

HBL



A WORLD OF
— DIGITAL POSSIBILITIES

QUARTERLY REPORT
— MARCH 31, 2022

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CORPORATE INFORMATION

Board of Directors

Mr. Sultan Ali Allana
Chairman

Mr. Shaffiq Dharamshi
Director

Mr. Moez Ahamed Jamal
Director

Mr. Salim Raza
Director

Dr. Najeeb Samie
Director

Mr. Khaleel Ahmed
Director

Ms. Saba Kamal
Director

Mr. Muhammad Aurangzeb
President & CEO

Chief Operating Officer
Mr. Sagheer Mufti

Chief Financial Officer
Mr. Rayomond Kotwal

Company Secretary
Ms. Neelofar Hameed

Legal Advisors
Mandviwalla and Zafar
Legal Consultants and Advocates

Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

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

HBL Corporate Secretariat

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

Principal Office

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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

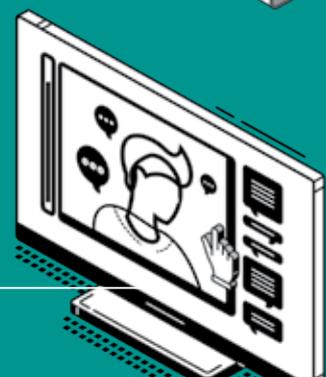
Internet Banking:

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

Konnect:

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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, 2022.

Macroeconomic Review

The robust recovery in FY'21, with economic growth lifted to its pre-pandemic level by effective vaccination and expansionary policies, has seen a phase of moderation in FY'22. Nevertheless, GDP growth is expected to be above 4% for FY'22. The LSM index has registered a growth of 7.8% in 8MFY'22 as compared to 2.2% in the same period last year. Mobility indicators have shown strong improvement, indicative of healthy growth in the services sector. However, the impact of the Ukraine-Russia war has sharply impacted global commodity prices, which have emerged as a major risk to economic growth and price levels. Headline inflation increased to 12.7% in Mar'22 despite cuts in petroleum and electricity prices, as core inflation rose in both urban and rural areas. Average inflation for 9MFY'22 was 10.7% vs 8.4% in 9MFY'21; the SBP has further raised its forecast for FY'22 to slightly above 11%.

Led by textiles, Pakistan's exports grew 28% during 8MFY'22; however, despite demand-curtailed measures, imports increased by 50%, led by rising prices, mainly oil. Consequently, the trade deficit for 8MFY'22 has widened to USD 27.3 billion, 70% higher than for the same period last year. On the upside, remittance flows have remained resilient, increasing by 8% in 8MFY'22, to over USD 20 billion and setting a new record of USD 2.8 billion in March 2022. With the strong remittance inflows somewhat alleviating the higher trade deficit, the current account recorded a deficit of USD 12.1 billion in 8MFY'22, compared to a surplus of USD 1.0 billion in 8MFY'21.

The higher deficit has impacted FX reserves which – compounded by external debt repayments and an arbitration settlement payment – have fallen sharply since Feb'22; some of this is a timing difference and is expected to ease with the rollover of bilateral loans. Consequently, the Rupee has devalued by ~4% in Q1'22. The recent political turmoil further roiled currency markets with the currency touching a high of Rs 189/\$ before settling back to March-end levels as the uncertainty has abated.

The equity market had a volatile quarter – bearish sentiment was led by geopolitics, higher inflation, external account pressures and a depreciating rupee. At end-Mar'22, the KSE-100 index was almost flat to Dec'21. The domestic political situation weighed on investors, dampening sentiment; with its resolution, the market has rallied, posting the largest single day gain of 1,700 points, and has now reversed previous losses, returning 4.4% for CY'22.

After signalling intent and keeping rates flat for Q1'22, in early April, SBP hiked the policy rate by 250 basis points to 12.25%. The monetary policy statement highlighted that elevated commodity prices and uncertainty have worsened the outlook for inflation. The SBP pointed out that US rates could rise more quickly than previously anticipated leading to a steeper global tightening. As a result, SBP has recalibrated its stance and: proactively raised the policy rate to achieve mildly positive real rates; increased the interest rate on export refinance also by 2.5%; and increased the number of import items requiring cash margin. Industry advances have remained sluggish since Dec'21, while market deposits have dipped in line with seasonal trends. Industry spreads have remained largely unchanged over last year as higher yields have been offset by higher deposit cost.

Financial Performance

HBL has delivered a consolidated profit before tax of Rs 14.6 billion and profit after tax of Rs 8.6 billion in the first quarter of 2022, both higher than in the corresponding period last year. Earnings per share increased from Rs 5.68 in Q1'21 to Rs 5.78 in Q1'22. The results include a one-time severance cost of Rs 2.6 billion on account of a voluntary separation scheme offered by the Bank to its clerical staff, which was opted for by 80% of eligible employees. On a normalized basis, the Bank's profit before tax has increased by 18% to Rs 17.1 billion on the back of continued strong delivery by all business segments.

HBL's balance sheet grew by 5% over December 2021 to Rs 4.5 trillion. Current account mobilization continued, countering seasonal trends, growing to Rs 1.2 trillion, with total deposits at Rs 3.2 trillion. Consequently, the Bank's current account mix improved to 37.4% in March 2022, with the CASA ratio increasing from 79.5% in December 2021 to 81.7% in March 2022. The Bank continues to lend to all sectors of the economy in support of the country's development; its loan portfolio increased by 4% over December 2021 to Rs 1.6 trillion with broad-based growth across businesses from Corporate to Agriculture, the latter reaching a new high of Rs 41 billion. HBL's industry-leading Consumer business grew its book by 8% to over Rs 110 billion. HBL Microfinance Bank has consistently been the largest microfinance provider of housing loans, which grew by 40% to Rs 15 billion; total microfinance lending grew by 12% to Rs 64 billion.

Total revenue of the Bank increased by 15% over Q1'21 to Rs 46.6 billion driven by robust growth across all income streams. Total average deposits increased by 14%, leading to a Rs 450 billion growth in the average balance sheet. This drove a 12% rise in net interest income, to Rs 36.3 billion. Fees and commissions continued to deliver stellar performance, growing by 24% over Q1'21 to Rs 7.3 billion with high double-digit growth in cards, consumer finance and trade; the investment in branchless banking is now coming to fruition with Konnect-related businesses delivering sustainable revenue

streams, 7 times higher than in Q1'21. Treasury related non-fund income increased by 42%, to Rs 2.8 billion; the primary driver being foreign exchange income which rose to Rs 2.5 billion in Q1'22 on the back of higher customer sales. As a result, total non-fund income of the Bank witnessed an increase of 26% to Rs 10.4 billion.

Administrative expenses (excluding severance) increased by Rs 3.9 billion to Rs 27.8 billion; apart from inflationary increases, expenses were impacted by rupee devaluation, higher marketing spend and revenue-driven transactional costs. Demonstrating its commitment to giving back to the community, the endowment fund of the HBL Foundation was doubled to Rs 100 million, while the annual contribution was raised by 50%, to 1.5% of post-tax profits. Total provisions have reduced by 35% to Rs 1.2 billion and mainly emanate from subjective provisioning. The infection ratio remained well-managed at 5.2% with strong coverage of over 100%.

Movement in Reserves

	Rupees in million
Unappropriated profit brought forward	158,441
Profit attributable to equity holders of the Bank	8,479
Re-measurement gain on defined benefit obligations of associates – net of tax	1
Transferred from surplus on revaluation of assets – net of tax	19
	8,499
Profit available for appropriation	166,940
Appropriations:	
Transferred to statutory reserves	(945)
Cash dividend – Final 2021	(3,300)
Total appropriations	(4,245)
Unappropriated profit carried forward	162, 695
Earnings per share (Rupees)	5.78

Capital Ratios

The Bank's Capital Adequacy Ratio (CAR) was impacted by the Rupee devaluation (which alone caused a reduction of 15 bps) and the continued growth in advances. The Consolidated Tier 1 CAR was 12.01% compared to 12.28% in December 2021, while total CAR was 15.26%.

Dividend

The Board of Directors, in its meeting held on April 20, 2022, has declared an interim cash dividend of Rs 2.25 per share (22.5%) for the quarter ended March 31, 2022.

Future Outlook

The Pakistan economy is facing headwinds from a variety of sources, some of which are short-term in nature, whereas others may prove to be more structural. This urgently calls for well-designed and coherent policy-planning, and resolute implementation thereof.

The commodities super-cycle has been exacerbated by the Russia-Ukraine war; the two countries account for 10% of global oil production and 30% of traded wheat. The impact on Pakistan is wide-ranging, affecting the external account, inflation and the fiscal deficit. Oil prices had already been elevated on the eve of the conflict and the medium-term trajectory is likely to be a rising one. Wheat prices are now at 50% above last year; Pakistan's projected import of over 3 million Tonnes will further add to the Current Account deficit. The government will quickly have to shore up reserves, to alleviate further pressure on the rupee and its knock-on effects on inflation.

The IMF is waiting to restart negotiations with the incoming government. Resumption of the EFF is crucial and the new coalition has made all the right statements in this regard, but will need to push through measures that will be deemed by the public as harsh – including a massive hike in fuel and electricity prices to revert to the advised levels. This will add not only to immediate short-term inflationary pressures but also to second and third-order effects as the increase in transport and fuel costs ripple across the economy.

HBL has started 2022 with a strong quarter – Insha Allah a precursor to an even better year than 2021. As always, these results are a testament to the faith placed in us by our customers. We continue to create landmarks in our digital journey, processing Rs 2.8 trillion in Q1'22 alone, accelerating customer acquisition and adoption and delivering unique products

and alliances for their benefit. We continue to partner with the Government across every aspect of the economy and were recently designated by the SBP as the “Champion Bank for Balochistan” to lead the banking industry and enhance agricultural credit and financial inclusion in the province. Our agricultural interventions continue to transform Pakistan’s rural economy, and these will be mainstreamed in 2022. We remain the recognized thought leader in ESG initiatives, making strides in environmental protection, and have announced a goal of “net-zero” by 2030. With women making up 20% of our workforce, we are walking the talk on diversity – recently we opened our first all-women branch in Hyderabad. We anticipate an even better year and look forward to sharing with you continued progress on our ambitious agenda of being Pakistan’s pre-eminent financial institution.

Appreciation and Acknowledgement

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

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

Lastly, but certainly not the least, we express our deepest appreciation and gratitude to our employees and their families, especially in customer facing units and branches who, over the last 2 years of this pandemic, braved hazardous conditions to ensure that our customers were able to meet their critical needs. They continue to go the extra mile; they are our heroes and heroines and we salute them for their dedication and tireless efforts.

On behalf of the Board

Muhammad Aurangzeb
President & Chief Executive Officer

Moez Ahamed Jamal
Director

April 20, 2022

ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2022 کو ختم ہونے والی پہلی سہ ماہی کے مختصر عبوری مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

مالی سال 21 میں بحالی و استحکام، موثر و یکساں نیشن اور توسیعی پالیسیوں کی بدولت معاشی ترقی و بقاء سے پہلے کی سطح پر لانے کے ساتھ، مالی سال 22 میں اعتدال کا دور دیکھنے میں آیا ہے۔ اس کے باوجود مالی سال 22 میں GDP کی شرح نمو 4% سے زیادہ رہنے کی توقع ہے۔ LSM انڈیکس نے مالی سال 22 کے 8 ماہ میں 7.8% نمو رجسٹر کی ہے جو پچھلے سال اسی مدت میں 2.2% رہی۔ نقل و حرکت کے اشاریوں میں واضح بہتری خدمات کے شعبے میں صحت افزا ترقی کی علامت ہے۔ تاہم، یوکرین-روس کی جنگ سے اجناس کی عالمی قیمت پر گہرے اثرات مرتب ہوئے ہیں، جو اقتصادی ترقی اور قیمتوں کی سطح کے لیے ایک بڑے خطرے کے طور پر سامنے آئے ہیں۔ پیٹرولیم اور بجلی کی قیمتوں میں کمی کے باوجود مارچ 22 میں شہری اور دیہی دونوں علاقوں میں بنیادی افراط زر بڑھنے سے عمومی افراط زر بھی بڑھ کر 12.7% ہو گئی۔ مالی سال 22 کے 9 ماہ کے لیے اوسط افراط زر مالی سال 21 کے 9 ماہ میں 8.4% کے مقابلے میں 10.7% رہی؛ اسٹیٹ بینک نے مالی سال 22 کے لیے اپنی پیش گوئی کو معمولی سا بڑھا کر 11% کر دیا ہے۔

ٹیکسٹائل کے شعبے کی سرکردگی میں مالی سال 22 کے 8 ماہ کے دوران پاکستان کی برآمدات میں 28% اضافہ ہوا؛ تاہم، بڑھتی ہوئی مہنگائی خاص طور پر تیل کی قیمت میں اضافے سے مانگ میں کمی کے اقدامات کے باوجود، درآمدات میں 50% اضافہ ہوا۔ نتیجتاً، مالی سال 22 کے 8 ماہ کے لیے تجارتی خسارہ بڑھ کر 27.3 ارب امریکی ڈالر ہو گیا، جو پچھلے سال کی اسی مدت کے مقابلے میں 70% زائد ہے۔ مثبت پہلو یہ ہے کہ ترسیلات زر کا بہاؤ مستحکم رہا، جو کہ مالی سال 22 کے 8 ماہ میں 8% اضافے سے 20 ارب امریکی ڈالر سے زائد ہو کر مارچ 2022 میں 2.8 ارب امریکی ڈالر کا نیار ڈیڑھ بنا گیا۔ مضبوط ترسیلات زر سے کسی حد تک تجارتی خسارے میں کمی آئی، کرنٹ اکاؤنٹ نے مالی سال 22 کے 8 ماہ میں 12.1 ارب امریکی ڈالر کا خسارہ ریکارڈ کیا، جو مالی سال 21 کے 8 ماہ کے مقابلے میں 1.0 ارب امریکی ڈالر سرپلس تھا۔

زیادہ خسارے سے FX کے ذخائر متاثر ہوئے جو بیرونی قرضوں کی ادائیگی اور ثالثی کی سیٹلمنٹ پینٹ سے مل کر فروری 22 سے تیزی سے گرنے شروع ہوئے۔ اس میں سے کچھ وقتی تضاد ہے جس میں دوطرفہ قرضوں کے رول اور کے ساتھ آسانی کی توقع ہے۔ نتیجتاً، سن 22 کی پہلی سہ ماہی میں روپے کی قدر میں 4% کمی واقع ہوئی۔ حالیہ سیاسی بحران نے کرنسی مارکیٹوں کی بنیادیں ہلا دی ہیں، کرنسی مارچ کی اختتامی سطح پر واپسی سے قبل 189 / \$ کی بلند ترین سطح کو چھو گئی ہے کیونکہ غیر یقینی صورتحال میں کمی ہوئی ہے۔

ایکویٹی مارکیٹ کے لیے یہ ایک غیر مستحکم سہ ماہی رہی جہاں جیو پو لینکس، زیادہ افراط زر، بیرونی کھاتوں کے دباؤ اور روپے کی قدر میں کمی کی وجہ سے جذبات مدہم رہے۔ مارچ 22 کے آخر میں، KSE-100 انڈیکس دسمبر 21 کی سطح تک تقریباً ہموار رہا۔ ملکی سیاسی صورتحال نے سرمایہ کاروں پر بوجھ ڈالا، جذبات کو سرد کر دیا۔ لیکن اپنی قرارداد کے ساتھ، مارکیٹ میں تیزی آئی ہے، جس نے 1700 پوائنٹس کا ایک دن کا سب سے بڑا منافع کر کے پچھلے نقصانات کو الٹا دیا ہے، جو رواں سال 22 کے لیے 4.4% پر لوٹ آیا ہے۔

