elected in the AGM held on March 26, 2021. The new term of the Board is effective from March 27, 2021 subject to FPT clearance by SBP.



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 quarter ended March 31, 2021

Macroeconomic Review

Pakistan's economy has maintained its growth trajectory during 1Q'21, as the country negotiates the third wave of Covid-19. The domestic economy has shown resilience, and the large-scale manufacturing (LSM) index has grown by 7.4% during 8MFY'21 as industrial activity has responded well to the stimulus measures. In its recent monetary policy statement, the SBP now expects GDP growth to reach 3% for the current fiscal year. Headline inflation in March 2021 rose to 9.1%, as rising food prices outweighed a decline in the housing index. Average inflation for 9MFY'21 was 8.3% compared to 11.5% in the same period of last year and, for FY'21, is expected to remain within the previously announced target range of 7.0% - 9.0%.

The trade deficit for 8MFY'21 has widened by 22% to USD 16 billion, as imports picked up sharply by 8.6%; the increase was in non-oil imports, which rose 17%, evidencing the rebound in economic activity. Exports have inched past pre-Covid levels and are expected to maintain course as global trade gradually picks up; however, they were 2.3% lower than for the same period last year. Remittances have exhibited a phenomenal growth, rising by 26% in 9MFY'21 to USD 21.5 billion, and consistently remaining over USD 2 billion for ten consecutive months, helped by travel restrictions which have curtailed the use of informal channels. For 8MFY'21, the current account has recorded a surplus of USD 881 million compared to a deficit of USD 2.7 billion in 8MFY'20.

The IMF's Executive Board approved the Staff Level agreement and authorized the release of the third tranche of USD 500 million under the EFF program. The IMF commended Pakistan's efforts for stabilization despite the unprecedented challenges posed by the pandemic, while continuing to emphasize fiscal consolidation and energy sector reforms. The Government has recently presented a plan for the resolution of circular debt, which could potentially lead to higher utility tariffs in the near term. It has also initiated an SBP Amendment Bill 2021 to strengthen the Central Bank's autonomy and governance, a key structural benchmark under the EFF.

The favorable external account position has led to improving FX reserves. In April, Pakistan received inflows from the IMF tranche and the successful issuance of a USD 2.5 billion Eurobond, resulting in reserves rising to a five-year high of USD 23.2 billion. Roshan Digital Accounts continue to receive an encouraging response and their cumulative balance has crossed USD 800 million. These developments have all supported the Rupee, which has gained 4% against the Dollar since the start of the year.

A 6% increase in normalized tax revenue enabled the Government to maintain a primary surplus of 0.7% of GDP in 1HFY'21, better than IMF targets, despite the pandemic. However, a 15% increase in debt servicing costs resulted in the overall deficit increasing to 2.5% of GDP, compared to 2.3% in 1HFY'20. During 9MFY'21, FBR performance has improved over the previous year with a growth of 10% in net tax revenue to Rs 3.4 trillion, exceeding the target of Rs 3.3 trillion. The higher collection is also a manifestation of growing economic activity and is expected to continue in the run up to the end of the fiscal year.

After a strong start to the year, which saw the PSX index approach the 47,000 mark, the equity markets have turned choppy. Heightened political noise, coupled with mixed news on the covid third wave have outweighed the positive sentiment from low interest rates and strong corporate earnings. Overall, performance for Q1'21 remained lackluster with the PSX index growing by only 1.9%.

The SBP has kept the interest rate unchanged at 7.0% in its Monetary Policy Committee meeting in March 2021. It noted that the economic recovery is still nascent, that core inflation remains subdued and that inflation expectations remain well anchored. The SBP also stated that the current accommodative monetary policy is appropriate to support growth and future adjustments would be measured, in order to ensure sustainability. In Q1'21, industry advances have grown slightly, by 1%, while deposits have remained at Dec'20 levels. On the other hand, demand for the SBP's Temporary Economic Refinance Facility (TERF) has been strong with Rs 400 billion approved by the sector. Banking spreads continued to decline, compressing by 114 bps during 2M'21 compared to the same period last year.

Financial Performance

HLB has recorded a Profit before Tax of Rs 14.5 billion in the first quarter of 2021, more than double the profit of Rs 7.1 billion in the same period last year. Profit after tax also more than doubled, to Rs 8.6 billion in Q1'21. Earnings per share increased from 2.79 in Q1'20 to 5.68 in Q1'21.

The Bank maintained its total deposits at Rs 2.8 trillion with current and CASA ratios of 35.1% and 83.1% respectively. HBL's Consumer business continues to outperform, with loans increasing to nearly Rs 85 billion. However, total domestic advances declined marginally due to lower commodity lending. With a rebound in international lending, total advances of the Bank remained nearly flat to Dec'20 levels.

As a result of the accelerated growth in domestic deposits in 2020, average domestic deposits increased by Rs 375 billion with average current accounts rising by Rs 120 billion. This led to a Rs 500 billion expansion in the average domestic balance sheet in Q1'21 compared to Q1'20. Despite NIM compression due to a substantially lower interest rate environment, domestic net interest income grew by 18% to Rs 30.3 billion with the Bank's total net interest income increasing by 16% over Q1'20, to Rs 32.5 billion.

Total non-fund income of the Bank has grown by 42% over Q1'20 to Rs 8.2 billion. Fees and commissions, which had started to uptick in Q3'20, demonstrated a robust increase of 25% over Q1'20 to Rs 5.9 billion. This was driven by broad-based growth across all business lines, with exceptional performance from the cards, trade and consumer finance businesses. The absence of capital gains in Q1'21 (Rs 2.2 billion in Q1'20) was offset by a revaluation gain on the short dollar position in Q1'21 compared to a significant loss in Q1'20.

Administrative expenses of the Bank reduced by 7% over Q1'20, which included Rs 4.4 billion in New York related costs. Consequently, the Bank's cost to income ratio (excluding capital gains) improved from 81.4% in Q1'20 to 58.4% in Q1'21. Despite an excellent recovery performance, there is a net provision charge of Rs 1.9 billion in Q1'21 as the Bank prudently recorded subjective provisions on certain stressed accounts. Total NPLs of the Bank declined by Rs 0.7 billion over Dec'20, with the infection ratio remaining stable at a record low of 6.3%. HBL's total coverage ratio improved to over 100% with the specific coverage at 86%.

Movement in Reserves

	Rs in million
Unappropriated profit brought forward	138,208
Profit attributable to equity holders of the Bank	8,336
Re-measurement gain on defined benefit obligations of associates – net of tax	3
Transferred from surplus on revaluation of assets – net of tax	21
	8,360
Profit available for appropriations	146,568
Appropriations:	
Transferred to statutory reserves	(912)
Cash dividend – Final 2020	(4,401)
Total appropriations	(5,313)
Unappropriated profit carried forward	141,255
Earnings per share (Rs)	5.68

Capital Ratios

The Bank's Capital Adequacy Ratio (CAR) strengthened across all tiers on the back of improved profitability. Consolidated Tier 1 CAR increased from 13.5% to 13.9%, while total CAR increased from 17.2% to 17.9%. The improvement in CAR includes the impact of the Rupee appreciation (Tier 1 CAR :31 bps, Total CAR : 41 bps), as well as the continued relaxation in the Capital Conservation Buffer which adds 41 bps to Total CAR.

In Dec'20, the Bank exercised its call option on the existing Tier 2 subordinated debt TFCs. These were fully redeemed on Feb 19, 2021.

Dividend

The Board of Directors, in its meeting held on April 20, 2021 has declared an interim cash dividend of Rs 1.75 per share (17.5%) for the quarter ended March 31, 2021.



Change in Directors

Ms. Diane Moore and Mr. Salim Chinoy retired from the Board of Directors on March 25, 2021, at the conclusion of their terms. The Board wishes to place on record its appreciation for their contribution. On March 26, 2021, the Annual General Meeting elected seven Directors to a new three-year term on the Board of HBL.

Ms. Saba Kamal and Mr. Khaleel Ahmed have also been elected to the Board of Directors with effect from March 26, 2021. Ms. Kamal has over 3 decades of experience in the area of Information Technology, with 20 years in leadership positions with IBM in Pakistan and internationally. She has an MBA from the Institute of Business Administration (IBA), Karachi, and has completed a number of certifications and trainings at IBM Centers and from Insead, Boston University and China Europe International Business School (CEIBS). Ms. Kamal has completed her Director certification from the Pakistan Institute of Corporate Governance and currently serves on the Board of Packages Ltd. She is also a member of the IBA Board of Governors.

Mr. Ahmed has over 40 years of financial markets experience. He was the Chief investment Officer at IFC, where he worked for 30 years on emerging economies, and was associated with IFC's global financial institutions group. Mr. Ahmed is a Chartered Accountant, qualifying from the Institute of Chartered Accountants of England and Wales and is a Fellow of the Institute of Chartered Accountants, Pakistan. He has prior work experience at Price Waterhouse (UK) and National Development Finance Corporation, Pakistan.

The Board welcomes Ms. Kamal and Mr. Ahmed and looks forward to their contributions.

Future Outlook

The recovery in economic growth is expected to continue during the rest of the current fiscal year, supported by fiscal and monetary measures. For the next fiscal year, both the Government and the IMF are projecting growth of 4%+, which should be quite achievable as long as the pandemic remains under control. The roll-out of vaccinations for the general public has been well received and the Government has mostly received kudos for its handling. Ultimately, this will depend on the level of vaccine hesitancy and the availability and speed of roll-out.

The successful completion of the all-important IMF review under the EFF will, as always, have several implications for the economy. The current inflation levels remain well ahead of the current policy rate of 7%; however, the IMF's imprimatur on the SBP's current monetary stance means that a negative real interest rate regime should persist in the short-term, which will boost the real economy. The current emphasis on growing mortgage financing, which remains extremely low on an absolute and relative basis compared to the region, is a welcome initiative and will help achieve a sustained growth in incomes and in expanding the SME sector.

The improvement in the external position and the appreciation of the Rupee has been a bright spot on the economic landscape, helping to dampen inflationary pressures. However, this will be countered by rising international oil and commodity prices and the requirement to raise domestic utility prices and reduce subsidies under the IMF conditionalities, which will create inflationary pressures throughout 2021. The ability and willingness of the Government to address structural issues – governance and privatization of SOEs, broadening the tax base and addressing the circular debt – will be key to the success of the EFF program and require urgent attention.

HBL has started the year on a strong note, with legacy issues largely addressed and all businesses and activity drivers showing good momentum. Our customers, who have supported us through generations, are the reason for our existence. It is our firm belief that, by placing them at the heart of all we do, we will continue to deliver improved performance. At HBL, the technology company with a banking license, we are accelerating digital usage to ensure that our clients are provided with innovative and state-of-the-art solutions tailored to their unique needs.

HBL is part of the nation's fabric – as Pakistan's leading financial institution, HBL has been, and always will be, at the forefront of supporting the country. HBLPSL, our tribute to this cricket loving nation, started on a positive note and will Insha Allah see completion during this coming quarter. Our model of public-private partnership is now entrenched in the way we do business, providing thought leadership across a swathe of areas, and supporting the Government and the SBP in their major initiatives. HBL has repeatedly affirmed its commitment to supporting customers and the real economy, particularly in these challenging times, and has demonstrated this by leading the usage of liquidity and funding assistance made available by the SBP to ensure the continued flow of credit where needed.

Through these tumultuous times, HBL has continued to support its staff in all aspects of managing the pandemic – flexible working, an industry-acclaimed medical support program and, more recently, free vaccinations for all who work at the Bank. HBL continues to further its diversity agenda, hiring and elevating women, and has recently launched a structured initiative to hire differently-abled individuals in all areas of its operations.



Appreciation and Acknowledgement

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

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

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

On behalf of the Board

Muhammad Aurangzeb
President & Chief Executive Officer

Shaffiq Dharamshi
Director

April 20, 2021

مارچ 2021ء میں اپنی زرعی پالیسی کمیٹی کے اجلاس میں، SBP نے شرح منافع میں کوئی تبدیلی نہ کرتے ہوئے اسے 7.0% کی شرح پر برقرار رکھا ہے۔ یہ بات قابل غور ہے کہ معاشی بہتری کی صورت حال اب تک غیر مستحکم ہے، اور مرکزی افراط زر تاحال مغلوب ہے جبکہ افراط زر سے متعلق توقعات مستقل برقرار ہیں۔ SBP نے یہ بھی واضح کیا ہے کہ ترقی کو سہارا دینے کے لیے موجودہ مصلحت آمیز زرعی پالیسی مناسب ہے اور پائیداری یقینی بنانے کے لیے مستقبل میں ہم آہنگی کا اندازہ لگایا جائے گا۔ سال 2021ء کی پہلی سہ ماہی میں، صنعتی قرضوں میں 1% کا معمولی اضافہ ہوا جبکہ ڈپازٹس دسمبر 2020ء کی سطح پر موجود رہے۔ دوسری طرف، SBP کی عارضی معاشی ری فنانس سہولت (TERF) کا مطالبہ اس شعبے سے منظور شدہ 400 ارب روپے کے ساتھ مضبوط رہا ہے۔ بینکاری اسپریڈ میں تنزیل جاری رہی جو سال 2021ء کے 2 ماہ کے دوران پچھلے سال کے اسی عرصے کے مقابلے میں 14 بی پی ایس کم ہو گئے۔

مالیاتی کارکردگی

سال 2021ء کی پہلی سہ ماہی میں HBL کا قبل از محصول منافع 14.5 ارب روپے رہا، جو گزشتہ سال اسی عرصے کے 7.1 ارب روپے کے مقابلے میں ڈگنے سے زیادہ ہے۔ سال 2021ء کی پہلی سہ ماہی میں بعد از محصول منافع بھی ڈگنے سے زیادہ، 8.6 ارب روپے رہا۔ فی حصص آمدن سال 2020ء کی پہلی سہ ماہی کے 2.79 روپے سے بڑھ کر سال 2021ء کی پہلی سہ ماہی میں 5.68 روپے ہو گئی۔

بینک نے کرنٹ اور CASA تناسب بالترتیب 35.1% اور 83.1% کے ساتھ اپنے مجموعی ڈپازٹس 2.8 کھرب روپے کی سطح پر برقرار رکھے۔ HBL کے کنزیومر بزنس نے غیر معمولی کارکردگی کا مظاہرہ جاری رکھا، جس کے تحت قرضوں میں تقریباً 85 ارب روپے کا اضافہ ہوا۔ البتہ، اشیاء کے قرضے میں کمی کے باعث مجموعی ملکی قرضوں میں معمولی زوال آیا۔ بین الاقوامی قرضوں میں تنزیل کے باعث، بینک کے مجموعی قرضے تقریباً دسمبر 2020ء کی سطح پر قائم رہے۔

2020ء میں ملکی ڈپازٹس میں تیز رفتار ترقی کے نتیجے میں، اوسط ملکی ڈپازٹس میں 375 ارب روپے کا اضافہ ہوا جبکہ اوسط کرنٹ اکاؤنٹ میں 120 ارب روپے کی نمو ہوئی۔ نتیجتاً، سال 2020ء کی پہلی سہ ماہی کے مقابلے میں، سال 2021ء کی پہلی سہ ماہی میں اوسط ملکی بیلنس شیٹ میں 500 ارب روپے کی توسیع ہوئی۔ معقول حد تک کم شرح منافع کے ماحول کے باعث NIM کے دباؤ کے باوجود، ملکی خالص منافع آمدن 18% اضافے کے ساتھ 30.3 ارب روپے ہو گئی جبکہ بینک کی مجموعی خالص منافع آمدن سال 2020ء کی پہلی سہ ماہی کے مقابلے میں 16% اضافے کے ساتھ 32.5 ارب روپے ہو گئی۔

بینک کی مجموعی غیر سرمایہ آمدن سال 2020ء کی پہلی سہ ماہی کے مقابلے میں 42% بہتری کے ساتھ 8.2 ارب روپے تک جا پہنچی۔ فیس اور کمیشن، جن میں سال 2020ء کی تیسری سہ ماہی میں معمولی اضافہ ہونا شروع ہوا تھا، سال 2020ء کی پہلی سہ ماہی کے مقابلے میں 25% کے بھرپور اضافے کے باعث 5.9 ارب روپے ہو گئے۔ یہ پیش رفت تمام کاروباری شعبوں میں وسیع ترقی کے ساتھ، کارڈز، ٹریڈ اور کنزیومر فنانس کے کاروباروں میں غیر معمولی کارکردگی کے سبب تھی۔ سال 2021ء کی پہلی سہ ماہی میں ڈالر کی قدر گرنے کے باعث دوبارہ قدر پیمائی نے سال 2021ء کی پہلی سہ ماہی میں حاصلات سرمایہ کی عدم موجودگی کی (جو سال 2020ء کی پہلی سہ ماہی میں 2.2 ارب روپے تھے) سلائی کر دی، جبکہ سال 2020ء کی پہلی سہ ماہی میں یہ ایک نمایاں نقصان تھا۔

بینک کے انتظامی اخراجات سال 2020ء کی پہلی سہ ماہی کے مقابلے میں 7% کم ہوئے، جن میں نیویارک سے متعلقہ اخراجات کے ضمن میں 4.4 ارب روپے شامل تھے۔ نتیجتاً، بینک کی لاگت سے آمدن کا تناسب (حاصلات سرمایہ کے بغیر) سال 2020ء کی پہلی سہ ماہی میں 81.4% سے بہتر ہو کر سال 2021ء کی پہلی سہ ماہی میں 58.4% ہو گیا۔ عمدہ ریکوری کارکردگی کے باوجود، سال 2021ء کی پہلی سہ ماہی میں 1.9 ارب روپے کا خالص پروٹون چارج موجود ہے کیونکہ بینک نے احتیاط سے کام لیتے ہوئے بعض دباؤ کا شکار اکاؤنٹس پر داخلی پروٹون ریکارڈ کی تھیں۔ بینک کے مجموعی NPLs میں دسمبر 2020ء کے مقابلے میں 0.7 ارب روپے کی کمی ہوئی، جبکہ انفیکشن کا تناسب 6.3% کی ریکارڈ کم سطح پر مستحکم رہا۔ HBL کا مجموعی کوریج کا تناسب 100% سے زائد جبکہ مخصوص کوریج کا تناسب 86% بہتر ہوا۔

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے، 31 مارچ 2021ء کو اختتام پذیر ہونے والی سہ ماہی کے مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

ملک میں COVID-19 کی تیسری لہر کا سامنا کرتے ہوئے، سال 2021ء کی پہلی سہ ماہی کے دوران پاکستان کی معیشت نے اپنی ترقی کی رفتار کو برقرار رکھا۔ ملکی معیشت نے لچک کا مظاہرہ کیا، اور صنعتی شعبے نے حوصلہ افزا اقدامات کا بھرپور خیر مقدم کیا جس کے باعث بڑے پیمانے پر اشیا سازی کی صنعت (LSM) کے اشاریے میں مالی سال 2021ء کے 8 ماہ کے دوران 7.4% اضافہ ہوا۔ اپنے حالیہ زری پالیسی بیان میں، SBP نے موجودہ مالی سال کے لیے GDP کی ترقی 3% تک پہنچنے کی توقع ظاہر کی ہے۔ مارچ 2021ء میں ہیڈلائن افراط زر 9.1% تک پہنچ گیا، جہاں اشیا خوردہ کی قیمتوں میں اضافہ تعمیراتی اشاریے میں تنزلی پر غالب آگیا۔ مالی سال 2021ء کے 9 ماہ کی اوسط افراط زر 8.3% رہا جو گزشتہ سال کے اسی عرصے میں 11.5% تھا، اور توقع ہے کہ مالی سال 2021ء کے لیے، افراط زر گزشتہ اعلان کردہ 7.0% تا 9.0% تک کے ہدف کے درمیان رہے گی۔

مالی سال 2021ء کے 8 ماہ کا تجارتی خسارہ 22% تک پہنچ کر 16 ارب امریکی ڈالر ہو چکا ہے، جس کا سبب درآمدات میں 8.6% کا تیز رفتار اضافہ ہے؛ یہ اضافہ تیل کے علاوہ درآمدات میں تھا، جو 17% بڑھیں۔ یہ معاشی سرگرمی کے رد عمل کا ثبوت تھا۔ برآمدات COVID سے قبل کی سطح کے قریب پہنچ چکی ہیں اور عالمی تجارت میں بندرتج تیزی کے باعث یہی صورت حال برقرار رہنے کی توقع ہے؛ البتہ، یہ گزشتہ سال اسی عرصے کے مقابلے میں 2.3% کم رہیں۔ ترسیلات زر کے میدان میں غیر معمولی ترقی دیکھی گئی، جو مالی سال 2021ء کے 9 مہینوں میں 26% اضافے کے ساتھ 21.5 ارب امریکی ڈالر تک پہنچ گئیں، اور مسلسل دس ماہ تک 2 ارب امریکی ڈالر سے زائد رہیں، جس میں سفری پابندیوں کی مدد شامل رہی جن کے باعث غیر رسمی طریقوں کا استعمال محدود ہو گیا ہے۔ مالی سال 2021ء کے 8 ماہ کے لیے، کرنٹ اکاؤنٹ میں 881 ملین امریکی ڈالر کا سرپلس ریکارڈ ہوا جبکہ مالی سال 2020ء کے 8 مہینوں میں 2.7 ارب امریکی ڈالر کے خسارے کا سامنا تھا۔

IMF کے ایگزیکٹو بورڈ نے عملے کی سطح پر ہونے والے معاہدے کی توثیق کرتے ہوئے، EFF پر دو گرام کے تحت 500 ملین امریکی ڈالر کی تیسری قسط جاری کرنے کی منظوری دے دی ہے۔ IMF نے وبا کے باعث درپیش بے مثال مشکلات کے باوجود استحکام کے لیے پاکستان کی کوششوں کو سراہا ہے، جبکہ مالی یکجائی اور توانائی کے شعبے میں اصلاحات پر زور دینا جاری رکھا ہے۔ حکومت نے حال ہی میں گردشی قرضوں کے حل کے لیے منصوبہ پیش کیا ہے، جس کے باعث مستقبل قریب میں یوٹیلیٹی ٹیرف میں بھاری اضافے کا امکان ہے۔ اس کے علاوہ، مرکزی بینک کی خود مختاریت اور انتظام کو مضبوط کرنے کے لیے SBP ترمیمی بل 2021ء کا آغاز بھی کیا گیا ہے، جو EFF کے تحت کلیدی ساختی ہدف ہے۔

سازگار بیرونی اکاؤنٹ کی پوزیشن FX کے ذخائر کو بہتر بنانے کا باعث بنی ہے۔ اپریل میں، پاکستان نے IMF کی قسط وصول کی اور 2.5 ارب امریکی ڈالر کے یوروبونڈ کا کامیاب اجرا کیا، جس کے نتیجے میں ذخائر پانچ سال کی بلند ترین سطح پر، یعنی 23.2 ارب امریکی ڈالر تک پہنچ گئے۔ روشن ڈیجیٹل اکاؤنٹ کو حوصلہ افزا رد عمل ملنے کا سلسلہ جاری رہا اور ان کا مجموعی بیلنس 800 ملین امریکی ڈالر کو عبور کر چکا ہے۔ ان تمام مثبت پیش رفتوں نے روپے کو سہارا دیا جس کی قدر میں سال کے آغاز سے ڈالر کے مقابلے میں 4% بہتری آئی ہے۔

عمومی ٹیکس آمدن میں 6% اضافے کی مدد سے، حکومت مالی سال 2021ء کی پہلی ششماہی میں، وبا کے باوجود، GDP کے 0.7% کا کلیدی سرپلس برقرار رکھنے میں کامیاب رہی، جو IMF کے اہداف سے بہتر ہے۔ البتہ، قرضوں کی لاگت میں 15% اضافے کے نتیجے میں GDP کے مجموعی خسارے میں 2.5% اضافہ ہوا، جو مالی سال 2020ء کی پہلی ششماہی میں 2.3% تھا۔ مالی سال 2021ء کے 9 ماہ میں، FBR کی کارکردگی گزشتہ سال کے مقابلے میں بہتر ہوئی جس کی خالص ٹیکس آمدن 10% اضافے کے ساتھ 3.4 کھرب روپے ہو گئی، جو 3.3 کھرب روپے کے ہدف سے تجاوز کر چکی ہے۔ وصولی میں اضافہ معاشی سرگرمی میں ترقی کا اظہار ہے اور توقع ہے کہ مالی سال کے اختتام تک اس میں اضافے کی صورت حال جاری رہے گی۔

سال کے بھرپور آغاز کے بعد، جس میں PSX انڈیکس 47,000 کی سطح تک پہنچا، ایکویٹی مارکیٹوں میں اتار چڑھاؤ ہوتا رہا ہے۔ کم شرح منافع اور مستحکم کارپوریٹ آمدنی کے باعث سامنے آنے والا مثبت رجحان، سیاسی ہنگاموں میں اضافے کے ساتھ COVID کی تیسری لہر سے متعلق ملی جلی خبروں کی نذر ہو گیا۔ مجموعی طور پر، سال 2021ء کی پہلی سہ ماہی کی کارکردگی ماند پڑی رہی ہے جہاں PSX انڈیکس میں محض 1.9% کی ترقی ہوئی ہے۔

محترم خلیل فنانشل مارکیٹ کا 40 سال سے زائد کا تجربہ رکھتے ہیں۔ وہ IFC میں چیف انویسٹمنٹ افسر تھے، جہاں انھوں نے 30 برسوں تک ابھرتی ہوئی معیشتوں پر کام کیا، اور IFC کے عالمی مالیاتی اداروں کے گروپ سے وابستہ رہے۔ محترم خلیل انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف انگلینڈ اینڈ ویلز سے تعلیم یافتہ چارٹرڈ اکاؤنٹنٹ ہیں اور انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس، پاکستان کے فیلو ہیں۔ انھیں ماضی میں پرائس واٹر ہاؤس (یو کے) اور نیشنل ڈویلپمنٹ فنانس کارپوریشن، پاکستان میں کام کا تجربہ بھی حاصل ہے۔

بورڈ محترمہ صبا اور محترم خلیل کو خوش آمدید کہتا ہے اور ان کی کاوشوں کے لیے پُر امید ہے۔