ارادے کے اظہار اور 22 کی پہلی سہ ماہی کے لیے شرح ہموار رکھنے کے بعد، اپریل کے آغاز میں، SBP نے پالیسی ریٹ میں 250 بیس پوائنٹس اضافے سے بڑھا کر 12.25% کر دیا۔ مانیٹرنگ پالیسی کے بیان میں اس بات پر روشنی ڈالی گئی کہ اجناس کی قیمت میں اضافہ اور غیر یقینی صورتحال نے افراط زر کے امکانات مزید خراب کر دیے ہیں۔ SBP نے نشاندہی کی کہ امریکی شرح گزشتہ توقعات سے کہیں زیادہ تیزی سے بڑھ سکتی ہے جس سے عالمی سطح پر سخت تنگی ہوگی۔ نتیجتاً، SBP نے اپنے موقف پر نظر ثانی کرتے ہوئے قدرے مثبت حقیقی شرح حاصل کرنے کے لیے پالیسی کی شرح مستعدی سے بڑھادی ہے۔ ایکسپورٹ ری فنانس پر سود کی شرح میں بھی 2.5% اضافہ اور کیش مارجن رکھنے والی درآمدی اشیاء کی تعداد میں اضافہ کیا ہے۔ 21 دسمبر سے صنعتی قرضہ جات سست روی کا شکار ہیں، جبکہ مارکیٹ ڈپازٹس موسمی رجحانات کے مطابق کم ہوئے ہیں۔ انڈسٹری اسپرڈز میں پچھلے سال سے کوئی تبدیلی نہیں ہوئی ہے کیونکہ زیادہ پیداوار زیادہ ڈپازٹ کی لاگت سے پوری ہو گئی ہے۔

مالیاتی کارکردگی

HBL نے 2022 کی پہلی سہ ماہی میں 14.6 ارب روپے قبل از ٹیکس مجموعی منافع اور 8.6 ارب روپے بعد از ٹیکس منافع دیا ہے، جو دونوں گزشتہ سال کی اسی مدت کے مقابلے میں زیادہ ہیں۔ فی حصص آمدنی سال 21 کی پہلی سہ ماہی میں 5.68 روپے سے بڑھ کر سال 22 کی پہلی سہ ماہی میں روپے 5.78 ہو گئی۔ بینک کی جانب سے اپنے کلریکل اسٹاف کو پیش کردہ رضا کارانہ علیحدگی کی اسکیم کے باعث 2.6 ارب روپے کی ایک بار علیحدگی کی لاگت شامل ہے، جسے 80% اہل ملازمین نے قبول کیا۔ تمام کاروباری سیٹلمنٹس کی مسلسل بہترین کارکردگی کی وجہ سے معمول کے مطابق بینک کا قبل از ٹیکس منافع 18% بڑھ کر 17.1 ارب روپے ہو گیا۔

HBL کی بیلنس شیٹ دسمبر 2021 کے مقابلے میں 5% سے بڑھ کر 4.5 ارب روپے ہو گئی۔ موسمی رجحانات کا مقابلہ کرتے ہوئے کرنٹ اکاؤنٹ کی نقل و حرکت جاری رہی، 1.2 ارب روپے کی بڑھوتری کے ساتھ کل ڈپازٹس 3.2 ارب روپے ہو گئے۔ نتیجتاً، بینک کا کرنٹ اکاؤنٹ کس مارچ 2022 میں بہتر ہو کر 37.4% ہو گیا، CASA کا تناسب دسمبر 2021 میں 79.5% سے بڑھ کر مارچ 2022 میں 81.7% ہو گیا۔ ملکی ترقی کے لیے بینک معیشت کے تمام شعبوں کو قرض دینا جاری رکھے ہوئے ہے۔ اس کالون پورٹ فولیو دسمبر 2021 کے مقابلے میں 4% بڑھ کر 1.6 ارب روپے تک پہنچ گیا جس میں کارپوریٹ سے زراعت تک کاروباروں میں وسیع البنیاد ترقی ہوئی، جو بعد میں 41 ارب روپے کی نئی بلند ترین سطح پر پہنچ گئی۔ HBL کے صنعت کی قیادت کرنے والے معروف کنزیومرز بنس نے اپنا کھاتہ 8% اضافے سے 110 ارب روپے سے زائد کر دیا۔ HBL مائیکرو فنانس بینک مستقل طور پر ہاؤسنگ لون فراہم کرنے والا سب سے بڑا مائیکرو فنانسر بن رہا ہے، جو 40% اضافے سے 15 ارب روپے تک پہنچ گیا ہے۔ جبکہ گل مائیکرو فنانس قرضے 12% بڑھ کر 64 ارب روپے ہو گئے۔

آمدنی کے تمام دھاروں میں مستحکم ترقی کے سبب بینک کے کل محصول 21 کی پہلی سہ ماہی کے مقابلے میں 15% بڑھ کر 46.6 ارب روپے تک پہنچ گئے۔ مجموعی اوسط ڈپازٹس میں 14% اضافے سے اوسط بیلنس شیٹ میں 450 ارب روپے کا اضافہ ہوا۔ اس سے خالص منافع جاتی آمدن میں 12% اضافہ ہوا، جو 36.3 ارب روپے تک پہنچ گئی۔ فیس اور کمیشن نے شاندار کارکردگی جاری رکھی، 21 کی پہلی سہ ماہی کے مقابلے میں 24% بڑھ کر 7.3 ارب روپے ہو گیا جس میں کارڈز، کنزیومرفنانس اور تجارت میں دوہرے ہندسوں کی اعلیٰ ترقی شامل ہے۔ برانچ لیس بینکنگ میں سرمایہ کاری اب ثمر بار ہو رہی ہے، جس میں کنیکٹ سے متعلقہ کاروبار مستحکم محصول دے رہے ہیں، جو 21 کی پہلی سہ ماہی کے مقابلے میں 7 گنا زیادہ ہے۔ ٹریڈری سے متعلق نان فنڈ آمدنی 42% بڑھ کر 2.8 ارب روپے ہو گئی۔ بنیادی محرک غیر ملکی زرمبادلہ کی آمدنی ہے جو زیادہ کسٹمر سیلز کی وجہ سے 22 کی پہلی سہ ماہی میں بڑھ کر 2.5 ارب روپے تک پہنچ گئی۔ اس کے نتیجے میں، بینک کی کل نان فنڈ آمدنی 26% اضافے کے ساتھ 10.4 ارب روپے تک پہنچ گئی۔

انتظامی اخراجات (علیحدگی کو چھوڑ کر) 3.9 ارب روپے سے بڑھ کر 27.8 ارب روپے ہو گئے۔ افراط زر میں اضافے کے علاوہ، اخراجات روپے کی قدر میں کمی، زیادہ مارکیٹنگ کے خرچ اور محصول پر مبنی لین دین کی لاگت سے متاثر ہوئے۔ معاشرے کو لوٹانے کے عزم کا مظاہرہ کرتے ہوئے، HBL فاؤنڈیشن کے انڈومنٹ فنڈ کو دو گنا کر کے 100 ملین روپے کر دیا گیا، جبکہ سالانہ شراکت کو 50% بڑھا کر بعد از ٹیکس منافع کا 1.5% کر دیا گیا۔ کل پروڈونز 35% کم ہو کر 1.2 ارب روپے رہ گئے ہیں جو بنیادی طور پر سبجیکٹ پروڈونگ سے نکلے ہیں۔ 100% سے زیادہ کی مضبوط کوریج کے ساتھ انفیکشن کا تناسب 5.2% پر بہتر طور سے سنبھلا رہا۔

ذخائر میں اتار چڑھاؤ

ملین روپے

158,441

افتتاحی غیر تخصیص شدہ منافع

8,479

1

19

8,499

166,940

مناسب کارروائی کے لیے دستیاب منافع

(945)

(3,300)

(4,245)

162,695

5.78

مختلف مدوں میں رکھی گئی رقوم:

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ - حتمی

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

فی حصص (شیر) آمدنی (روپے)

سرمائے کا تناسب

روپے کی قدر میں کمی (جس سے 15bps کمی آئی) اور قرضہ جات کی مد میں اضافے کی وجہ سے بینک کا کیپٹل ایڈیکولسی ریشو (CAR) متاثر ہوا۔ نتیجتاً مجموعی Tier 1 CAR، 12.28% سے کم ہو کر دسمبر 2021 کے مقابلے میں 12.01% رہ گیا۔ جبکہ کل CAR 15.26% ہو گیا۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 20 اپریل 2022 کو منعقد ہونے والے اجلاس میں 31 مارچ 2022 کو اختتام پذیر ہونے والی سہ ماہی کے لیے 2.25 روپے فی حصص (22.5%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

مستقبل کی صورت حال

پاکستانی معیشت مختلف ماخذات سے مشکلات کا مقابلہ کر رہی ہے، جن میں سے کچھ قلیل المیعاد، جب کہ دیگر ساختی نوعیت کے ثابت ہو سکتے ہیں۔ یہ فوری طور پر بہترین وضع کردہ اور مربوط پالیسی سازی کے ساتھ اس پر سختی سے عمل درآمد کا متقاضی ہے۔

روس یوکرین جنگ کی وجہ سے اشیاء کی سپر سائیکل میں اضافہ ہوا ہے۔ یہ دونوں ممالک تیل کی عالمی پیداوار کا 10% اور تجارتی گندم کا 30% حصہ رکھتے ہیں۔ پاکستان ان سے وسیع پیمانے پر متاثر ہوا ہے، یہ اثرات بیرونی کھاتے، افراط زر اور مالیاتی خسارے پر مرتب ہوئے ہیں۔ تنازعہ کے وقت ہی تیل کی قیمتیں بڑھ چکی تھیں اور وسط میں بھی بڑھنے کا امکان ہے۔ گندم کی قیمتیں اب پچھلے سال سے 50% زیادہ ہیں۔ پاکستان کی 30 لاکھ ٹن سے زائد کی متوقع درآمد کرنٹ اکاؤنٹ خسارے میں مزید اضافہ کرے گی۔ روپے پر مزید دباؤ اور افراط زر پر اس کے اثرات کم کرنے کے لیے حکومت کو تیزی سے ذخائر میں اضافہ کرنا ہوگا۔

IMF نئی حکومت کے ساتھ دوبارہ مذاکرات کا انتظار کر رہا ہے۔ EFF کا آغاز نو انتہائی اہم ہے اور نئے اشتراک نے اس حوالے سے سارے درست بیانات دیے ہیں، لیکن اب انہیں ایسے اقدامات کی ضرورت ہوگی جو عوام کو سخت محسوس ہوں گے۔ جیسے ایندھن اور بجلی کی قیمتوں میں تجویز کردہ سطح تک شدید اضافہ۔ یہ نہ صرف فوری طور پر قلیل المیعاد افراط زر کے دباؤ میں اضافہ کرے گا بلکہ دوسرے اور تیسرے درجے تک اثرات میں بھی اضافہ کرے گا کیونکہ ٹرانسپورٹ اور ایندھن کی قیمت میں اضافہ پوری معیشت میں سرایت کرتا ہے۔

HBL نے 2022 کا آغاز ایک مستحکم سہ ماہی سے کیا ہے۔ انشاء اللہ یہ 2021 سے بھی بہتر سال کا عکاس ہوگا۔ ہمیشہ کی طرح، یہ نتائج ہمارے کسٹمر کے ہم پر اعتماد کا ثبوت ہیں۔ ہم اپنے ڈیجیٹل سفر میں نقش قدم چھوڑتے رہے ہیں، صرف 22 کی پہلی سہ ماہی میں 2.8 کھرب روپے کی پروسیسنگ کی گئی ہے، کسٹمر کے حصول اور اپنانے میں تیزی اور فائدے کے لیے منفرد مصنوعات اور اشتراک فراہم کیے گئے۔ ہم ہر اقتصادی پہلو میں حکومت کے ساتھ شراکت داری جاری رکھے ہوئے ہیں اور حال ہی میں ہمیں SBP کی جانب سے بینکنگ انڈسٹری کی قیادت اور صوبے میں زرعی قرضے اور مالی شمولیت بڑھانے کے لیے ”جیمپن بینک برائے بلوچستان“ کے طور پر نامزد کیا گیا ہے۔ ہماری زرعی شعبے میں پیش رفت پاکستان کی دیہی معیشت کو بدلتی رہے گی اور یہ 2022 میں مرکزی دھارے میں شامل ہو جائے گی۔ ہم ماحولیاتی تحفظ میں پیش قدمی کرتے ہوئے ESG کے اقدامات میں ایک تسلیم شدہ دانشمند رہنما ہیں، اور 2030 تک ”نیٹ-زیرو“ کے ہدف کا اعلان کرتے ہیں۔ خواتین ہماری افرادی قوت کا 20% ہیں، ہم تنوع پر بات ہی نہیں کرتے اس کا عملی مظاہرہ بھی کر رہے ہیں حال ہی میں ہم نے حیدرآباد میں اپنی پہلی خواتین بینک برانچ کھولی ہے جس میں تمام عملہ خواتین پر مشتمل ہے۔ ہم ایک مزید بہتر سال کی امید رکھتے ہیں اور پاکستان کا معروف مالیاتی ادارہ ہونے کے پرعزم ایجنڈے پر عمل کی مسلسل کوشش میں آپ کے ساتھ ہیں۔

اظہارِ تشکر

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

ہم اپنے کسٹمرز کے احسان مند ہیں جو اپنے کاروبار اور اعتماد کے ذریعے اپنا بھروسہ جاری رکھے ہوئے ہیں۔ ہمارے شیئر ہولڈرز نے ثابت قدمی سے ہمارا ساتھ دیا اور ان کے ساتھ ہم تمام اسٹیک ہولڈرز کے بھی انتہائی شکر گزار ہیں۔ بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پرعزم 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 یونٹس اور برانچوں میں موجود عملے کے شکر گزار ہیں، جنہوں نے ان دو سالوں میں خطرناک وبائی حالات میں بہادری کا مظاہرہ کرتے ہوئے بحران کے اس وقت میں ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنائی۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم ان کے عزم اور انتہک محنت کے لیے انھیں خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ

معین احمد جمال
ڈائریکٹر

محمد اورنگزیب
صدر اور چیف ایگزیکٹو آفیسر

20 اپریل 2022ء

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

	Note	(Unaudited) March 31, 2022 (Rupees in '000)	(Audited) December 31, 2021
ASSETS			
Cash and balances with treasury banks	5	348,749,829	441,252,246
Balances with other banks	6	59,616,964	64,438,075
Lendings to financial institutions	7	92,895,350	93,742,432
Investments	8	2,185,587,257	1,948,955,978
Advances	9	1,564,507,668	1,507,047,097
Fixed assets	10	101,244,783	98,676,342
Intangible assets	11	13,236,710	12,630,475
Deferred tax assets		-	-
Other assets	12	167,030,750	150,725,500
		4,532,869,311	4,317,468,145
LIABILITIES			
Bills payable	13	66,379,777	44,196,984
Borrowings	14	796,479,463	436,258,005
Deposits and other accounts	15	3,193,911,014	3,381,998,398
Liabilities against assets subject to finance lease		-	-
Subordinated debt	16	12,374,000	12,374,000
Deferred tax liabilities	17	79,051	5,082,602
Other liabilities	18	183,165,304	153,872,354
		4,252,388,609	4,033,782,343
		280,480,702	283,685,802
NET ASSETS			
REPRESENTED BY			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		82,345,832	81,375,519
Surplus on revaluation of assets - net of tax	19	16,610,231	25,159,371
Unappropriated profit		162,695,419	158,441,418
Total equity attributable to the equity holders of the Bank		276,320,007	279,644,833
Non-controlling interest		4,160,695	4,040,969
		280,480,702	283,685,802

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

Raymond Kotwal
Chief Financial Officer

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

Salim Raza
Director

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	January 01 to March 31, 2022 (Rupees in '000)	January 01 to March 31, 2021
Mark-up / return / profit / interest earned	22	86,553,799	63,462,902
Mark-up / return / profit / interest expensed	23	50,287,871	30,993,628
Net mark-up / return / profit / interest income		36,265,928	32,469,274
Non mark-up / interest income			
Fee and commission income	24	7,341,564	5,904,361
Dividend income		254,927	117,602
Share of profit of associates and joint venture		93,407	259,320
Foreign exchange income		2,527,255	895,801
(Loss) / income from derivatives		(151,640)	1,179,287
Gain / (loss) on securities - net	25	193,673	(206,350)
Other income	26	101,869	72,179
Total non mark-up / interest income		10,361,055	8,222,200
Total income		46,626,983	40,691,474
Non mark-up / interest expenses			
Operating expenses	27	30,357,187	23,901,977
Workers' Welfare Fund		286,757	319,146
Other charges	28	159,367	42,233
Total non mark-up / interest expenses		30,803,311	24,263,356
Profit before provisions and taxation		15,823,672	16,428,118
Provisions / (reversals) and write offs - net	29	1,242,888	1,919,910
Profit before taxation		14,580,784	14,508,208
Taxation	30	5,966,610	5,948,351
Profit after taxation		8,614,174	8,559,857
Attributable to:			
Equity holders of the Bank		8,478,826	8,335,851
Non-controlling interest		135,348	224,006
		8,614,174	8,559,857
-----Rupees-----			
Basic and diluted earnings per share	31	5.78	5.68