مستقبل کی صورت حال

مالی اور زرعی اقدامات کی مدد سے، موجودہ مالی سال کے بقیہ عرصے کے دوران معاشی ترقی کی بحالی کا عمل جاری رہنے کی توقع ہے۔ اگلے مالی سال کے لیے، حکومت اور IMF، دونوں کی جانب سے +4% ترقی کا تخمینہ لگایا جا رہا ہے جو وبا کی صورت حال قابو میں رہنے کی صورت میں خاصا قابل حصول ہدف ہے۔ عوام کے لیے ویکسین کی فراہمی کا رد عمل بھرپور دیکھا گیا ہے اور اس حوالے سے انتظامات پر حکومت کو زیادہ تر سربا جا رہا ہے۔ بالآخر، اس کا انحصار ویکسین کے حوالے سے شکوک و شبہات اور اس کی دستیابی اور فراہمی کی رفتار پر ہو گا۔

EFF کے تحت IMF کے اہم ترین جائزے کی کامیاب تکمیل، ہمیشہ کی طرح، معیشت پر متعدد اثرات مرتب کرے گی۔ موجودہ افراط زر کی شرح موجودہ پالیسی شرح کے 7% سے کہیں زیادہ برقرار ہے، البتہ، SBP کے موجودہ مالیاتی موقف پر IMF کی توثیق کا مطلب یہ ہے کہ قلیل المیعاد بنیاد پر منفی حقیقی شرح سود کا نظام قائم رہنا چاہیے جو حقیقی معیشت کو توانائی فراہم کرے گا۔ بڑھتی ہوئی مورگج فنانسنگ پر موجودہ زور، جو اس خطے کی مناسبت سے غیر مشروط اور مشروط بنیاد پر انتہائی کم پر برقرار ہے، ایک خیر مقدمی اقدام ہے اور آمدنیوں میں پائیدار اضافے کے حصول اور SME سیکٹر کی توسیع میں مددگار ثابت ہو گا۔

خارجی صورت حال میں بہتری اور روپے کی قدر میں اضافہ معاشی منظر نامے کا روشن پہلو ہیں، جن کی مدد سے افراط زر کا دباؤ کم کرنے میں مدد مل رہی ہے۔ البتہ، انھیں عالمی سطح پر تیل اور اجناس کی قیمتوں میں زیادتی اور IMF کی شرائط کے تحت ملکی یوٹیلٹی نرخوں میں اضافے اور سبسڈی میں کمی کا مقابلہ ہو گا، جس سے پورے 2021ء میں افراط زر پر دباؤ رہے گا۔ ساختی مسائل۔ جیسے کہ SOEs کا انتظام اور نج کاری، ٹیکس کے دائرہ کار میں توسیع اور گردش قرضوں۔ سے نمٹنے کے لیے حکومت کی استعداد اور آمدنی EFF پروگرام کی کامیابی میں کلیدی کردار ادا کرے گی اور اسے فوری توجہ درکار ہے۔

HBL نے سال کا آغاز مستحکم انداز کے ساتھ کیا ہے جہاں ماضی کے مسائل بڑے پیمانے پر حل کیے جاتے ہیں اور تمام کاروباری اور سرگرمی کے عوامل عمدہ رفتار کا اظہار کر رہے ہیں۔ ہمارے کسٹمرز ہمارے وجود کا سبب ہیں، جو کئی نسلوں سے ہمارا ساتھ دے رہے ہیں۔ ہمارا پختہ یقین ہے کہ اپنے تمام ترقیاتی اقدامات کی بنیاد میں اپنے کسٹمرز کو پیش نظر رکھتے ہوئے ہم بہتر کارکردگی کا مظاہرہ جاری رکھیں گے۔ HBL میں، بینکاری کا لائسنس رکھنے والی ٹیکنالوجی کمپنی ہونے کے ناتے، ہم ڈیجیٹل استعمال کو فروغ دے رہے ہیں تاکہ یہ بات یقینی بنائی جائے کہ ہمارے کلائنٹس کو ان کی منفرد ضروریات پوری کرنے کے لیے جدید ترین اور بے مثال حل فراہم کیے جائیں۔

HBL قوم کی بنیاد کا حصہ ہے اور پاکستان کا سرفہرست مالی ادارہ ہونے کے ناتے، HBL نے ملک کو سپورٹ کرنے میں ہر اول دستے کا کردار ادا کیا ہے اور ہمیشہ کرتا رہے گا۔ کرکٹ کا جنون رکھنے والی اس قوم کو خراج تحسین پیش کرنے کے لیے، HBLPSL کا آغاز ایک مثبت نوٹ کے ساتھ ہوا اور آئندہ سہ ماہی کے دوران ان شاء اللہ پایہ تکمیل تک پہنچے گا۔ پبلک۔ پرائیوٹ شراکت داری کا ہمارا ماڈل اب ہمارے بزنس کے طریقہ کار میں رچ بس گیا ہے، اور متعلقہ شعبوں میں فکری قیادت فراہم کر رہا ہے، اور حکومت اور SBP کے اہم اقدامات میں ان کی معاونت کر رہا ہے۔ HBL نے کسٹمرز اور حقیقی معیشت کو معاونت فراہم کرنے میں، خصوصاً ان مشکل ادوار میں، اپنے عزم کا بار بار اعادہ کیا ہے، اور جہاں ضرورت ہو وہاں کریڈٹ کا مسلسل بہاؤ یقینی بنانے کے لیے SBP کی جانب سے فراہم کردہ لیکویڈیٹی اور فنڈنگ معاونت کے استعمال میں نمایاں کردار ادا کیا ہے۔

ان ہنگامہ خیز ادوار کے دوران، HBL نے وبا سے نمٹنے کے تمام پہلوؤں میں اپنے عملے کی مدد جاری رکھی ہے۔ جس میں کام کرنے کے چک دار طریقے، انڈسٹری کا مایہ ناز طبی سپورٹ پروگرام اور، حال ہی میں، بینک میں کام کرنے والے تمام لوگوں کے لیے مفت ویکسین کی فراہمی شامل ہے۔ HBL تنوع سے متعلق اپنے ایجنڈے کے فروغ پر کاربند ہے، جس کے تحت خواتین کی بھرتیوں اور انھیں آگے لانے پر توجہ دی جا رہی ہے، اور حال ہی میں اپنے آپریشنز کے تمام شعبوں میں مختلف صلاحیتیں رکھنے والے افراد کو بھرتی کرنے کا ایک ساختی اقدام متعارف کروایا ہے۔

ذخائر میں اتار چڑھاؤ

ملین روپے

138,208

افتتاحی غیر تخصیص شدہ منافع

8,336
3
21
8,360
146,568

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

مناسب کارروائی کے لیے دستیاب منافع

مختلف مدوں میں رکھی گئی رقوم:

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ۔ حتیٰ 2020ء

مجموعی مناسب کارروائیاں

افتتاحی غیر تخصیص شدہ منافع

(912)
(4,401)
(5,313)
141,255

5.68

فی حصص (شیر) آمدنی (روپے)

سرمائے کا تناسب

بہتر منافع کی مدد سے تمام tiers میں بینک کا مجموعی کیپٹل ایڈیوکیٹی ریشو (CAR) مستحکم ہوا۔ مجموعی Tier 1 CAR بہتری کے ساتھ 13.5% سے 13.9% ہو گیا، جبکہ کل CAR اضافے کے بعد 17.2% سے 17.9% ہو گیا۔ CAR میں آنے والی بہتری میں روپے کی قدر کے اثرات (Tier 1 CAR: 31 بی بی ایس، کل CAR: 41 بی بی ایس) کے ساتھ ساتھ کیپٹل کنورژیشن بفر میں مسلسل رعایت بھی شامل ہے جس کے باعث کل CAR میں 41 بی بی ایس کا اضافہ ہوا۔

دسمبر 2020ء میں، بینک نے موجودہ Tier 2 کے سب آرڈینیٹ ڈیٹ TFCs پر اپنا کال آپشن استعمال کیا۔ یہ 19 فروری 2021ء کو مکمل طور پر ادا کر دیے گئے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 20 اپریل 2021ء کو منعقدہ اجلاس میں 31 مارچ 2021ء کو ختم ہونے والی سہ ماہی کے لیے 1.75 روپے فی حصص (17.5%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

ڈائریکٹرز میں تبدیلی

محترمہ ڈیان مور اور محترم سلیم چنائے 25 مارچ 2021ء کو اپنی مدت پوری کرنے کے بعد بورڈ آف ڈائریکٹرز سے ریٹائر ہو گئے۔ بورڈ ان کی کاوشوں کے لیے اپنی تائید کا شکریہ ادا کرتے ہوئے ان کا دورانیہ 26 مارچ 2021ء کو، سالانہ اجلاس عام میں HBL کے بورڈ پر نئی تین سالہ مدت کے لیے سات ڈائریکٹرز کا انتخاب کیا گیا۔

محترمہ صبا کمال اور محترم خلیل احمد بھی 26 مارچ 2021ء سے بورڈ آف ڈائریکٹرز میں منتخب کیے گئے۔ محترمہ صبا انفارمیشن ٹیکنالوجی میں 3 دہائیوں سے زیادہ کا تجربہ رکھتی ہیں، جن میں سے 20 سال کا عرصہ پاکستان میں اور بین الاقوامی سطح پر IBM کے ساتھ قائدانہ عہدوں پر تقرری شامل ہے۔ انھوں نے انسٹیٹیوٹ آف بزنس ایڈمنسٹریشن (IBA)، کراچی سے MBA کیا ہے اور IBM سینئر، Insead، بوسٹن یونیورسٹی اور چائنا یورپ انٹرنیشنل بزنس اسکول (CEIBS) سے متعدد سرٹیفیکیشن اور ڈیپتھ کورسز مکمل کیے ہیں۔ محترمہ صبا نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس سے اپنی ڈائریکٹر سرٹیفیکیشن مکمل کی ہے اور وہ فی الوقت سیکریٹری لمیٹڈ کے بورڈ میں خدمات انجام دے رہی ہیں۔ وہ IBA کے بورڈ آف گورنرز کی رکن بھی ہیں۔

اظہارِ تشکر

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

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

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

منجانب بورڈ

محمد اورنگزیب

صدر اور چیف ایگزیکٹو آفیسر

شفیق دھرمشی
ڈائریکٹر

20 اپریل، 2021ء

Condensed Interim Consolidated Statement of Financial Position

As at March 31, 2021

	Note	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020
ASSETS			
Cash and balances with treasury banks	5	288,718,468	375,280,120
Balances with other banks	6	45,993,373	56,533,829
Lendings to financial institutions	7	58,475,805	30,154,193
Investments	8	1,717,360,433	1,948,576,822
Advances	9	1,212,472,231	1,223,510,222
Fixed assets	10	90,730,056	89,190,210
Intangible assets	11	10,630,919	10,412,880
Deferred tax assets		-	-
Other assets	12	114,739,208	115,404,542
		3,539,120,493	3,849,062,818
LIABILITIES			
Bills payable	13	44,419,335	46,434,199
Borrowings	14	284,066,936	544,107,826
Deposits and other accounts	15	2,781,565,743	2,830,371,390
Liabilities against assets subject to finance lease		-	-
Subordinated debt	16	12,374,000	22,356,000
Deferred tax liabilities	17	6,086,213	10,387,859
Other liabilities	18	148,999,259	129,910,297
		3,277,511,486	3,583,567,571
NET ASSETS			
		261,609,007	265,495,247
REPRESENTED BY			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		68,763,362	72,062,025
Surplus on revaluation of assets - net of tax	19	32,190,685	36,004,914
Unappropriated profit		141,255,024	138,208,223
Total equity attributable to the equity holders of the Bank		256,877,596	260,943,687
Non-controlling interest		4,731,411	4,551,560
		261,609,007	265,495,247

CONTINGENCIES AND COMMITMENTS

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Salim Raza
Director

Shaffiq Dharamshi
Director

Dr. Najeeb Samie
Director

Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the three months ended March 31, 2021

	Note	January 01 to March 31, 2021 (Rupees in '000)	January 01 to March 31, 2020
Mark-up / return / profit / interest earned	22	63,462,902	72,645,814
Mark-up / return / profit / interest expensed	23	30,993,628	44,632,354
Net mark-up / return / profit / interest income		32,469,274	28,013,460
Non mark-up / interest income			
Fee and commission income	24	5,904,361	4,730,547
Dividend income		117,602	79,519
Share of profit of associates and joint venture		259,320	255,349
Foreign exchange income / (loss)		895,801	(1,193,768)
Income / (loss) from derivatives		1,179,287	(280,304)
(Loss) / gain on securities - net	25	(206,350)	2,279,970
Other income / (loss)	26	72,179	(93,812)
Total non mark-up / interest income		8,222,200	5,777,501
Total income		40,691,474	33,790,961
Non mark-up / interest expenses			
Operating expenses	27	23,901,977	25,639,193
Workers' Welfare Fund - charge		319,146	161,519
Other charges	28	42,233	232,198
Total non mark-up / interest expenses		24,263,356	26,032,910
Profit before provisions and taxation		16,428,118	7,758,051
Provisions / (reversals) and write offs - net	29	1,919,910	625,273
Profit before taxation		14,508,208	7,132,778
Taxation	30	5,948,351	3,024,676
Profit after taxation		8,559,857	4,108,102
Attributable to:			
Equity holders of the Bank		8,335,851	4,096,145
Non-controlling interest		224,006	11,957
		8,559,857	4,108,102
-----Rupees-----			
Basic and diluted earnings per share	31	5.68	2.79

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

Muhammad Aurangzeb
President and
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Rayomond Kotwal
Chief Financial Officer

Salim Raza
Director

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Director

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Director

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the three months ended March 31, 2021

	January 01 to March 31, 2021	January 01 to March 31, 2020
	(Rupees in '000)	
Profit after taxation for the period attributable to:		
Equity holders of the Bank	8,335,851	4,096,145
Non-controlling interest	224,006	11,957
	8,559,857	4,108,102
Other comprehensive income / (loss)		
<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	(4,390,728)	3,171,048
Non-controlling interest	(37,779)	11,777
	(4,428,507)	3,182,825
Increase / (decrease) in share of exchange translation reserve of associates - net of tax	180,485	(84,930)
Movement in surplus / deficit on revaluation of investments - net of tax, attributable to:		
Equity holders of the Bank	(3,749,308)	5,749,307
Non-controlling interest	(5,861)	(21,101)
	(3,755,169)	5,728,206
Movement in share of surplus / deficit on revaluation of investments of associates - net of tax	(44,324)	(93,583)
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods:</i>		
Share of remeasurement gain on defined benefit obligations of associates - net of tax	3,343	2,644
Total comprehensive income	515,685	12,843,264
Total comprehensive income attributable to:		
Equity holders of the Bank	335,319	12,840,631
Non-controlling interest	180,366	2,633
	515,685	12,843,264

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

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Director

Condensed Interim Consolidated Statement of Changes In Equity (Unaudited)

For the three months ended March 31, 2021

	Attributable to shareholders of the Bank										Non-controlling interest	Total
	Share capital	Statutory		Reserves			Unappropriated profit	Surplus/(Deficit) on revaluation of		Sub Total		
		Joint venture and subsidiary	Bank	Exchange translation	Non-distributable capital	Capital reserve on acquisition of common control entity		Investments	Fixed / Non Banking Assets			
(Rupees in '000)												
Balance as at December 31, 2019	14,668,525	1,239,213	33,463,859	31,167,030	547,115	(156,706)	114,550,097	3,530,150	21,345,233	220,354,516	4,396,996	224,751,512
Comprehensive income for the three months ended March 31, 2020												
Profit after taxation for the three months ended March 31, 2020	-	-	-	-	-	-	4,096,145	-	-	4,096,145	11,957	4,108,102
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	3,171,048	-	-	-	-	-	3,171,048	11,777	3,182,825
Decrease in share of exchange translation reserve of associates - net of tax	-	-	-	(84,930)	-	-	-	-	-	(84,930)	-	(84,930)
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	2,644	-	-	2,644	-	2,644
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	-	5,749,307	-	5,749,307	(21,101)	5,728,206
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	-	(93,583)	-	(93,583)	-	(93,583)
Transferred to statutory reserves	-	61,254	399,778	3,086,118	-	-	4,098,789	5,655,724	-	12,840,631	2,633	12,843,264
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	(461,032)	-	-	-	-	-
Exchange gain realised on capital reduction in subsidiary under liquidation - net of tax	-	-	-	(1,084,380)	-	-	-	-	(12,288)	141	(141)	-
Reversal of deferred tax asset recognised on subsidiary under liquidation	-	-	-	-	-	-	(108,817)	-	-	(108,817)	-	(108,817)
Exchange loss realised on closure of Bank branch - net of tax	-	-	-	1,151,197	-	-	-	-	-	1,151,197	-	1,151,197
Transactions with owners, recorded directly in equity												
Final cash dividend - Rs 1.25 per share declared subsequent to the year ended December 31, 2019	-	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)	-	(1,833,565)
Balance as at March 31, 2020	14,668,525	1,300,467	33,863,637	34,319,965	547,115	(156,706)	116,257,901	9,185,874	21,332,945	231,319,723	4,399,488	235,719,211
Comprehensive income for the nine months ended December 31, 2020												
Profit after taxation for the nine months ended December 31, 2020	-	-	-	-	-	-	26,796,126	-	-	26,796,126	9,121	26,805,247
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	(853,552)	-	-	-	-	-	(853,552)	64,943	(788,609)
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	139,796	-	-	-	-	-	139,796	-	139,796
Remeasurement (loss) / gain on defined benefit obligations - net of tax	-	-	-	-	-	-	(157,138)	-	-	(157,138)	486	(156,652)
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	5,168	-	-	5,168	-	5,168
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	-	(771,101)	6,167,217	5,396,116	77,945	5,474,061
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	-	128,560	-	128,560	-	128,560
Transferred to statutory reserves	-	146,683	2,752,590	(713,756)	-	-	26,644,156	(642,541)	6,167,217	31,455,076	152,495	31,607,571
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	(2,899,273)	-	-	-	-	-
Reversal of exchange gain realised on capital reduction in subsidiary under liquidation - net of tax	-	-	-	2,030	-	-	-	-	-	2,030	-	2,030
Transactions with owners, recorded directly in equity												
1st interim cash dividend - Rs 1.25 per share	-	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)	-	(1,833,565)
Balance as at December 31, 2020	14,668,525	1,447,150	36,616,227	33,608,239	547,115	(156,706)	138,208,223	8,543,333	27,461,581	260,943,687	4,551,560	265,495,247
Comprehensive income for the three months ended March 31, 2021												
Profit after taxation for the three months ended March 31, 2021	-	-	-	-	-	-	8,335,851	-	-	8,335,851	224,006	8,559,857
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	(4,390,728)	-	-	-	-	-	(4,390,728)	(37,779)	(4,428,507)
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	180,485	-	-	-	-	-	180,485	-	180,485
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	3,343	-	-	3,343	-	3,343
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	-	(3,749,308)	-	(3,749,308)	(5,861)	(3,755,169)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	-	(44,324)	-	(44,324)	-	(44,324)
Transferred to statutory reserves	-	83,157	829,792	(4,210,243)	-	-	8,339,194	(3,793,632)	-	335,319	180,366	515,685
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	(912,949)	-	-	-	-	-
Exchange gain realised on capital reduction in subsidiary under liquidation - net of tax	-	-	-	(1,369)	-	-	21,112	-	(20,597)	515	(515)	-
Transactions with owners, recorded directly in equity												
Final cash dividend - Rs 3 per share declared subsequent to the year ended December 31, 2020	-	-	-	-	-	-	(4,400,556)	-	-	(4,400,556)	-	(4,400,556)
Balance as at March 31, 2021	14,668,525	1,530,307	37,446,019	29,396,627	547,115	(156,706)	141,255,024	4,749,701	27,440,984	256,877,596	4,731,411	261,609,007

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

Salim Raza
Director

Shaffiq Dharamshi
Director

Dr. Najeeb Samie
Director

Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the three months ended March 31, 2021

	January 01 to March 31, 2021	January 01 to March 31, 2020
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,508,208	7,132,778
Dividend income	(117,602)	(79,519)
Share of profit of associates and joint venture	(259,320)	(255,349)
	(376,922)	(334,868)
	14,131,286	6,797,910
Adjustments:		
Depreciation	1,622,528	1,458,898
Amortisation	229,036	174,541
Depreciation on right-of-use assets	989,969	859,401
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	582,502	485,313
(Reversal of) / provision for diminution in value of investments	(738,656)	281,990
Provision against loans and advances	3,043,369	434,913
(Reversal of) / provision against other assets	(235,590)	32,186
Provision against off-balance sheet obligations	82,222	15,629
Unrealised gain on held-for-trading securities	(798)	(794,615)
Exchange loss / (gain) on goodwill	99,373	(24,262)
Exchange gain realised on reduction in capital of subsidiary - net of tax	(1,369)	(1,084,380)
Exchange loss realised on closure of overseas branch - net of tax	-	1,151,197
Loss / (gain) on sale of fixed assets - net	2,334	(16,293)
Workers' Welfare Fund	319,146	161,519
	5,994,066	3,136,037
	20,125,352	9,933,947
(Increase) / decrease in operating assets		
Lendings to financial institutions	(28,321,612)	(4,629,699)
Held-for-trading securities	(25,469,913)	(37,914,961)
Advances	7,994,622	(12,827,267)
Other assets (excluding advance taxation)	(370,090)	5,889,455
	(46,166,993)	(49,482,472)
Increase / (decrease) in operating liabilities		
Bills payable	(2,014,864)	578,422
Borrowings from financial institutions	(260,040,890)	(6,893,443)
Deposits and other accounts	(48,805,647)	(59,965,098)
Other liabilities	12,978,035	16,567,911
	(297,883,366)	(49,712,208)
	(323,925,007)	(89,260,733)
Income tax paid	(4,963,555)	(1,169,659)
Net cash flows used in operating activities	(328,888,562)	(90,430,392)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	267,077,033	(16,861,489)
Net investment in held-to-maturity securities	(17,816,784)	7,211,511
Net investment in associates	2,198,314	(229,810)
Dividend received	72,733	57,666
Investments in fixed assets	(3,690,831)	(1,745,519)
Investments in intangible assets	(546,448)	(285,647)
Proceeds from sale of fixed assets	12,208	26,944
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	(4,210,243)	3,086,118
Net cash flows generated from / (used in) investing activities	243,095,982	(8,740,226)
CASH FLOWS FROM FINANCING ACTIVITIES		
Effect of translation of net investment by non-controlling interest in subsidiary	(37,779)	11,777
Repayment of subordinated debt	(9,982,000)	(2,000)
Payment of lease liability against right-of-use assets	(1,288,346)	(1,342,556)
Dividend paid	(1,403)	(447,969)
Net cash flows used in financing activities	(11,309,528)	(1,780,748)
Decrease in cash and cash equivalents during the period	(97,102,108)	(100,951,366)
Cash and cash equivalents at the beginning of the period	437,053,719	404,505,633
Effect of exchange rate changes on cash and cash equivalents	(5,239,770)	4,336,638
	431,813,949	408,842,271
Cash and cash equivalents at the end of the period	334,711,841	307,890,905

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

Salim Raza
Director

Shaffiq Dharamshi
Director

Dr. Najeeb Samie
Director

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding company

- Habib Bank Limited, Pakistan

Subsidiaries

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

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Islamabad and its principal office is at HBL Tower, Plot no. G-4, KDA Scheme 5, Block 7 Clifton, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,648 (2020: 1,659) branches inside Pakistan including 101 (2020: 62) Islamic Banking Branches and 39 (2020: 38) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A. (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

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

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

- 2.2 The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.
- 2.3 **Standards, interpretations of and amendments to existing accounting and reporting standards that have become effective in the current year.**

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

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

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

2.5 Critical accounting estimates and judgements

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

4 FINANCIAL RISK MANAGEMENT

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

5 CASH AND BALANCES WITH TREASURY BANKS

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
In hand		
Local currency	41,299,362	41,262,666
Foreign currencies	7,335,463	16,341,859
	<u>48,634,825</u>	<u>57,604,525</u>
With State Bank of Pakistan in		
Local currency current accounts	92,926,329	130,745,447
Foreign currency current accounts	6,870,028	6,788,327
Foreign currency deposit accounts	13,797,571	13,768,677
	<u>113,593,928</u>	<u>151,302,451</u>
With other Central Banks in		
Foreign currency current accounts	32,353,939	47,941,657
Foreign currency deposit accounts	11,751,045	11,120,595
	<u>44,104,984</u>	<u>59,062,252</u>
With National Bank of Pakistan in		
Local currency current accounts	81,192,487	104,866,634
Local currency deposit account	390,073	697,247
	<u>81,582,560</u>	<u>105,563,881</u>
National Prize Bonds	802,171	1,747,011
	<u>288,718,468</u>	<u>375,280,120</u>

6 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	256,009	2,284,347
In deposit accounts	6,110,217	7,060,497
	<u>6,366,226</u>	<u>9,344,844</u>
Outside Pakistan		
In current accounts	21,683,652	30,271,581
In deposit accounts	17,943,495	16,917,404
	<u>39,627,147</u>	<u>47,188,985</u>
	<u>45,993,373</u>	<u>56,533,829</u>

7 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	14,406,722	-
Repurchase agreement lendings (reverse repo)	36,025,919	24,896,835
Bai Muajjal receivable with State Bank of Pakistan	-	5,257,358
Bai Muajjal receivable with other Financial Institutions	8,043,164	-
	<u>58,475,805</u>	<u>30,154,193</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

8 INVESTMENTS

Note

March 31, 2021 (Unaudited)

December 31, 2020 (Audited)

8.1 Investments by type

	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								

Held-for-trading (HFT) securities

Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds

Shares

- Listed companies

Foreign securities

- Government debt securities

136,406,259	-	(16,008)	136,390,251	105,568,935	-	(13,658)	105,555,277
20,227,577	-	10,519	20,238,096	25,655,331	-	19,066	25,674,397
240,277	-	(15,144)	225,133	137,682	-	8,542	146,224
98,160	-	21,431	119,591	102,884	-	23,578	126,462
156,972,273	-	798	156,973,071	131,464,832	-	37,528	131,502,360

Available-for-sale (AFS) securities

Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds
- Ijarah Sukuks
- Government of Pakistan US Dollar Bonds
- Other Federal Government securities

Shares

- Listed companies
- Unlisted companies

Non-Government debt securities

- Listed
- Unlisted

Foreign securities

- Government debt securities
- Non-Government debt securities
- Listed
- Equity securities - Unlisted

National Investment Unit Trust

Real Estate Investment Trust units

Preference shares

221,462,028	-	(189,192)	221,272,836	525,077,889	-	1,445,950	526,523,839
803,602,946	-	5,510,841	809,113,787	784,493,994	-	10,689,727	795,183,721
82,674,191	-	(28,766)	82,645,425	67,678,595	-	(322,645)	67,355,950
11,531,844	(365,058)	677,316	11,844,102	11,116,445	(413,330)	694,690	11,397,805
942,908	-	-	942,908	530,538	-	-	530,538
7,290,135	(2,268,982)	736,891	5,758,044	7,975,054	(2,983,143)	846,869	5,838,780
4,899,328	(87,125)	-	4,812,203	4,899,328	(87,125)	-	4,812,203
46,943,545	-	383,000	47,326,545	46,943,545	-	321,860	47,265,405
1,651,878	(250,877)	22,500	1,423,501	1,671,878	(270,877)	22,500	1,423,501
49,608,041	(588,557)	440,920	49,460,404	45,617,541	(565,331)	(10,504)	45,041,706
12,839,765	(867,080)	138,258	12,110,943	14,601,331	(927,366)	76,457	13,750,422
5,583	(301)	-	5,282	5,913	(321)	-	5,592
11,113	-	36,211	47,324	11,113	-	35,726	46,839
55,000	-	(4,800)	50,200	55,000	-	(2,000)	53,000
744,400	-	77,000	821,400	744,400	-	155,400	899,800
1,244,262,705	(4,427,980)	7,800,179	1,247,634,904	1,511,422,564	(5,247,493)	13,954,030	1,520,129,101

Held-to-maturity (HTM) securities

8.2

Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds
- Other Federal Government securities

Non-Government debt securities

- Listed
- Unlisted

Foreign Securities

- Government debt securities
- Non-Government debt securities
- Listed
- Unlisted

296,237	-	-	296,237	292,316	-	-	292,316
235,171,456	-	-	235,171,456	216,844,554	-	-	216,844,554
10,794,000	-	-	10,794,000	10,794,000	-	-	10,794,000
5,462,080	-	-	5,462,080	4,277,922	-	-	4,277,922
18,235,710	-	-	18,235,710	17,826,657	-	-	17,826,657
12,412,218	-	-	12,412,218	13,617,545	(13)	-	13,617,532
345,906	(12,840)	-	333,066	1,197,341	(14,650)	-	1,182,691
262,354	(1,370)	-	260,984	312,842	(1,516)	-	311,326
282,979,961	(14,210)	-	282,965,751	265,163,177	(16,179)	-	265,146,998

Investments in associates and joint venture

Total Investments

29,803,090	-	(16,383)	29,786,707	31,742,084	-	56,279	31,798,363
1,714,018,029	(4,442,190)	7,784,594	1,717,360,433	1,939,792,657	(5,263,672)	14,047,837	1,948,576,822

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

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
- Pakistan Investment Bonds

10,379,771 113,807,278
63,884,650 207,400,499

74,264,421 321,207,777

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

- 8.2 The market value of investments classified as held-to-maturity amounted to Rs 280,851.261 million as at March 31, 2021 (December 31, 2020: Rs 267,655.188 million).