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

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

Salim Raza
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	January 01 to March 31, 2022 (Rupees in '000)	January 01 to March 31, 2021
Profit after taxation for the period attributable to:		
Equity holders of the Bank	8,478,826	8,335,851
Non-controlling interest	135,348	224,006
	8,614,174	8,559,857
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	(18,073)	(4,390,728)
Non-controlling interest	10,822	(37,779)
	(7,251)	(4,428,507)
Increase in share of exchange translation reserve of associates- net of tax	43,387	180,485
Movement in surplus / deficit on revaluation of investments - net of tax, attributable to:		
Equity holders of the Bank	(8,595,076)	(3,749,308)
Non-controlling interest	(26,072)	(5,861)
	(8,621,148)	(3,755,169)
Movement in share of surplus / deficit on revaluation of investments of associates - net of tax	(61,003)	(44,324)
Movement in share of surplus / deficit on revaluation of fixed assets of associates - net of tax	126,090	-
<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	1,069	3,343
Total comprehensive income	95,318	515,685
Total comprehensive income attributable to:		
Equity holders of the Bank	(24,780)	335,319
Non-controlling interest	120,098	180,366
	95,318	515,685

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

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

Salim Raza
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

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

Balance as at December 31, 2020

14,668,525 1,447,150 36,616,227 33,608,239 547,115 (156,706) 8,543,333 27,461,581 138,208,223 260,943,687 4,551,560 265,495,247

Comprehensive income for the three months ended March 31, 2021

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

Other comprehensive income / (loss)

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

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

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

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

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

Transferred to statutory reserves

Transferred from surplus on revaluation of assets - net of tax

Exchange gain realised on liquidation of subsidiary - net of tax

Transactions with owners, recorded directly in equity

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

Balance as at March 31, 2021

Comprehensive income for the nine months ended December 31, 2021

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

Other comprehensive income / (loss)

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

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

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

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

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

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

Transferred to statutory reserves

Transferred from surplus on revaluation of assets - net of tax

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

Acquisition of additional interest in subsidiary

Transactions with owners, recorded directly in equity

1st interim cash dividend - Rs 1.75 per share

2nd interim cash dividend - Rs 1.75 per share

3rd interim cash dividend - Rs 1.75 per share

Balance as at December 31, 2021

Comprehensive income for the three months ended March 31, 2022

Profit after taxation for the three months ended March 31, 2022

Other comprehensive income / (loss)

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

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

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

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

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

Transferred to statutory reserves

Transferred from surplus on revaluation of assets - net of tax

Transactions with owners, recorded directly in equity

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

Balance as at March 31, 2022

	(Rupees in '000)											
Balance as at December 31, 2020	14,668,525	1,447,150	36,616,227	33,608,239	547,115	(156,706)	8,543,333	27,461,581	138,208,223	260,943,687	4,551,560	265,495,247
Comprehensive income for the 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 of tax	-	-	-	-	-	-	-	-	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)
	-	-	(4,210,243)	-	-	(3,793,632)	-	-	8,339,194	335,319	180,366	515,685
Transferred to statutory reserves	-	83,157	829,792	-	-	-	-	-	(912,949)	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(20,597)	21,112	515	(515)	-
Exchange gain realised on liquidation of subsidiary - net of tax	-	-	-	(1,369)	-	-	-	-	-	(1,369)	-	(1,369)
Transactions with owners, recorded directly in equity												
Final cash dividend - Rs 3 per share declared subsequent to the year ended December 31, 2020	-	-	-	-	-	-	-	-	(4,400,556)	(4,400,556)	-	(4,400,556)
Balance as at March 31, 2021	14,668,525	1,530,307	37,446,019	29,396,627	547,115	(156,706)	4,749,701	27,440,984	141,255,024	256,877,596	4,731,411	261,609,007
Comprehensive income for the nine months ended December 31, 2021												
Profit after taxation for the nine months ended December 31, 2021	-	-	-	-	-	-	-	-	26,686,002	26,686,002	261,014	26,947,016
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	9,707,032	-	-	-	-	-	-	9,707,032	122,894	9,829,926
Decrease in share of exchange translation reserve of associates - net of tax	-	-	(31,100)	-	-	-	-	-	-	(31,100)	-	(31,100)
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	204,020	204,020	(1,152)	202,868
Share of remeasurement gain on defined benefit obligations of associates - net of tax	-	-	-	-	-	-	-	-	843	843	-	843
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	(6,954,505)	146,997	-	-	(6,807,508)	(68,496)	(6,876,004)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	(49,289)	-	-	-	(49,289)	-	(49,289)
	-	-	9,675,932	-	-	(7,003,794)	146,997	-	26,890,865	29,710,000	314,260	30,024,260
Transferred to statutory reserves	-	330,665	2,597,357	-	-	-	-	-	(2,928,022)	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(174,517)	175,496	979	(979)	-
Exchange gain realised on partial repatriation of branch capital - net of tax	-	-	-	(246,489)	-	-	-	-	-	(246,489)	-	(246,489)
Acquisition of additional interest in subsidiary	-	254,692	-	-	-	-	-	-	749,031	1,003,723	(1,003,723)	-
Transactions with owners, recorded directly in equity												
1st interim cash dividend - Rs 1.75 per share	-	-	-	-	-	-	-	-	(2,566,992)	(2,566,992)	-	(2,566,992)
2nd interim cash dividend - Rs 1.75 per share	-	-	-	-	-	-	-	-	(2,566,992)	(2,566,992)	-	(2,566,992)
3rd interim cash dividend - Rs 1.75 per share	-	-	-	-	-	-	-	-	(2,566,992)	(2,566,992)	-	(2,566,992)
	-	-	-	-	-	-	-	-	(7,700,976)	(7,700,976)	-	(7,700,976)
Balance as at December 31, 2021	14,668,525	2,115,664	40,043,376	38,826,070	547,115	(156,706)	(2,254,093)	27,413,464	158,441,418	279,644,833	4,040,969	283,685,802
Comprehensive income for the three months ended March 31, 2022												
Profit after taxation for the three months ended March 31, 2022	-	-	-	-	-	-	-	-	8,478,826	8,478,826	135,348	8,614,174
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	(18,073)	-	-	-	-	-	-	(18,073)	10,822	(7,251)
Increase in share of exchange translation reserve of associates - net of tax	-	-	43,387	-	-	-	-	-	-	43,387	-	43,387
Share of remeasurement gain on defined benefit obligations of associates - net of tax	-	-	-	-	-	-	-	-	1,069	1,069	-	1,069
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	(8,595,076)	-	-	-	(8,595,076)	(26,072)	(8,621,148)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	(61,003)	126,090	-	-	65,087	-	65,087
	-	-	25,314	-	-	(8,656,079)	126,090	-	8,479,895	(24,780)	120,098	95,318
Transferred to statutory reserves	-	115,497	829,502	-	-	-	-	-	(944,999)	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(19,151)	19,523	372	(372)	-
Transactions with owners, recorded directly in equity												
Final cash dividend - Rs 2.25 per share declared subsequent to the year ended December 31, 2021	-	-	-	-	-	-	-	-	(3,300,418)	(3,300,418)	-	(3,300,418)
Balance as at March 31, 2022	14,668,525	2,231,161	40,872,878	38,851,384	547,115	(156,706)	(10,910,172)	27,520,403	162,695,419	276,320,007	4,160,695	280,480,702

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Raymond Kotwal
Chief Financial Officer

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

Salim Raza
Director

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	January 01 to March 31, 2022	January 01 to March 31, 2021
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,580,784	14,508,208
Dividend income	(254,927)	(117,602)
Share of profit of associates and joint venture	(93,407)	(259,320)
Mark-up / return / profit / interest expensed on subordinated debt	368,454	375,458
	20,120	(1,464)
	14,600,904	14,506,744
Adjustments:		
Depreciation	1,775,328	1,622,528
Amortisation	389,662	229,036
Depreciation on right-of-use assets	924,248	989,969
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	711,419	582,502
Reversal of provision for diminution in value of investments	(261,033)	(738,656)
Provision against loans and advances	2,452,347	3,043,369
Provision / (reversal of provision) against other assets	173,163	(235,590)
(Reversal of provision) / provision against off-balance sheet obligations	(952,541)	82,222
Unrealised gain / (loss) on held-for-trading securities	200,608	(798)
Exchange gain on goodwill	33,952	99,373
Exchange gain realised on liquidation of subsidiary - net of tax	-	(1,369)
(Gain) / loss on sale of fixed assets - net	(19,805)	2,334
Workers' Welfare Fund	286,757	319,146
	5,714,105	5,994,066
	20,315,009	20,500,810
(Increase) / decrease in operating assets		
Lendings to financial institutions	847,082	(28,321,612)
Held-for-trading securities	(111,127,816)	(25,469,913)
Advances	(59,912,918)	7,994,622
Other assets (excluding advance taxation)	(16,148,420)	(370,090)
	(186,342,072)	(46,166,993)
Increase / (decrease) in operating liabilities		
Bills payable	22,182,793	(2,014,864)
Borrowings from financial institutions	360,221,458	(260,040,890)
Deposits and other accounts	(188,087,384)	(48,805,647)
Other liabilities	27,544,218	13,262,096
	221,861,085	(297,599,305)
	55,834,022	(323,265,488)
	(6,075,456)	(4,963,555)
Income tax paid	-	-
Net cash flows generated from / (used in) operating activities	49,758,566	(328,229,043)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(155,639,807)	267,077,033
Net investment in held-to-maturity securities	16,901,865	(17,816,784)
Net investment in associates	(672,099)	2,198,314
Dividend received	87,708	72,733
Investments in fixed assets	(3,730,893)	(3,690,831)
Investments in intangible assets	(946,916)	(546,448)
Proceeds from sale of fixed assets	23,946	12,208
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	25,314	(4,210,243)
	(143,950,882)	243,095,982
Net cash flows (used in) / generated from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Effect of translation of net investment by non-controlling interest in subsidiary	10,822	(37,779)
Repayment of subordinated debt	-	(9,982,000)
Payment of mark-up on subordinated debt	(365,220)	(659,519)
Payment of lease liability against right-of-use assets	(1,596,977)	(1,288,346)
Dividend paid	(1,179,837)	(1,403)
Net cash flows used in financing activities	(3,131,212)	(11,969,047)
Decrease in cash and cash equivalents during the period	(97,323,528)	(97,102,108)
Cash and cash equivalents at the beginning of the period	502,942,738	437,053,719
Effect of exchange rate changes on cash and cash equivalents	2,747,583	(5,239,770)
	505,690,321	431,813,949
Cash and cash equivalents at the end of the period	408,366,793	334,711,841

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

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Chief Financial Officer

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Director

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Director

Salim Raza
Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding company

- Habib Bank Limited, Pakistan

Subsidiaries

- Habib Allied Holding Limited (HAHL) – 90.50% shareholding
- HBL Bank UK Limited – 90.50% effective shareholding
- HBL Currency Exchange (Private) Limited – 100% shareholding
- HBL Asset Management Limited – 100% shareholding
- HBL Microfinance Bank Limited – 71.43% shareholding
- Habib Bank Financial Services (Private) Limited – 100% shareholding

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Blue Area, Islamabad and its principal office is at HBL Tower, Plot # G-4, KDA Scheme 5, Block 7, Clifton, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,664 (December 31, 2021: 1,648) branches inside Pakistan including 271 (December 31, 2021: 259) Islamic Banking Branches and 37 (December 31, 2021: 37) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A. (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

- 1.1 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.
- 1.2 The Bank has decided to exit its operations in Mauritius and is considering various options regarding the same.
- 1.3 The Bank has commenced an orderly wind-down of its Lebanon operations. Formalities for completion of the wind-down are underway.
- 1.4 The Bank has entered into an agreement to purchase the entire shareholding of the minority shareholder of HAHL, amounting to 9.50% of HAHL's share capital. Post acquisition, HAHL will become a wholly owned subsidiary of the Bank.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

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

2.2 The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

2.3 **New standards and amendments to existing accounting and reporting standards that have become effective in the current year**

As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, IFRS 9, Financial Instruments has been made applicable to banks in Pakistan from January 01, 2022. The impact on the Bank's financial statements is being assessed as final implementation guidelines are awaited.

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

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

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

2.5 **Critical accounting estimates and judgements**

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements is same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2021, except the following:

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

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

	March 31, 2023	March 31, 2022
	(Rupees in '000)	
Decrease in information technology expenses - depreciation	<u>11,729</u>	<u>28,459</u>

3 **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2021.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2021.

5 CASH AND BALANCES WITH TREASURY BANKS

	(Unaudited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
In hand		
Local currency	45,299,520	48,996,151
Foreign currencies	6,805,154	5,505,082
	<u>52,104,674</u>	<u>54,501,233</u>
With State Bank of Pakistan in		
Local currency current accounts	111,100,608	147,418,412
Local currency special deposit account	3,147,877	2,531,227
Foreign currency current accounts	8,924,013	8,637,953
Foreign currency deposit accounts	19,541,857	18,104,962
	<u>142,714,355</u>	<u>176,692,554</u>
With other Central Banks in		
Foreign currency current accounts	52,526,429	58,855,062
Foreign currency deposit accounts	15,440,196	12,755,756
	<u>67,966,625</u>	<u>71,610,818</u>
With National Bank of Pakistan in		
Local currency current accounts	85,129,785	137,197,419
Local currency deposit account	642,669	948,771
	<u>85,772,454</u>	<u>138,146,190</u>
National Prize Bonds	191,721	301,451
	<u>348,749,829</u>	<u>441,252,246</u>

6 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	373,259	317,534
In deposit accounts	14,488,435	18,430,779
	<u>14,861,694</u>	<u>18,748,313</u>
Outside Pakistan		
In current accounts	28,327,614	32,804,685
In deposit accounts	16,427,656	12,885,077
	<u>44,755,270</u>	<u>45,689,762</u>
	<u>59,616,964</u>	<u>64,438,075</u>

7 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	11,836,955	24,600,000
Repurchase agreement lendings (reverse repo)	81,058,395	64,970,746
Bai Muajjal receivable from other financial institutions	-	4,171,686
	<u>92,895,350</u>	<u>93,742,432</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

8	INVESTMENTS	Note	March 31, 2022 (Unaudited)				December 31, 2021 (Audited)			
			Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1	Investments by type		(Rupees in '000)							
	Held-for-trading (HFT) securities									
	Federal Government securities									
	- Market Treasury Bills		205,905,882	-	(225,358)	205,680,524	111,592,255	-	(31,517)	111,560,738
	- Pakistan Investment Bonds		106,743,479	-	43,369	106,786,848	92,201,740	-	110,414	92,312,154
	Shares									
	- Listed companies		313,501	-	(29,360)	284,141	332,860	-	(24,270)	308,590
	Foreign securities									
	- Government debt securities		2,675,922	-	10,741	2,686,663	316,867	-	12,619	329,486
			315,638,784	-	(200,608)	315,438,176	204,443,722	-	67,246	204,510,968
	Available-for-sale (AFS) securities									
	Federal Government securities									
	- Market Treasury Bills		351,186,711	-	(1,855,753)	349,330,958	279,633,112	-	108,423	279,741,535
	- Pakistan Investment Bonds		863,990,883	-	(10,174,599)	853,816,284	806,059,810	-	(4,943,247)	801,116,563
	- Ijarah Sukuks		140,163,210	-	(864,292)	139,298,918	119,617,967	-	(537,141)	119,080,826
	- Government of Pakistan US Dollar Bonds		19,780,754	(348,806)	(3,671,340)	15,760,608	16,378,045	(347,350)	438,586	16,469,281
	- Other Federal Government securities		906,606	-	-	906,606	1,016,120	-	-	1,016,120
	Shares									
	- Listed companies		7,883,580	(1,717,196)	272,629	6,439,013	8,170,830	(1,962,154)	427,255	6,635,931
	- Unlisted companies		5,372,888	(93,900)	-	5,278,988	5,372,623	(91,009)	-	5,281,614
	Non-Government debt securities									
	- Listed		51,639,294	(100,060)	(961,556)	50,577,678	51,499,951	(78,236)	638,300	52,060,015
	- Unlisted		1,814,233	(413,232)	24,000	1,425,001	1,648,381	(247,381)	24,000	1,425,000
	Foreign securities									
	- Government debt securities		72,351,527	(295,295)	(344,325)	71,711,907	75,032,225	(288,791)	111,104	74,854,538
	- Non-Government debt securities									
	- Listed		14,391,654	(973,374)	(117,067)	13,301,213	13,972,530	(966,629)	61,692	13,067,593
	- Unlisted		4,821,073	-	(13)	4,821,060	-	-	-	-
	- Equity securities - Unlisted		6,339	(158)	-	6,181	6,318	(156)	-	6,162
	National Investment Unit Trust units		11,113	-	34,816	45,929	11,113	-	35,335	46,448
	Real Estate Investment Trust units		55,000	-	19,700	74,700	55,000	-	5,800	60,800
	Preference shares									
	- Listed		744,400	-	79,800	824,200	744,400	-	80,500	824,900
	- Unlisted		176,985	(149,013)	-	27,972	176,985	(150,075)	-	26,910
			1,535,296,250	(4,091,034)	(17,558,000)	1,513,647,216	1,379,395,410	(4,131,781)	(3,549,393)	1,371,714,236
	Held-to-maturity (HTM) securities	8.2								
	Federal Government securities									
	- Market Treasury Bills		392,517	-	-	392,517	397,178	-	-	397,178
	- Pakistan Investment Bonds		286,506,204	-	-	286,506,204	285,685,656	-	-	285,685,656
	- Other Federal Government securities		-	-	-	-	10,794,000	-	-	10,794,000
	Non-Government debt securities									
	- Listed		2,049,529	-	-	2,049,529	2,365,422	-	-	2,365,422
	- Unlisted		19,660,520	-	-	19,660,520	22,851,835	-	-	22,851,835
	Foreign Securities									
	- Government debt securities		11,497,950	-	-	11,497,950	14,672,889	-	-	14,672,889
	- Non-Government debt securities									
	- Listed		256,084	(19,984)	-	236,100	285,954	(25,061)	-	260,893
	- Unlisted		404,365	(250)	-	404,115	616,100	(1,559)	-	614,541
			320,767,169	(20,234)	-	320,746,935	337,669,034	(26,620)	-	337,642,414
	Investments in associates and joint venture		35,952,120	-	(197,190)	35,754,930	35,185,545	-	(97,185)	35,088,360
	Total Investments		2,207,654,323	(4,111,268)	(17,955,798)	2,185,587,257	1,956,693,711	(4,158,401)	(3,579,332)	1,948,955,978

8.1.1	Investments given as collateral	(Unaudited) March 31, 2022	(Audited) December 31, 2021
	The market value of investments given as collateral against borrowings is as follows:		
	Federal Government securities		
	- Market Treasury Bills	54,421,620	980,924
	- Pakistan Investment Bonds	435,137,084	139,564,697
	Foreign securities		
	- Government debt securities	105,757	-
		489,664,461	140,545,621

8.2 The market value of investments classified as held-to-maturity amounted to Rs 304,192.080 million (December 31, 2021: Rs 322,811.037 million).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	(Unaudited) March 31, 2022	(Audited) December 31, 2021
(Rupees in '000)		
8.3 Particulars of provision held against diminution in the value of investments		
Opening balance	4,158,401	5,263,672
Exchange adjustments	39,130	153,452
Charge / (reversal)		
Charge for the period / year	126,494	512,131
Reversal for the period / year	(97,312)	(452,697)
Reversal on disposal during the period / year	(290,215)	(1,318,157)
Net reversal	(261,033)	(1,258,723)
Transferred in	67,880	-
Other movement	106,890	-
Closing balance	<u>4,111,268</u>	<u>4,158,401</u>

8.4 Particulars of provision against debt securities

Category of classification	(Unaudited) March 31, 2022		(Audited) December 31, 2021	
	Non- Performing Investments	Provision	Non- Performing Investments	Provision
(Rupees in '000)				
Domestic				
Loss	413,232	413,232	247,381	247,381
Overseas				
Overdue by >365	940,341	940,341	929,609	929,609
	<u>1,353,573</u>	<u>1,353,573</u>	<u>1,176,990</u>	<u>1,176,990</u>

8.4.1 In addition to the above, overseas branches hold a general provision of Rs 797.428 million (December 31, 2021: Rs 778.017 million) against investments in accordance with the ECL requirements of IFRS 9.

9 ADVANCES	Note	Performing		Non - performing		Total	
		(Unaudited) March 31, 2022	(Audited) December 31, 2021	(Unaudited) March 31, 2022	(Audited) December 31, 2021	(Unaudited) March 31, 2022	(Audited) December 31, 2021
(Rupees in '000)							
Loans, cash credits, running finances, etc.		1,266,906,021	1,222,815,080	75,823,375	74,944,865	1,342,729,396	1,297,759,945
Islamic financing and related assets	36.3	193,922,249	166,754,863	3,036,591	337,317	196,958,840	167,092,180
Bills discounted and purchased		104,078,235	120,442,187	6,882,950	5,606,279	110,961,185	126,048,466
Advances - gross		<u>1,564,906,505</u>	1,510,012,130	<u>85,742,916</u>	80,888,461	<u>1,650,649,421</u>	1,590,900,591
Provision against advances							
- Specific	9.3	-	-	(74,227,365)	(72,845,186)	(74,227,365)	(72,845,186)
- General		(11,914,388)	(11,008,308)	-	-	(11,914,388)	(11,008,308)
		<u>(11,914,388)</u>	<u>(11,008,308)</u>	<u>(74,227,365)</u>	<u>(72,845,186)</u>	<u>(86,141,753)</u>	<u>(83,853,494)</u>
Advances - net of provision		<u>1,552,992,117</u>	1,499,003,822	<u>11,515,551</u>	8,043,275	<u>1,564,507,668</u>	1,507,047,097

	(Unaudited) March 31, 2022	(Audited) December 31, 2021
(Rupees in '000)		
9.1 Particulars of advances (gross)		
In local currency	1,266,447,260	1,222,102,342
In foreign currencies	<u>384,202,161</u>	<u>368,798,249</u>
	<u>1,650,649,421</u>	<u>1,590,900,591</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

- 9.2 Advances include Rs 85,742.916 million (December 31, 2021: Rs 80,888.461 million) which have been placed under non-performing status as detailed below:

Category of classification	(Unaudited) March 31, 2022		(Audited) December 31, 2021	
	Non-performing advances	Provision	Non-performing advances	Provision
----- (Rupees in '000) -----				
Domestic				
Other assets especially mentioned	1,014,048	8,420	676,362	3,379
Substandard	7,496,788	1,868,098	2,919,319	711,251
Doubtful	1,761,370	876,751	2,566,040	1,286,243
Loss	43,190,195	42,403,824	43,406,758	42,415,330
	53,462,401	45,157,093	49,568,479	44,416,203
Overseas				
Not past due but impaired	1,492,867	672,107	1,411,443	611,553
Overdue by:				
Upto 90 days	5,545	2,104	29,965	-
91 to 180 days	50,155	182	17,181	14,815
181 to 365 days	2,063,430	1,504,739	2,312,907	1,929,459
> 365 days	28,668,518	26,891,140	27,548,486	25,873,156
	32,280,515	29,070,272	31,319,982	28,428,983
Total	85,742,916	74,227,365	80,888,461	72,845,186

9.3 Particulars of provision against advances

Note	(Unaudited) March 31, 2022			(Audited) December 31, 2021		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	72,845,186	11,008,308	83,853,494	70,835,763	11,063,284	81,899,047
Exchange adjustment	1,046,994	102,914	1,149,908	2,670,248	222,274	2,892,522
Charge for the period / year	3,311,417	875,785	4,187,202	12,415,018	1,613,469	14,028,487
Reversal for the period / year	(1,662,236)	(72,619)	(1,734,855)	(4,492,724)	(1,890,719)	(6,383,443)
Net charge / (reversal) against advances	1,649,181	803,166	2,452,347	7,922,294	(277,250)	7,645,044
Charged off during the period / year -						
agriculture financing	9.5 (60,898)	-	(60,898)	(532,280)	-	(532,280)
Written off during the period / year	(1,185,218)	-	(1,185,218)	(8,050,839)	-	(8,050,839)
Transferred out	(67,880)	-	(67,880)	-	-	-
Closing balance	74,227,365	11,914,388	86,141,753	72,845,186	11,008,308	83,853,494

- 9.4 General provision includes provision amounting to Rs 2,903.704 million (December 31, 2021: Rs 2,753.209 million) against consumer finance portfolio and Rs 637.430 million (December 31, 2021: Rs 577.903 million) against advances to microenterprises as required by the Prudential Regulations. General provision also includes Rs 3,207.814 million (December 31, 2021: Rs 2,672.756 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Group operates. General provision also includes Rs 5,165.440 million (December 31, 2021: Rs 5,004.440 million) carried as a matter of prudence on account of COVID-19.

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

10 FIXED ASSETS	Note	(Unaudited)	(Audited)
		March 31, 2022	December 31, 2021
----- (Rupees in '000) -----			
Capital work-in-progress	10.1	9,355,497	7,803,605
Property and equipment		91,889,286	90,872,737
		101,244,783	98,676,342

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

10.1	Capital work-in-progress	(Unaudited) March 31, 2022 (Rupees in '000)	(Audited) December 31, 2021 (Rupees in '000)
	Civil works	7,803,131	4,375,253
	Equipment	487,068	310,830
	Advances to suppliers and contractors	1,065,298	3,117,522
		<u>9,355,497</u>	<u>7,803,605</u>

10.2	Additions to fixed assets	(Unaudited) For the three months ended	
		March 31, 2022 (Rupees in '000)	March 31, 2021 (Rupees in '000)

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

Capital work-in-progress - net	1,551,892	1,077,121
Property and equipment		
Leasehold land	-	400,000
Building on leasehold land	76,980	115,460
Machinery	5,374	64,202
Leasehold improvements	218,159	178,991
Furniture and fixtures	325,484	199,784
Electrical, office and computer equipment	1,479,499	1,609,954
Vehicles	73,505	50,498
	<u>2,179,001</u>	<u>2,618,889</u>
Right-of-use assets - net	1,469,517	690,850
	<u>5,200,410</u>	<u>4,386,860</u>

10.3 **Disposal of fixed assets**

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

Property and equipment		
Machinery	4	-
Leasehold improvements	138	1,239
Furniture and fixtures	585	118
Electrical, office and computer equipment	3,414	572
Vehicles	-	12,613
	<u>4,141</u>	<u>14,542</u>

11	INTANGIBLE ASSETS	(Unaudited) March 31, 2022 (Rupees in '000)	(Audited) December 31, 2021 (Rupees in '000)
	Capital work-in-progress - computer software	1,050,817	2,056,072
	Intangible assets	12,185,893	10,574,403
		<u>13,236,710</u>	<u>12,630,475</u>

11.1	Additions to intangible assets	(Unaudited) For the three months ended	
		March 31, 2022 (Rupees in '000)	March 31, 2021 (Rupees in '000)

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

Capital work-in-progress - net	(1,005,255)	287,341
Computer software	1,952,171	283,173
	<u>946,916</u>	<u>570,514</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

12	OTHER ASSETS	Note	(Unaudited) March 31, 2022 (Rupees in '000)	(Audited) December 31, 2021
	Mark-up / return / profit / interest accrued in local currency - net of provision		62,498,140	52,719,955
	Mark-up / return / profit / interest accrued in foreign currency - net of provision		4,360,430	3,791,224
	Advances, deposits, advance rent and other prepayments		4,978,123	3,825,328
	Advance taxation		21,870,501	21,708,444
	Advance against subscription of securities		178,000	178,000
	Stationery and stamps on hand		216,281	181,671
	Accrued fees and commissions		434,367	554,583
	Due from Government of Pakistan / SBP		2,428,135	2,137,045
	Mark to market gain on forward foreign exchange contracts		9,775,682	8,699,989
	Mark to market gain on derivative instruments		91,899	251,603
	Non-banking assets acquired in satisfaction of claims		385,711	459,389
	Receivable from defined benefit plan		757,921	759,354
	Acceptances		46,690,876	36,686,549
	Clearing and settlement accounts		11,499,460	17,436,987
	Dividend receivable		352,432	185,213
	Claims receivable against fraud and forgeries		540,944	541,337
	Others		1,153,650	1,628,410
			<u>168,212,552</u>	<u>151,745,081</u>
	Provision held against other assets	12.1	<u>(1,405,866)</u>	<u>(1,243,645)</u>
	Other assets - net of provision		<u>166,806,686</u>	<u>150,501,436</u>
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	<u>224,064</u>	<u>224,064</u>
	Other assets - total		<u>167,030,750</u>	<u>150,725,500</u>
12.1	Provision held against other assets			
	Non-banking assets acquired in satisfaction of claims		2,450	2,467
	Claims receivable against fraud and forgeries		540,944	541,337
	Suit filed cases		4,979	4,800
	Others		857,493	695,041
			<u>1,405,866</u>	<u>1,243,645</u>
12.1.1	Movement in provision against other assets			
	Opening balance		1,243,645	1,127,909
	Exchange adjustment		(717)	(17,808)
	Charge for the period / year		190,014	741,684
	Reversal for the period / year		(16,851)	(551,548)
	Net charge		173,163	190,136
	Written off during the period / year		(10,225)	(56,592)
	Closing balance		<u>1,405,866</u>	<u>1,243,645</u>
13	BILLS PAYABLE			
	In Pakistan		65,044,393	42,793,433
	Outside Pakistan		1,335,384	1,403,551
			<u>66,379,777</u>	<u>44,196,984</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	(Unaudited) March 31, 2022 (Rupees in '000)	(Audited) December 31, 2021
14	BORROWINGS		
	Secured		
	Borrowings from the SBP under		
	- Export refinance scheme	71,790,663	69,782,711
	- Long term financing facility	37,535,579	32,529,493
	- Financing facility for renewable energy power plants	6,816,292	6,805,470
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	271,681	241,788
	- Refinance and credit guarantee scheme for women entrepreneurs	107,917	155,370
	- Financing facility for storage of agricultural produce	351,624	333,349
	- Refinance scheme for payment of wages and salaries	11,667,030	15,476,761
	- Refinance facility for combating COVID-19	1,011,280	1,055,725
	- Temporary economic refinance facility	30,927,033	26,010,138
		160,479,099	152,390,805
	Repurchase agreement borrowings	491,649,798	140,193,364
		652,128,897	292,584,169
	Unsecured		
	- Call money borrowings	200,000	1,000,000
	- Overdrawn nostro accounts	252,054	653,970
	- Borrowings of overseas branches and subsidiaries	79,095,832	82,898,483
	- Other long-term borrowings	64,802,680	59,121,383
		144,350,566	143,673,836
		796,479,463	436,258,005
14.1	This includes the following:		
14.1.1	A loan from the International Finance Corporation amounting to US\$ 150 million (December 31, 2021: 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	A long-term financing facility arrangement of US\$ 300 million with China Development Bank, to be utilized for on-lending to projects of the Bank's customers. Under this facility, US\$ 190 million (December 31, 2021: US\$ 170.975 million) has been utilized by the Bank, with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to January 31, 2023. Starting from that date, the entire drawn amount is payable in semi-annual installments from January 31, 2023 to January 31, 2033. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.		
14.1.3	A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 175.333 million (December 31, 2021: Rs 181.985 million) for on-lending to customers. The principal amount is payable in semi-annual installments from August 2020 to February 2023. Profit at 11.21% per annum (December 31, 2021: 11.21% per annum) is payable semi-annually.		
14.1.4	Mortgage refinancing facilities from PMRC, amounting to Rs 1,044.758 million (December 31, 2021: Rs 1,082.977 million), utilised by HBL Microfinance Bank Limited to extend mortgage finance to low income groups. The principal amount is payable in quarterly installments from June 2020 to June 2031. Mark-up on these facilities ranges from 6.50% to 7.14% per annum (December 31, 2021: 6.50% to 7.14% per annum) and is payable quarterly.		
14.1.5	A loan from Allied Bank Limited to HBL Asset Management Limited amounting to Rs 1.2 billion (December 31, 2021: Rs 1.2 billion). The principal amount is payable in semi-annual installments from June 2020 to December 2024. Mark-up at KIBOR + 0.75% is payable semi-annually.		