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
8.3 Particulars of provision held against diminution in the value of investments		
Opening balance	5,263,672	5,504,910
Exchange adjustments	(82,826)	68,085
Charge / (reversal)		
Charge for the period / year	56,534	1,400,035
Reversal for the period / year	(15,910)	(15,065)
Reversal on disposal during the period / year	(779,280)	(1,694,293)
Net reversal	(738,656)	(309,323)
Closing balance	4,442,190	5,263,672

8.4 Particulars of provision against debt securities

Category of classification	March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Non Performing Investments	Provision	Non Performing Investments	Provision
	(Rupees in '000)			
Domestic				
Loss	250,877	250,877	270,877	270,877
Overseas				
Overdue by:				
181 to 365 days	-	-	878,616	878,616
>365	843,393	843,393	-	-
	1,094,270	1,094,270	1,149,493	1,149,493

- 8.4.1 In addition to the above, overseas branches hold a general provision of Rs 991.512 million (December 31, 2020: Rs 1,043.590 million) against investments in accordance with the ECL requirements of IFRS 9.

Note	Performing		Non - performing		Total	
	(Unaudited) March 31, 2021	(Audited) December 31, 2020	(Unaudited) March 31, 2021	(Audited) December 31, 2020	(Unaudited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)					
9 ADVANCES						
Loans, cash credits, running finances, etc.	1,010,175,006	1,002,683,523	75,347,393	76,761,340	1,085,522,399	1,079,444,863
Islamic financing and related assets	126,451,313	154,081,348	408,746	337,107	126,860,059	154,418,455
Bills discounted and purchased	75,986,311	66,540,022	5,623,685	5,005,929	81,609,996	71,545,951
Advances - gross	1,212,612,630	1,223,304,893	81,379,824	82,104,376	1,293,992,454	1,305,409,269
Provision against advances						
- Specific	-	-	(69,973,896)	(70,835,763)	(69,973,896)	(70,835,763)
- General	(11,546,327)	(11,063,284)	-	-	(11,546,327)	(11,063,284)
	(11,546,327)	(11,063,284)	(69,973,896)	(70,835,763)	(81,520,223)	(81,899,047)
Advances - net of provision	1,201,066,303	1,212,241,609	11,405,928	11,268,613	1,212,472,231	1,223,510,222

9.1 Particulars of advances (Gross)

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
In local currency	1,033,501,778	1,054,929,659
In foreign currencies	260,490,676	250,479,610
	1,293,992,454	1,305,409,269

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

9.2 Advances include Rs 81,379.824 million (December 31, 2020: Rs 82,104.376 million) which have been placed under non-performing status as detailed below:

Category of classification	(Unaudited) March 31, 2021		(Audited) December 31, 2020	
	Non-performing advances	Provision	Non-performing advances	Provision
(Rupees in '000)				
Domestic				
Other assets especially mentioned	1,679,545	-	1,228,797	-
Substandard	3,484,414	838,060	5,541,896	1,355,443
Doubtful	6,315,985	3,156,141	1,383,002	690,474
Loss	39,746,921	39,145,669	42,291,448	41,073,885
	51,226,865	43,139,870	50,445,143	43,119,802
Overseas				
Not past due but impaired	194,527	137,651	592,400	355,535
Overdue by:				
Upto 90 days	622,189	547,858	105,684	36,925
91 to 180 days	192,125	49,179	225,844	51,457
181 to 365 days	2,740,500	2,717,511	2,849,284	2,846,499
> 365 days	26,403,618	23,381,827	27,886,021	24,425,545
	30,152,959	26,834,026	31,659,233	27,715,961
Total	81,379,824	69,973,896	82,104,376	70,835,763

9.3 Particulars of provision against advances

Note	March 31, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	70,835,763	11,063,284	81,899,047	72,634,967	3,730,991	76,365,958
Exchange adjustment	(1,308,021)	(109,131)	(1,417,152)	974,252	47,701	1,021,953
Charge for the period / year	4,161,932	782,906	4,944,838	9,301,182	7,636,845	16,938,027
Reversal for the period / year	(1,710,737)	(190,732)	(1,901,469)	(4,525,945)	(352,253)	(4,878,198)
Net charge against advances	2,451,195	592,174	3,043,369	4,775,237	7,284,592	12,059,829
Charged off during the period / year - agriculture financing	9.5 (124,617)	-	(124,617)	(750,824)	-	(750,824)
Written off during the period / year	(1,880,424)	-	(1,880,424)	(6,797,869)	-	(6,797,869)
Closing balance	69,973,896	11,546,327	81,520,223	70,835,763	11,063,284	81,899,047

9.4 General provision includes provision amounting to Rs 2,382.174 million (December 31, 2020: Rs 2,237.187 million) against consumer finance portfolio and Rs 457.175 million (December 31, 2020: Rs 421.751 million) against advances to microenterprises as required by the Prudential Regulations. General provision also includes Rs 2,287.926 million (December 31, 2020: Rs 1,985.294 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Group operates. General provision also includes Rs 6,419.052 million (December 31, 2020: Rs 6,419.052 million) carried as a matter of prudence on account of COVID-19.

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

Note	(Unaudited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
10 FIXED ASSETS		
Capital work-in-progress	10.1 3,716,551	2,639,430
Property and equipment	87,013,505	86,550,780
	90,730,056	89,190,210

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

10.1 Capital work-in-progress

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Civil works	2,954,506	762,188
Equipment	545,058	1,243,270
Advances to suppliers and contractors	216,987	633,972
	<u>3,716,551</u>	<u>2,639,430</u>

10.2 Additions to fixed assets

Additions to fixed assets	(Unaudited)	
	For the three months ended	
	March 31, 2021	March 31, 2020
	(Rupees in '000)	
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	1,077,121	389,263
Property and equipment		
Leasehold land	400,000	464,070
Building on leasehold land	115,460	292
Machinery	64,202	17,089
Leasehold improvements	178,991	282,635
Furniture and fixtures	199,784	148,196
Electrical, office and computer equipment	1,609,954	447,206
Vehicles	50,498	13,057
	2,618,889	1,372,545
Right-of-use assets - net	690,850	103,225
	4,386,860	1,865,033

10.3 Disposal of fixed assets

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

Property and equipment		
Leasehold improvements	1,239	174
Furniture and fixtures	118	963
Electrical, office and computer equipment	572	9,482
Vehicles	12,613	32
	<u>14,542</u>	<u>10,651</u>
Derecognition of right-of-use assets on closure of a foreign branch	-	398,169
	<u>14,542</u>	<u>408,820</u>

11 INTANGIBLE ASSETS

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Capital work-in-progress - computer software	1,907,880	1,620,539
Intangible assets	8,723,039	8,792,341
	<u>10,630,919</u>	<u>10,412,880</u>

11.1 Additions to intangible assets

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

	(Unaudited) March 31, 2021	(Audited) March 31, 2020
	(Rupees in '000)	
Capital work-in-progress	287,341	55,880
Computer software	283,173	227,709
	<u>570,514</u>	<u>283,589</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

12 OTHER ASSETS

	Note	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
Mark-up / return / profit / interest accrued in local currency		43,072,421	49,348,579
Mark-up / return / profit / interest accrued in foreign currency		2,897,322	2,878,167
Advances, deposits, advance rent and other prepayments		3,651,974	2,645,730
Advance taxation		19,004,464	21,124,536
Advances against subscription of securities		346,000	1,096,000
Stationery and stamps on hand		159,307	154,121
Accrued fees and commissions		655,381	476,113
Due from Government of Pakistan / SBP		1,769,920	1,532,223
Mark to market gain on forward foreign exchange contracts		4,459,910	4,101,950
Mark to market gain on derivative instruments		482,648	182,917
Non-banking assets acquired in satisfaction of claims		464,422	432,937
Acceptances		26,274,112	27,539,046
Clearing and settlement accounts		10,598,540	3,220,084
Dividend receivable		59,895	15,026
Claims against fraud and forgeries		432,955	553,356
Others		1,072,269	1,022,072
		<u>115,401,540</u>	<u>116,322,857</u>
Provision held against other assets	12.1	(871,926)	(1,127,909)
Other assets - net of provision		<u>114,529,614</u>	<u>115,194,948</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	209,594	209,594
Other assets - total		<u><u>114,739,208</u></u>	<u><u>115,404,542</u></u>

12.1 Provision held against other assets

Acceptances	133,721	419,923
Non-banking assets acquired in satisfaction of claims	3,137	3,152
Claims receivable against fraud and forgeries	432,955	553,356
Suit filed cases	4,898	4,998
Others	297,215	146,480
	<u>871,926</u>	<u>1,127,909</u>

12.1.1 Movement in provision against other assets

Opening balance	1,127,909	821,996
Exchange adjustment	(10,913)	19,735
Charge for the period / year	177,120	691,987
Reversal for the period / year	(412,710)	(33,899)
Net (reversal) / charge	(235,590)	658,088
Written off during the period / year	(9,480)	(49,042)
Transferred out	-	(322,868)
Closing balance	<u>871,926</u>	<u>1,127,909</u>

13 BILLS PAYABLE

In Pakistan	43,106,662	44,875,620
Outside Pakistan	1,312,673	1,558,579
	<u>44,419,335</u>	<u>46,434,199</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

	Note	(Unaudited) March 31, 2021	(Audited) December 31, 2020
BORROWINGS			
Secured			
Borrowings from the SBP under			
- Export refinance scheme		61,726,285	60,068,212
- Long term financing facility		26,287,363	25,922,575
- Financing facility for renewable energy power plants		2,182,744	1,716,425
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)		188,087	152,893
- Refinance and Credit Guarantee Scheme for Women Entrepreneurs		122,033	163,416
- Financing facility for storage of agricultural produce		310,811	292,211
- Refinance facility for working capital of SMEs		164,464	135,625
- Refinance scheme for payment of wages and salaries		27,189,455	30,928,363
- Refinance facility for combating COVID-19		1,283,333	1,300,000
- Temporary economic refinance facility		8,735,597	4,917,263
		128,190,172	125,596,983
Repurchase agreement borrowings		74,278,059	321,070,809
		202,468,231	446,667,792
Unsecured			
- Call money borrowings		-	13,450,000
- Overdrawn nostro accounts		758,568	194,244
- Borrowings of overseas branches and subsidiaries		30,195,298	30,376,372
- Other long-term borrowings	14.1	50,644,839	53,419,418
		81,598,705	97,440,034
		284,066,936	544,107,826
14.1 This includes the following:			
14.1.1 A loan from the International Finance Corporation amounting to US\$ 150 million (December 31, 2020: US\$ 150 million). The principal amount is payable in six equal semi-annual installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi-annually.			
14.1.2 HBL has entered into a long-term financing facility arrangement of US\$ 300 million with China Development Bank, to be utilized for on-lending to projects of the Bank's customers. Under this facility, US\$ 165.975 million (December 31, 2020: US\$ 165.975 million) has been utilized by the Bank with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to 4 years from the date of initial drawdown. The entire drawn amount is payable in semi-annual installments over a period of 10 years starting from January 31, 2023. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.			
14.1.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 188.339 million (December 31, 2020: Rs 194.309 million) for on-lending to customers. The amount is payable semi-annually from August 2020 to February 2023. Profit at 11.21% per annum is payable semi-annually from August 2020.			
14.1.4 A loan from Allied Bank Limited to HBL Asset Management Limited amounting to Rs 1.4 billion (December 31, 2020: Rs 1.6 billion). The principal amount is payable in ten equal semi-annual installments from June 2020 to December 2024. Interest at KIBOR + 0.75% is payable semi-annually.			
14.1.5 Mortgage refinancing facilities amounting to Rs 788.601 million (December 31, 2020: Rs 821.434 million) from PMRC, utilised by First Microfinance Bank Limited to extend mortgage finance to low income groups. The principal amount is payable in twenty quarterly installments on dates ranging from June 2020 to June 2025. Interest at 7.14% on these facilities is payable quarterly.			

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

15 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2021 (Unaudited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	816,248,958	149,200,535	965,449,493	823,057,044	157,417,183	980,474,227
Savings deposits	1,014,741,010	84,691,019	1,099,432,029	995,229,006	94,756,615	1,089,985,621
Term deposits	309,314,738	139,138,493	448,453,231	315,226,455	141,767,942	456,994,397
	2,140,304,706	373,030,047	2,513,334,753	2,133,512,505	393,941,740	2,527,454,245
Financial institutions						
Current deposits	8,271,148	1,559,676	9,830,824	13,072,383	1,408,220	14,480,603
Savings deposits	235,175,307	660,996	235,836,303	267,728,866	657,250	268,386,116
Term deposits	12,207,747	10,356,116	22,563,863	13,163,008	6,887,418	20,050,426
	255,654,202	12,576,788	268,230,990	293,964,257	8,952,888	302,917,145
	2,395,958,908	385,606,835	2,781,565,743	2,427,476,762	402,894,628	2,830,371,390

16 SUBORDINATED DEBT

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

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

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

The key features of the issue are as follows:

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

	Note	(Unaudited) March 31, 2021	(Audited) December 31, 2020
17 DEFERRED TAX ASSETS / (LIABILITIES)			
Deductible temporary differences on			
- Tax losses of subsidiary		440,140	469,486
- Provision against investments		862,707	1,141,429
- Provision against doubtful debts and off-balance sheet obligations		5,181,938	4,480,082
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		2,586,156	1,940,800
- Provision against other assets		41,365	45,062
- Deficit on revaluation of fixed assets		72,832	72,832
- Ijarah financing		210,925	199,225
		9,396,063	8,348,916
Taxable temporary differences on			
- Accelerated tax depreciation		(1,617,684)	(1,667,333)
- Surplus on revaluation of fixed assets	19	(1,814,427)	(1,827,924)
- Surplus on revaluation of fixed assets of associates	19	(56,392)	(56,392)
- Surplus on revaluation of investments	19	(3,031,836)	(5,430,518)
- Deficit / (surplus) on revaluation of investments of associates	19	6,389	(21,949)
- Management rights and goodwill		(294,865)	(237,741)
- Share of profit of associates		(6,727,535)	(6,728,003)
- Exchange translation reserve		(1,973,934)	(2,740,997)
- Others		28,008	(25,918)
		(15,482,276)	(18,736,775)
		(6,086,213)	(10,387,859)
Net deferred tax liabilities			
18 OTHER LIABILITIES			
Mark-up / return / profit / interest payable in local currency		16,518,181	11,846,712
Mark-up / return / profit / interest payable in foreign currency		2,480,667	2,362,314
Security deposits		985,284	974,790
Accrued expenses		19,431,805	19,271,148
Mark to market loss on forward foreign exchange contracts		6,970,619	6,359,622
Mark to market loss on derivative instruments		874,054	1,449,800
Unclaimed dividends		706,308	693,700
Dividends payable		4,502,171	115,626
Provision for post retirement medical benefits		3,813,697	3,763,654
Provision for employees' compensated absences		2,454,301	2,492,992
Provision against off-balance sheet obligations	18.1	1,182,667	1,138,648
Acceptances		26,274,112	27,539,046
Branch adjustment account		4,916,652	816,307
Provision for staff retirement benefits		1,240,534	1,239,418
Payable to defined benefit plans		1,069,349	1,182,639
Provision for Workers' Welfare Fund		6,698,573	6,379,456
Unearned income		4,492,107	4,229,811
Qarza-e-Hasna Fund		338,542	338,542
Levies and taxes payable		3,983,582	7,073,633
Insurance payable		968,575	887,519
Provision for rewards program expenses		1,545,693	1,391,392
Liability against trading of securities		6,286,227	902,755
Clearing and settlement accounts		8,067,325	4,538,525
Payable to HBL Foundation		409,513	315,431
Contingent consideration payable		500,000	500,000
Charity fund		4,843	4,234
Lease liability against right-of-use asset		18,106,089	18,213,249
Unclaimed deposits		398,800	91,752
Others		3,778,989	3,797,582
		148,999,259	129,910,297

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Opening balance	1,138,648	437,795
Exchange adjustment	(38,203)	(25,452)
Charge for the period / year	87,737	480,696
Reversal for the period / year	(5,515)	(95,905)
Net charge	82,222	384,791
Written off during the year	-	(4,053)
Transferred in	-	345,567
Closing balance	1,182,667	1,138,648

19 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Note	March 31, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Equity holders	Non-controlling interest	Total	Equity holders	Non-controlling interest	Total
	(Rupees in '000)					
Surplus / (deficit) arising on revaluation of assets, on						
- Fixed assets	28,954,193	42,652	28,996,845	28,987,958	43,496	29,031,454
- Fixed assets of associates	144,596	-	144,596	144,596	-	144,596
- Available-for-sale securities	7,787,592	12,587	7,800,179	13,932,014	22,016	13,954,030
- Available-for-sale securities held by associates	(16,383)	-	(16,383)	56,279	-	56,279
- Non-banking assets acquired in satisfaction of claims	209,594	-	209,594	209,594	-	209,594
	37,079,592	55,239	37,134,831	43,330,441	65,512	43,395,953
Deferred tax on surplus / (deficit) on revaluation of:						
- Fixed assets	1,811,007	3,420	1,814,427	1,824,175	3,749	1,827,924
- Fixed assets of associates	56,392	-	56,392	56,392	-	56,392
- Available-for-sale securities	3,027,897	3,939	3,031,836	5,423,011	7,507	5,430,518
- Available-for-sale securities held by associates	(6,389)	-	(6,389)	21,949	-	21,949
- Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-
	4,888,907	7,359	4,896,266	7,325,527	11,256	7,336,783
Surplus on revaluation of assets - net of tax	32,190,685	47,880	32,238,565	36,004,914	54,256	36,059,170

	Note	(Unaudited) March 31, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
20 CONTINGENCIES AND COMMITMENTS			
- Guarantees	20.1	202,627,656	202,220,786
- Commitments	20.2	642,494,078	795,974,261
- Other contingent liabilities	20.3	24,007,717	23,966,530
		869,129,451	1,022,161,577
20.1 Guarantees:			
Financial guarantees		63,778,320	64,395,790
Performance guarantees		128,098,324	126,593,020
Other guarantees		10,751,012	11,231,976
		202,627,656	202,220,786
20.2 Commitments:			
Trade-related contingent liabilities		190,239,827	153,394,723
Commitments in respect of:			
- forward foreign exchange contracts	20.2.1	338,350,542	436,716,313
- forward Government securities transactions	20.2.2	72,738,854	150,757,178
- derivatives	20.2.3	35,557,392	38,504,637
- forward lending	20.2.4	2,661,187	11,085,983
		449,307,975	637,064,111
Commitments for acquisition of:			
- fixed assets		1,734,214	4,389,650
- intangible assets		1,212,062	1,125,777
		2,946,276	5,515,427
		642,494,078	795,974,261

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
20.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	208,094,805	261,220,544
Sale	130,255,737	175,495,769
	<u>338,350,542</u>	<u>436,716,313</u>
20.2.2 Commitments in respect of forward Government securities transactions		
Purchase	37,654,501	96,427,590
Sale	35,084,353	54,329,588
	<u>72,738,854</u>	<u>150,757,178</u>
20.2.3 Commitments in respect of derivatives		
Cross Currency swaps		
Purchase	13,783,305	14,662,810
Sale	14,246,600	16,007,336
	<u>28,029,905</u>	<u>30,670,146</u>
Interest rate swaps		
Purchase	-	-
Sale	7,527,487	7,834,491
	<u>7,527,487</u>	<u>7,834,491</u>
20.2.4 Commitments in respect of forward lending		
Undrawn formal standby facilities, credit lines and other commitments to extend credit	<u>2,661,187</u>	<u>11,085,983</u>
These represent commitments that are irrevocable because they can not be withdrawn at the discretion of the Group without the risk of incurring a significant penalty or expense.		
20.3 Other contingent liabilities		
20.3.1 Claims against the Group not acknowledged as debts	<u>24,007,717</u>	<u>23,966,530</u>
These mainly represent counter claims by borrowers for damages, claims filed by former employees of the Group and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these condensed interim consolidated financial statements.		

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

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

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

21 DERIVATIVE INSTRUMENTS

Product Analysis

	March 31, 2021 (Unaudited)			
	Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
Hedging	-	-	-	-
Market Making	28,029,905	(401,013)	7,527,487	9,607
	December 31, 2020 (Audited)			
	Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
Hedging	-	-	-	-
Market Making	30,670,146	(1,340,265)	7,834,491	73,382

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

			(Unaudited)	
			For the three months ended	
		Note	March 31, 2021	March 31, 2020
			(Rupees in '000)	
22	MARK-UP / RETURN / PROFIT / INTEREST EARNED			
	On:			
	Loans and advances		25,538,246	35,008,922
	Investments		36,704,006	35,543,090
	Lendings to financial institutions		1,144,378	1,838,724
	Balances with banks		76,272	255,078
			<u>63,462,902</u>	<u>72,645,814</u>
23	MARK-UP / RETURN / PROFIT / INTEREST EXPENSED			
	On:			
	Deposits		22,300,112	34,831,775
	Securities sold under repurchase agreement borrowings		5,027,239	4,498,463
	Borrowings		1,301,684	1,792,293
	Subordinated debt		375,458	818,656
	Cost of foreign currency swaps against foreign currency deposits / borrowings		1,406,633	2,205,854
	Lease liability against right-of-use assets		582,502	485,313
			<u>30,993,628</u>	<u>44,632,354</u>
24	FEE AND COMMISSION INCOME			
	Branch banking customer fees		1,094,372	1,158,520
	Consumer finance related fees		368,757	320,413
	Card related fees (debit and credit cards)		1,773,726	1,039,978
	Credit related fees		427,242	325,945
	Investment banking fees		387,618	320,572
	Commission on trade related products and guarantees		990,786	768,964
	Commission on cash management		168,496	181,899
	Commission on remittances (including home remittances)		114,648	122,293
	Commission on bancassurance		185,403	123,936
	Commission on G2P payments		22,501	78,325
	Management fee		154,853	154,261
	Merchant discount and interchange fees		785,102	537,624
	Others		211,577	203,297
			<u>6,685,081</u>	<u>5,336,027</u>
	Less: Sales tax / Federal Excise Duty on fee and commission income		(780,720)	(605,480)
			<u>5,904,361</u>	<u>4,730,547</u>
25	(LOSS) / GAIN ON SECURITIES - NET			
	Realised	25.1	(207,148)	1,485,355
	Unrealised - held-for-trading	8.1	798	794,615
			<u>(206,350)</u>	<u>2,279,970</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

		(Unaudited) For the three months ended	
		March 31, 2021	March 31, 2020
		(Rupees in '000)	
25.1	(Loss) / gain on securities - realised		
	On:		
	Federal Government securities		
	- Market Treasury Bills	168,803	301,717
	- Pakistan Investment Bonds	9,467	1,344,330
	- Ijarah Sukuks	520	(148,619)
	Shares	(422,796)	35,891
	Non-Government debt securities	64,924	-
	Foreign securities	(28,066)	(47,964)
		(207,148)	1,485,355
26	OTHER INCOME / (LOSS)		
	Incidental charges	66,913	55,560
	Exchange gain realised on capital reduction in subsidiary under liquidation	1,919	1,702,954
	Exchange loss realised on closure of overseas branch	-	(1,887,208)
	(Loss) / gain on sale of fixed assets - net	(2,334)	16,293
	Rent on properties	5,681	18,589
		72,179	(93,812)
27	OPERATING EXPENSES		
	Total compensation expense	9,801,757	10,151,544
	Property expense		
	Rent and taxes	58,083	588,096
	Insurance	35,017	24,396
	Utilities cost	485,069	439,665
	Security (including guards)	513,903	504,061
	Repair and maintenance (including janitorial charges)	577,907	461,404
	Depreciation on owned fixed assets	832,590	776,536
	Depreciation on right-of-use assets	989,969	859,401
		3,492,538	3,653,559
	Information technology expenses		
	Software maintenance	957,790	788,235
	Hardware maintenance	196,331	174,760
	Depreciation	572,676	466,985
	Amortisation	229,036	174,541
	Network charges	342,514	324,904
	Consultancy charges	147,738	168,639
		2,446,085	2,098,064
	Other operating expenses		
	Legal and professional charges	168,342	986,267
	Outsourced services costs	519,305	415,600
	Travelling and conveyance	228,518	241,702
	Insurance	225,859	193,085
	Remittance charges	137,688	151,943
	Security charges	453,392	391,354
	Repairs and maintenance	338,371	304,683
	Depreciation	217,262	215,377
	Training and development	37,075	102,919
	Postage and courier charges	163,897	194,503
	Communication	196,303	194,896
	Stationery and printing	487,049	455,388
	Marketing, advertisement and publicity	2,079,763	1,697,407
	Donations	173,497	128,450
	Auditors' remuneration	78,516	61,838
	Brokerage and commission	113,418	134,035
	Subscription	64,490	60,774
	Documentation and processing charges	765,653	684,145
	Entertainment	90,938	88,289
	Consultancy charges	261,094	1,931,930
	Deposit insurance premium expense	626,121	559,191
	Product feature cost	256,653	261,387
	COVID-19 related expenses	285,100	66,522
	Others	193,293	214,341
		8,161,597	9,736,026
		23,901,977	25,639,193

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

		(Unaudited)	
		For the three months ended	
	Note	March 31, 2021	March 31, 2020
		(Rupees in '000)	
28	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	42,202	231,633
	Penalties imposed by other regulatory bodies	31	565
		<u>42,233</u>	<u>232,198</u>
29	PROVISIONS / (REVERSALS) AND WRITE OFFS - NET		
	(Reversal of) / provision for diminution in value of investments	8.3 (738,656)	281,990
	Provision against loans and advances	9.3 3,043,369	434,913
	(Reversal of) / provision against other assets	12.1.1 (235,590)	32,186
	Provision against off-balance sheet obligations	18.1 82,222	15,629
	Recoveries against written off / charged off bad debts	(237,211)	(96,832)
	Recoveries against other assets written off	(7,421)	(42,613)
	Bad debts written off directly	13,197	-
		<u>1,919,910</u>	<u>625,273</u>
30	TAXATION		
	- Current	7,083,627	3,631,254
	- Deferred	(1,135,276)	(606,578)
		<u>5,948,351</u>	<u>3,024,676</u>
31	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period attributable to equity holders of the Bank	<u>8,335,851</u>	<u>4,096,145</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>5.68</u>	<u>2.79</u>
31.1	Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.		
32	FAIR VALUE OF FINANCIAL INSTRUMENTS		
	The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments are estimated using the break-up value of the investee company.		
	The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities, cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.		
	In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.		