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

15 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2022 (Unaudited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	968,884,465	219,902,070	1,188,786,535	952,815,913	210,488,971	1,163,304,884
Savings deposits	1,000,380,573	108,308,027	1,108,688,600	1,112,754,751	103,505,665	1,216,260,416
Term deposits	380,652,768	182,785,424	563,438,192	471,532,451	180,237,348	651,769,799
	<u>2,349,917,806</u>	<u>510,995,521</u>	<u>2,860,913,327</u>	<u>2,537,103,115</u>	<u>494,231,984</u>	<u>3,031,335,099</u>
Financial institutions						
Current deposits	3,307,406	1,924,975	5,232,381	5,101,313	2,272,365	7,373,678
Savings deposits	307,107,476	970,006	308,077,482	299,998,542	451,389	300,449,931
Term deposits	13,933,922	5,753,902	19,687,824	36,824,833	6,014,857	42,839,690
	<u>324,348,804</u>	<u>8,648,883</u>	<u>332,997,687</u>	<u>341,924,688</u>	<u>8,738,611</u>	<u>350,663,299</u>
	<u>2,674,266,610</u>	<u>519,644,404</u>	<u>3,193,911,014</u>	<u>2,879,027,803</u>	<u>502,970,595</u>	<u>3,381,998,398</u>
				Note	(Unaudited) March 31, 2022	(Audited) December 31, 2021

16 SUBORDINATED DEBT

Additional Tier I Term Finance Certificates	16.1	<u>12,374,000</u>	<u>12,374,000</u>
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- 16.1 The Bank has issued listed, fully paid up, rated, privately placed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (AT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013.

The key features of the issue are as follows:

Issue Date	September 26, 2019
Issue amount	Rs 12.374 billion
Rating	AA+ (Double A plus) [December 31, 2021: AA+ (Double A plus)]
Original Tenor	Perpetual
Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors. However, they shall rank superior to the claims of ordinary shareholders.
Profit payment	Quarterly in arrears
Redemption	Perpetual, hence not applicable.
Mark-up	Floating rate of return at Base Rate + 1.60%. The Base Rate is defined as the average "Ask Side" rate of the three months Karachi Interbank Offered Rate (KIBOR).
Call option	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following: (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised. If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and the investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the "Call Option Exercise Date").
Lock-in clause	Mark-up will only be paid from the current year's earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
Loss absorbency clause	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

17 DEFERRED TAX ASSETS / (LIABILITIES)	Note	(Unaudited) March 31, 2022	(Audited) December 31, 2021
(Rupees in '000)			
Deductible temporary differences on			
- Tax losses of subsidiary		435,294	431,976
- Provision against investments		671,674	766,916
- Provision against doubtful debts and off-balance sheet obligations		3,712,589	3,721,755
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		2,466,090	2,586,450
- Deficit on revaluation of investments	19	6,696,511	1,309,052
- Deficit on revaluation of investments of associates	19	76,904	37,902
- Provision against other assets		5,450	15,342
- Ijarah financing		145,570	156,250
		14,210,082	9,025,643
Taxable temporary differences on			
- Accelerated tax depreciation		(1,231,843)	(1,360,584)
- Surplus on revaluation of fixed assets	19	(1,765,318)	(1,777,800)
- Surplus on revaluation of fixed assets of associates	19	(137,008)	(56,392)
- Management rights and goodwill		(317,186)	(288,014)
- Share of profit of associates		(7,230,273)	(7,328,089)
- Exchange translation reserve		(3,580,181)	(3,287,635)
- Others		(27,324)	(9,731)
		(14,289,133)	(14,108,245)
Net deferred tax liabilities		(79,051)	(5,082,602)
18 OTHER LIABILITIES			
Mark-up / return / profit / interest payable in local currency		20,645,034	10,014,802
Mark-up / return / profit / interest payable in foreign currency		3,439,176	2,589,051
Security deposits		997,020	909,334
Accrued expenses		21,477,929	20,870,306
Mark to market loss on forward foreign exchange contracts		7,595,318	7,337,247
Mark to market loss on derivative instruments		2,946,579	2,624,952
Unclaimed dividends		739,071	727,940
Dividends payable		3,437,213	1,327,763
Provision for post retirement medical benefits		4,337,548	4,557,833
Provision for employees' compensated absences		1,739,453	2,177,565
Provision against off-balance sheet obligations	18.1	1,810,203	2,687,054
Acceptances		46,690,876	36,686,549
Branch adjustment account		1,142,353	827,848
Provision for staff retirement benefits		1,296,696	1,251,289
Payable to defined benefit plans		438,202	437,648
Provision for Workers' Welfare Fund		7,939,410	7,735,706
Unearned income		4,415,874	4,452,650
Qarza-e-Hasna Fund		338,409	338,409
Levies and taxes payable		4,547,592	7,690,809
Insurance payable		1,344,917	1,235,949
Provision for rewards program expenses		1,985,706	1,748,370
Liability against trading of securities		5,246,488	3,701,035
Clearing and settlement accounts		9,254,879	4,221,476
Payable to HBL Foundation		129,840	405,576
Contingent consideration payable		500,000	500,000
Charity fund		49,851	44,865
Lease liability against right-of-use asset		23,430,198	22,307,342
Unclaimed deposits		357,089	348,609
Others		4,892,380	4,114,377
		183,165,304	153,872,354

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FOR THE THREE MONTHS ENDED MARCH 31, 2022

18.1 Provision against off-balance sheet obligations	(Unaudited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
Opening balance	2,687,054	1,138,648
Exchange adjustment	75,690	(38,031)
Charge for the period / year	20,867	1,616,293
Reversal for the period / year	(973,408)	(75,785)
Net (reversal) / charge	(952,541)	1,540,508
Written off during the year	-	(1,653)
Transferred in	-	47,582
Closing balance	<u>1,810,203</u>	<u>2,687,054</u>

19 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Note	March 31, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Attributable to		Total	Attributable to		Total
	Equity holders	Non-controlling interest		Equity holders	Non-controlling interest	
(Rupees in '000)						
Surplus / (deficit) arising on revaluation of:						
- Fixed assets	28,844,808	26,118	28,870,926	28,876,201	26,730	28,902,931
- Fixed assets of associates	351,302	-	351,302	144,596	-	144,596
- Available-for-sale securities	(17,478,098)	(79,902)	(17,558,000)	(3,498,964)	(50,429)	(3,549,393)
- Available-for-sale securities held by associates	(197,190)	-	(197,190)	(97,185)	-	(97,185)
- Non-banking assets acquired in satisfaction of claims	224,064	-	224,064	224,064	-	224,064
	<u>11,744,886</u>	<u>(53,784)</u>	<u>11,691,102</u>	<u>25,648,712</u>	<u>(23,699)</u>	<u>25,625,013</u>
Deferred tax liability / (asset) on surplus / (deficit) on revaluation of:						
- Fixed assets	1,762,763	2,555	1,765,318	1,775,005	2,795	1,777,800
- Fixed assets of associates	137,008	-	137,008	56,392	-	56,392
- Available-for-sale securities	(6,688,212)	(8,299)	(6,696,511)	(1,304,154)	(4,898)	(1,309,052)
- Available-for-sale securities held by associates	(76,904)	-	(76,904)	(37,902)	-	(37,902)
- Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-
	<u>(4,865,345)</u>	<u>(5,744)</u>	<u>(4,871,089)</u>	<u>489,341</u>	<u>(2,103)</u>	<u>487,238</u>
Surplus on revaluation of assets - net of tax	<u>16,610,231</u>	<u>(48,040)</u>	<u>16,562,191</u>	<u>25,159,371</u>	<u>(21,596)</u>	<u>25,137,775</u>

20 CONTINGENCIES AND COMMITMENTS	Note	(Unaudited) March 31, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
- Guarantees	20.1	309,551,527	294,405,293
- Commitments	20.2	1,008,320,814	1,086,117,729
- Other contingent liabilities	20.3	26,016,189	25,778,718
		<u>1,343,888,530</u>	<u>1,406,301,740</u>
20.1 Guarantees:			
Financial guarantees		93,679,610	88,017,271
Performance guarantees		172,251,819	164,583,833
Other guarantees		43,620,098	41,804,189
		<u>309,551,527</u>	<u>294,405,293</u>
20.2 Commitments:			
Trade-related contingent liabilities		351,799,826	306,324,680
Commitments in respect of:			
- forward foreign exchange contracts	20.2.1	508,924,142	601,681,574
- forward Government securities transactions	20.2.2	76,446,272	93,562,463
- derivatives	20.2.3	39,330,163	42,049,128
- forward lending	20.2.4	22,630,267	30,412,479
		<u>647,330,844</u>	<u>767,705,644</u>
Commitments for acquisition of:			
- fixed assets		8,062,276	10,202,010
- intangible assets		1,127,868	1,885,395
		<u>9,190,144</u>	<u>12,087,405</u>
		<u>1,008,320,814</u>	<u>1,086,117,729</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	(Unaudited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
20.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	294,547,753	340,760,829
Sale	214,376,389	260,920,745
	<u>508,924,142</u>	<u>601,681,574</u>
20.2.2 Commitments in respect of forward Government securities transactions		
Purchase	26,173,671	27,830,190
Sale	50,272,601	65,732,273
	<u>76,446,272</u>	<u>93,562,463</u>
20.2.3 Commitments in respect of derivatives		
Cross Currency swaps		
Purchase	15,965,675	17,058,770
Sale	18,706,155	19,308,883
	<u>34,671,830</u>	<u>36,367,653</u>
Interest rate swaps		
Purchase	-	-
Sale	4,658,333	5,681,475
	<u>4,658,333</u>	<u>5,681,475</u>
20.2.4 Commitments in respect of forward lending		
Undrawn formal standby facilities, credit lines and other commitments to extend credit	<u>22,630,267</u>	<u>30,412,479</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>26,016,189</u>	<u>25,778,718</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 There were no tax related contingencies as at the period end.

21 DERIVATIVE INSTRUMENTS

Product Analysis

	March 31, 2022 (Unaudited)			
	Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
Hedging	-	-	-	-
Market Making	34,671,830	(2,665,366)	4,658,333	(189,314)
	December 31, 2021 (Unaudited)			
	Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
Hedging	-	-	-	-
Market Making	36,367,653	(2,189,720)	5,681,475	(183,629)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	(Unaudited)	
		For the three months ended	
		March 31, 2022	March 31, 2021
		(Rupees in '000)	
22 MARK-UP / RETURN / PROFIT / INTEREST EARNED			
On:			
Loans and advances		37,108,186	25,428,510
Investments		45,769,835	36,704,006
Lendings to financial institutions		2,272,341	1,254,114
Balances with banks		1,403,437	76,272
		<u>86,553,799</u>	<u>63,462,902</u>
23 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED			
On:			
Deposits		35,476,712	22,300,112
Securities sold under repurchase agreement borrowings		9,456,170	5,027,239
Borrowings		3,048,639	1,301,684
Subordinated debt		368,454	375,458
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,226,477	1,406,633
Lease liability against right-of-use assets		711,419	582,502
		<u>50,287,871</u>	<u>30,993,628</u>
24 FEE AND COMMISSION INCOME			
Branch banking customer fees		1,046,997	1,038,540
Consumer finance related fees		766,797	672,465
Card related fees (debit and credit cards)		1,829,399	1,470,018
Credit related fees		602,568	427,242
Investment banking fees		252,150	387,618
Commission on trade related products and guarantees		1,256,151	990,786
Commission on cash management		250,592	174,803
Commission on remittances (including home remittances)		162,090	114,648
Commission on bancassurance		154,930	185,403
Commission on Government to Person (G2P) payments		259,902	22,501
Management fee		144,901	154,853
Merchant discount and interchange fees		1,165,448	785,102
Wealth management fee		126,660	195,634
Others		262,316	65,468
		<u>8,280,901</u>	<u>6,685,081</u>
Less: Sales tax / Federal Excise Duty on fee and commission income		(939,337)	(780,720)
		<u>7,341,564</u>	<u>5,904,361</u>
25 GAIN / (LOSS) ON SECURITIES - NET			
Realised	25.1	394,281	(207,148)
Unrealised - held-for-trading	8.1	(200,608)	798
		<u>193,673</u>	<u>(206,350)</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

		(Unaudited)	
		For the three months ended	
		March 31, 2022	March 31, 2021
		(Rupees in '000)	
25.1	Gain / (loss) on securities - realised		
	On:		
	Federal Government securities		
	- Market Treasury Bills	223,890	168,803
	- Pakistan Investment Bonds	145,304	9,467
	- Ijarah Sukuks	-	520
	Shares	(181,788)	(422,796)
	Non-Government debt securities	206,875	64,924
	Foreign securities	-	(28,066)
		<u>394,281</u>	<u>(207,148)</u>
26	OTHER INCOME / (LOSS)		
	Incidental charges	78,202	66,913
	Exchange gain realised on liquidation of subsidiary	-	1,919
	Gain / (loss) on sale of fixed assets - net	19,805	(2,334)
	Rent on properties	3,862	5,681
		<u>101,869</u>	<u>72,179</u>
27	OPERATING EXPENSES		
	Total compensation expense	13,528,951	9,801,757
	Property expense		
	Rent and taxes	291,777	58,083
	Insurance	47,872	35,017
	Utilities cost	654,529	485,069
	Security (including guards)	591,213	513,903
	Repair and maintenance (including janitorial charges)	794,106	577,907
	Depreciation on owned fixed assets	928,771	832,590
	Depreciation on right-of-use assets	924,248	989,969
		4,232,516	3,492,538
	Information technology expenses		
	Software maintenance	1,119,997	957,790
	Hardware maintenance	282,595	196,331
	Depreciation	612,774	572,676
	Amortisation	389,662	229,036
	Network charges	366,612	342,514
	Consultancy charges	206,241	147,738
		2,977,881	2,446,085
	Other operating expenses		
	Legal and professional charges	171,791	168,342
	Outsourced services costs	527,961	519,305
	Travelling and conveyance	314,309	228,518
	Insurance	274,557	225,859
	Remittance charges	151,596	137,688
	Security charges	549,009	453,392
	Repairs and maintenance	396,958	338,371
	Depreciation	233,783	217,262
	Training and development	79,782	37,075
	Postage and courier charges	214,260	163,897
	Communication	362,504	196,303
	Stationery and printing	574,962	487,049
	Marketing, advertisement and publicity	2,071,642	1,879,363
	Donations	132,040	173,497
	Auditors' remuneration	85,705	78,516
	Brokerage and commission	186,700	113,418
	Subscription	78,617	64,490
	Documentation and processing charges	1,122,340	765,653
	Entertainment	145,783	90,938
	Consultancy charges	265,970	261,094
	Deposit insurance premium expense	675,604	626,121
	Product feature cost	654,909	457,053
	COVID-19 related expenses	23,804	285,100
	Others	323,253	193,293
		9,617,839	8,161,597
		<u>30,357,187</u>	<u>23,901,977</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	(Unaudited)	
		For the three months ended	
		March 31, 2022	March 31, 2021
		(Rupees in '000)	
28 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		137,168	42,202
Penalties imposed by other regulatory bodies		22,199	31
		<u>159,367</u>	<u>42,233</u>
29 PROVISIONS / (REVERSALS) AND WRITE OFFS - NET			
Reversal of provision for diminution in value of investments	8.3	(261,033)	(738,656)
Provision against loans and advances	9.3	2,452,347	3,043,369
Provision / (reversal of provision) against other assets	12.1.1	173,163	(235,590)
(Reversal of provision) / provision against off-balance sheet obligations	18.1	(952,541)	82,222
Recoveries against written off / charged off bad debts		(207,685)	(237,211)
Recoveries against other assets written off		(1,028)	(7,421)
Other write offs		39,665	-
Bad debts written off directly		-	13,197
		<u>1,242,888</u>	<u>1,919,910</u>
30 TAXATION			
- Current		5,913,399	7,083,627
- Deferred		53,211	(1,135,276)
		<u>5,966,610</u>	<u>5,948,351</u>
31 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the period attributable to equity holders of the Bank		<u>8,478,826</u>	<u>8,335,851</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>5.78</u>	<u>5.68</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, 2022