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

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

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

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

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

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

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

32.1 Fair value of financial assets

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

As at March 31, 2021 (Unaudited)					
On balance sheet financial instruments	Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,281,504,497	-	1,281,504,497	-	1,281,504,497
- Shares - listed companies	5,983,177	5,983,177	-	-	5,983,177
- Non-Government debt securities					
- Listed	47,326,545	40,320,000	7,006,545	-	47,326,545
- Unlisted	622,500	-	622,500	-	622,500
- Foreign securities					
Government debt securities	49,579,995	-	49,579,995	-	49,579,995
Non-Government debt securities- listed	12,110,943	-	12,110,943	-	12,110,943
- National Investment Unit Trust	47,324	-	47,324	-	47,324
- Real Estate Investment Trust units	50,200	50,200	-	-	50,200
- Preference Shares	777,000	777,000	-	-	777,000
	1,398,002,181	47,130,377	1,350,871,804	-	1,398,002,181
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	246,261,693	-	243,488,214	-	243,488,214
- Non-Government debt securities					
- Listed	5,462,080	-	5,484,620	-	5,484,620
- Unlisted	18,235,710	-	18,235,710	-	18,235,710
- Foreign securities					
Government debt securities	12,412,218	-	13,003,646	-	13,003,646
Non-Government debt securities					
- Listed	333,066	-	378,087	-	378,087
- Unlisted	260,984	-	260,984	-	260,984
	282,965,751	-	280,851,261	-	280,851,261
	1,680,967,932	47,130,377	1,631,723,065	-	1,678,853,442

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

As at March 31, 2021 (Unaudited)				
Notional value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Off-balance sheet financial instruments - measured at fair value				
Commitments				
- Forward foreign exchange contracts	338,350,542	-	(2,510,709)	(2,510,709)
- Forward Government securities transactions	72,738,854	-	10,549	10,549
- Derivative instruments	35,557,392	-	(391,406)	(391,406)

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments				
- Federal Government securities	1,531,690,989	-	1,531,690,989	1,531,690,989
- Shares - listed companies	5,985,004	5,985,004	-	5,985,004
- Non-Government debt securities				
- Listed	47,265,405	40,240,000	7,025,405	47,265,405
- Unlisted	622,501	-	622,501	622,501
- Foreign securities				
Government debt securities	45,168,168	-	45,168,168	45,168,168
Non-Government debt securities- listed	13,750,422	-	13,750,422	13,750,422
- National Investment Unit Trust	46,839	-	46,839	46,839
- Real Estate Investment Trust units	53,000	53,000	-	53,000
- Preference Shares	855,400	855,400	-	855,400
	1,645,437,728	47,133,404	1,598,304,324	1,645,437,728

Financial assets - disclosed but not measured at fair value

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

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

Off-balance sheet financial instruments - measured at fair value

Commitments				
- Forward foreign exchange contracts	436,716,313	-	(2,257,672)	(2,257,672)
- Forward Government securities transactions	150,757,178	-	(52,974)	(52,974)
- Derivative instruments	38,504,637	-	(1,266,883)	(1,266,883)

32.2 Fair value of non-financial assets

As at March 31, 2021 (Unaudited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
- Fixed assets	53,197,178	-	53,197,178	53,197,178
- Non-banking assets acquired in satisfaction of claims	670,879	-	670,879	670,879
	53,868,057	-	53,868,057	53,868,057
As at December 31, 2020 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
- Fixed assets	52,856,178	-	52,856,178	52,856,178
- Non-banking assets acquired in satisfaction of claims	639,379	-	639,379	639,379
	53,495,557	-	53,495,557	53,495,557

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

33 SEGMENT INFORMATION

33.1 Segment details with respect to Business Activities

	For the three months ended March 31, 2021 (Unaudited)									
	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Profit and loss account	(Rupees in million)									
Net mark-up / return / profit / interest income	(13,932)	6,499	2,992	7,381	26,998	1,221	(35)	2,013	(668)	32,469
Inter segment revenue / (expense) - net	24,103	(3,197)	-	(3,572)	(20,317)	1,004	-	-	1,979	-
Non mark-up / interest income	967	2,305	183	974	911	1,106	158	290	1,328	8,222
Total Income	11,138	5,607	3,175	4,783	7,592	3,331	123	2,303	2,639	40,691
Segment direct expenses	6,168	2,119	541	854	321	3,581	90	1,383	9,206	24,263
Inter segment expense allocation	4,245	571	170	567	82	2,234	-	-	(7,869)	-
Total expenses	10,413	2,690	711	1,421	403	5,815	90	1,383	1,337	24,263
Provisions - charge / (reversal)	-	361	114	840	(714)	1,029	-	198	92	1,920
Profit / (loss) before tax	725	2,556	2,350	2,522	7,903	(3,513)	33	722	1,210	14,508
As at March 31, 2021 (Unaudited)										
	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Statement of financial position	(Rupees in million)									
Cash and bank balances	149,140	-	16,084	337	74,337	84,235	2	10,167	410	334,712
Lendings to financial institutions	-	-	13,898	-	44,578	-	-	-	-	58,476
Inter segment lending	1,445,402	-	2,717	-	-	158,694	-	-	147,980	1,754,793
Investments	-	-	155,459	8,675	1,413,141	89,828	315	15,292	34,650	1,717,360
Advances - performing	-	163,285	125,512	622,647	-	226,090	-	44,193	19,339	1,201,066
Advances - non-performing	-	2,434	179	4,457	-	3,319	-	1,017	-	11,406
Others	17,817	4,329	8,933	29,998	46,588	14,107	2,951	8,898	82,480	216,101
Total assets	1,612,359	170,048	322,782	666,114	1,578,644	576,273	3,268	79,567	284,859	5,293,914
Borrowings	-	3,312	21,965	103,102	74,953	77,747	1,400	1,588	-	284,067
Subordinated debt	-	-	-	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,589,489	456	269,739	426,968	9	426,188	-	64,480	4,237	2,781,566
Inter segment borrowing	-	158,964	-	109,080	1,486,749	-	-	-	-	1,754,793
Others	22,870	7,316	6,662	26,964	14,308	30,085	422	6,318	84,560	199,505
Total liabilities	1,612,359	170,048	298,366	666,114	1,576,019	534,020	1,822	72,386	101,171	5,032,305
Equity	-	-	24,416	-	2,625	42,253	1,446	7,181	183,688	261,609
Total equity and liabilities	1,612,359	170,048	322,782	666,114	1,578,644	576,273	3,268	79,567	284,859	5,293,914
Contingencies and commitments	41,469	-	25,595	305,984	362,204	107,519	-	-	26,358	869,129

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

For the three months ended March 31, 2020 (Unaudited)

	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Profit and loss account (Rupees in million)										
Net mark-up / return / profit / interest income	(23,875)	6,889	2,733	13,120	27,169	2,147	(76)	1,375	(1,469)	28,013
Inter segment revenue / (expense) - net	40,628	(4,160)	-	(9,629)	(30,304)	575	-	-	2,890	-
Non mark-up / interest income	1,021	1,764	(45)	836	3,310	1,421	126	205	(2,860)	5,778
Total Income	17,774	4,493	2,688	4,327	175	4,143	50	1,580	(1,439)	33,791
Segment direct expenses	6,244	1,966	476	859	176	7,895	79	1,134	7,204	26,033
Inter segment expense allocation	3,178	468	161	420	72	1,639	-	-	(5,938)	-
Total expenses	9,422	2,434	637	1,279	248	9,534	79	1,134	1,266	26,033
Provisions - charge / (reversal)	(8)	182	77	(801)	142	659	-	396	(22)	625
Profit / (loss) before tax	8,360	1,877	1,974	3,849	(215)	(6,050)	(29)	50	(2,683)	7,133

As at December 31, 2020 (Audited)

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

34 RELATED PARTY TRANSACTIONS

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

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

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

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

As at March 31, 2021 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
(Rupees in '000)						
Statement of financial position						
Balances with other banks						
In current accounts	-	-	3,808	-	5,921	-
Investments						
Opening balance	-	-	-	26,751,320	5,047,043	4,843,724
Investment made during the period	-	-	-	224,975	(269,812)	-
Share of profit - net of tax	-	-	-	180,870	78,450	-
Equity method related adjustments	-	-	-	(1,408,839)	-	-
Investment redeemed / disposed off during the period	-	-	-	(497,723)	-	-
Dividend received during the period	-	-	-	(222,262)	-	-
Revaluation of investment during the period	-	-	-	(100,094)	2,779	(99,774)
Closing balance	-	-	-	24,928,247	4,858,460	4,743,950
Advances						
Opening balance	249	305,836	4,504,529	1,125,000	-	7,748,994
Addition during the period	7,760	72,971	2,919,527	2,208,039	-	434,184
Repaid during the period	(7,222)	(72,651)	(3,007,071)	(11,250)	-	(953,594)
Transfer in / (out) - net	73	(375)	-	-	-	319,375
Other movements	-	-	(124,970)	(59,266)	-	-
Closing balance	860	305,781	4,292,015	3,262,523	-	7,548,959
Other assets						
Interest / mark-up accrued	-	377	28,547	32,143	-	224,132
Advance to contractor	-	-	10,214	-	-	-
Other receivable / prepayments	-	-	3,488	237,057	-	7,121
	-	377	42,249	269,200	-	231,253
Borrowings						
Opening balance	-	-	3,638,498	959,006	1,598,344	1,315,743
Borrowings during the period	-	-	1,028,305	951,192	1,585,321	-
Settled during the period	-	-	(2,079,630)	(951,192)	(1,585,321)	(338,803)
Other movements	-	-	(140,243)	(42,454)	(70,758)	-
Closing balance	-	-	2,446,930	916,552	1,527,586	976,940
Deposits and other accounts						
Opening balance	122,063	495,061	12,981,422	36,318,748	-	1,814,234
Received during the period	150,580	1,330,122	112,552,657	219,093,439	-	23,592,239
Withdrawn during the period	(144,662)	(1,238,793)	(111,452,025)	(221,767,634)	-	(22,448,368)
Transfer in / (out) - net	(13,238)	(53,480)	-	-	-	-
Other movements	(84)	(3,422)	(260,148)	(524)	-	(12,417)
Closing balance	114,659	529,488	13,821,906	33,644,029	-	2,945,688
Other liabilities						
Interest / mark-up payable	2,625	1,684	231,512	17,708	5,474	16,294
Payable to staff retirement fund	-	-	-	-	-	1,069,349
Other payables	-	-	2,998	49,739	-	426,389
	2,625	1,684	234,510	67,447	5,474	1,512,032
Contingencies and commitments						
Letter of credit	-	-	474,503	-	-	2,117,728
Letter of guarantee	-	-	124,005	-	-	3,684,498
Forward purchase of Government securities	-	-	1,328,242	-	-	278,512
Commitments in respect of forward lending	-	-	-	-	-	2,524,426
Interest rate swaps	-	-	785,820	1,125,000	-	-
	-	-	2,712,570	1,125,000	-	8,605,164
Others						
Securities held as custodian	-	14,925	5,894,670	41,070,390	-	8,721,690

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For the three months ended March 31, 2021

For the three months ended March 31, 2021 (Unaudited)

	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
(Rupees in '000)						
Profit and loss account						
Income						
Mark-up / return / profit / interest earned	-	3,723	63,991	50,748	-	269,547
Fee and commission income	-	-	41,046	253,541	89	1,702
Share of profit	-	-	-	180,870	78,450	-
Dividend income	-	-	-	-	-	31,680
Gain from derivatives	-	-	463	3,005	-	-
Expenses						
Mark-up / return / profit / interest expensed	1,756	1,741	171,422	277,774	5,963	39,801
Operating expenses						
Total compensation expense	-	399,977	-	-	-	302,458
Non-Executive Directors' fees	18,600	-	-	-	-	-
Insurance premium expense	-	-	-	417,808	-	-
Advertisement and publicity	-	-	28,556	-	-	-
Travelling	-	-	6,073	-	-	-
Subscription	-	-	-	-	-	40,610
Donations	-	-	77,230	-	-	94,082
Brokerage and Commission	-	-	-	-	-	51,900
Other Expenses	-	-	2,410	-	-	11,601
Others						
Purchase of Government securities	-	-	86,165,287	8,190,943	-	2,426,181
Sale of Government securities	-	12,002	88,295,947	11,616,067	-	4,067,867
Purchase of foreign currencies	-	31	376,716	-	-	-
Sale of foreign currencies	2,416	118,141	754,178	93,300	-	2,027,049
Insurance claims settled	-	-	-	18,095	-	-

As at December 31, 2020 (Audited)

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

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For the three months ended March 31, 2021

As at December 31, 2020 (Audited)						
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
Borrowings						
Opening balance	-	-	2,787,405	929,086	1,548,476	-
Borrowings during the year	-	-	9,160,032	2,913,226	4,855,377	1,400,000
Settled during the year	-	-	(8,543,252)	(2,913,226)	(4,855,377)	(84,257)
Other movements	-	-	234,313	29,920	49,868	-
Closing balance	-	-	3,638,498	959,006	1,598,344	1,315,743
Deposits and other accounts						
Opening balance	97,816	193,679	10,999,321	11,245,398	-	3,183,114
Received during the year	687,076	2,384,726	258,689,238	652,057,799	-	60,738,998
Withdrawn during the year	(667,490)	(2,123,156)	(257,004,084)	(626,978,755)	-	(62,159,850)
Transfer in / (out) - net	4,619	35,680	-	-	-	(3,237)
Other movements	42	4,132	296,947	(5,694)	-	55,209
Closing balance	122,063	495,061	12,981,422	36,318,748	-	1,814,234
Other liabilities						
Interest / mark-up payable	1,384	1,734	231,174	129,999	6,251	13,334
Payable to staff retirement fund	-	-	-	-	-	1,182,639
Other payables	-	-	8,711	37,931	-	347,986
	1,384	1,734	239,885	167,930	6,251	1,543,959
Contingencies and Commitments						
Letter of credit	-	-	145,085	-	-	1,576,326
Letter of guarantee	-	-	134,121	-	-	3,419,047
Forward purchase of Government securities	-	-	861,632	-	-	316,416
Commitments in respect of forward lending	-	-	-	-	-	2,524,426
Interest rate swaps	-	-	859,491	1,125,000	-	-
	-	-	2,000,329	1,125,000	-	7,836,215
Others						
Securities held as custodian	-	17,745	5,457,675	30,978,500	-	13,662,385
For the three months ended March 31, 2020 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
Profit and loss account						
Income						
Mark-up / return / profit / interest earned	-	6,011	86,016	82,624	-	248,241
Fee and commission income	-	-	30,934	220,298	85	26,821
Share of (loss) / profit	-	-	-	(29,955)	285,304	-
Dividend income	-	-	-	-	-	35,653
Loss from derivatives	-	-	(16,233)	(17,457)	-	-
Expense						
Mark-up / return / profit / interest expensed	1,611	2,246	239,180	173,924	12,955	27,667
Operating expenses						
Total compensation expense	-	358,557	-	-	-	267,328
Non-Executive Directors' fees	19,800	-	-	-	-	-
Insurance premium expense	-	-	-	307,378	-	-
Advertisement and publicity	-	-	87,750	-	-	-
Travelling	-	-	6,486	-	-	-
Subscription	-	-	-	-	-	16,117
Donations	-	-	76,950	-	-	41,500
Other Expenses	-	-	424	-	-	54,588
Others						
Purchase of Government securities	-	-	32,169,380	6,813,099	-	886,411
Sale of Government securities	-	14,895	35,050,146	11,139,353	-	1,729,810
Purchase of foreign currencies	-	-	390,182	3,728	-	-
Sale of foreign currencies	4,864	70,278	877,862	17,100	-	2,533,949
Insurance claims settled	-	-	-	37,799	-	-

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

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

of which: capital conservation buffer requirement

of which: countercyclical buffer requirement

of which: D-SIB or G-SIB buffer requirement

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

Other information:

National minimum capital requirements prescribed by the SBP

CET1 minimum ratio (%)

Tier 1 minimum ratio (%)

Total capital minimum ratio (%)

Leverage Ratio (LR)

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio (%)

Minimum Requirement (%)

Liquidity Coverage Ratio (LCR)

Average High Quality Liquid Assets

Average Net Cash Outflow

Liquidity Coverage Ratio (%)

Minimum Requirement (%)

Net Stable Funding Ratio (NSFR)

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio (%)

Minimum Requirement (%)

(Unaudited)
March 31,
2021
(Rupees in '000)

(Audited)
December 31,
2020

14,668,525	14,668,525
179,331,254	172,930,425
12,548,585	12,533,284
191,879,839	185,463,709
54,630,700	51,969,228
246,510,539	237,432,937
1,052,857,687	1,042,434,363
121,511,088	131,554,475
203,276,223	203,276,223
1,377,644,998	1,377,265,061
13.02%	12.56%
13.93%	13.47%
17.89%	17.24%
9.50%	9.50%
1.50%	1.50%
-	-
2.00%	2.00%
7.02%	6.56%
9.50%	9.50%
11.00%	11.00%
13.50%	13.50%
191,879,839	185,463,709
4,032,914,347	4,364,466,103
4.76%	4.25%
3.00%	3.00%
Total Adjusted Value (Rupees in '000)	
1,419,182,562	1,343,833,391
579,370,233	525,626,841
244.95%	255.66%
100.00%	100.00%
Total Weighted Value (Rupees in '000)	
2,606,156,837	2,637,965,349
1,531,171,617	1,448,252,363
170.21%	182.15%
100.00%	100.00%

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

36 ISLAMIC BANKING BUSINESS

The Bank operates 101 (December 31, 2020: 62) Islamic Banking branches and 813 (December 31, 2020: 853) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	(Unaudited) March 31, 2021	(Audited) December 31, 2020
(Rupees in '000)			
Cash and balances with treasury banks		15,969,167	12,685,357
Balances with other banks		115,140	85,710
Due from financial institutions	36.1	13,898,164	5,257,358
Investments	36.2	155,458,871	139,619,025
Islamic financing and related assets - net	36.3	125,690,878	153,363,009
Fixed assets		1,429,473	1,163,176
Intangible assets		-	-
Due from Head Office		2,465,683	90,320
Deferred tax assets		-	-
Other assets		7,754,543	6,132,151
		322,781,919	318,396,106

LIABILITIES

Bills payable		9,774	9,451
Due to financial institutions	36.4	21,964,783	32,183,448
Deposits and other accounts	36.5	269,739,014	257,414,395
Due to Head Office		34,167	12,444
Subordinated debt		-	-
Deferred tax liabilities		147,872	8,718
Other liabilities		6,470,120	6,000,269
		298,365,730	295,628,725

NET ASSETS

24,416,189	22,767,381
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REPRESENTED BY

Islamic Banking Fund		500,000	500,000
Reserves		-	-
Surplus on revaluation of investments - net of tax		231,287	13,637
Unappropriated profit	36.6	23,684,902	22,253,744
		24,416,189	22,767,381

Contingencies and commitments

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

Profit / return earned	36.8	5,540,275	5,829,677
Profit / return expensed	36.9	2,548,522	3,096,352
Net profit / return		2,991,753	2,733,325

Other income / (loss)

Fee and commission income		170,454	146,298
Dividend income		-	-
Foreign exchange income / (loss)		10,469	(24,984)
Income from derivatives		-	-
Loss on securities- net		(906)	(168,467)
Others		3,051	2,218
Total other income / (loss)		183,068	(44,935)

Total income

3,174,821	2,688,390
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Other expenses

Operating expenses		660,373	595,736
Workers' Welfare Fund		47,955	40,301
Other charges		2,682	220
Total other expenses		711,010	636,257

Profit before provisions

Provisions and write offs - net		2,463,811	2,052,133
		114,142	76,737

Profit before taxation

Taxation		2,349,669	1,975,396
		917,459	770,489

Profit after taxation

1,432,210	1,204,907
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Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
36.1 Due from Financial Institutions		
Call money lendings	5,855,000	-
Bai Muajjal receivable with State Bank of Pakistan	-	5,257,358
Bai Muajjal receivable with other Financial Institutions	8,043,164	-
	<u>13,898,164</u>	<u>5,257,358</u>

36.2 Investments by segments

	March 31, 2021 (Unaudited)				December 31, 2020 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Federal Government securities								
-Ijarah Sukuks	82,674,191	-	(28,766)	82,645,425	67,678,595	-	(322,645)	67,355,950
-Other Federal Government securities	11,736,908	-	-	11,736,908	11,324,538	-	-	11,324,538
	<u>94,411,099</u>	<u>-</u>	<u>(28,766)</u>	<u>94,382,333</u>	<u>79,003,133</u>	<u>-</u>	<u>(322,645)</u>	<u>78,680,488</u>
Non-Government debt securities								
-Listed	47,475,785	-	385,425	47,861,210	47,291,628	-	322,500	47,614,128
-Unlisted	13,192,828	-	22,500	13,215,328	13,301,909	-	22,500	13,324,409
	<u>60,668,613</u>	<u>-</u>	<u>407,925</u>	<u>61,076,538</u>	<u>60,593,537</u>	<u>-</u>	<u>345,000</u>	<u>60,938,537</u>
Total Investments	<u>155,079,712</u>	<u>-</u>	<u>379,159</u>	<u>155,458,871</u>	<u>139,596,670</u>	<u>-</u>	<u>22,355</u>	<u>139,619,025</u>

	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
36.3 Islamic financing and related assets - net		
Diminishing Musharakah	67,425,152	71,127,412
Running Musharakah	18,041,248	45,034,254
Wakalah	10,000,000	10,000,000
Ijarah	2,198,349	2,341,651
Murabaha	1,446,402	1,517,711
Currency Salam	5,882	589,706
Tijarah	1,589,788	422,168
Istisna	1,069,788	271,460
Home Financing	2,527,592	2,060,742
Advance for Diminishing Musharakah	2,916,765	2,320,561
Advance for Ijarah	239,333	312,748
Advance for Murabaha	4,372,525	1,203,371
Advance for Salam	499,998	1,027,180
Advance for Istisna	8,346,718	11,874,971
Inventories against Murabaha	364,850	2,204,687
Inventories against Salam	980,000	-
Inventories against Tijarah	940,421	824,156
Inventories against Istisna	3,895,248	1,285,677
Islamic financing and related assets - gross	<u>126,860,059</u>	<u>154,418,455</u>
Provision against Islamic financing and related assets		
-Specific	(229,792)	(126,457)
-General	(939,389)	(928,989)
	<u>(1,169,181)</u>	<u>(1,055,446)</u>
Islamic financing and related assets - net of provision	<u>125,690,878</u>	<u>153,363,009</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

	Note	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
36.4 Due to financial institutions			
Unsecured acceptances of funds		-	10,500,000
Acceptances from the SBP under Islamic Export Refinance Scheme		12,471,342	12,185,727
Acceptances from the SBP under Islamic Long Term Financing Facility		4,883,146	4,774,050
Acceptances from the SBP under Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs		6,789	-
Acceptances from the SBP under Islamic Refinance Scheme for Payment of Wages and Salaries		2,204,314	2,456,473
Acceptances from the SBP under Islamic Financing Facility For Renewable Energy		302,394	96,152
Acceptances from the SBP under Islamic Temporary Economic Refinance Facility		1,908,459	1,676,737
Acceptances from Pakistan Mortgage Refinance Company		188,339	494,309
		21,964,783	32,183,448
36.5 Deposits and other accounts			
Customers			
Current deposits		63,435,081	64,402,537
Savings deposits		113,719,839	105,290,516
Term deposits		22,964,085	24,221,318
		200,119,005	193,914,371
Financial Institutions			
Current deposits		809,224	405,136
Savings deposits		66,466,639	61,847,142
Term deposits		2,344,146	1,247,746
		69,620,009	63,500,024
		269,739,014	257,414,395
36.6 Islamic Banking business unappropriated profit			
Opening Balance		22,253,744	16,486,211
Add: Islamic Banking profit for the period / year		2,349,669	9,464,811
Less: Taxation		(917,459)	(3,696,779)
Less: Transferred / Remitted to Head Office		(1,052)	(499)
Closing Balance		23,684,902	22,253,744
36.7 Contingencies and commitments			
- Guarantees	36.7.1	1,151,312	1,498,665
- Commitments	36.7.2	24,443,422	7,917,674
		25,594,734	9,416,339
36.7.1 Guarantees			
Performance guarantees		1,123,378	1,435,850
Other guarantees		27,934	62,815
		1,151,312	1,498,665
36.7.2 Commitments			
Trade-related contingent liabilities		22,140,403	6,208,476
Commitments in respect of forward foreign exchange contracts	36.7.2.1	2,303,019	1,709,198
		24,443,422	7,917,674
36.7.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		1,111,371	740,199
Sale		1,191,648	968,999
		2,303,019	1,709,198

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

		(Unaudited) For the three months ended	
		March 31, 2021	March 31, 2020
		(Rupees in '000)	
36.8	Profit / return earned		
	On:		
	Financing	2,669,653	3,737,797
	Investments	2,760,973	1,252,191
	Placements	109,649	839,689
		<u>5,540,275</u>	<u>5,829,677</u>
36.9	Profit / return expensed		
	On:		
	Deposits and other accounts	2,240,073	2,989,295
	Amounts due to financial institutions	261,284	60,540
	Foreign currency deposits for Wa'ad based transactions	102	21,534
	Lease liability against right-of-use assets	47,063	24,983
		<u>2,548,522</u>	<u>3,096,352</u>
37	NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE		
37.1	The Board of Directors, in its meeting held on April 20, 2021, has declared a cash dividend of Rs 1.75 per share in respect of the quarter ended March 31, 2021 (March 31, 2020: Rs 1.25 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	DATE OF AUTHORISATION FOR ISSUE		
	These condensed interim consolidated financial statements were authorised for issue in the Board of Directors meeting held on April 20, 2021.		
39	GENERAL		
39.1	Comparative figures have been re-arranged and reclassified for comparison purposes.		

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Salim Raza
Director

Shaffiq Dharamshi
Director

Dr. Najeeb Samie
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 quarter ended March 31, 2021.

Macroeconomic Review

Pakistan's economy has maintained its growth trajectory during 1Q'21, as the country negotiates the third wave of Covid-19. The domestic economy has shown resilience, and the large-scale manufacturing (LSM) index has grown by 7.4% during 8MFY'21 as industrial activity has responded well to the stimulus measures. In its recent monetary policy statement, the SBP now expects GDP growth to reach 3% for the current fiscal year. Headline inflation in March 2021 rose to 9.1%, as rising food prices outweighed a decline in the housing index. Average inflation for 9MFY'21 was 8.3% compared to 11.5% in the same period of last year and, for FY'21, is expected to remain within the previously announced target range of 7.0% - 9.0%.

The trade deficit for 8MFY'21 has widened by 22% to USD 16 billion, as imports picked up sharply by 8.6%; the increase was in non-oil imports, which rose 17%, evidencing the rebound in economic activity. Exports have inched past pre-Covid levels and are expected to maintain course as global trade gradually picks up; however, they were 2.3% lower than for the same period last year. Remittances have exhibited a phenomenal growth, rising by 26% in 9MFY'21 to USD 21.5 billion, and consistently remaining over USD 2 billion for ten consecutive months, helped by travel restrictions which have curtailed the use of informal channels. For 8MFY'21, the current account has recorded a surplus of USD 881 million compared to a deficit of USD 2.7 billion in 8MFY'20.

The IMF's Executive Board approved the Staff Level agreement and authorized the release of the third tranche of USD 500 million under the EFF program. The IMF commended Pakistan's efforts for stabilization despite the unprecedented challenges posed by the pandemic, while continuing to emphasize fiscal consolidation and energy sector reforms. The Government has recently presented a plan for the resolution of circular debt, which could potentially lead to higher utility tariffs in the near term. It has also initiated an SBP Amendment Bill 2021 to strengthen the Central Bank's autonomy and governance, a key structural benchmark under the EFF.

The favorable external account position has led to improving FX reserves. In April, Pakistan received inflows from the IMF tranche and the successful issuance of a USD 2.5 billion Eurobond, resulting in reserves rising to a five-year high of USD 23.2 billion. Roshan Digital Accounts continue to receive an encouraging response and their cumulative balance has crossed USD 800 million. These developments have all supported the Rupee, which has gained 4% against the Dollar since the start of the year.

A 6% increase in normalized tax revenue enabled the Government to maintain a primary surplus of 0.7% of GDP in 1HFY'21, better than IMF targets, despite the pandemic. However, a 15% increase in debt servicing costs resulted in the overall deficit increasing to 2.5% of GDP, compared to 2.3% in 1HFY'20. During 9MFY'21, FBR performance has improved over the previous year with a growth of 10% in net tax revenue to Rs 3.4 trillion, exceeding the target of Rs 3.3 trillion. The higher collection is also a manifestation of growing economic activity and is expected to continue in the run up to the end of the fiscal year.

After a strong start to the year, which saw the PSX index approach the 47,000 mark, the equity markets have turned choppy. Heightened political noise, coupled with mixed news on the covid third wave have outweighed the positive sentiment from low interest rates and strong corporate earnings. Overall, performance for Q1'21 remained lackluster with the PSX index growing by only 1.9%.

The SBP has kept the interest rate unchanged at 7.0% in its Monetary Policy Committee meeting in March 2021. It noted that the economic recovery is still nascent, that core inflation remains subdued and that inflation expectations remain well anchored. The SBP also stated that the current accommodative monetary policy is appropriate to support growth and future adjustments would be measured, in order to ensure sustainability. In Q1'21, industry advances have grown slightly, by 1%, while deposits have remained at Dec'20 levels. On the other hand, demand for the SBP's Temporary Economic Refinance Facility (TERF) has been strong with Rs 400 billion approved by the sector. Banking spreads continued to decline, compressing by 114 bps during 2M'21 compared to the same period last year.

Financial Performance

HLB has recorded a Profit before Tax of Rs 14.0 billion in the first quarter of 2021, double the profit of Rs 7.0 billion in the same period last year. Profit after tax more than doubled, to Rs 8.3 billion in Q1'21. Earnings per share increased from 2.73 in Q1'20 to 5.66 in Q1'21.

The Bank's deposits remained at a healthy level of Rs 2.6 trillion with current and CASA ratios of 34.7% and 84.1% respectively. HBL's Consumer business continues to outperform, with loans increasing to nearly Rs 85 billion. However, total domestic advances declined marginally due to lower commodity lending. With a rebound in international lending, total advances of the Bank remained nearly flat to Dec'20 levels.

As a result of the accelerated growth in domestic deposits in 2020, average domestic deposits increased by over Rs 350 billion with average current accounts rising by nearly Rs 120 billion. This led to a nearly Rs 475 billion expansion in the average domestic balance sheet in Q1'21 compared to Q1'20. Despite NIM compression due to a substantially lower interest rate environment, domestic net interest income grew by 16% to Rs 28.4 billion with the Bank's total net interest income increasing by 15% over Q1'20, to Rs 30.1 billion.

Total non-fund income of the Bank has grown by 59% over Q1'20 to Rs 7.4 billion. Fees and commissions, which had started to uptick in Q3'20, demonstrated a robust increase of 24% over Q1'20 to Rs 5.1 billion. This was driven by broad-based growth across all business lines, with exceptional performance from the cards, trade and consumer finance businesses. The absence of capital gains in Q1'21 (Rs 2.2 billion in Q1'20) was offset by a revaluation gain on the short dollar position in Q1'21 compared to a significant loss in Q1'20.

Administrative expenses of the Bank reduced by 8% over Q1'20, which included Rs 4.4 billion in New York related costs. Consequently, the Bank's cost to income ratio (excluding capital gains) improved from 81.4% in Q1'20 to 56.8% in Q1'21. Despite an excellent recovery performance, there is a net provision charge of Rs 1.7 billion in Q1'21 as the Bank prudently recorded subjective provisions on certain stressed accounts. Total NPLs of the Bank declined by Rs 0.5 billion over Dec'20, with the infection ratio remaining stable at a record low of 6.4%. HBL's total coverage ratio improved to over 100% with the specific coverage at 89%.

Movement in Reserves

	Rs in million
Unappropriated profit brought forward	129,263
Profit after tax	8,298
Transferred from surplus on revaluation of assets – net of tax	16
	8,314
Profit available for appropriations	137,577
Appropriations:	
Transferred to statutory reserves	(830)
Cash dividend – Final 2020	(4,401)
Total appropriations	(5,231)
Unappropriated profit carried forward	132,346
Earnings per share (Rs)	5.66

Capital Ratios

The Bank's Capital Adequacy Ratio (CAR) strengthened across all tiers on the back of improved profitability. Unconsolidated Tier 1 CAR increased from 14.8% to 15.2%, while total CAR increased from 19.2% to 19.7%. The improvement in CAR includes the impact of the Rupee appreciation (Tier 1 CAR :15 bps, Total CAR :20 bps), as well as the continued relaxation in the Capital Conservation Buffer which adds 41 bps to Total CAR.

In Dec'20, the Bank exercised its call option on the existing Tier 2 subordinated debt TFCs. These were fully redeemed on Feb 19, 2021.

Dividend

The Board of Directors, in its meeting held on April 20, 2021 has declared an interim cash dividend of Rs 1.75 per share (17.5%) for the quarter ended March 31, 2021.



Change in Directors

Ms. Diane Moore and Mr. Salim Chinoy retired from the Board of Directors on March 25, 2021, at the conclusion of their terms. The Board wishes to place on record its appreciation for their contribution. On March 26, 2021, the Annual General Meeting elected seven Directors to a new three-year term on the Board of HBL.

Ms. Saba Kamal and Mr. Khaleel Ahmed have also been elected to the Board of Directors with effect from March 26, 2021. Ms. Kamal has over 3 decades of experience in the area of Information Technology, with 20 years in leadership positions with IBM in Pakistan and internationally. She has an MBA from the Institute of Business Administration (IBA), Karachi, and has completed a number of certifications and trainings at IBM Centers and from Insead, Boston University and China Europe International Business School (CEIBS). Ms. Kamal has completed her Director certification from the Pakistan Institute of Corporate Governance and currently serves on the Board of Packages Ltd. She is also a member of the IBA Board of Governors.

Mr. Ahmed has over 40 years of financial markets experience. He was the Chief investment Officer at IFC, where he worked for 30 years on emerging economies, and was associated with IFC's global financial institutions group. Mr. Ahmed is a Chartered Accountant, qualifying from the Institute of Chartered Accountants of England and Wales and is a Fellow of the Institute of Chartered Accountants, Pakistan. He has prior work experience at Price Waterhouse (UK) and National Development Finance Corporation, Pakistan.

The Board welcomes Ms. Kamal and Mr. Ahmed and looks forward to their contributions.

Future Outlook

The recovery in economic growth is expected to continue during the rest of the current fiscal year, supported by fiscal and monetary measures. For the next fiscal year, both the Government and the IMF are projecting growth of 4%+, which should be quite achievable as long as the pandemic remains under control. The roll-out of vaccinations for the general public has been well received and the Government has mostly received kudos for its handling. Ultimately, this will depend on the level of vaccine hesitancy and the availability and speed of roll-out.

The successful completion of the all-important IMF review under the EFF will, as always, have several implications for the economy. The current inflation levels remain well ahead of the current policy rate of 7%; however, the IMF's imprimatur on the SBP's current monetary stance means that a negative real interest rate regime should persist in the short-term, which will boost the real economy. The current emphasis on growing mortgage financing, which remains extremely low on an absolute and relative basis compared to the region, is a welcome initiative and will help achieve a sustained growth in incomes and in expanding the SME sector.

The improvement in the external position and the appreciation of the Rupee has been a bright spot on the economic landscape, helping to dampen inflationary pressures. However, this will be countered by rising international oil and commodity prices and the requirement to raise domestic utility prices and reduce subsidies under the IMF conditionalities, which will create inflationary pressures throughout 2021. The ability and willingness of the Government to address structural issues – governance and privatization of SOEs, broadening the tax base and addressing the circular debt – will be key to the success of the EFF program and require urgent attention.

HBL has started the year on a strong note, with legacy issues largely addressed and all businesses and activity drivers showing good momentum. Our customers, who have supported us through generations, are the reason for our existence. It is our firm belief that, by placing them at the heart of all we do, we will continue to deliver improved performance. At HBL, the technology company with a banking license, we are accelerating digital usage to ensure that our clients are provided with innovative and state-of-the-art solutions tailored to their unique needs.

HBL is part of the nation's fabric – as Pakistan's leading financial institution, HBL has been, and always will be, at the forefront of supporting the country. HBLPSL, our tribute to this cricket loving nation, started on a positive note and will Insha Allah see completion during this coming quarter. Our model of public-private partnership is now entrenched in the way we do business, providing thought leadership across a swathe of areas, and supporting the Government and the SBP in their major initiatives. HBL has repeatedly affirmed its commitment to supporting customers and the real economy, particularly in these challenging times, and has demonstrated this by leading the usage of liquidity and funding assistance made available by the SBP to ensure the continued flow of credit where needed.

Through these tumultuous times, HBL has continued to support its staff in all aspects of managing the pandemic – flexible working, an industry-acclaimed medical support program and, more recently, free vaccinations for all who work at the Bank. HBL continues to further its diversity agenda, hiring and elevating women, and has recently launched a structured initiative to hire differently-abled individuals in all areas of its operations.



Appreciation and Acknowledgement

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

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

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

On behalf of the Board

Muhammad Aurangzeb
President & Chief Executive Officer

Shaffiq Dharamshi
Director

April 20, 2021

مارچ 2021ء میں اپنی زرعی پالیسی کمیٹی کے اجلاس میں، SBP نے شرح منافع میں کوئی تبدیلی نہ کرتے ہوئے اسے 7.0% کی شرح پر برقرار رکھا ہے۔ یہ بات قابل غور ہے کہ معاشی بہتری کی صورت حال اب تک غیر مستحکم ہے، اور مرکزی افراط زر تاحال مغلوب ہے جبکہ افراط زر سے متعلق توقعات مستقل برقرار ہیں۔ SBP نے یہ بھی واضح کیا ہے کہ ترقی کو سہارا دینے کے لیے موجودہ مصلحت آمیز زرعی پالیسی مناسب ہے اور پائیداری یقینی بنانے کے لیے مستقبل میں ہم آہنگی کا اندازہ لگایا جائے گا۔ سال 2021ء کی پہلی سہ ماہی میں، صنعتی قرضوں میں 1% کا معمولی اضافہ ہوا جبکہ ڈپازٹس دسمبر 2020ء کی سطح پر موجود رہے۔ دوسری طرف، SBP کی عارضی معاشی ری فنانس سہولت (TERF) کا مطالبہ اس شعبے سے منظور شدہ 400 ارب روپے کے ساتھ مضبوط رہا ہے۔ بینکاری اسپرڈ میں تنزیل جاری رہی جو سال 2021ء کے 2 ماہ کے دوران پچھلے سال کے اسی عرصے کے مقابلے میں 14 بی پی ایس کم ہو گئے۔

مالیاتی کارکردگی

سال 2021ء کی پہلی سہ ماہی میں HBL کا قبل از محصول منافع 14.0 ارب روپے رہا، جو گزشتہ سال اسی عرصے کے 7.0 ارب روپے کے منافع کے مقابلے میں ڈگنا ہے۔ سال 2021ء کی پہلی سہ ماہی میں بعد از محصول منافع بھی ڈگنے سے زیادہ، 8.3 ارب روپے رہا۔ فی حصص آمدن سال 2020ء کی پہلی سہ ماہی کے 2.73 روپے سے بڑھ کر سال 2021ء کی پہلی سہ ماہی میں 5.66 روپے ہو گئی۔

بینک نے کرنٹ اور CASA تناسب بالترتیب 34.7% اور 84.1% کے ساتھ اپنے مجموعی ڈپازٹس 2.6 کھرب روپے کی سطح پر برقرار رکھے۔ HBL کے کنزیومر بزنس نے غیر معمولی کارکردگی کا مظاہرہ جاری رکھا، جس کے تحت قرضوں میں تقریباً 85 ارب روپے کا اضافہ ہوا۔ البتہ، اشیاء کے قرضے میں کمی کے باعث مجموعی ملکی قرضوں میں معمولی زوال آیا۔ بین الاقوامی قرضوں میں تنزیل کے باعث، بینک کے مجموعی قرضے تقریباً دسمبر 2020ء کی سطح پر قائم رہے۔

2020ء میں ملکی ڈپازٹس میں تیز رفتار ترقی کے نتیجے میں، اوسط ملکی ڈپازٹس میں 350 ارب روپے کا اضافہ ہوا جبکہ اوسط کرنٹ اکاؤنٹ میں 120 ارب روپے کی نمو ہوئی۔ نتیجتاً، سال 2020ء کی پہلی سہ ماہی کے مقابلے میں، سال 2021ء کی پہلی سہ ماہی میں اوسط ملکی ٹیلیٹس شیٹ میں 475 ارب روپے کی توسیع ہوئی۔ معقول حد تک کم شرح منافع کے ماحول کے باعث NIM کے دباؤ کے باوجود، ملکی خالص منافع آمدن 16% اضافے کے ساتھ 28.4 ارب روپے ہو گئی جبکہ بینک کی مجموعی خالص منافع آمدن سال 2020ء کی پہلی سہ ماہی کے مقابلے میں 15% اضافے کے ساتھ 30.1 ارب روپے ہو گئی۔

بینک کی مجموعی غیر سرمایہ آمدن سال 2020ء کی پہلی سہ ماہی کے مقابلے میں 59% بہتری کے ساتھ 7.4 ارب روپے تک جا پہنچی۔ فیس اور کمیشن، جن میں سال 2020ء کی تیسری سہ ماہی میں معمولی اضافہ ہونا شروع ہوا تھا، سال 2020ء کی پہلی سہ ماہی کے مقابلے میں 24% کے بھرپور اضافے کے باعث 5.1 ارب روپے ہو گئے۔ یہ پیش رفت تمام کاروباری شعبوں میں وسیع ترقی کے ساتھ، کارڈز، ٹریڈ اور کنزیومر فنانس کے کاروباروں میں غیر معمولی کارکردگی کے سبب تھی۔ سال 2021ء کی پہلی سہ ماہی میں ڈالر کی قدر گرنے کے باعث دوبارہ قدر پیمائی نے سال 2021ء کی پہلی سہ ماہی میں حاصلات سرمایہ کی عدم موجودگی کی (جو سال 2020ء کی پہلی سہ ماہی میں 2.2 ارب روپے تھے) تلافی کر دی، جبکہ سال 2020ء کی پہلی سہ ماہی میں یہ ایک نمایاں نقصان تھا۔

بینک کے انتظامی اخراجات سال 2020ء کی پہلی سہ ماہی کے مقابلے میں 8% کم ہوئے، جن میں نیویارک سے متعلق اخراجات کے ضمن میں 4.4 ارب روپے شامل تھے۔ نتیجتاً، بینک کی لاگت سے آمدن کا تناسب (حاصلات سرمایہ کے بغیر) سال 2020ء کی پہلی سہ ماہی میں 81.4% سے بہتر ہو کر سال 2021ء کی پہلی سہ ماہی میں 56.8% ہو گیا۔ عمدہ ریکوری کارکردگی کے باوجود، سال 2021ء کی پہلی سہ ماہی میں 1.7 ارب روپے کا خالص پروٹون چارج موجود ہے کیونکہ بینک نے احتیاط سے کام لیتے ہوئے بعض دباؤ کا شکار اکاؤنٹس پر داخلی پروٹون ریکارڈ کی تھیں۔ بینک کے مجموعی NPLs میں دسمبر 2020ء کے مقابلے میں 0.5 ارب روپے کی کمی ہوئی، جبکہ انفیکشن کا تناسب 6.4% کی ریکارڈ کم سطح پر مستحکم رہا۔ HBL کا مجموعی کوریج کا تناسب 100% سے زائد جبکہ مخصوص کوریج کا تناسب 89% بہتر ہوا۔

ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے، 31 مارچ 2021ء کو اختتام پذیر ہونے والی سہ ماہی کے غیر مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

ملک میں COVID-19 کی تیسری لہر کا سامنا کرتے ہوئے، سال 2021ء کی پہلی سہ ماہی کے دوران پاکستان کی معیشت نے اپنی ترقی کی رفتار کو برقرار رکھا۔ ملکی معیشت نے لچک کا مظاہرہ کیا، اور صنعتی شعبے نے حوصلہ افزا اقدامات کا بھرپور خیر مقدم کیا جس کے باعث بڑے پیمانے پر اشیا سازی کی صنعت (LSM) کے اشاریے میں مالی سال 2021ء کے 8 ماہ کے دوران 7.4% اضافہ ہوا۔ اپنے حالیہ زری پالیسی بیان میں، SBP نے موجودہ مالی سال کے لیے GDP کی ترقی 3% تک پہنچنے کی توقع ظاہر کی ہے۔ مارچ 2021ء میں ہیڈلائن افراط زر 9.1% تک پہنچ گیا، جہاں اشیا خوردہ کی قیمتوں میں اضافہ تعمیراتی اشاریے میں تنزلی پر غالب آگیا۔ مالی سال 2021ء کے 9 ماہ کی اوسط افراط زر 8.3% رہا جو گزشتہ سال کے اسی عرصے میں 11.5% تھا، اور توقع ہے کہ مالی سال 2021ء کے لیے، افراط زر گزشتہ اعلان کردہ 7.0% تا 9.0% تک کے ہدف کے درمیان رہے گی۔

مالی سال 2021ء کے 8 ماہ کا تجارتی خسارہ 22% تک پہنچ کر 16 ارب امریکی ڈالر ہو چکا ہے، جس کا سبب درآمدات میں 8.6% کا تیز رفتار اضافہ ہے؛ یہ اضافہ تیل کے علاوہ درآمدات میں تھا، جو 17% بڑھیں۔ یہ معاشی سرگرمی کے رد عمل کا ثبوت تھا۔ برآمدات COVID سے قبل کی سطح کے قریب پہنچ چکی ہیں اور عالمی تجارت میں بتدریج تیزی کے باعث یہی صورت حال برقرار رہنے کی توقع ہے؛ البتہ، یہ گزشتہ سال اسی عرصے کے مقابلے میں 2.3% کم رہیں۔ ترسیلات زر کے میدان میں غیر معمولی ترقی دیکھی گئی، جو مالی سال 2021ء کے 9 مہینوں میں 26% اضافے کے ساتھ 21.5 ارب امریکی ڈالر تک پہنچ گئیں، اور مسلسل دس ماہ تک 2 ارب امریکی ڈالر سے زائد رہیں، جس میں سفری پابندیوں کی مدد شامل رہی جن کے باعث غیر رسمی طریقوں کا استعمال محدود ہو گیا ہے۔ مالی سال 2021ء کے 8 ماہ کے لیے، کرنٹ اکاؤنٹ میں 881 ملین امریکی ڈالر کا سرپلس ریکارڈ ہوا جبکہ مالی سال 2020ء کے 8 مہینوں میں 2.7 ارب امریکی ڈالر کے خسارے کا سامنا تھا۔

IMF کے ایگزیکٹو بورڈ نے عملے کی سطح پر ہونے والے معاہدے کی توثیق کرتے ہوئے، EFF پروگرام کے تحت 500 ملین امریکی ڈالر کی تیسری قسط جاری کرنے کی منظوری دے دی ہے۔ IMF نے وبا کے باعث درپیش بے مثال مشکلات کے باوجود استحکام کے لیے پاکستان کی کوششوں کو سراہا ہے، جبکہ مالی یکجائی اور توانائی کے شعبے میں اصلاحات پر زور دینا جاری رکھا ہے۔ حکومت نے حال ہی میں گردشی قرضوں کے حل کے لیے منصوبہ پیش کیا ہے، جس کے باعث مستقبل قریب میں یوٹیلیٹی ٹیرف میں بھاری اضافے کا امکان ہے۔ اس کے علاوہ، مرکزی بینک کی خود مختاریت اور انتظام کو مضبوط کرنے کے لیے SBP ترمیمی بل 2021ء کا آغاز بھی کیا گیا ہے، جو EFF کے تحت کلیدی ساختی ہدف ہے۔

سازگار بیرونی اکاؤنٹ کی پوزیشن FX کے ذخائر کو بہتر بنانے کا باعث بنی ہے۔ اپریل میں، پاکستان نے IMF کی قسط وصول کی اور 2.5 ارب امریکی ڈالر کے یوروبونڈ کا مبادا اجرا کیا، جس کے نتیجے میں ذخائر پانچ سال کی بلند ترین سطح پر، یعنی 23.2 ارب امریکی ڈالر تک پہنچ گئے۔ روشن ڈیجیٹل اکاؤنٹ کو حوصلہ افزا رد عمل ملنے کا سلسلہ جاری رہا اور ان کا مجموعی بیلنس 800 ملین امریکی ڈالر کو عبور کر چکا ہے۔ ان تمام مثبت پیش رفتوں نے روپے کو سہارا دیا جس کی قدر میں سال کے آغاز سے ڈالر کے مقابلے میں 4% بہتری آئی ہے۔

عمومی ٹیکس آمدن میں 6% اضافے کی مدد سے، حکومت مالی سال 2021ء کی پہلی ششماہی میں، وبا کے باوجود، GDP کے 0.7% کا کلیدی سرپلس برقرار رکھنے میں کامیاب رہی، جو IMF کے اہداف سے بہتر ہے۔ البتہ، قرضوں کی لاگت میں 15% اضافے کے نتیجے میں GDP کے مجموعی خسارے میں 2.5% اضافہ ہوا، جو مالی سال 2020ء کی پہلی ششماہی میں 2.3% تھا۔ مالی سال 2021ء کے 9 ماہ میں، FBR کی کارکردگی گزشتہ سال کے مقابلے میں بہتر ہوئی جس کی خالص ٹیکس آمدن 10% اضافے کے ساتھ 3.4 کھرب روپے ہو گئی، جو 3.3 کھرب روپے کے ہدف سے تجاوز کر چکی ہے۔ وصولی میں اضافہ معاشی سرگرمی میں ترقی کا اظہار ہے اور توقع ہے کہ مالی سال کے اختتام تک اس میں اضافے کی صورت حال جاری رہے گی۔