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

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

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

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

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

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

32.1 Fair value of financial assets

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

On balance sheet financial instruments	As at March 31, 2022 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,670,674,140	-	1,670,674,140	-	1,670,674,140
- Shares - listed companies	6,723,154	6,723,154	-	-	6,723,154
- Non-Government debt securities					
- Listed	50,577,678	40,192,000	10,385,678	-	50,577,678
- Unlisted	624,000	-	624,000	-	624,000
- Foreign securities					
Government debt securities	74,398,570	-	74,398,570	-	74,398,570
Non-Government debt securities					
- Listed	13,301,213	-	13,301,213	-	13,301,213
- Unlisted	4,821,060	-	4,821,060	-	4,821,060
- National Investment Unit Trust units	45,929	-	45,929	-	45,929
- Real Estate Investment Trust units	74,700	74,700	-	-	74,700
- Preference Shares - Listed	779,800	779,800	-	-	779,800
	1,822,020,244	47,769,654	1,774,250,590	-	1,822,020,244
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	286,898,721	-	269,770,262	-	269,770,262
- Non-Government debt securities					
- Listed	2,049,529	-	2,061,527	-	2,061,527
- Unlisted	19,660,520	-	19,768,995	-	19,768,995
- Foreign securities					
Government debt securities	11,497,950	-	11,950,831	-	11,950,831
Non-Government debt securities					
- Listed	236,100	-	236,100	-	236,100
- Unlisted	404,115	-	404,365	-	404,365
	320,746,935	-	304,192,080	-	304,192,080
	2,142,767,179	47,769,654	2,078,442,670	-	2,126,212,324

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

As at March 31, 2022 (Unaudited)				
Notional value	Level 1	Level 2	Level 3	Total

Off-balance sheet financial instruments - measured at fair value

Commitments					
- Forward foreign exchange contracts	508,924,142	-	2,180,364	-	2,180,364
- Forward Government securities transactions	76,446,272	-	24,690	-	24,690
- Derivative instruments	39,330,163	-	(2,854,680)	-	(2,854,680)

As at December 31, 2021 (Audited)

Carrying value	Level 1	Level 2	Level 3	Total
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On balance sheet financial instruments

Financial assets - measured at fair value

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

Financial assets - disclosed but not measured at fair value

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

As at December 31, 2021 (Audited)

Notional value	Level 1	Level 2	Level 3	Total
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Off-balance sheet financial instruments - measured at fair value

Commitments					
- Forward foreign exchange contracts	601,681,574	-	1,362,742	-	1,362,742
- Forward Government securities transactions	93,562,463	-	200,063	-	200,063
- Derivative instruments	42,049,128	-	(2,373,349)	-	(2,373,349)

32.2 Fair value of non-financial assets

As at March 31, 2022 (Unaudited)				
Carrying value	Level 1	Level 2	Level 3	Total

- Land and building	53,143,981	-	-	53,143,981	53,143,981
- Non-banking assets acquired in satisfaction of claims	607,325	-	-	607,325	607,325
	53,751,306	-	-	53,751,306	53,751,306

As at December 31, 2021 (Audited)

Carrying value	Level 1	Level 2	Level 3	Total
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- Land and building	53,190,296	-	-	53,190,296	53,190,296
- Non-banking assets acquired in satisfaction of claims	680,986	-	-	680,986	680,986
	53,871,282	-	-	53,871,282	53,871,282

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

33 SEGMENT INFORMATION

33.1 Segment details with respect to Business Activities

For the three months ended March 31, 2022 (Unaudited)

	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
----- (Rupees in million) -----										
Profit and loss account										
Net mark-up / return / profit / interest income	(21,483)	8,618	3,166	11,792	31,256	812	(35)	2,674	(534)	36,266
Inter segment revenue / (expense) - net	35,988	(4,464)	-	(6,621)	(28,368)	1,771	-	-	1,694	-
Non mark-up / interest income	919	2,998	398	914	2,763	1,598	147	420	204	10,361
Total Income	15,424	7,152	3,564	6,085	5,651	4,181	112	3,094	1,364	46,627
Segment direct expenses	5,841	3,076	1,212	797	323	4,129	146	1,886	13,393	30,803
Inter segment expense allocation	5,849	2,142	321	3,032	427	407	-	-	(12,178)	-
Total expenses	11,690	5,218	1,533	3,829	750	4,536	146	1,886	1,215	30,803
Provisions - charge / (reversal)	-	348	698	(514)	(290)	248	-	456	297	1,243
Profit / (loss) before tax	3,734	1,586	1,333	2,770	5,191	(603)	(34)	752	(148)	14,581

As at March 31, 2022 (Unaudited)

	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
----- (Rupees in million) -----										
Statement of financial position										
Cash and bank balances	128,250	-	19,902	314	126,947	110,599	4	21,234	1,117	408,367
Lendings to financial institutions	-	-	3,600	-	89,295	-	-	-	-	92,895
Inter segment lending	1,613,540	-	-	-	-	181,690	-	-	162,578	1,957,808
Investments	-	-	198,867	7,543	1,784,777	127,571	171	28,991	37,667	2,185,587
Advances - performing	-	203,558	193,178	739,176	-	324,596	-	62,686	29,798	1,552,992
Advances - non-performing	-	1,835	2,050	3,248	-	3,207	-	1,171	5	11,516
Others	14,673	4,948	21,587	47,563	46,058	28,826	3,151	11,212	103,495	281,513
Total assets	1,756,463	210,341	439,184	797,844	2,047,077	776,489	3,326	125,294	334,660	6,490,678
Borrowings	-	2,940	29,241	128,473	491,934	138,126	1,320	4,445	-	796,479
Subordinated debt	-	-	-	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,729,397	687	320,298	462,467	-	557,380	-	104,475	19,207	3,193,911
Inter segment borrowing	-	195,576	49,286	166,830	1,546,116	-	-	-	-	1,957,808
Others	27,066	11,138	12,197	40,074	15,275	43,715	708	5,760	93,692	249,625
Total liabilities	1,756,463	210,341	411,022	797,844	2,053,325	739,221	2,028	114,680	125,273	6,210,197
Equity	-	-	28,162	-	(6,248)	37,268	1,298	10,614	209,387	280,481
Total equity and liabilities	1,756,463	210,341	439,184	797,844	2,047,077	776,489	3,326	125,294	334,660	6,490,678
Contingencies and commitments	67,964	-	52,511	527,523	504,962	165,512	-	-	25,417	1,343,889

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

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
----- (Rupees in million) -----										
Profit and loss account										
Net mark-up / return / profit / interest income	(13,823)	6,499	2,992	7,271	26,998	1,221	(35)	2,013	(667)	32,469
Inter segment revenue / (expense) - net	24,027	(3,197)	-	(3,495)	(20,317)	1,004	-	-	1,978	-
Non mark-up / interest income	970	2,292	183	986	911	1,107	158	290	1,325	8,222
Total Income	11,174	5,594	3,175	4,762	7,592	3,332	123	2,303	2,636	40,691
Segment direct expenses	5,392	2,136	427	564	317	3,576	90	1,383	10,378	24,263
Inter segment expense allocation	4,549	1,768	284	2,531	259	326	-	-	(9,717)	-
Total expenses	9,941	3,904	711	3,095	576	3,902	90	1,383	661	24,263
Provisions - charge / (reversal)	-	369	114	840	(714)	1,029	-	198	84	1,920
Profit / (loss) before tax	1,233	1,321	2,350	827	7,730	(1,599)	33	722	1,891	14,508

As at December 31, 2021 (Audited)

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

34 RELATED PARTY TRANSACTIONS

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

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

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

	As at March 31, 2022 (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	-	-	3,855	-	106	-
Investments						
Opening balance	-	-	-	28,790,446	6,297,914	7,748,350
Investment made during the period	-	-	-	174,487	-	900,000
Share of profit - net of tax	-	-	-	6,280	87,127	-
Equity method adjustments	-	-	-	562,590	128,604	(519)
Investment redeemed / disposed off during the period	-	-	-	(55,000)	-	-
Dividend received during the period	-	-	-	(344,219)	-	-
Revaluation of fixed asset during the period	-	-	-	206,706	-	-
Revaluation of investment during the period	-	-	-	(107,247)	7,242	-
Closing balance	-	-	-	29,234,043	6,520,887	8,647,831
Advances						
Opening balance	527	447,007	4,001,392	3,348,613	-	11,132,886
Addition during the period	9,710	100,789	3,737,071	(2,476,986)	-	1,369,783
Repaid during the period	(9,709)	(116,592)	(3,932,059)	-	-	(638,220)
Transfer in - net	-	(8,110)	-	-	-	-
Exchange adjustment	-	-	57,200	3,373	-	-
Closing balance	528	423,094	3,863,604	875,000	-	11,864,449
Other assets						
Interest / mark-up accrued	-	521	6,414	17,752	-	428,128
Receivable from defined benefit plan	-	-	-	-	-	757,921
Other receivable / prepayments	-	-	21,411	293,703	-	1,023
	-	521	27,825	311,455	-	1,187,072
Borrowings						
Opening balance	-	-	4,501,721	2,645,210	-	1,264,962
Borrowings during the period	-	-	68,975	922,655	887,026	-
Settled during the period	-	-	(1,330,539)	(887,026)	-	(44,871)
Exchange adjustment	-	-	89,934	80,919	30,365	-
Closing balance	-	-	3,330,091	2,761,758	917,391	1,220,091
Deposits and other accounts						
Opening balance	155,051	545,072	19,836,563	50,630,080	-	3,485,239
Received during the period	197,437	1,739,987	113,413,755	332,551,414	7,875	663,721,425
Withdrawn during the period	(115,870)	(1,562,734)	(111,828,628)	(322,984,516)	(98)	(663,056,422)
Transfer out - net	-	(28,633)	-	-	-	-
Exchange adjustment	581	15,681	414,649	318	-	13,917
Closing balance	237,199	709,373	21,836,339	60,197,296	7,777	4,164,159
Other liabilities						
Interest / mark-up payable	159	3,142	244,931	9,113	134	4,139
Payable to Defined Benefit Plan	-	-	-	-	-	438,202
Other payables	-	-	8,739	179,486	-	137,247
	159	3,142	253,670	188,599	134	579,588
Contingencies and commitments						
Letter of credit	-	-	645,800	-	-	874,803
Letter of guarantee	-	-	157,163	-	-	3,831,642
Forward purchase of Government securities	-	-	314,078	-	-	109,045
Commitments in respect of forward lending	-	-	-	-	-	200,000
Interest rate swaps	-	-	-	875,000	-	-
	-	-	1,117,041	875,000	-	5,015,490
Others						
Securities held as custodian	-	27,100	5,137,075	86,778,300	-	7,451,330

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

For the three months ended March 31, 2022 (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	-	5,989	111,621	29,121	-	355,661
Fee and commission income	-	-	41,460	166,650	-	291
Share of profit	-	-	-	6,280	87,127	-
Dividend income	-	-	-	-	-	53,249
Loss from derivatives	-	-	-	(44,314)	-	-
Expenses						
Mark-up / return / profit / interest expensed	3,484	4,750	324,420	556,180	129	67,149
Operating expenses						
Total compensation expense	-	1,100,250	-	-	-	313,450
Non-Executive Directors' fees	20,400	-	-	-	-	-
Insurance premium expense	-	-	-	583,741	-	-
Advertisement and publicity	-	-	14,822	-	-	-
Travelling	-	-	3,739	-	-	-
Subscription	-	-	-	-	-	3,221
Donations	-	-	-	-	-	129,840
Brokerage and Commission	-	-	-	-	-	58,373
Other Expenses	-	-	10,322	-	-	11,102
Others						
Purchase of Government securities	-	-	77,126,771	9,923,005	-	11,010,675
Sale of Government securities	-	14,057	79,151,310	26,582,163	-	5,878,535
Purchase of foreign currencies	-	-	181,000	-	-	4,676
Sale of foreign currencies	1,493	96,233	514,427	41,500	-	1,362,132
Insurance claims settled	-	-	-	21,469	-	-

As at December 31, 2021 (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	-	-	374	-	104	-
Investments						
Opening balance	-	-	-	26,751,320	5,047,043	4,779,638
Investment made during the year	-	-	-	1,355,788	-	2,969,103
Share of profit - net of tax	-	-	-	1,700,017	885,578	-
Equity method adjustments	-	-	-	1,501,604	501,861	-
Investment redeemed / disposed off during the year	-	-	-	(1,892,695)	-	-
Dividend received during the year	-	-	-	(463,512)	(145,181)	-
Revaluation of investment during the year	-	-	-	(162,076)	8,613	(391)
Closing balance	-	-	-	28,790,446	6,297,914	7,748,350
Advances						
Opening balance	249	305,836	4,504,529	1,125,000	-	7,748,994
Addition during the year	19,023	372,347	2,013,784	2,265,231	-	5,567,065
Repaid during the year	(19,021)	(264,932)	(2,782,029)	(292,998)	-	(2,365,348)
Transfer in - net	276	34,006	-	-	-	182,500
Exchange adjustment	-	(250)	265,108	251,380	-	(325)
Closing balance	527	447,007	4,001,392	3,348,613	-	11,132,886
Other assets						
Interest / mark-up accrued	-	552	68,780	42,651	-	123,587
Receivable from defined benefit plan	-	-	-	-	-	759,354
Capital Work in progress	-	-	10,214	-	-	-
Other receivable / prepayments	-	-	29	154,005	-	-
	-	552	79,023	196,656	-	882,941

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	As at December 31, 2021 (Audited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
Borrowings						
Opening balance	-	-	3,638,498	959,006	1,598,344	1,315,743
Borrowings during the year	-	-	4,216,030	7,564,980	6,516,419	400,000
Settled during the year	-	-	(3,695,853)	(6,027,688)	(8,145,524)	(450,781)
Transfer in / (out) - net	-	-	-	-	-	-
Exchange adjustment	-	-	343,046	148,912	30,761	-
Closing balance	-	-	4,501,721	2,645,210	-	1,264,962
Deposits and other accounts						
Opening balance	122,063	495,061	12,981,422	36,318,748	-	1,814,234
Received during the year	646,231	3,514,801	485,687,364	1,001,631,636	-	88,512,854
Withdrawn during the year	(616,464)	(3,417,522)	(479,581,131)	(987,320,818)	-	(87,008,311)
Transfer out - net	3,118	(36,996)	-	-	-	114,741
Exchange adjustment	103	(10,272)	748,908	514	-	51,721
Closing balance	155,051	545,072	19,836,563	50,630,080	-	3,485,239
Other liabilities						
Interest / mark-up payable	1	723	135,791	41,504	-	10,476
Payable to Defined Benefit Plan	-	-	-	-	-	437,648
Other payables	-	-	10,471	72,601	-	411,052
	1	723	146,262	114,105	-	859,176
Contingencies and Commitments						
Letter of credit	-	-	910,308	-	-	673,614
Letter of guarantee	-	-	167,204	-	-	3,538,494
Forward purchase of Government securities	-	-	630,652	-	-	1,859,052
Commitments in respect of forward lending	-	-	-	-	-	1,698,202
Interest rate swaps	-	-	564,808	875,000	-	-
	-	-	2,272,972	875,000	-	7,769,362
Others						
Securities held as custodians	-	12,920	5,326,720	77,701,130	-	9,860,745
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	-	-
Expense						
Mark-up / return / profit / interest expensed	1,756	1,741	171,422	277,774	5,963	39,801
Operating expenses						
Total compensation expense	-	950,103	-	-	-	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	-	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

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

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

(Unaudited)
March 31,
2022
(Rupees in '000)

(Audited)
December 31,
2021

14,668,525 14,668,525

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

196,788,930 192,465,081

Eligible Additional Tier 1 (ADT 1) Capital

12,500,264 12,606,759

Total Eligible Tier 1 Capital

209,289,194 205,071,840

Eligible Tier 2 Capital

56,583,529 55,846,089

Total Eligible Capital (Tier 1 + Tier 2)

265,872,723 260,917,929

Risk Weighted Assets (RWAs):

Credit Risk

1,391,753,232 1,328,791,152

Market Risk

126,688,913 116,679,788

Operational Risk

224,085,265 224,085,265

Total

1,742,527,410 1,669,556,205

Common Equity Tier 1 Capital Adequacy ratio

11.29% 11.53%

Tier 1 Capital Adequacy Ratio

12.01% 12.28%

Total Capital Adequacy Ratio

15.26% 15.63%

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

9.50% 9.50%

of which: capital conservation buffer requirement

1.50% 1.50%

of which: countercyclical buffer requirement

- -

of which: D-SIB buffer requirement

2.00% 2.00%

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

5.29% 5.53%

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

209,289,194 205,071,840

Total Exposures

5,055,034,107 4,687,343,787

Leverage Ratio (%)

4.14% 4.38%

Minimum Requirement (%)

3.00% 3.00%

Liquidity Coverage Ratio (LCR)

**Total Adjusted Value
(Rupees in '000)**

Average High Quality Liquid Assets

1,397,781,053 1,477,650,149

Average Net Cash Outflow

646,549,173 638,366,023

Liquidity Coverage Ratio (%)

216.19% 231.47%

Minimum Requirement (%)