سال کے بھرپور آغاز کے بعد، جس میں PSX انڈیکس 47,000 کی سطح تک پہنچا، ایکویٹی مارکیٹوں میں اتار چڑھاؤ ہوتا رہا ہے۔ کم شرح منافع اور مستحکم کارپوریٹ آمدنی کے باعث سامنے آنے والا مثبت رجحان، سیاسی ہنگاموں میں اضافے کے ساتھ COVID کی تیسری لہر سے متعلق ملی جلی خبروں کی نذر ہو گیا۔ مجموعی طور پر، سال 2021ء کی پہلی سہ ماہی کی کارکردگی ماند پڑی رہی ہے جہاں PSX انڈیکس میں محض 1.9% کی ترقی ہوئی ہے۔

محترم خلیل فنانشل مارکیٹ کا 40 سال سے زائد کا تجربہ رکھتے ہیں۔ وہ IFC میں چیف انویسٹمنٹ افسر تھے، جہاں انھوں نے 30 برسوں تک ابھرتی ہوئی معیشتوں پر کام کیا، اور IFC کے عالمی مالیاتی اداروں کے گروپ سے وابستہ رہے۔ محترم خلیل انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف انگلینڈ اینڈ ویلز سے تعلیم یافتہ چارٹرڈ اکاؤنٹنٹ ہیں اور انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس، پاکستان کے فیلو ہیں۔ انھیں ماضی میں پرائس واٹر ہاؤس (یو کے) اور نیشنل ڈویلپمنٹ فنانس کارپوریشن، پاکستان میں کام کا تجربہ بھی حاصل ہے۔

بورڈ محترمہ صبا اور محترم خلیل کو خوش آمدید کہتا ہے اور ان کی کاوشوں کے لیے پُر امید ہے۔

مستقبل کی صورت حال

مالی اور زرعی اقدامات کی مدد سے، موجودہ مالی سال کے بقیہ عرصے کے دوران معاشی ترقی کی بحالی کا عمل جاری رہنے کی توقع ہے۔ اگلے مالی سال کے لیے، حکومت اور IMF، دونوں کی جانب سے +4% ترقی کا تخمینہ لگایا جا رہا ہے جو وبا کی صورت حال قابو میں رہنے کی صورت میں خاصا قابل حصول ہدف ہے۔ عوام کے لیے ویکسین کی فراہمی کا ردِ عمل بھرپور دیکھا گیا ہے اور اس حوالے سے انتظامات پر حکومت کو زیادہ تر سربا جا رہا ہے۔ بالآخر، اس کا انحصار ویکسین کے حوالے سے شکوک و شبہات اور اس کی دستیابی اور فراہمی کی رفتار پر ہو گا۔

EFF کے تحت IMF کے اہم ترین جائزے کی کامیاب تکمیل، ہمیشہ کی طرح، معیشت پر متعدد اثرات مرتب کرے گی۔ موجودہ افراط زر کی شرح موجودہ پالیسی شرح کے 7% سے کہیں زیادہ برقرار ہے، البتہ، SBP کے موجودہ مالیاتی موقف پر IMF کی توثیق کا مطلب یہ ہے کہ قلیل المیعاد بنیاد پر منفی حقیقی شرح سود کا نظام قائم رہنا چاہیے جو حقیقی معیشت کو توانائی فراہم کرے گا۔ بڑھتی ہوئی مورگج فنانسنگ پر موجودہ زور، جو اس خطے کی مناسبت سے غیر مشروط اور مشروط بنیاد پر انتہائی کم پر برقرار ہے، ایک خیر مقدمی اقدام ہے اور آمدنیوں میں پائیدار اضافے کے حصول اور SME سیکٹر کی توسیع میں مددگار ثابت ہو گا۔

خارجی صورت حال میں بہتری اور روپے کی قدر میں اضافہ معاشی منظر نامے کا روشن پہلو ہیں، جن کی مدد سے افراط زر کا دباؤ کم کرنے میں مدد مل رہی ہے۔ البتہ، انھیں عالمی سطح پر تیل اور اجناس کی قیمتوں میں زیادتی اور IMF کی شرائط کے تحت ملکی یوٹیلٹی نرخوں میں اضافے اور سبسڈی میں کمی کا مقابلہ ہو گا، جس سے پورے 2021ء میں افراط زر پر دباؤ رہے گا۔ ساختی مسائل۔ جیسے کہ SOEs کا انتظام اور نج کاری، ٹیکس کے دائرہ کار میں توسیع اور گردش قرضوں۔ سے نمٹنے کے لیے حکومت کی استعداد اور آمدنی EFF پروگرام کی کامیابی میں کلیدی کردار ادا کرے گی اور اسے فوری توجہ درکار ہے۔

HBL نے سال کا آغاز مستحکم انداز کے ساتھ کیا ہے جہاں ماضی کے مسائل بڑے پیمانے پر حل کیے جاتے ہیں اور تمام کاروباری اور سرگرمی کے عوامل عمدہ رفتار کا اظہار کر رہے ہیں۔ ہمارے کسٹمرز ہمارے وجود کا سبب ہیں، جو کئی نسلوں سے ہمارا ساتھ دے رہے ہیں۔ ہمارا پختہ یقین ہے کہ اپنے تمام ترقیاتی اقدامات کی بنیاد میں اپنے کسٹمرز کو پیش نظر رکھتے ہوئے ہم بہتر کارکردگی کا مظاہرہ جاری رکھیں گے۔ HBL میں، بینکاری کا لائسنس رکھنے والی ٹیکنالوجی کمپنی ہونے کے ناتے، ہم ڈیجیٹل استعمال کو فروغ دے رہے ہیں تاکہ یہ بات یقینی بنائی جائے کہ ہمارے کلائنٹس کو ان کی منفرد ضروریات پوری کرنے کے لیے جدید ترین اور بے مثال حل فراہم کیے جائیں۔

HBL قوم کی بنیاد کا حصہ ہے اور پاکستان کا سرفہرست مالی ادارہ ہونے کے ناتے، HBL نے ملک کو سپورٹ کرنے میں ہر اول دستے کا کردار ادا کیا ہے اور ہمیشہ کرتا رہے گا۔ کرکٹ کا جنون رکھنے والی اس قوم کو خراج تحسین پیش کرنے کے لیے، HBLPSL کا آغاز ایک مثبت نوٹ کے ساتھ ہوا اور آئندہ سہ ماہی کے دوران ان شاء اللہ پایہ تکمیل تک پہنچے گا۔ پبلک۔ پرائیوٹ شراکت داری کا ہمارا ماڈل اب ہمارے بزنس کے طریقہ کار میں رچ بس گیا ہے، اور متعلقہ شعبوں میں فکری قیادت فراہم کر رہا ہے، اور حکومت اور SBP کے اہم اقدامات میں ان کی معاونت کر رہا ہے۔ HBL نے کسٹمرز اور حقیقی معیشت کو معاونت فراہم کرنے میں، خصوصاً ان مشکل ادوار میں، اپنے عزم کا بار بار اعادہ کیا ہے، اور جہاں ضرورت ہو وہاں کریڈٹ کا مسلسل بہاؤ یقینی بنانے کے لیے SBP کی جانب سے فراہم کردہ لیکویڈیٹی اور فنڈنگ معاونت کے استعمال میں نمایاں کردار ادا کیا ہے۔

ان ہنگامہ خیز ادوار کے دوران، HBL نے وبا سے نمٹنے کے تمام پہلوؤں میں اپنے عملے کی مدد جاری رکھی ہے۔ جس میں کام کرنے کے چک دار طریقے، انڈسٹری کا مایہ ناز طبی سپورٹ پروگرام اور، حال ہی میں، بینک میں کام کرنے والے تمام لوگوں کے لیے مفت ویکسین کی فراہمی شامل ہے۔ HBL تنوع سے متعلق اپنے ایجنڈے کے فروغ پر کاربند ہے، جس کے تحت خواتین کی بھرتیوں اور انھیں آگے لانے پر توجہ دی جا رہی ہے، اور حال ہی میں اپنے آپریشنز کے تمام شعبوں میں مختلف صلاحیتیں رکھنے والے افراد کو بھرتی کرنے کا ایک ساختی اقدام متعارف کروایا ہے۔

ذخائر میں اتار چڑھاؤ

ملین روپے

129,263

افتتاحی غیر تخصیص شدہ منافع

8,298
16
8,314
137,577

بینک ایکویٹی کے حامل افراد کے لیے قابل ادائیگی منافع
اثاثہ جات کی دوبارہ تخصیص پر سرپلس سے منتقل شدہ۔ محصول کا خالص

مناسب کارروائی کے لیے دستیاب منافع

مختلف مدوں میں رکھی گئی رقوم:

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ - حتیٰ 2020ء

مجموعی مناسب کارروائیاں

افتتاحی غیر تخصیص شدہ منافع

(830)
(4,401)
(5,231)
132,346

5.66

فی حصص (شیر) آمدنی (روپے)

سرمائے کا تناسب

بہتر منافع کی مدد سے تمام tiers میں بینک کا کپٹل ایڈ میکیو ریشو (CAR) مستحکم ہوا۔ غیر مجموعی Tier 1 CAR بہتری کے ساتھ 14.8% سے 15.2% ہو گیا، جبکہ کل CAR اضافے کے بعد 19.2% سے 19.7% ہو گیا۔ CAR میں آنے والی بہتری میں روپے کی قدر کے اثرات (Tier 1 CAR: 15: بی بی ایس، کل CAR: 20: بی بی ایس) کے ساتھ ساتھ کپٹل کنورژیشن بفر میں مسلسل رعایت بھی شامل ہے جس کے باعث کل CAR میں 41 بی بی ایس کا اضافہ ہوا۔

دسمبر 2020ء میں، بینک نے موجودہ Tier 2 کے سب آرڈینیٹ ڈیٹ TFCs پر اپنا کال آپشن استعمال کیا۔ یہ 19 فروری 2021ء کو مکمل طور پر ادا کر دیے گئے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 20 اپریل 2021ء کو منعقدہ اجلاس میں 31 مارچ 2021ء کو ختم ہونے والی سہ ماہی کے لیے 1.75 روپے فی حصص (17.5%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

ڈائریکٹرز میں تبدیلی

محترمہ ڈیان مور اور محترم سلیم چنائے 25 مارچ 2021ء کو اپنی مدت پوری کرنے کے بعد بورڈ آف ڈائریکٹرز سے ریٹائر ہو گئے۔ بورڈ ان کی کاوشوں کے لیے اپنی ستائش ریکارڈ پر لانا چاہتا ہے۔ 26 مارچ 2021ء کو، سالانہ اجلاس عام میں HBL کے بورڈ پر نئی تین سالہ مدت کے لیے سات ڈائریکٹرز کا انتخاب کیا گیا۔

محترمہ صبا کمال اور محترم خلیل احمد بھی 26 مارچ 2021ء سے بورڈ آف ڈائریکٹرز میں منتخب کیے گئے۔ محترمہ صبا انفارمیشن ٹیکنالوجی میں 3 دہائیوں سے زیادہ کا تجربہ رکھتی ہیں، جن میں سے 20 سال کا عرصہ پاکستان میں اور بین الاقوامی سطح پر IBM کے ساتھ قائدانہ عہدوں پر تقرری شامل ہے۔ انھوں نے انسٹیٹیوٹ آف بزنس ایڈمنسٹریشن (IBA)، کراچی سے MBA کیا ہے اور IBM سینٹرز، Insead، بوسٹن یونیورسٹی اور چائنا یورپ انٹرنیشنل بزنس اسکول (CEIBS) سے متعدد سرٹیفیکیشن اور ٹریننگ کورسز مکمل کیے ہیں۔ محترمہ صبا نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس سے اپنی ڈائریکٹر سرٹیفیکیشن مکمل کی ہے اور وہ فی الوقت پیکیجز لمیٹڈ کے بورڈ میں خدمات انجام دے رہی ہیں۔ وہ IBA کے بورڈ آف گورنرز کی رکن بھی ہیں۔

اظہارِ تشکر

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

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

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

منجانب بورڈ

محمد اورنگزیب

صدر اور چیف ایگزیکٹو آفیسر

شفیق دھرمشی
ڈائریکٹر

20 اپریل، 2021ء

Condensed Interim Unconsolidated Statement of Financial Position

As at March 31, 2021

	Note	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
ASSETS			
Cash and balances with treasury banks	5	270,996,526	347,988,749
Balances with other banks	6	28,776,670	38,422,719
Lendings to financial institutions	7	58,475,805	30,154,193
Investments	8	1,686,133,876	1,912,237,993
Advances	9	1,102,013,745	1,117,320,960
Fixed assets	10	86,072,120	84,350,518
Intangible assets	11	4,927,036	4,596,807
Deferred tax assets	12	658,860	-
Other assets	13	106,887,763	108,639,781
		3,344,942,401	3,643,711,720
LIABILITIES			
Bills payable	14	43,611,742	46,122,344
Borrowings	15	280,613,929	540,095,253
Deposits and other accounts	16	2,630,210,884	2,669,490,716
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	12,374,000	22,356,000
Deferred tax liabilities	12	-	2,968,857
Other liabilities	18	138,108,347	119,953,785
		3,104,918,902	3,400,986,955
NET ASSETS			
		240,023,499	242,724,765
REPRESENTED BY			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		61,012,298	63,040,638
Surplus on revaluation of assets - net of tax	19	31,996,660	35,752,856
Unappropriated profit		132,346,016	129,262,746
		240,023,499	242,724,765
CONTINGENCIES AND COMMITMENTS			
	20		

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Salim Raza
Director

Shaffiq Dharamshi
Director

Dr. Najeeb Samie
Director

Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the three months ended March 31, 2021

	Note	January 01 to March 31, 2021 (Rupees in '000)	January 01 to March 31, 2020
Mark-up / return / profit / interest earned	22	59,610,482	69,822,447
Mark-up / return / profit / interest expensed	23	29,548,094	43,620,056
Net mark-up / return / profit / interest income		30,062,388	26,202,391
Non mark-up / interest income			
Fee and commission income	24	5,114,018	4,134,800
Dividend income		336,364	628,361
Foreign exchange income / (loss)		824,846	(1,678,725)
Income / (loss) from derivatives		1,179,287	(280,304)
Loss / (gain) on securities - net	25	(166,887)	2,245,639
Other income / (loss)	26	87,107	(422,060)
Total non mark-up / interest income		7,374,735	4,627,711
Total income		37,437,123	30,830,102
Non mark-up / interest expenses			
Operating expenses	27	21,350,144	23,253,870
Workers' Welfare Fund - charge		317,218	160,170
Other charges	28	42,233	232,198
Total non mark-up / interest expenses		21,709,595	23,646,238
Profit before provisions and taxation		15,727,528	7,183,864
Provisions / (reversals) and write offs - net	29	1,727,467	141,329
Profit before taxation		14,000,061	7,042,535
Taxation	30	5,702,139	3,044,756
Profit after taxation		8,297,922	3,997,779
		Rupees	
Basic and diluted earnings per share	31	5.66	2.73

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

Salim Raza
Director

Shaffiq Dharamshi
Director

Dr. Najeeb Samie
Director

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the three months ended March 31, 2021

	January 01 to March 31, 2021 (Rupees in '000)	January 01 to March 31, 2020
Profit after taxation for the period	8,297,922	3,997,779
Other comprehensive income / (loss)		
<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	(2,858,132)	2,434,567
Movement in surplus / deficit on revaluation of investments - net of tax	(3,740,500)	6,037,777
Total comprehensive income	<u>1,699,290</u>	<u>12,470,123</u>

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

Salim Raza
Director

Shaffiq Dharamshi
Director

Dr. Najeer Samie
Director

Condensed Interim Unconsolidated Statement of Changes In Equity (Unaudited)

For the three months ended March 31, 2021

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

(Rupees in '000)

Balance as at December 31, 2019 14,668,525 33,463,859 23,263,185 547,115 104,668,407 3,573,355 21,237,500 201,421,946

Comprehensive income for the three months ended March 31, 2020

Profit after taxation for the three months ended March 31, 2020

-	-	-	-	3,997,779	-	-	3,997,779
-	-	2,434,567	-	-	-	-	2,434,567
-	-	-	-	-	6,037,777	-	6,037,777

Other comprehensive income / (loss)

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

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

-	-	2,434,567	-	3,997,779	6,037,777	-	12,470,123
-	399,778	-	-	(399,778)	-	-	-
-	-	-	-	10,943	-	(10,943)	-

Transactions with owners, recorded directly in equity

Final cash dividend - Rs 1.25 per share declared subsequent

to the year ended December 31, 2019

-	-	-	-	(1,833,565)	-	-	(1,833,565)
---	---	---	---	-------------	---	---	-------------

Balance as at March 31, 2020

14,668,525	33,863,637	26,848,949	547,115	106,443,786	9,611,132	21,226,557	213,209,701
------------	------------	------------	---------	-------------	-----------	------------	-------------

Comprehensive income for the nine months ended December 31, 2020

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

-	-	-	-	27,525,903	-	-	27,525,903
-	-	(971,653)	-	-	-	-	(971,653)
-	-	-	-	(154,770)	-	-	(154,770)
-	-	-	-	-	(1,141,090)	6,090,239	4,949,149

Other comprehensive income / (loss)

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

Remeasurement loss on defined benefit obligations - net of tax

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

-	-	(971,653)	-	27,371,133	(1,141,090)	6,090,239	31,348,629
-	2,752,590	-	-	(2,752,590)	-	-	-
-	-	-	-	33,982	-	(33,982)	-

Transactions with owners, recorded directly in equity

1st interim cash dividend - Rs 1.25 per share

-	-	-	-	(1,833,565)	-	-	(1,833,565)
---	---	---	---	-------------	---	---	-------------

Balance as at December 31, 2020

14,668,525	36,616,227	25,877,296	547,115	129,262,746	8,470,042	27,282,814	242,724,765
------------	------------	------------	---------	-------------	-----------	------------	-------------

Comprehensive income for the three months ended March 31, 2021

Profit after taxation for the three months ended March 31, 2021

-	-	-	-	8,297,922	-	-	8,297,922
-	-	(2,858,132)	-	-	-	-	(2,858,132)
-	-	-	-	-	(3,740,500)	-	(3,740,500)

Other comprehensive income

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

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

-	-	(2,858,132)	-	8,297,922	(3,740,500)	-	1,699,290
-	829,792	-	-	(829,792)	-	-	-
-	-	-	-	15,696	-	(15,696)	-

Transactions with owners, recorded directly in equity

Final cash dividend - Rs 3 per share declared subsequent

to the year ended December 31, 2020

-	-	-	-	(4,400,556)	-	-	(4,400,556)
---	---	---	---	-------------	---	---	-------------

Balance as at March 31, 2021

14,668,525	37,446,019	23,019,164	547,115	132,346,016	4,729,542	27,267,118	240,023,499
------------	------------	------------	---------	-------------	-----------	------------	-------------

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

Salim Raza
Director

Shaffiq Dharamshi
Director

Dr. Najeeb Samie
Director

Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the three months ended March 31, 2021

	January 01 to March 31, 2021	January 01 to March 31, 2020
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,000,061	7,042,535
Dividend income	(336,364)	(628,361)
	13,663,697	6,414,174
Adjustments:		
Depreciation	1,483,320	1,339,416
Amortisation	213,532	162,047
Depreciation on right-of-use assets	838,251	722,428
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	527,127	429,406
(Reversal of) / provision for diminution in value of investments	(735,707)	152,648
Provision against loans and advances	2,829,070	80,311
(Reversal of) / provision against other assets	(235,590)	32,186
Provision against off-balance sheet obligations	82,222	15,629
Unrealised gain on held-for-trading securities	(1,038)	(794,615)
Exchange loss realised on closure of Bank's overseas branch - net of tax	-	1,151,197
Exchange gain realised on reduction in capital of subsidiary	(13,354)	(1,372,357)
Loss / (gain) on sale of fixed assets - net	1,149	(15,444)
Workers' Welfare Fund	317,218	160,170
	5,306,200	2,063,022
	18,969,897	8,477,196
(Increase) / decrease in operating assets		
Lendings to financial institutions	(28,321,612)	(4,629,699)
Held-for-trading securities	(23,992,678)	(38,454,857)
Advances	12,478,145	(10,352,740)
Other assets (excluding advance taxation)	35,680	7,459,412
	(39,800,465)	(45,977,884)
Increase / (decrease) in operating liabilities		
Bills payable	(2,510,602)	574,641
Borrowings from financial institutions	(259,481,324)	(10,736,784)
Deposits and other accounts	(39,279,832)	(51,526,558)
Other liabilities	13,767,160	15,073,848
	(287,504,598)	(46,614,853)
	(308,335,166)	(84,115,541)
	(4,712,538)	(1,210,800)
Income tax paid	(313,047,704)	(85,326,341)
Net cash flows used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	262,235,614	(15,824,693)
Net investment in held-to-maturity securities	(18,070,221)	7,317,965
Net investment in subsidiaries	212,273	(378,918)
Net investment in associates	88,398	-
Dividend received	73,353	300,993
Investments in fixed assets	(3,600,371)	(1,187,642)
Investments in intangible assets	(561,480)	(275,883)
Proceeds realised on reduction in capital of subsidiary	36,590	3,021,200
Proceeds from sale of fixed assets	12,001	25,967
Effect of translation of net investment in foreign branches - net of tax	(2,858,132)	2,434,567
Net cash flows generated from / (used in) investing activities	237,568,025	(4,566,444)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of subordinated debt	(9,982,000)	(2,000)
Payment of lease liability against right-of-use assets	(1,175,190)	(1,085,949)
Dividend paid	(1,403)	(447,969)
Net cash flows used in financing activities	(11,158,593)	(1,535,918)
Decrease in cash and cash equivalents during the period	(86,638,272)	(91,428,703)
Cash and cash equivalents at the beginning of the period	390,217,855	363,985,741
Effect of exchange rate changes on cash and cash equivalents	(3,806,387)	5,395,615
	386,411,468	369,381,356
Cash and cash equivalents at the end of the period	299,773,196	277,952,653

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

Salim Raza
Director

Shaffiq Dharamshi
Director

Dr. Najeeb Samie
Director

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

1 STATUS AND NATURE OF BUSINESS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Islamabad and its principal office is at HBL Tower, Plot number G-4, KDA Scheme 5, Block 7 Clifton, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,648 (2020: 1,659) branches inside Pakistan including 101 (2020: 62) Islamic Banking Branches and 39 (2020: 38) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A. (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

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

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

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

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

2.5 Critical accounting estimates and judgements

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

4 FINANCIAL RISK MANAGEMENT

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

5 CASH AND BALANCES WITH TREASURY BANKS

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
In hand		
Local currency	39,903,115	39,840,558
Foreign currencies	6,974,333	15,979,300
	<u>46,877,448</u>	<u>55,819,858</u>
With State Bank of Pakistan in		
Local currency current accounts	90,555,814	128,439,933
Foreign currency current accounts	6,870,028	6,788,327
Foreign currency deposit accounts	13,797,571	13,768,677
	<u>111,223,413</u>	<u>148,996,937</u>
With other Central Banks in		
Foreign currency current accounts	19,149,962	25,437,714
Foreign currency deposit accounts	11,751,045	11,120,595
	<u>30,901,007</u>	<u>36,558,309</u>
With National Bank of Pakistan in local currency current accounts	81,192,487	104,866,634
National Prize Bonds	802,171	1,747,011
	<u>270,996,526</u>	<u>347,988,749</u>

6 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	90,164	1,977,022
Outside Pakistan		
In current accounts	14,198,270	25,349,080
In deposit accounts	14,488,236	11,096,617
	<u>28,686,506</u>	<u>36,445,697</u>
	<u>28,776,670</u>	<u>38,422,719</u>

7 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	14,406,723	-
Repurchase agreement lendings (reverse repo)	36,025,919	24,896,835
Bai Muajjal receivable with State Bank of Pakistan	-	5,257,358
Bai Muajjal receivable with other Financial Institutions	8,043,163	-
	<u>58,475,805</u>	<u>30,154,193</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

8

INVESTMENTS

Note

March 31, 2021 (Unaudited)

December 31, 2020 (Audited)

Cost /
amortised cost

Provision for
diminution

Surplus /
(deficit)

Carrying
value

Cost /
amortised cost

Provision for
diminution

Surplus /
(deficit)

Carrying value

(Rupees in '000)

8.1

Investments by type

Held-for-trading (HFT) securities

Federal Government securities

- Market Treasury Bills

- Pakistan Investment Bonds

Shares

- Listed companies

Foreign securities

- Government debt securities

134,432,969

-

(15,768)

134,417,201

105,072,858

-

(13,636)

105,059,222

20,227,577

-

10,519

20,238,096

25,655,331

-

19,066

25,674,397

240,277

-

(15,144)

225,133

137,682

-

8,542

146,224

98,160

-

21,431

119,591

102,884

-

23,578

126,462

154,998,983

-

1,038

155,000,021

130,968,755

-

37,550

131,006,305

Available-for-sale (AFS) securities

Federal Government securities

- Market Treasury Bills

- Pakistan Investment Bonds

- Ijarah Sukuks

- Government of Pakistan

US Dollar Bonds

- Other Federal Government securities

Shares

- Listed companies

- Unlisted companies

Non-Government debt securities

- Listed

- Unlisted

Foreign securities

- Government debt securities

- Non-Government debt securities

- Listed

- Unlisted

- Equity securities - Unlisted

National Investment Unit Trust

Real Estate Investment Trust units

Preference shares

210,620,674

-

(209,541)

210,411,133

514,554,259

-

1,445,967

516,000,226

803,602,946

-

5,510,841

809,113,787

782,920,795

-

10,650,864

793,571,659

82,674,191

-

(28,766)

82,645,425

67,678,595

-

(322,645)

67,355,950

10,795,255

(365,058)

660,124

11,090,321

10,348,511

(413,330)

673,381

10,608,562

942,908

-

-

942,908

530,538

-

-

530,538

7,290,135

(2,268,982)

736,891

5,758,044

7,975,054

(2,983,143)

846,869

5,838,780

4,899,328

(87,125)

-

4,812,203

4,899,328

(87,125)

-

4,812,203

46,943,545

-

383,000

47,326,545

46,943,545

-

321,860

47,265,405

1,651,878

(250,877)

22,500

1,423,501

1,671,878

(270,877)

22,500

1,423,501

46,033,508

(588,557)

430,711

45,875,662

40,682,649

(565,331)

(24,325)

40,092,993

3,773,410

(23,686)

139,176

3,888,900

3,520,736

(48,750)

81,717

3,553,703

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5,583

(301)

-

5,282

5,913

(321)

-

5,592

11,113

-

36,211

47,324

11,113

-

35,726

46,839

55,000

-

(4,800)

50,200

55,000

-

(2,000)

53,000

744,400

-

77,000

821,400

744,400

-

155,400

899,800

1,220,043,874

(3,584,586)

7,753,347

1,224,212,635

1,482,542,314

(4,368,877)

13,885,314

1,492,058,751

8.2

Held-to-maturity (HTM) securities

Federal Government securities

- Pakistan Investment Bonds

- Government of Pakistan

US Dollar Bonds

- Other Federal Government securities

Non-Government debt securities

- Listed

- Unlisted

Foreign securities

- Government debt securities

- Non-Government debt securities

- Listed

- Unlisted

234,996,406

-

-

234,996,406

216,669,214

-

-

216,669,214

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

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	10,379,771	113,807,278
- Pakistan Investment Bonds	63,884,650	207,400,499
	74,264,421	321,207,777

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

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

	March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Book value	Market value	Book value	Market value
	(Rupees in '000)			
- Investment classified as held-to-maturity	280,333,722	278,219,286	262,261,532	264,661,267
- Investment in listed associates and joint venture	8,952,150	26,975,764	9,040,549	31,042,377

	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
8.3 Particulars of provision held against diminution in the value of investments		
Opening balance	4,385,056	4,905,784
Exchange adjustment	(50,553)	12,357
Charge / (reversal)		
Charge for the period / year	56,534	1,176,274
Reversal for the period / year	(12,961)	(15,066)
Reversal on disposal during the period / year	(779,280)	(1,694,293)
Net reversal	(735,707)	(533,085)
Closing balance	3,598,796	4,385,056

8.4 Particulars of provision against debt securities

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

8.4.1 In addition to the above, certain overseas branches hold a general provision of Rs 991.512 million (December 31, 2020: Rs 1,043.590 million) against investments in accordance with the ECL requirements of IFRS 9.