100.00% 100.00%

**Total Weighted Value
(Rupees in '000)**

Net Stable Funding Ratio (NSFR)

Total Available Stable Funding

2,871,047,705 3,046,911,457

Total Required Stable Funding

2,027,212,328 1,964,571,726

Net Stable Funding Ratio (%)

141.63% 155.09%

Minimum Requirement (%)

100.00% 100.00%

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

36 ISLAMIC BANKING BUSINESS

The Bank operates 271 (December 31, 2021: 259) Islamic Banking branches and 573 (December 31, 2021: 614) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited)	(Audited)
		March 31, 2022	December 31, 2021
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		19,037,104	28,015,270
Balances with other banks		864,483	1,162,953
Due from financial institutions	36.1	3,600,000	28,671,686
Investments	36.2	198,867,359	191,864,941
Islamic financing and related assets - net	36.3	195,228,298	166,058,790
Fixed assets		5,265,603	4,629,739
Intangible assets		-	-
Due from Head Office		-	-
Deferred tax assets		221,244	-
Other assets		16,100,196	12,962,183
		439,184,287	433,365,562
LIABILITIES			
Bills payable		20,698	26,310
Due to financial institutions	36.4	29,241,225	31,567,668
Deposits and other accounts	36.5	320,298,457	346,895,368
Due to Head Office		49,224,801	11,439,635
Subordinated debt		-	-
Deferred tax liabilities		-	73,097
Other liabilities		12,237,286	15,554,392
		411,022,467	405,556,470
		28,161,820	27,809,092
NET ASSETS			
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Surplus on revaluation of investments - net of tax		(346,048)	114,330
Unappropriated profit	36.6	28,007,868	27,194,762
		28,161,820	27,809,092
Contingencies and commitments			
	36.7		
		(Unaudited)	
		For the three months ended	
		March 31, 2022	March 31, 2021
PROFIT AND LOSS ACCOUNT			
		(Rupees in '000)	
Profit / return earned	36.8	8,683,355	5,540,275
Profit / return expensed	36.9	5,516,911	2,548,522
Net profit / return		3,166,444	2,991,753
Other income / (loss)			
Fee and commission income		271,689	170,454
Dividend income		-	-
Foreign exchange income		106,094	10,469
Income from derivatives		-	-
Gain / (loss) on securities- net		20,236	(906)
Others		52	3,051
Total other income		398,071	183,068
Total income		3,564,515	3,174,821
Other expenses			
Operating expenses		1,504,780	660,373
Workers' Welfare Fund		27,785	47,955
Other charges		-	2,682
Total other expenses		1,532,565	711,010
Profit before provisions		2,031,950	2,463,811
Provisions and write offs - net		698,256	114,142
Profit before taxation		1,333,694	2,349,669
Taxation		520,141	917,459
Profit after taxation		813,553	1,432,210

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

	(Unaudited) March 31, 2022	(Audited) December 31, 2021		
	(Rupees in '000)			
36.1 Due from Financial Institutions				
Call money lendings	3,600,000	24,500,000		
Bai Muajjal receivable from other financial institutions	-	4,171,686		
	<u>3,600,000</u>	<u>28,671,686</u>		
36.2 Investments by segments	March 31, 2022 (Unaudited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	----- (Rupees in '000) -----			
Federal Government securities				
-Ijarah Sukuks	140,163,210	-	(864,292)	139,298,918
-Other Federal Government securities	906,606	-	-	906,606
	<u>141,069,816</u>	<u>-</u>	<u>(864,292)</u>	<u>140,205,524</u>
Non-Government debt securities				
-Listed	46,509,388	-	273,000	46,782,388
-Unlisted	11,855,447	-	24,000	11,879,447
	<u>58,364,835</u>	<u>-</u>	<u>297,000</u>	<u>58,661,835</u>
Total Investments	<u>199,434,651</u>	<u>-</u>	<u>(567,292)</u>	<u>198,867,359</u>
	December 31, 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	----- (Rupees in '000) -----			
Federal Government securities				
-Ijarah Sukuks	119,617,967	-	(537,141)	119,080,826
-Other Federal Government securities	11,810,120	-	-	11,810,120
	<u>131,428,087</u>	<u>-</u>	<u>(537,141)</u>	<u>130,890,946</u>
Non-Government debt securities				
-Listed	47,325,231	-	681,000	48,006,231
-Unlisted	12,924,196	-	43,568	12,967,764
	<u>60,249,427</u>	<u>-</u>	<u>724,568</u>	<u>60,973,995</u>
Total Investments	<u>191,677,514</u>	<u>-</u>	<u>187,427</u>	<u>191,864,941</u>
36.3 Islamic financing and related assets - net	(Unaudited) March 31, 2022	(Audited) December 31, 2021		
	(Rupees in '000)			
Diminishing Musharakah	75,784,213	75,914,470		
Running Musharakah	49,597,731	30,704,784		
Wakalah	11,898,705	10,381,176		
Ijarah	2,020,046	2,095,534		
Murabaha	3,993,953	1,897,123		
Currency Salam	100,000	195,118		
Tijarah	2,055,500	2,058,785		
Istisna	1,488,482	973,605		
Musawamah	419,786	401,370		
Home Financing	7,459,724	5,118,865		
Advance for Diminishing Musharakah	5,237,811	3,573,753		
Advance for Ijarah	2,196,294	1,208,139		
Advance for Murabaha	8,679,497	8,687,338		
Advance for Salam	670,000	1,228,367		
Advance for Istisna	17,036,757	12,886,460		
Advance for Musawamah	39,512	272,258		
Inventories against Murabaha	838,418	2,438,918		
Inventories against Salam	1,920,000	-		
Inventories against Tijarah	3,647,533	3,347,923		
Inventories against Istisna	1,874,878	3,708,194		
Islamic financing and related assets - gross	<u>196,958,840</u>	<u>167,092,180</u>		
Provision against Islamic financing and related assets				
-Specific	(986,587)	(334,402)		
-General	(743,955)	(698,988)		
	<u>(1,730,542)</u>	<u>(1,033,390)</u>		
Islamic financing and related assets - net of provision	<u>195,228,298</u>	<u>166,058,790</u>		

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	(Unaudited) March 31, 2022 (Rupees in '000)	(Audited) December 31, 2021
36.4 Due to financial institutions			
Unsecured acceptances of funds		-	1,000,000
Acceptances from the SBP under:			
- Islamic export refinance scheme		17,928,234	20,029,111
- Islamic long term financing facility		6,994,168	5,892,219
- Islamic financing facility for renewable energy power plants		429,236	336,665
- Islamic refinance facility for modernization of Small & Medium Enterprises (SMEs)		7,040	7,480
- Islamic refinance and credit guarantee scheme for women entrepreneurs		4,827	-
- Islamic refinance scheme for payment of wages and salaries		933,407	1,253,895
- Islamic temporary economic refinance facility		2,768,980	2,866,313
Acceptances from Pakistan Mortgage Refinance Company		175,333	181,985
		<u>29,241,225</u>	<u>31,567,668</u>
36.5 Deposits and other accounts			
Customers			
Current deposits		77,783,278	77,159,559
Savings deposits		128,684,669	124,677,445
Term deposits		34,712,264	37,475,091
		<u>241,180,211</u>	<u>239,312,095</u>
Financial Institutions			
Current deposits		55,713	628,929
Savings deposits		79,060,887	103,455,298
Term deposits		1,646	3,499,046
		<u>79,118,246</u>	<u>107,583,273</u>
		<u>320,298,457</u>	<u>346,895,368</u>
36.6 Islamic Banking business unappropriated profit			
Opening Balance		27,194,762	22,253,744
Add: Islamic Banking profit for the period / year		1,333,694	8,101,754
Less: Taxation		(520,141)	(3,159,684)
Less: Transferred / Remitted to Head Office		(447)	(1,052)
Closing Balance		<u>28,007,868</u>	<u>27,194,762</u>
36.7 Contingencies and commitments			
- Guarantees	36.7.1	4,172,084	3,888,514
- Commitments	36.7.2	48,338,747	52,852,441
		<u>52,510,831</u>	<u>56,740,955</u>
36.7.1 Guarantees:			
Performance guarantees		2,498,302	2,446,959
Other guarantees		1,673,782	1,441,555
		<u>4,172,084</u>	<u>3,888,514</u>
36.7.2 Commitments:			
Trade-related contingent liabilities		39,813,483	34,659,479
Commitments in respect of forward foreign exchange contracts	36.7.2.1	8,525,264	18,192,962
		<u>48,338,747</u>	<u>52,852,441</u>
36.7.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		4,197,956	9,520,227
Sale		4,327,308	8,672,735
		<u>8,525,264</u>	<u>18,192,962</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

		(Unaudited)	
		For the three months ended	
36.8	Profit / return earned	March 31, 2022	March 31, 2021
		(Rupees in '000)	
	On:		
	Financing	4,013,355	2,669,653
	Investments	4,453,081	2,760,973
	Amounts due from financial institutions	216,919	109,649
		<u>8,683,355</u>	<u>5,540,275</u>
36.9	Profit / return expensed		
	On:		
	Deposits and other accounts	3,867,211	2,240,073
	Amounts due to financial institutions	1,510,775	261,284
	Foreign currency deposits for Wa'ad based transactions	-	102
	Lease liability against right-of-use assets	138,925	47,063
		<u>5,516,911</u>	<u>2,548,522</u>
37	NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE		
37.1	The Board of Directors, in its meeting held on April 20, 2022, has declared a cash dividend of Rs 2.25 per share in respect of the quarter ended March 31, 2022 (March 31, 2021: Rs 1.75 per share). These condensed interim consolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.		
38	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, 2022.		
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

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

Salim Raza
Director



CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present the Unconsolidated Financial Statements for the quarter ended March 31, 2022.

Macroeconomic Review

The robust recovery in FY'21, with economic growth lifted to its pre-pandemic level by effective vaccination and expansionary policies, has seen a phase of moderation in FY'22. Nevertheless, GDP growth is expected to be above 4% for FY'22. The LSM index has registered a growth of 7.8% in 8MFY'22 as compared to 2.2% in the same period last year. Mobility indicators have shown strong improvement, indicative of healthy growth in the services sector. However, the impact of the Ukraine-Russia war has sharply impacted global commodity prices, which have emerged as a major risk to economic growth and price levels. Headline inflation increased to 12.7% in Mar'22 despite cuts in petroleum and electricity prices, as core inflation rose in both urban and rural areas. Average inflation for 9MFY'22 was 10.7% vs 8.4% in 9MFY'21; the SBP has further raised its forecast for FY'22 to slightly above 11%.

Led by textiles, Pakistan's exports grew 28% during 8MFY'22; however, despite demand-curtailed measures, imports increased by 50%, led by rising prices, mainly oil. Consequently, the trade deficit for 8MFY'22 has widened to USD 27.3 billion, 70% higher than for the same period last year. On the upside, remittance flows have remained resilient, increasing by 8% in 8MFY'22, to over USD 20 billion and setting a new record of USD 2.8 billion in March 2022. With the strong remittance inflows somewhat alleviating the higher trade deficit, the current account recorded a deficit of USD 12.1 billion in 8MFY'22, compared to a surplus of USD 1.0 billion in 8MFY'21.

The higher deficit has impacted FX reserves which – compounded by external debt repayments and an arbitration settlement payment – have fallen sharply since Feb'22; some of this is a timing difference and is expected to ease with the rollover of bilateral loans. Consequently, the Rupee has devalued by ~4% in Q1'22. The recent political turmoil further roiled currency markets with the currency touching a high of Rs 189/\$ before settling back to March-end levels as the uncertainty has abated.

The equity market had a volatile quarter – bearish sentiment was led by geopolitics, higher inflation, external account pressures and a depreciating rupee. At end-Mar'22, the KSE-100 index was almost flat to Dec'21. The domestic political situation weighed on investors, dampening sentiment; with its resolution, the market has rallied, posting the largest single day gain of 1,700 points, and has now reversed previous losses, returning 4.4% for CY'22.

After signalling intent and keeping rates flat for Q1'22, in early April, SBP hiked the policy rate by 250 basis points to 12.25%. The monetary policy statement highlighted that elevated commodity prices and uncertainty have worsened the outlook for inflation. The SBP pointed out that US rates could rise more quickly than previously anticipated leading to a steeper global tightening. As a result, SBP has recalibrated its stance and: proactively raised the policy rate to achieve mildly positive real rates; increased the interest rate on export refinance also by 2.5%; and increased the number of import items requiring cash margin. Industry advances have remained sluggish since Dec'21, while market deposits have dipped in line with seasonal trends. Industry spreads have remained largely unchanged over last year as higher yields have been offset by higher deposit cost.

Financial Performance

HBL has delivered a profit before tax of Rs 14.1 billion and profit after tax of Rs 8.3 billion with earnings per share of Rs 5.65 in the first quarter of 2022. The results include a one-time severance cost of Rs 2.6 billion on account of a voluntary separation scheme offered by the Bank to its clerical staff, which was opted for by 80% of eligible employees. On a normalized basis, the Bank's profit before tax has increased by 19% to Rs 16.6 billion on the back of continued strong delivery by all business segments.

HBL's balance sheet grew by 5% over December 2021 to Rs 4.3 trillion. Current account mobilization continued, countering seasonal trends, growing to Rs 1.2 trillion, with total deposits at Rs 3.0 trillion. Consequently, the Bank's current account mix improved to 37.1% in March 2022, with the CASA ratio increasing from 80.3% in December 2021 to 82.6% in March 2022. The Bank continues to lend to all sectors of the economy in support of the country's development; its loan portfolio increased by 4% over December 2021 to Rs 1.4 trillion with broad-based growth across businesses from Corporate to Agriculture, the latter reaching a new high of Rs 41 billion. HBL's industry-leading Consumer business grew its book by 8% to over Rs 110 billion.

Total revenue of the Bank increased by 13% over Q1'21 to Rs 42.4 billion driven by robust growth across all income streams. Total average deposits increased by 14%, leading to an over Rs 400 billion growth in the average balance sheet. This drove a 10% rise in net interest income, to Rs 33.2 billion. Fees and commissions continued to deliver stellar performance, growing by 26% over Q1'21 to Rs 6.4 billion with high double-digit growth in cards, consumer finance and trade; the investment in branchless banking is now coming to fruition with Konnect-related businesses delivering sustainable revenue streams, 7 times higher than in Q1'21. Treasury related non-fund income increased by 22%, to Rs 2.7 billion; the primary driver being foreign exchange income which rose to Rs 2.0 billion in Q1'22 on the back of higher customer sales. As a result, total non-fund income of the Bank witnessed an increase of 25% to Rs 9.2 billion.

Administrative expenses (excluding severance) increased by Rs 3.2 billion to Rs 24.5 billion; apart from inflationary increases, expenses were impacted by rupee devaluation, higher marketing spend and revenue-driven transactional costs. Demonstrating its commitment to giving back to the community, the endowment fund of the HBL Foundation was doubled to Rs 100 million, while the annual contribution was raised by 50%, to 1.5% of post-tax profits. Total provisions have reduced by 54% to Rs 0.8 billion and mainly emanate from subjective provisioning. The infection ratio remained well-managed at 5.2% with strong coverage of over 100%.

Movement in Reserves

	Rupees in million
Unappropriated profit brought forward	148,392
Profit after tax	8,295
Transferred from surplus on revaluation of assets – net of tax	16
	8,311
Profit available for appropriation	156,703
Appropriations:	
Transferred to statutory reserves	(830)
Cash dividend – Final 2021	(3,300)
Total appropriations	(4,130)
Unappropriated profit carried forward	152,573
Earnings per share (Rupees)	5.65

Capital Ratios

The Bank's Capital Adequacy Ratio (CAR) was impacted by the Rupee devaluation (which alone caused a reduction of 13 bps) and the continued growth in advances. The unconsolidated Tier 1 CAR was 13.06% compared to 13.39% in December 2021, while total CAR was 16.35%.

Dividend

The Board of Directors, in its meeting held on April 20, 2022, has declared an interim cash dividend of Rs 2.25 per share (22.5%) for the quarter ended March 31, 2022.

Future Outlook

The Pakistan economy is facing headwinds from a variety of sources, some of which are short-term in nature, whereas others may prove to be more structural. This urgently calls for well-designed and coherent policy-planning, and resolute implementation thereof.