		Performing		Non - performing		Total	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Note	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		921,056,701	915,997,978	68,875,581	70,107,569	989,932,282	986,105,547
Islamic financing and related assets	36.3	126,451,313	154,081,348	408,746	337,107	126,860,059	154,418,455
Bills discounted and purchased		55,950,366	48,357,231	5,623,685	5,005,929	61,574,051	53,363,160
Advances - gross		1,103,458,380	1,118,436,557	74,908,012	75,450,605	1,178,366,392	1,193,887,162
Provision against advances							
- Specific		-	-	(66,401,234)	(67,067,637)	(66,401,234)	(67,067,637)
- General	9.3	(9,951,413)	(9,498,565)	-	-	(9,951,413)	(9,498,565)
		(9,951,413)	(9,498,565)	(66,401,234)	(67,067,637)	(76,352,647)	(76,566,202)
Advances - net of provision		1,093,506,967	1,108,937,992	8,506,778	8,382,968	1,102,013,745	1,117,320,960

	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
9.1 Particulars of advances (Gross)		
In local currency	988,438,202	1,013,517,803
In foreign currencies	189,928,190	180,369,359
	1,178,366,392	1,193,887,162

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

9.2 Advances include Rs 74,908.012 million (December 31, 2020: Rs 75,450.605 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Unaudited) March 31, 2021		(Audited) December 31, 2020	
	Non - performing advances	Provision	Non - performing advances	Provision
(Rupees in '000)				
Domestic				
Other assets especially mentioned	1,174,107	-	723,200	-
Substandard	3,174,080	760,889	5,298,716	1,294,860
Doubtful	5,764,062	2,882,031	1,077,034	538,517
Loss	39,701,914	39,101,143	42,141,393	40,925,622
	49,814,163	42,744,063	49,240,343	42,758,999
Overseas				
Not past due but impaired	194,527	137,651	592,400	355,535
Overdue by:				
Upto 90 days	616,450	547,858	105,684	36,925
91 to 180 days	192,125	49,179	225,844	51,457
181 to 365 days	2,740,500	2,717,511	2,847,011	2,846,499
> 365 days	21,350,247	20,204,972	22,439,323	21,018,222
	25,093,849	23,657,171	26,210,262	24,308,638
Total	74,908,012	66,401,234	75,450,605	67,067,637

9.3 Particulars of provision against advances

	Note	March 31, 2021 (Unaudited)			December 31, 2020 (Audited)		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		67,067,637	9,498,565	76,566,202	66,459,144	3,292,615	69,751,759
Exchange adjustment		(1,170,449)	(103,902)	(1,274,351)	743,861	37,955	781,816
Charge for the period / year		3,848,352	721,901	4,570,253	7,989,721	6,450,039	14,439,760
Reversal for the period / year		(1,576,032)	(165,151)	(1,741,183)	(3,920,241)	(282,044)	(4,202,285)
Net charge against advances		2,272,320	556,750	2,829,070	4,069,480	6,167,995	10,237,475
Charged off during the period / year- agriculture financing	9.5	(124,617)	-	(124,617)	(750,824)	-	(750,824)
Written off during the period / year		(1,643,657)	-	(1,643,657)	(3,454,024)	-	(3,454,024)
Closing balance		66,401,234	9,951,413	76,352,647	67,067,637	9,498,565	76,566,202

9.4 General provision includes provision amounting to Rs 2,382.174 million (December 31, 2020: Rs 2,237.187 million) against consumer finance portfolio. General provision also includes Rs 2,151.289 (December 31, 2020: Rs 1,843.428 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Bank operates. General provision also includes Rs 5,417.950 (December 31, 2020: Rs 5,417.950 million) carried as a matter of prudence on account of COVID-19.

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

	Note	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
10 FIXED ASSETS			
Capital work-in-progress	10.1	3,512,205	2,309,644
Property and equipment		82,559,915	82,040,874
		<u>86,072,120</u>	<u>84,350,518</u>
10.1 Capital work-in-progress			
Civil works		2,808,532	602,868
Equipment		529,209	1,182,896
Advances to suppliers and contractors		174,464	523,880
		<u>3,512,205</u>	<u>2,309,644</u>
10.2 Additions to fixed assets			
		(Unaudited) For the three months ended March 31, 2021 March 31, 2020 (Rupees in '000)	
The following additions have been made to fixed assets during the period:			
<i>Capital work-in-progress</i>		1,202,561	384,744
<i>Property and equipment</i>			
Leasehold land		400,000	464,070
Building on leasehold land		115,460	292
Machinery		64,202	17,089
Leasehold improvements		152,873	265,211
Furniture and fixtures		194,339	112,119
Electrical, office and computer equipment		1,424,203	405,801
Vehicles		46,733	13,003
		<u>2,397,810</u>	<u>1,277,585</u>
Right-of-use assets - net		641,461	98,030
		<u>4,241,832</u>	<u>1,760,359</u>
10.3 Disposals of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
<i>Property and equipment</i>			
Leasehold improvements		-	128
Furniture and fixtures		-	915
Electrical, office and computer equipment		537	9,471
Vehicles		12,613	9
		<u>13,150</u>	<u>10,523</u>
Derecognition of right-of-use assets on closure of a foreign branch		-	398,169
		<u>13,150</u>	<u>408,692</u>
11 INTANGIBLE ASSETS			
Capital work-in-progress - computer software		1,870,375	1,553,039
Intangible assets		3,056,661	3,043,768
		<u>4,927,036</u>	<u>4,596,807</u>
11.1 Additions to intangibles assets			
		(Unaudited) For the three months ended March 31, 2021 March 31, 2020 (Rupees in '000)	
The following additions have been made to intangible assets during the period:			
Capital work-in-progress		317,336	50,746
Computer software		244,145	223,268
		<u>561,481</u>	<u>274,014</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

	Note	(Unaudited) March 31, 2021	(Audited) December 31, 2020
(Rupees in '000)			
12	DEFERRED TAX ASSETS / (LIABILITIES)		
Deductible temporary differences on			
- Provision against investments		864,519	1,143,042
- Provision against doubtful debts and off-balance sheet obligations		4,293,666	3,591,810
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		2,583,250	1,938,319
- Provision against other assets		41,365	45,062
- Deficit on revaluation of fixed assets		72,832	72,832
- Ijarah financing		210,925	199,225
		8,066,557	6,990,290
Taxable temporary differences on			
- Accelerated tax depreciation		(1,801,715)	(1,851,784)
- Surplus on revaluation of fixed assets	19	(1,778,427)	(1,788,461)
- Surplus / Deficit on revaluation of investments	19	(3,023,806)	(5,415,272)
- Exchange translation reserve		(803,749)	(903,630)
		(7,407,697)	(9,959,147)
		658,860	(2,968,857)
13	OTHER ASSETS		
Mark-up / return / profit / interest accrued in local currency		38,211,546	44,804,538
Mark-up / return / profit / interest accrued in foreign currency		2,520,081	2,448,754
Advances, deposits, advance rent and other prepayments		3,211,471	2,355,787
Advance taxation		19,057,205	21,183,176
Advances against subscription of securities		346,000	1,096,000
Stationery and stamps on hand		122,433	113,476
Accrued fees and commissions		647,880	464,201
Due from Government of Pakistan / SBP		1,680,339	1,441,901
Mark to market gain on forward foreign exchange contracts		4,157,012	3,358,985
Mark to market gain on derivative instruments		482,648	182,917
Non-banking assets acquired in satisfaction of claims		464,422	432,937
Branch adjustment account		-	538,852
Acceptances		24,746,108	26,702,624
Clearing and settlement accounts		10,598,540	3,220,084
Dividend receivable		278,037	15,026
Claims against fraud and forgeries		432,955	553,356
Others		593,418	645,482
		107,550,095	109,558,096
Provision held against other assets	13.1	(871,926)	(1,127,909)
Other assets- net of provision		106,678,169	108,430,187
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	209,594	209,594
Other assets - total		106,887,763	108,639,781
13.1	Provision held against other assets		
Acceptances		133,721	419,923
Non-banking assets acquired in satisfaction of claims		3,137	3,152
Claims receivable against fraud and forgeries		432,955	553,356
Suit filed cases		4,898	4,998
Others		297,215	146,480
		871,926	1,127,909

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

	Note	(Unaudited) March 31, 2021	(Audited) December 31, 2020
(Rupees in '000)			
13.1.1	Movement in provision against other assets		
Opening balance		1,127,909	821,996
Exchange adjustment		(10,913)	19,735
Charge for the period / year		177,120	691,987
Reversal for the period / year		(412,710)	(33,899)
Net (reversal) / charge		(235,590)	658,088
Written off during the period / year		(9,480)	(49,042)
Transferred out		-	(322,868)
Closing balance		871,926	1,127,909
14	BILLS PAYABLE		
In Pakistan		42,494,251	44,792,798
Outside Pakistan		1,117,491	1,329,546
		43,611,742	46,122,344
15	BORROWINGS		
	Secured		
Borrowings from the SBP under			
- Export refinance scheme		61,726,285	60,068,212
- Long term financing facility		26,287,363	25,922,575
- Financing facility for renewable energy power plants		2,182,744	1,716,425
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)		188,087	152,893
- Refinance and Credit Guarantee Scheme for Women Entrepreneurs		164,464	163,416
- Financing facility for storage of agricultural produce		310,811	292,211
- Refinance facility for working capital of SMEs		122,033	135,625
- Refinance scheme for payment of wages and salaries		27,189,455	30,928,363
- Refinance facility for combating COVID-19		1,283,333	1,300,000
- Temporary economic refinance facility		8,735,597	4,917,263
		128,190,172	125,596,983
Repurchase agreement borrowings		74,278,059	321,070,809
		202,468,231	446,667,792
	Unsecured		
- Call money borrowings		-	13,450,000
- Overdrawn nostro accounts		674,820	164,928
- Borrowings of overseas branches		29,014,640	28,814,549
- Other long-term borrowings	15.1	48,456,238	50,997,984
		78,145,698	93,427,461
		280,613,929	540,095,253
15.1	This includes the following:		
15.1.1	A loan from the International Finance Corporation amounting to US\$ 150 million (December 31, 2020:US\$ 150 million). The principal amount is payable in six equal half yearly installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi-annually.		
15.1.2	HBL has entered into a long-term financing facility arrangement of US\$ 300 million with China Development Bank, to be utilized for on-lendings to projects of the Bank's customers. Under this facility, US\$ 165.975 million (December 31, 2020: US\$ 165.975 million) has been utilized by the Bank with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to 4 years from the date of initial drawdown. The entire drawn amount is payable in semi-annual installments over a period of 10 years starting from January 31, 2023. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.		
15.1.3	A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 188.339 (December 2020:Rs 194.309 million) for on-lending to customers. The amount is payable semi-annually from August 2020 to February 2023. Profit at 11.21% per annum is payable semi-annually from August 2020.		

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

16 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2021 (Unaudited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	811,734,218	91,310,550	903,044,768	818,376,303	95,804,417	914,180,720
Savings deposits	994,258,653	77,354,631	1,071,613,284	976,981,942	85,041,111	1,062,023,053
Term deposits	285,366,596	116,787,268	402,153,864	292,861,588	112,812,988	405,674,576
	2,091,359,467	285,452,449	2,376,811,916	2,088,219,833	293,658,516	2,381,878,349
Financial institutions						
Current deposits	9,284,680	928,877	10,213,557	14,003,219	1,310,351	15,313,570
Savings deposits	227,042,759	660,996	227,703,755	259,670,600	657,250	260,327,850
Term deposits	5,125,540	10,356,116	15,481,656	5,083,529	6,887,418	11,970,947
	241,452,979	11,945,989	253,398,968	278,757,348	8,855,019	287,612,367
	2,332,812,446	297,398,438	2,630,210,884	2,366,977,181	302,513,535	2,669,490,716

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

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

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

The key features of the issue are as follows:

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

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For the three months ended March 31, 2021

18	OTHER LIABILITIES	Note	(Unaudited) March 31, 2021	(Audited) December 31, 2020
			(Rupees in '000)	
	Mark-up / return / profit / interest payable in local currency		14,561,171	9,964,075
	Mark-up / return / profit / interest payable in foreign currency		2,258,043	2,209,403
	Security deposits		985,284	974,790
	Accrued expenses		18,621,864	17,984,739
	Mark to market loss on forward foreign exchange contracts		6,712,372	5,996,571
	Mark to market loss on derivative instruments		874,054	1,449,800
	Unclaimed dividends		706,308	693,700
	Dividends payable		4,502,171	115,626
	Provision for post retirement medical benefits		3,813,697	3,763,654
	Provision for employees' compensated absences		2,454,301	2,492,992
	Provision against off-balance sheet obligations	18.1	1,182,667	1,138,648
	Acceptances		24,746,108	26,702,624
	Branch adjustment account		3,664,756	-
	Provision for staff retirement benefits		1,240,534	1,239,418
	Payable to defined benefit plans		1,069,349	1,182,639
	Provision for Workers' Welfare Fund		6,641,544	6,324,325
	Unearned income		4,492,107	4,229,811
	Qarz-e-Hasna Fund		338,542	338,542
	Levies and taxes payable		3,899,695	6,977,533
	Insurance payable		948,170	868,971
	Provision for rewards program expenses		1,545,693	1,391,392
	Liability against trading of securities		6,286,227	902,755
	Clearing and settlement accounts		8,067,076	4,538,482
	Payable to HBL Foundation		409,513	315,431
	Contingent consideration payable		500,000	500,000
	Charity fund		4,843	4,234
	Lease liability against right-of-use assets		15,227,415	15,300,909
	Unclaimed deposits		398,800	91,752
	Others		1,956,043	2,260,969
			138,108,347	119,953,785
18.1	Provision against off-balance sheet obligations			
	Opening balance		1,138,648	437,795
	Exchange adjustment		(38,203)	(25,452)
	Charge for the period / year		87,737	480,696
	Reversal for the period / year		(5,515)	(95,905)
	Net charge		82,222	384,791
	Written off during the year		-	(4,053)
	Transferred in		-	345,567
	Closing balance		1,182,667	1,138,648
19	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
	Surplus arising on revaluation of assets, on:			
	- Fixed assets	8.1	28,835,952	28,861,681
	- Available-for-sale securities		7,753,347	13,885,314
	- Non-banking assets acquired in satisfaction of claims		209,594	209,594
			36,798,893	42,956,589
	Deferred tax on surplus on revaluation of:			
	- Fixed assets		1,778,427	1,788,461
	- Available-for-sale securities		3,023,806	5,415,272
	- Non-banking assets acquired in satisfaction of claims		-	-
			4,802,233	7,203,733
	Surplus on revaluation of assets - net of tax		31,996,660	35,752,856

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

20	CONTINGENCIES AND COMMITMENTS	Note	(Unaudited) March 31, 2021	(Audited) December 31, 2020
			(Rupees in '000)	
	- Guarantees	20.1	201,987,333	201,448,496
	- Commitments	20.2	609,811,497	762,895,459
	- Other contingent liabilities	20.3	23,923,767	23,888,069
			<u>835,722,597</u>	<u>988,232,024</u>
20.1	Guarantees:			
	Financial guarantees		63,213,026	63,750,853
	Performance guarantees		128,023,295	126,465,667
	Other guarantees		10,751,012	11,231,976
			<u>201,987,333</u>	<u>201,448,496</u>
20.2	Commitments:			
	Trade-related contingent liabilities		188,520,344	151,147,102
	Commitments in respect of:			
	- forward foreign exchange contracts	20.2.1	307,524,205	405,885,132
	- forward Government securities transactions	20.2.2	72,738,854	150,757,178
	- derivatives	20.2.3	35,557,392	38,504,637
	- forward lending	20.2.4	2,524,426	11,085,983
			<u>418,344,877</u>	<u>606,232,930</u>
	Commitments for acquisition of:			
	- fixed assets		1,734,214	4,389,650
	- intangible assets		1,212,062	1,125,777
			<u>2,946,276</u>	<u>5,515,427</u>
			<u>609,811,497</u>	<u>762,895,459</u>
20.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		192,659,151	245,614,763
	Sale		114,865,054	160,270,369
			<u>307,524,205</u>	<u>405,885,132</u>
20.2.2	Commitments in respect of forward Government securities transactions			
	Purchase		37,654,501	96,427,590
	Sale		35,084,353	54,329,588
			<u>72,738,854</u>	<u>150,757,178</u>
20.2.3	Commitments in respect of derivatives			
	Cross Currency swaps			
	Purchase		13,783,305	14,662,810
	Sale		14,246,600	16,007,336
			<u>28,029,905</u>	<u>30,670,146</u>
	Interest rate swaps			
	Purchase		-	-
	Sale		7,527,487	7,834,491
			<u>7,527,487</u>	<u>7,834,491</u>
20.2.4	Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines and other commitments to extend credit		<u>2,524,426</u>	<u>11,085,983</u>

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.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

(Unaudited)
March 31,
2021
(Rupees in '000)

(Audited)
December
31, 2020

20.3 Other contingent liabilities

20.3.1 Claims against the Bank not acknowledged as debts

23,923,767 23,888,069

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

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

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

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

21 DERIVATIVE INSTRUMENTS

Product Analysis

		March 31, 2021 (Unaudited)			
		Cross currency swaps		Interest rate swaps	
		Notional principal	Mark to market loss	Notional principal	Mark to market gain
		(Rupees in '000)			
Hedging		-	-	-	-
Market Making		28,029,905	(401,013)	7,527,487	9,607
		December 31, 2020 (Audited)			
		Cross currency swaps		Interest rate swaps	
		Notional principal	Mark to market loss	Notional principal	Mark to market gain
		(Rupees in '000)			
Hedging		-	-	-	-
Market Making		30,670,146	(1,340,265)	7,834,491	73,382

(Unaudited)
For the three months ended
March 31, 2021 March 31, 2020
(Rupees in '000)

22 MARK-UP / RETURN / PROFIT / INTEREST EARNED

On:

Loans and advances	21,988,916	32,050,300
Investments	36,415,558	35,359,176
Lendings to financial institutions	1,143,379	1,829,213
Balances with banks	62,629	583,758
	59,610,482	69,822,447

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

	Note	(Unaudited) For the three months ended	
		March 31, 2021	March 31, 2020
		(Rupees in '000)	
23	MARK-UP / RETURN / PROFIT / INTEREST EXPENSED		
On:			
Deposits		20,961,180	33,488,130
Securities sold under repurchase agreement borrowings		5,026,946	4,498,463
Borrowings		1,245,431	2,176,562
Subordinated debt		375,458	818,656
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,411,952	2,208,839
Lease liability against right-of-use assets		527,127	429,406
		<u>29,548,094</u>	<u>43,620,056</u>
24	FEE AND COMMISSION INCOME		
Branch banking customer fees		1,025,220	1,114,063
Consumer finance related fees		368,757	320,413
Card related fees (debit and credit cards)		1,709,155	1,005,841
Credit related fees		181,342	132,417
Investment banking fees		387,618	320,572
Commission on trade related products and guarantees		932,736	716,476
Commission on cash management		168,496	181,899
Commission on remittances (including home remittances)		114,648	122,293
Commission on bancassurance		185,403	123,808
Commission on G2P payments		22,501	78,325
Merchant discount and interchange fees		785,102	537,624
Others		13,760	86,549
		<u>5,894,738</u>	<u>4,740,280</u>
Less: Sales tax / Federal Excise Duty on fee and commission income		<u>(780,720)</u>	<u>(605,480)</u>
		<u>5,114,018</u>	<u>4,134,800</u>
25	(LOSS) / GAIN ON SECURITIES - NET		
Realised	25.1	(167,925)	1,451,024
Unrealised - held-for-trading	8.1	1,038	794,615
		<u>(166,887)</u>	<u>2,245,639</u>
25.1	(Loss) / Gain on securities - realised		
On:			
Federal Government securities			
- Market Treasury Bills		168,803	301,717
- Pakistan Investment Bonds		9,467	1,344,329
- Ijarah Sukuks		520	(148,619)
Shares		(422,796)	58,185
Non-Government debt securities		64,924	-
Foreign securities		(28,066)	(14,905)
Associates		39,223	(89,683)
		<u>(167,925)</u>	<u>1,451,024</u>
26	OTHER INCOME / (LOSS)		
Incidental charges		59,117	49,457
Exchange gain realised on reduction in capital of subsidiary		13,354	1,372,357
Exchange loss realised on closure of overseas branch		-	(1,887,208)
(Loss) / gain on sale of fixed assets - net		(1,149)	15,444
Rent on properties		15,785	27,890
		<u>87,107</u>	<u>(422,060)</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

27

OPERATING EXPENSES

(Unaudited)
For the three months ended
March 31, March 31,
2021 2020
(Rupees in '000)

Total compensation expense

8,249,364 8,764,262

Property expense

Rent and taxes
Insurance
Utilities cost
Security (including guards)
Repair and maintenance (including janitorial charges)
Depreciation on owned fixed assets
Depreciation on right-of-use assets

49,779	559,888
22,557	15,730
446,235	395,928
445,757	444,582
551,984	436,941
771,722	722,553
838,251	722,428
3,126,285	3,298,050

Information technology expenses

Software maintenance
Hardware maintenance
Depreciation
Amortisation
Network charges
Consultancy charges

848,040	722,156
188,418	163,526
538,031	436,367
213,532	162,047
316,320	296,575
147,738	168,639
2,252,079	1,949,310

Other operating expenses

Legal and professional charges
Outsourced services costs
Travelling and conveyance
Insurance
Remittance charges
Security charges
Repairs and maintenance
Depreciation
Training and development
Postage and courier charges
Communication
Stationery and printing
Marketing, advertisement and publicity
Donations
Auditors' remuneration
Brokerage and commission
Subscription
Documentation and processing charges
Entertainment
Consultancy charges
Deposits insurance premium expense
Product feature cost
COVID-19 related expenses
Others

136,026	945,288
519,305	415,600
175,543	172,183
147,180	128,785
106,008	120,072
496,715	379,947
330,046	301,527
173,567	180,496
30,529	86,832
141,792	175,886
183,576	180,055
440,529	419,535
2,125,598	1,741,563
171,312	128,450
46,756	34,095
113,418	134,035
29,840	37,099
736,819	659,908
73,769	68,986
231,286	1,881,505
626,121	559,191
256,653	261,387
285,100	66,522
144,928	163,301
7,722,416	9,242,248
21,350,144	23,253,870

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

28	OTHER CHARGES	Note	(Unaudited) For the three months ended	
			March 31, 2021	March 31, 2020
			(Rupees in '000)	
	Penalties imposed by the State Bank of Pakistan		42,202	231,633
	Penalties imposed by other regulatory bodies		31	565
			<u>42,233</u>	<u>232,198</u>
29	PROVISIONS / (REVERSALS) AND WRITE OFFS - NET			
	(Reversal of) / provision for diminution in value of investments	8.3	(735,707)	152,648
	Provision against loans and advances	9.3	2,829,070	80,311
	(Reversal of) / provision against other assets	13.1.1	(235,590)	32,186
	Provision against off-balance sheet obligations	18.1	82,222	15,629
	Recoveries against written off / charged off bad debts		(218,305)	(96,832)
	Recoveries against other assets written off		(7,420)	(42,613)
	Bad debts written off directly		13,197	-
			<u>1,727,467</u>	<u>141,329</u>
30	TAXATION			
	- Current		6,838,509	3,470,308
	- Deferred		(1,136,370)	(425,552)
			<u>5,702,139</u>	<u>3,044,756</u>
31	BASIC AND DILUTED EARNINGS PER SHARE			
	Profit for the period		<u>8,297,922</u>	<u>3,997,779</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>5.66</u>	<u>2.73</u>

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

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments, are estimated using the break-up value of the investee company.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

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

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

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

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

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

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

Federal Government securities	The fair values of Federal Government securities are determined on the basis of rates / prices sourced from Reuters.
Non-Government debt securities	Investment in non-Government debt securities denominated in Rupees are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP). Investments in non-Government debt securities denominated in other currencies are valued on the basis of rates taken from Bloomberg / Reuters.
Foreign Government debt securities	The fair values of Foreign Government 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, 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 value measurement hierarchy of those of the Bank's financial assets that are recognised or disclosed at fair value in these condensed interim unconsolidated financial statements:

As at March 31, 2021 (Unaudited)					
	Carrying value	Level 1	Level 2	Level 3	Total
<hr/> <div>(Rupees in '000)</div> <hr/>					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,267,915,963	-	1,267,915,963	-	1,267,915,963
- Shares - listed companies	5,983,177	5,983,177	-	-	5,983,177
-Non-Government debt securities					
- Listed	47,326,545	40,320,000	7,006,545	-	47,326,545
- Unlisted	622,500	-	622,500	-	622,500
- Foreign securities					
- Government debt securities	45,995,253	-	45,995,253	-	45,995,253
- Non-Government debt securities - Listed	3,888,900	-	3,888,900	-	3,888,900
- National Investment Unit Trust	47,324	-	47,324	-	47,324
- Real Estate Investment Trust units	50,200	50,200	-	-	50,200
- Preference shares	777,000	777,000	-	-	777,000
	1,372,606,862	47,130,377	1,325,476,485	-	1,372,606,862
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	245,790,406	-	243,016,981	-	243,016,981
- Non-Government debt securities					
- Listed	5,462,080	-	5,484,620	-	5,484,620
- Unlisted	16,074,968	-	16,074,968	-	16,074,968
- Foreign securities					
- Government debt securities	12,412,218	-	13,003,646	-	13,003,646
- Non-Government debt securities					
- Listed	333,066	-	378,087	-	378,087
- Unlisted	260,984	-	260,984	-	260,984
- Associates and Joint venture	8,952,150	23,989,324	2,986,440	-	26,975,764
	289,285,872	23,989,324	281,205,726	-	305,195,050
	1,661,892,734	71,119,701	1,606,682,211	-	1,677,801,912
<hr/> <div>As at March 31, 2021 (Unaudited)</div> <hr/>					
	Notional Value	Level 1	Level 2	Level 3	Total
<hr/> <div>(Rupees in '000)</div> <hr/>					
Off-balance sheet financial instruments - measured at fair value					
Commitments					
- Forward foreign exchange contracts	307,524,205	-	(2,555,360)	-	(2,555,360)
- Forward Government securities transactions	72,738,854	-	10,549	-	10,549
- Derivative instruments	35,557,392	-	(391,406)	-	(391,406)

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

On balance sheet financial instruments

Financial assets - measured at fair value

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

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

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

1,518,270,016	-	1,518,270,016	-	1,518,270,016
5,985,004	5,985,004	-	-	5,985,004
47,265,405	40,240,000	7,025,405	-	47,265,405
622,500	-	622,500	-	622,500
40,219,455	-	40,219,455	-	40,219,455
3,553,703	-	3,553,703	-	3,553,703
46,839	-	46,839	-	46,839
53,000	53,000	-	-	53,000
855,400	855,400	-	-	855,400
1,616,871,322	47,133,404	1,569,737,918	-	1,616,871,322

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

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

405,885,132	-	(2,637,586)	-	(2,637,586)
150,757,178	-	(52,974)	-	(52,974)
38,504,637	-	(1,266,883)	-	(1,266,883)

Off-balance sheet financial instruments - measured at fair value

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

32.2 Fair value of non-financial assets

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

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

52,908,710	-	-	52,908,710	52,908,710
670,880	-	-	670,880	670,880
53,579,590	-	-	53,579,590	53,579,590

As at December 31, 2020 (audited)				
Carrying value	Level 1	Level 2	Level 3	Total

52,560,430	-	-	52,560,430	52,560,430
639,379	-	-	639,379	639,379
53,199,809	-	-	53,199,809	53,199,809

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

For the three months ended March 31, 2021 (Unaudited)

Profit and loss account

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

(13,932)	6,499	2,992	7,381	26,998	795	(671)	30,062
24,103	(3,197)	-	(3,572)	(20,317)	1,004	1,979	-
967	2,305	183	974	911	785	1,250	7,375
11,138	5,607	3,175	4,783	7,592	2,584	2,558	37,437

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

6,168	2,119	541	854	321	2,513	9,194	21,710
4,245	571	170	567	82	2,234	(7,869)	-
10,413	2,690	711	1,421	403	4,747	1,325	21,710
-	361	114	840	(714)	1,035	91	1,727
725	2,556	2,350	2,522	7,903	(3,198)	1,142	14,000

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

As at March 31, 2021 (Unaudited)

Statement of financial position

	Branch banking	Consumer ,SME & Rural banking	Islamic	Corporate ,Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)								
Cash and bank balances	149,140	-	16,084	337	74,337	59,875	-	299,773
Lendings to financial institutions	-	-	13,898	-	44,578	-	-	58,476
Inter segment lending	1,445,402	-	2,717	-	-	158,694	147,980	1,754,793
Investments	-	-	155,459	8,675	1,413,141	87,353	21,506	1,686,134
Advances - performing	-	163,285	125,512	622,647	-	162,723	19,340	1,093,507
Advances - non-performing	-	2,434	179	4,457	-	1,437	-	8,507
Others	17,817	4,329	8,933	29,998	46,588	13,700	77,180	198,545
Total assets	1,612,359	170,048	322,782	666,114	1,578,644	483,782	266,006	5,099,735

Borrowings	-	3,312	21,965	103,102	74,953	77,281	-	280,613
Subordinated debt	-	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,589,489	456	269,739	426,968	9	337,968	5,582	2,630,211
Inter segment borrowing	-	158,964	-	109,080	1,486,749	-	-	1,754,793
Others	22,870	7,316	6,662	26,964	14,308	36,644	66,957	181,721
Total liabilities	1,612,359	170,048	298,366	666,114	1,576,019	451,893	84,913	4,859,712
Equity	-	-	24,416	-	2,625	31,889	181,093	240,023
Total equity and liabilities	1,612,359	170,048	322,782	666,114	1,578,644	483,782	266,006	5,099,735

Contingencies and commitments

	41,521	-	25,595	305,984	362,204	74,061	26,358	835,723
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For the three months ended March 31, 2020 (Unaudited)

Profit and loss account

Net mark-up / return / profit / interest income	(23,875)	6,889	2,733	13,120	27,169	1,644	(1,478)	26,202
Inter segment revenue / (expense) - net	40,628	(4,160)	-	(9,629)	(30,304)	575	2,890	-
Non mark-up / interest income	1,021	1,764	(45)	836	3,310	790	(3,048)	4,628
Total income	17,774	4,493	2,688	4,327	175	3,009	(1,636)	30,830
Segment direct expenses	6,244	1,966	476	859	176	6,787	7,139	23,647
Inter segment expense allocation	3,178	468	161	420	72	1,639	(5,939)	(1)
Total expenses	9,422	2,434	637	1,279	248	8,426	1,200	23,646
Provisions - charge / (reversal)	(8)	182	77	(801)	142	571	(22)	141
Profit / (loss) before tax	8,360	1,877	1,974	3,849	(215)	(5,988)	(2,814)	7,043

As at December 31, 2020 (Audited)

Statement of financial position

	Branch banking	Consumer ,SME & Rural banking	Islamic	Corporate,Co mmercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)								
Cash and bank balances	179,590	-	12,771	293	125,940	67,818	-	386,412
Lendings to financial institutions	-	-	5,257	-	24,897	-	-	30,154
Inter segment lending	1,430,513	-	91	-	-	183,892	145,705	1,760,201
Investments	-	-	139,619	8,675	1,660,147	81,305	22,492	1,912,238
Advances - performing	-	163,801	153,152	618,911	-	156,054	17,020	1,108,938
Advances - non-performing	-	1,960	211	4,308	-	1,902	2	8,383
Others	15,636	3,946	7,295	25,006	30,760	24,639	90,305	197,587
Total assets	1,625,739	169,707	318,396	657,193	1,841,744	515,610	275,524	5,403,913

Borrowings	-	4,011	32,183	100,397	324,181	79,323	-	540,095
Subordinated debt	-	-	-	-	-	-	22,356	22,356
Deposits and other accounts	1,607,921	348	257,414	430,203	9	365,484	8,112	2,669,491
Inter segment borrowing	-	159,043	-	98,870	1,502,288	-	-	1,760,201
Others	17,818	6,305	6,032	27,723	8,804	44,329	58,034	169,045
Total liabilities	1,625,739	169,707	295,629	657,193	1,835,282	489,136	88,502	5,161,188
Equity	-	-	22,767	-	6,462	26,474	187,022	242,725
Total equity and liabilities	1,625,739	169,707	318,396	657,193	1,841,744	515,610	275,524	5,403,913

Contingencies and commitments

	13,108	-	9,416	321,938	551,311	63,568	28,891	988,232
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Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

34 RELATED PARTY TRANSACTIONS

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

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

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

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

	As at March 31, 2021 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
Statement of financial position	(Rupees in '000)						
Balances with other banks							
In current accounts	-	-	3,808	531,814	-	5,829	-
Investments							
Opening balance	-	-	-	17,614,626	9,161,114	135,665	4,843,724
Investment made during the period	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period	-	-	-	(23,236)	(88,398)	-	-
Revaluation of investment during the period	-	-	-	(212,273)	-	-	(99,774)
Closing balance	-	-	-	17,379,117	9,072,716	135,665	4,743,950
Advances							
Opening balance	249	305,836	4,504,528	2,073,885	1,125,000	-	7,748,994
Addition during the period	7,760	72,971	2,919,527	104,647	871,891	-	434,184
Repaid during the period	(7,222)	(72,651)	(3,007,071)	(85,091)	-	-	(953,594)
Transfer in / (out) - net	73	(375)	-	-	-	-	319,375
Other movement	-	-	(124,970)	(4,275)	(31,753)	-	-
Closing balance	860	305,781	4,292,014	2,089,166	1,965,138	-	7,548,959
Other Assets							
Interest / mark-up accrued	-	377	28,547	99,168	29,624	-	224,132
Other receivable	-	-	-	-	179,710	-	3,110
	-	377	28,547	99,168	209,334	-	227,242
Borrowings							
Opening balance	-	-	3,200,856	468,382	959,006	1,598,344	494,309
Borrowings during the period	-	-	1,028,305	74,827	951,192	1,585,321	-
Settled during the period	-	-	(1,585,321)	(134,818)	(951,192)	(1,585,321)	(305,970)
Other movement	-	-	(196,909)	(18,551)	(42,454)	(70,758)	-
Closing balance	-	-	2,446,931	389,840	916,552	1,527,586	188,339
Deposits and other accounts							
Opening balance	20,794	447,740	7,288,452	1,087,262	36,293,203	-	1,684,143
Received during the period	94,756	1,343,441	106,160,237	72,693,848	219,066,689	-	23,385,531
Withdrawn during the period	(77,073)	(1,238,793)	(106,094,981)	(72,537,871)	(221,767,621)	-	(22,313,063)
Transfer in / (out) - net	(13,238)	(53,480)	-	-	-	-	-
Other movement	(84)	(3,422)	(260,148)	(52,156)	(524)	-	(11,036)
Closing balance	25,155	495,486	7,093,560	1,191,083	33,591,747	-	2,745,575
Other liabilities							
Interest / mark-up payable	13	1,684	43,569	1,974	15,593	5,474	9,765
Payable to staff retirement fund	-	-	-	-	-	-	1,069,349
Other payables	-	-	298	18,907	45,451	-	409,513
	13	1,684	43,867	20,881	61,044	5,474	1,488,627
Contingencies and Commitments							
Letter of credit	-	-	474,503	-	-	-	2,117,728
Letter of guarantee	-	-	124,005	50,597	-	-	3,684,498
Forward purchase of Government securities	-	-	1,328,242	-	-	-	278,512
Commitments in respect of forward lending	-	-	-	-	-	-	2,524,426
Interest rate swaps	-	-	785,820	-	1,125,000	-	-
	-	-	2,712,570	50,597	1,125,000	-	8,605,164
Others							
Securities held as custodians	-	14,925	5,894,670	-	41,070,390	-	8,721,690

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

For the three months ended March 31, 2021 (Unaudited)						
Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
(Rupees in '000)						
Profit and loss account						
Income						
Mark-up / return / profit / interest earned	-	3,723	63,991	99,961	48,132	269,547
Fee and commission income	-	-	41,046	8,094	253,541	1,702
Dividend income	-	-	-	-	222,262	31,680
Foreign exchange gain	-	-	-	42,584	-	-
Gain from derivatives	-	-	463	-	3,005	-
Net gain on sale of securities	-	-	-	39,223	-	-
Rent on properties	-	-	-	10,105	-	-
Other income	-	-	-	7,011	-	-
Expense						
Mark-up / return / profit / interest expensed	13	1,741	76,186	5,958	277,188	22,393
Operating expenses	-	-	-	-	-	-
Total compensation expense	-	329,251	-	-	-	254,449
Non-Executive Directors' fees	18,600	-	-	-	-	-
Insurance premium expense	-	-	-	386,894	-	-
Advertisement and publicity	-	-	28,556	-	-	-
Travelling	-	-	1,139	-	-	-
Subscription	-	-	-	-	-	40,610
Donation	-	-	77,230	-	-	94,082
Brokerage and Commission	-	-	-	-	-	51,900
Other expenses	-	-	-	137,382	-	7,025
Others						
Purchase of Government securities	-	-	86,165,287	-	8,190,943	2,426,181
Sale of Government securities	-	12,002	88,295,947	12,484,942	11,616,067	4,067,867
Purchase of foreign currencies	-	-	376,716	2,573,182	-	-
Sale of foreign currencies	-	-	754,178	6,317,115	93,300	2,027,049
Insurance claims settled	-	-	-	18,038	-	-
As at December 31, 2020 (Audited)						
Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
(Rupees in '000)						
Statement of financial position						
Balances with other banks						
In current accounts	-	-	25,483	362,924	-	4,074
Investments						
Opening balance	-	-	-	18,590,630	9,276,448	135,665
Investment made during the year	-	-	-	500,000	-	-
Investment redeemed / disposed off during the year	-	-	-	(1,625,607)	(115,334)	-
Revaluation of investment during the year	-	-	-	-	-	68,121
Exchange translation impact	-	-	-	149,603	-	-
Closing balance	-	-	-	17,614,626	9,161,114	135,665
Advances						
Opening balance	1,144	302,682	3,853,355	52,035	1,375,000	-
Addition during the year	10,157	222,404	7,294,502	2,141,455	-	7,668,197
Repaid during the year	(11,062)	(162,557)	(6,729,728)	(121,823)	(250,000)	(6,242,581)
Transfer in / (out) - net	10	(56,693)	-	-	-	(1,601,517)
Other movement	-	-	86,399	2,218	-	-
Closing balance	249	305,836	4,504,528	2,073,885	1,125,000	7,748,994
Other Assets						
Interest / mark-up accrued	-	710	23,444	92,882	30,556	-
Other receivable	-	-	-	-	305,198	3,335
	-	710	23,444	92,882	335,754	202,305
Borrowings						
Opening balance	-	-	2,475,576	4,187,854	929,086	1,548,476
Borrowings during the year	-	-	6,992,840	6,016,905	2,913,226	4,855,377
Settled during the year	-	-	(6,473,832)	(9,919,751)	(2,913,226)	(4,855,377)
Other movement	-	-	206,272	183,374	29,920	49,868
Closing balance	-	-	3,200,856	468,382	959,006	1,598,344

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

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

	For the three months ended March 31, 2020 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Profit and loss account							
Income							
Mark-up / return / profit / interest earned	-	5,999	86,016	127,079	82,624	-	248,241
Fee and commission income	-	-	30,934	6,648	220,298	85	26,821
Dividend income	-	-	-	-	314,344	236,436	35,653
Foreign exchange gain	-	-	-	-	-	-	-
Loss from derivatives	-	-	(16,233)	(34,201)	(17,457)	-	-
Net gain on sale of securities	-	-	-	-	-	-	-
Rent on properties	-	-	-	9,301	-	-	-
Other income	-	-	-	1,214	-	-	-
Expense							
Mark-up / return / profit / interest expensed	51	2,246	135,846	20,860	173,207	12,955	13,402
Operating expenses	-	-	-	-	-	-	-
Total compensation expense	-	337,751	-	-	-	-	228,785
Non-Executive Directors' fees	19,800	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	283,442	-	-
Advertisement and publicity	-	-	87,750	-	-	-	-
Travelling	-	-	6,347	-	-	-	-
Subscription	-	-	-	-	-	-	11,728
Donation	-	-	76,950	-	-	-	41,500
Brokerage and Commission	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	54,588
Others							
Purchase of Government securities	-	-	32,169,380	-	6,813,099	-	886,411
Sale of Government securities	-	14,895	35,050,146	677,669	11,139,353	-	1,729,810
Purchase of foreign currencies	-	-	390,182	2,722,327	3,728	-	-
Sale of foreign currencies	-	-	877,862	937,351	17,100	-	2,532,942
Insurance claims settled	-	-	-	-	37,737	-	-

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

35	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	14,668,525	14,668,525
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	177,067,734	172,940,364
	Eligible Additional Tier 1 (ADT 1) Capital	10,494,299	10,438,063
	Total Eligible Tier 1 Capital	187,562,033	183,378,427
	Eligible Tier 2 Capital	55,730,203	54,025,763
	Total Eligible Capital (Tier 1 + Tier 2)	243,292,236	237,404,190
	Risk Weighted Assets (RWAs):		
	Credit Risk	945,528,144	935,446,560
	Market Risk	100,102,186	109,134,799
	Operational Risk	191,948,129	191,948,129
	Total	1,237,578,459	1,236,529,488
	Common Equity Tier 1 Capital Adequacy ratio	14.31%	13.99%
	Tier 1 Capital Adequacy Ratio	15.16%	14.83%
	Total Capital Adequacy Ratio	19.66%	19.20%
	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	9.50%	9.50%
	of which: capital conservation buffer requirement	1.50%	1.50%
	of which: countercyclical buffer requirement	-	-
	of which: D-SIB buffer requirement	2.00%	2.00%
	CET1 available to meet buffers (as a percentage of risk weighted assets)	8.31%	7.99%
	Other information:		
	National minimum capital requirements prescribed by the SBP		
	CET1 minimum ratio (%)	9.50%	9.50%
	Tier 1 minimum ratio (%)	11.00%	11.00%
	Total capital minimum ratio (%)	13.50%	13.50%
	Leverage Ratio (LR)		
	Eligible Tier-1 Capital	187,562,033	183,378,427
	Total Exposures	3,845,303,459	4,167,230,907
	Leverage Ratio (%)	4.88%	4.40%
	Minimum Requirement (%)	3.00%	3.00%
	Liquidity Coverage Ratio (LCR)		
	Total Adjusted Value (Rupees in '000)		
	Average High Quality Liquid Assets	1,419,182,562	1,343,833,391
	Average Net Cash Outflow	579,370,233	525,626,841
	Liquidity Coverage Ratio (%)	244.95%	255.66%
	Minimum Requirement (%)	100.00%	100.00%
	Net Stable Funding Ratio (NSFR)		
	Total Weighted Value (Rupees in '000)		
	Total Available Stable Funding	2,606,156,837	2,637,965,349
	Total Required Stable Funding	1,531,171,617	1,448,252,363
	Net Stable Funding Ratio (%)	170.21%	182.15%
	Minimum Requirement (%)	100.00%	100.00%

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

36

ISLAMIC BANKING BUSINESS

The Bank operates 101 (December 31, 2020: 62) Islamic Banking branches and 813 (December 31, 2020: 853) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION

ASSETS

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

Note	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
	15,969,167	12,685,357
	115,140	85,710
36.1	13,898,164	5,257,358
36.2	155,458,871	139,619,025
36.3	125,690,878	153,363,009
	1,429,473	1,163,176
	-	-
	2,465,683	90,320
	-	-
	7,754,543	6,132,151
	322,781,919	318,396,106

LIABILITIES

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

	9,774	9,451
36.4	21,964,783	32,183,448
36.5	269,739,014	257,414,395
	34,167	12,444
	-	-
	147,872	8,718
	6,470,120	6,000,269
	298,365,730	295,628,725

NET ASSETS

	24,416,189	22,767,381
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REPRESENTED BY

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

	500,000	500,000
	-	-
	231,287	13,637
36.6	23,684,902	22,253,744
	24,416,189	22,767,381

Contingencies and commitments

36.7	(Unaudited) For the three months ended March 31, 2021	March 31, 2020
	(Rupees in '000)	

PROFIT AND LOSS ACCOUNT

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

36.8	5,540,275	5,829,677
36.9	2,548,522	3,096,352
	2,991,753	2,733,325

Other income / (loss)

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

	170,454	146,298
	-	-
	10,469	(24,984)
	-	-
	(906)	(168,467)
	3,051	2,218
	183,068	(44,935)

Total income

	3,174,821	2,688,390
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Other expenses

Operating expenses
Workers' Welfare Fund
Other charges
Total other expenses

	660,373	595,736
	47,955	40,301
	2,682	220
	711,010	636,257

Profit before provisions

Provisions and write offs - net

	2,463,811	2,052,133
	114,142	76,737

Profit before taxation

Taxation

	2,349,669	1,975,396
	917,459	770,489

Profit after taxation

	1,432,210	1,204,907
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Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

	March 31, 2021	December 31, 2020
	(Rupees in '000)	
36.1 Due from Financial Institutions		
Call money lendings	5,855,000	-
Bai Muajjal receivable with State Bank of Pakistan	-	5,257,358
Bai Muajjal receivable with other Financial Institutions	8,043,164	-
	13,898,164	5,257,358

36.2 Investments by segments

	March 31, 2021 (Unaudited)				December 31, 2020 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Federal Government securities								
-Ijarah Sukuks	82,674,191	-	(28,766)	82,645,425	67,678,595	-	(322,645)	67,355,950
-Other Federal Government Securities	11,736,908	-	-	11,736,908	11,324,538	-	-	11,324,538
	94,411,099	-	(28,766)	94,382,333	79,003,133	-	(322,645)	78,680,488
Non-Government debt securities								
-Listed	47,475,785	-	385,425	47,861,210	47,291,628	-	322,500	47,614,128
-Unlisted	13,192,828	-	22,500	13,215,328	13,301,909	-	22,500	13,324,409
	60,668,613	-	407,925	61,076,538	60,593,537	-	345,000	60,938,537
Total Investments	155,079,712	-	379,159	155,458,871	139,596,670	-	22,355	139,619,025

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
36.3 Islamic financing and related assets - net		
Diminishing Musharakah	67,425,152	71,127,412
Running Musharakah	18,041,248	45,034,254
Wakalah	10,000,000	10,000,000
Ijarah	2,198,349	2,341,651
Murabaha	1,446,402	1,517,711
Currency Salam	5,882	589,706
Tijarah	1,589,788	422,168
Istisna	1,069,788	271,460
Home Financing	2,527,592	2,060,742
Advance for Diminishing Musharakah	2,916,765	2,320,561
Advance for Ijarah	239,333	312,748
Advance for Murabaha	4,372,525	1,203,371
Advance for Salam	499,998	1,027,180
Advance for Istisna	8,346,718	11,874,971
Inventories against Murabaha	364,850	2,204,687
Inventories against Salam	980,000	-
Inventories against Tijarah	940,421	824,156
Inventories against Istisna	3,895,248	1,285,677
Islamic financing and related assets - gross	126,860,059	154,418,455
Provision against Islamic financing and related assets		
-Specific	(229,792)	(126,457)
-General	(939,389)	(928,989)
	(1,169,181)	(1,055,446)
Islamic financing and related assets - net of provision	125,690,878	153,363,009

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

	Note	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020
36.4 Due to financial institutions			
Unsecured acceptances of funds		-	10,500,000
Acceptances from the SBP under Islamic Export Refinance Scheme		12,471,342	12,185,727
Acceptances from the SBP under Islamic Long Term Financing Facility		4,883,146	4,774,050
Acceptances from the SBP under Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs		6,789	-
Acceptances from the SBP under Islamic Refinance Scheme for Payment of Wages and Salaries		2,204,314	2,456,473
Acceptances from the SBP under Islamic Financing Facility For Renewable Energy		302,394	96,152
Acceptances from the SBP under Islamic Temporary Economic Refinance Facility		1,908,459	1,676,737
Acceptances from Pakistan Mortgage Refinance Company		188,339	494,309
		<u>21,964,783</u>	<u>32,183,448</u>
36.5 Deposits and other accounts			
Customers			
Current deposits		63,435,081	64,402,537
Savings deposits		113,719,839	105,290,516
Term deposits		22,964,085	24,221,318
		<u>200,119,005</u>	<u>193,914,371</u>
Financial Institutions			
Current deposits		809,224	405,136
Savings deposits		66,466,639	61,847,142
Term deposits		2,344,146	1,247,746
		<u>69,620,009</u>	<u>63,500,024</u>
		<u>269,739,014</u>	<u>257,414,395</u>
36.6 Islamic Banking business unappropriated profit			
Opening Balance		22,253,744	16,486,211
Add: Islamic Banking profit for the period / year		2,349,669	9,464,811
Less: Taxation		(917,459)	(3,696,779)
Less: Transferred / Remitted to Head Office		(1,052)	(499)
Closing Balance		<u>23,684,902</u>	<u>22,253,744</u>
36.7 Contingencies and commitments			
- Guarantees	36.7.1	1,151,312	1,498,665
- Commitments	36.7.2	24,443,422	7,917,674
		<u>25,594,734</u>	<u>9,416,339</u>
36.7.1 Guarantees			
Performance guarantees		1,123,378	1,435,850
Other guarantees		27,934	62,815
		<u>1,151,312</u>	<u>1,498,665</u>
36.7.2 Commitments			
Trade-related contingent liabilities		22,140,403	6,208,476
Commitments in respect of forward foreign exchange contracts	36.7.2.1	2,303,019	1,709,198
		<u>24,443,422</u>	<u>7,917,674</u>
36.7.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		1,111,371	740,199
Sale		1,191,648	968,999
		<u>2,303,019</u>	<u>1,709,198</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2021

		(Unaudited) For the three months ended	
		March 31, 2021	March 31, 2020
		(Rupees in '000)	
36.8	Profit / return earned		
	On:		
	Financing	2,669,653	3,737,797
	Investments	2,760,973	1,252,191
	Placements	109,649	839,689
		<u>5,540,275</u>	<u>5,829,677</u>
36.9	Profit / return expensed		
	On:		
	Deposits and other accounts	2,240,073	2,989,295
	Amounts due to financial institutions	261,284	60,540
	Foreign currency deposits for Wa'ad based transactions	102	21,534
	Lease liability against right-of-use assets	47,063	24,983
		<u>2,548,522</u>	<u>3,096,352</u>
37	NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE		
37.1	The Board of Directors, in its meeting held on April 20, 2021, has declared a cash dividend of Rs 1.75 per share in respect of the quarter ended March 31, 2021 (March 31, 2020: Rs 1.25 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	DATE OF AUTHORISATION FOR ISSUE		
	These condensed interim unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on April 20, 2021.		
39	GENERAL		
39.1	Comparative figures have been re-arranged and reclassified for comparison purposes.		

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Salim Raza
Director

Shaffiq Dharamshi
Director

Dr. Najeef Samie
Director