The commodities super-cycle has been exacerbated by the Russia-Ukraine war; the two countries account for 10% of global oil production and 30% of traded wheat. The impact on Pakistan is wide-ranging, affecting the external account, inflation and the fiscal deficit. Oil prices had already been elevated on the eve of the conflict and the medium-term trajectory is likely to be a rising one. Wheat prices are now at 50% above last year; Pakistan's projected import of over 3 million Tonnes will further add to the Current Account deficit. The government will quickly have to shore up reserves, to alleviate further pressure on the rupee and its knock-on effects on inflation.

The IMF is waiting to restart negotiations with the incoming government. Resumption of the EFF is crucial and the new coalition has made all the right statements in this regard, but will need to push through measures that will be deemed by the public as harsh – including a massive hike in fuel and electricity prices to revert to the advised levels. This will add not only to immediate short-term inflationary pressures but also to second and third-order effects as the increase in transport and fuel costs ripple across the economy.

HBL has started 2022 with a strong quarter – Insha Allah a precursor to an even better year than 2021. As always, these results are a testament to the faith placed in us by our customers. We continue to create landmarks in our digital journey, processing Rs 2.8 trillion in Q1'22 alone, accelerating customer acquisition and adoption and delivering unique products and alliances for their benefit. We continue to partner with the Government across every aspect of the economy and were recently designated by the SBP as the "Champion Bank for Balochistan" to lead the banking industry and enhance agricultural credit and financial inclusion in the province. Our agricultural interventions continue to transform Pakistan's

rural economy, and these will be mainstreamed in 2022. We remain the recognized thought leader in ESG initiatives, making strides in environmental protection, and have announced a goal of “net-zero” by 2030. With women making up 20% of our workforce, we are walking the talk on diversity – recently we opened our first all-women branch in Hyderabad. We anticipate an even better year and look forward to sharing with you continued progress on our ambitious agenda of being Pakistan’s pre-eminent financial institution.

Appreciation and Acknowledgement

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

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

Lastly, but certainly not the least, we express our deepest appreciation and gratitude to our employees and their families, especially in customer facing units and branches who, over the last 2 years of this pandemic, braved hazardous conditions to ensure that our customers were able to meet their critical needs. They continue to go the extra mile; they are our heroes and heroines and we salute them for their dedication and tireless efforts.

On behalf of the Board

Muhammad Aurangzeb
President & Chief Executive Officer

Moez Ahamed Jamal
Director

April 20, 2022

ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2022 کو ختم ہونے والی پہلی سہ ماہی کے مختصر عبوری غیر مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

مالی سال 21 میں بحالی و استحکام، موثر و یکس نیشن اور توسیعی پالیسیوں کی بدولت معاشی ترقی و بقاء سے پہلے کی سطح پر لانے کے ساتھ، مالی سال 22 میں اعتدال کا دور دیکھنے میں آیا ہے۔ اس کے باوجود مالی سال 22 میں GDP کی شرح نمو 4% سے زیادہ رہنے کی توقع ہے۔ LSM انڈیکس نے مالی سال 22 کے 8 ماہ میں 7.8% نمو رجسٹر کی ہے جو پچھلے سال اسی مدت میں 2.2% رہی۔ نقل و حرکت کے اشاریوں میں واضح بہتری خدمات کے شعبے میں صحت افزا ترقی کی علامت ہے۔ تاہم، یوکرین-روس کی جنگ سے اجناس کی عالمی قیمت پر گہرے اثرات مرتب ہوئے ہیں، جو اقتصادی ترقی اور قیمتوں کی سطح کے لیے ایک بڑے خطرے کے طور پر سامنے آئے ہیں۔ پیٹرولیم اور بجلی کی قیمتوں میں کمی کے باوجود مارچ 22 میں شہری اور دیہی دونوں علاقوں میں بنیادی افراط زر بڑھنے سے عمومی افراط زر بھی بڑھ کر 12.7% ہو گئی۔ مالی سال 22 کے 9 ماہ کے لیے اوسط افراط زر مالی سال 21 کے 9 ماہ میں 8.4% کے مقابلے میں 10.7% رہی؛ اسٹیٹ بینک نے مالی سال 22 کے لیے اپنی پیش گوئی کو معمولی سا بڑھا کر 11% کر دیا ہے۔

ٹیکسٹائل کے شعبے کی سرکردگی میں مالی سال 22 کے 8 ماہ کے دوران پاکستان کی برآمدات میں 28% اضافہ ہوا؛ تاہم، بڑھتی ہوئی مہنگائی خاص طور پر تیل کی قیمت میں اضافے سے مانگ میں کمی کے اقدامات کے باوجود، درآمدات میں 50% اضافہ ہوا۔ نتیجتاً، مالی سال 22 کے 8 ماہ کے لیے تجارتی خسارہ بڑھ کر 27.3 ارب امریکی ڈالر ہو گیا، جو پچھلے سال کی اسی مدت کے مقابلے میں 70% زائد ہے۔ مثبت پہلو یہ ہے کہ ترسیلات زر کا بہاؤ مستحکم رہا، جو کہ مالی سال 22 کے 8 ماہ میں 8% اضافے سے 20 ارب امریکی ڈالر سے زائد ہو کر مارچ 2022 میں 2.8 ارب امریکی ڈالر کا نیاریکارڈ بنا گیا۔ مضبوط ترسیلات زر سے کسی حد تک تجارتی خسارے میں کمی آئی، کرنٹ اکاؤنٹ نے مالی سال 22 کے 8 ماہ میں 12.1 ارب امریکی ڈالر کا خسارہ ریکارڈ کیا، جو مالی سال 21 کے 8 ماہ کے مقابلے میں 1.0 ارب امریکی ڈالر سرپلس تھا۔

زیادہ خسارے سے FX کے ذخائر متاثر ہوئے جو بیرونی قرضوں کی ادائیگی اور ثالثی کی سیٹلمنٹ پینٹ سے مل کر فروری 22 سے تیزی سے گرنے شروع ہوئے۔ اس میں سے کچھ وقتی تضاد ہے جس میں دوطرفہ قرضوں کے رول اوور کے ساتھ آسانی کی توقع ہے۔ نتیجتاً، سال 22 کی پہلی سہ ماہی میں روپے کی قدر میں 4% کمی واقع ہوئی۔ حالیہ سیاسی بحران نے کرنسی مارکیٹوں کی بنیادیں ہلا دی ہیں، کرنسی مارچ کی اختتامی سطح پر واپسی سے قبل 189 / \$ کی بلند ترین سطح کو چھو گئی ہے کیونکہ غیر یقینی صورتحال میں کمی ہوئی ہے۔

ایکویٹی مارکیٹ کے لیے یہ ایک غیر مستحکم سہ ماہی رہی جہاں جیو پو لینکس، زیادہ افراط زر، بیرونی کھاتوں کے دباؤ اور روپے کی قدر میں کمی کی وجہ سے جذبات مدہم رہے۔ مارچ 22 کے آخر میں، KSE-100 انڈیکس دسمبر 21 کی سطح تک تقریباً ہموار رہا۔ ملکی سیاسی صورتحال نے سرمایہ کاروں پر بوجھ ڈالا، جذبات کو سرد کر دیا۔ لیکن اپنی قرارداد کے ساتھ، مارکیٹ میں تیزی آئی ہے، جس نے 1700 پوائنٹس کا ایک دن کاسب سے بڑا منافع کر کے پچھلے نقصانات کو الٹا دیا ہے، جو رواں سال 22 کے لیے 4.4% پر لوٹ آیا ہے۔

ارادے کے اظہار اور 22 کی پہلی سہ ماہی کے لیے شرح ہموار رکھنے کے بعد، اپریل کے آغاز میں، SBP نے پالیسی ریٹ میں 250 بیس پوائنٹس اضافے سے بڑھا کر 12.25% کر دیا۔ مانیٹرنگ پالیسی کے بیان میں اس بات پر روشنی ڈالی گئی کہ اجناس کی قیمت میں اضافہ اور غیر یقینی صورتحال نے افراط زر کے امکانات مزید خراب کر دیے ہیں۔ SBP نے نشاندہی کی کہ امریکی شرح گزشتہ توقعات سے کہیں زیادہ تیزی سے بڑھ سکتی ہے جس سے عالمی سطح پر سخت تنگی ہوگی۔ نتیجتاً، SBP نے اپنے موقف پر نظر ثانی کرتے ہوئے قدرے مثبت حقیقی شرح حاصل کرنے کے لیے پالیسی کی شرح مستعدی سے بڑھادی ہے۔ ایکسپورٹ ری فنانس پر سود کی شرح میں بھی 2.5% اضافہ اور کیش مارجن رکھنے والی درآمدی اشیاء کی تعداد میں اضافہ کیا ہے۔ سال 21 کے دسمبر سے صنعتی قرضہ جات سست روی کا شکار ہیں، جبکہ مارکیٹ ڈپازٹس موسمی رجحانات کے مطابق کم ہوئے ہیں۔ انڈسٹری اسپریڈز میں پچھلے سال سے کوئی تبدیلی نہیں ہوئی ہے کیونکہ زیادہ پیداوار زیادہ ڈپازٹ کی لاگت سے پوری ہو گئی ہے۔

مالیاتی کارکردگی

HBL نے 2022 کی پہلی سہ ماہی میں 14.1 ارب روپے قبل از ٹیکس منافع اور 8.3 ارب روپے بعد از ٹیکس منافع دیا ہے۔ سال 22 کی پہلی سہ ماہی میں فی حصص آمدنی 5.65 روپے ہو گئی۔ بینک کی جانب سے اپنے کلریکل اسٹاف کو پیش کردہ رضاکارانہ علیحدگی کی اسکیم کے باعث 2.6 ارب روپے کی ایک بار علیحدگی کی لاگت شامل ہے، جسے 80% اہل ملازمین نے قبول کیا۔ تمام کاروباری سیکٹنس کی مسلسل بہترین کارکردگی کی وجہ سے معمول کے مطابق بینک کا قبل از ٹیکس منافع 19% بڑھ کر 16.6 ارب روپے ہو گیا۔

HBL کی بیلنس شیٹ دسمبر 2021 کے مقابلے میں 5% سے بڑھ کر 4.3 کھرب روپے ہو گئی۔ موسمی رجحانات کا مقابلہ کرتے ہوئے کرنٹ اکاؤنٹ کی نقل و حرکت جاری رہی، 1.2 کھرب روپے کی بڑھوتری کے ساتھ کل ڈپازٹس 3.0 کھرب روپے ہو گئے۔ نتیجتاً، بینک کا کرنٹ اکاؤنٹ کس مارچ 2022 میں بہتر ہو کر 37.1% ہو گیا، CASA کا تناسب دسمبر 2021 میں 80.3% سے بڑھ کر مارچ 2022 میں 82.6% ہو گیا۔ ملکی ترقی کے لیے بینک معیشت کے تمام شعبوں کو قرض دینا جاری رکھے ہوئے ہے۔ اس کالون پورٹ فولیو دسمبر 2021 کے مقابلے میں 4% بڑھ کر 1.4 کھرب روپے تک پہنچ گیا جس میں کارپوریٹ سے زراعت تک کاروباروں میں وسیع البیناد ترقی ہوئی، جو بعد میں 41 ارب روپے کی نئی بلند ترین سطح پر پہنچ گئی۔ HBL کے صنعت کی قیادت کرنے والے معروف کمزور بزنس نے اپنا کھاتہ 8% اضافے سے 110 ارب روپے سے زائد کر دیا۔

آمدنی کے تمام دھاروں میں مستحکم ترقی کے سبب بینک کے کل محصول 21 کی پہلی سہ ماہی کے مقابلے میں 13% بڑھ کر 42.4 ارب روپے تک پہنچ گئے۔ مجموعی اوسط ڈپازٹس میں 14% اضافے سے اوسط بیلنس شیٹ میں 400 ارب روپے کا اضافہ ہوا۔ اس سے خالص منافع جاتی آمدن میں 10% اضافہ ہوا، جو 33.2 ارب روپے تک پہنچ گئی۔ فیس اور

کمیشن نے شاندار کارکردگی جاری رکھی، 21 کی پہلی سہ ماہی کے مقابلے میں 26% بڑھ کر 6.4 ارب روپے ہو گیا جس میں کارڈز، کنزومر فنانس اور تجارت میں دوہرے ہندسوں کی اعلیٰ ترقی شامل ہے۔ برانچ لیس بینکنگ میں سرمایہ کاری اب شرمبار ہو رہی ہے، جس میں کنیکٹ سے متعلقہ کاروبار مستحکم محصول دے رہے ہیں، جو 21 کی پہلی سہ ماہی کے مقابلے میں 7 گنا زیادہ ہے۔ ٹریڈری سے متعلق نان فنڈ آمدنی 22% بڑھ کر 2.7 ارب روپے ہو گئی۔ بنیادی محرک غیر ملکی زرمبادلہ کی آمدنی ہے جو زیادہ کسٹریبلز کی وجہ سے 22 کی پہلی سہ ماہی میں بڑھ کر 2.0 ارب روپے تک پہنچ گئی۔ اس کے نتیجے میں، بینک کی کل نان فنڈ آمدنی 25% اضافے کے ساتھ 9.2 ارب روپے تک پہنچ گئی۔

انتظامی اخراجات (علیحدگی کو چھوڑ کر) 3.2 ارب روپے سے بڑھ کر 24.5 ارب روپے ہو گئے۔ افراط زر میں اضافے کے علاوہ، اخراجات روپے کی قدر میں کمی، زیادہ مارکیٹنگ کے خرچ اور محصول پر مبنی لین دین کی لاگت سے متاثر ہوئے۔ معاشرے کو لوٹانے کے عزم کا مظاہرہ کرتے ہوئے، HBL فاؤنڈیشن کے انڈومنٹ فنڈ کو دو گنا کر کے 100 ملین روپے کر دیا گیا، جبکہ سالانہ شراکت کو 50% بڑھا کر بعد از ٹیکس منافع کا 1.5% کر دیا گیا۔ کل پروڈونز 54% کم ہو کر 0.8 ارب روپے رہ گئے ہیں جو بنیادی طور پر سبجیکٹ پروڈونز سے نکلے ہیں۔ 100% سے زیادہ کی مضبوط کوریج کے ساتھ انفیکشن کا تناسب 5.2% پر بہتر طور سے سنبھلا رہا۔

ذخائر میں اتار چڑھاؤ

ملین روپے

148,392

افتتاحی غیر تخصیص شدہ منافع

8,295

16

منافع بعد از محصول

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

8,311

156,703

مناسب کارروائی کے لیے دستیاب منافع

(830)

(3,300)

(4,130)

152,573

مختلف مدوں میں رکھی گئی رقم:

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ۔ حتیٰ 2021

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

5.65

فی حصص (شیر) آمدنی (روپے)

سرمائے کا تناسب

روپے کی قدر میں کمی (جس سے 13bps کمی آئی) اور قرضہ جات کی مد میں اضافے کی وجہ سے بینک کا کیپٹل ایڈیکویٹی ریشو (CAR) متاثر ہوا۔ نتیجتاً غیر مجموعی، Tier1 CAR، 13.39% سے کم ہو کر دسمبر 2021 کے مقابلے میں 13.06% رہ گیا۔ جبکہ کل CAR 16.35% ہو گیا۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 20 اپریل 2022 کو منعقد ہونے والے اجلاس میں 31 مارچ 2022 کو اختتام پذیر ہونے والی سہ ماہی کے لیے 2.25 روپے فی حصص (22.5%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

مستقبل کی صورت حال

پاکستانی معیشت مختلف ماخذات سے مشکلات کا مقابلہ کر رہی ہے، جن میں سے کچھ قلیل المیعاد، جب کہ دیگر ساختی نوعیت کے ثابت ہو سکتے ہیں۔ یہ فوری طور پر بہترین وضع کردہ اور مربوط پالیسی سازی کے ساتھ اس پر سختی سے عمل درآمد کا متقاضی ہے۔

روس یوکرین جنگ کی وجہ سے اشیاء کی سپر سائیکل میں اضافہ ہوا ہے۔ یہ دونوں ممالک تیل کی عالمی پیداوار کا 10% اور تجارتی گندم کا 30% حصہ رکھتے ہیں۔ پاکستان ان سے وسیع پیمانے پر متاثر ہوا ہے، یہ اثرات بیرونی کھاتے، افراط زر اور مالیاتی خسارے پر مرتب ہوئے ہیں۔ تنازعہ کے وقت ہی تیل کی قیمتیں بڑھ چکی تھیں اور وسط میں بھی بڑھنے کا امکان ہے۔ گندم کی قیمتیں اب پچھلے سال سے 50% زیادہ ہیں۔ پاکستان کی 30 لاکھ ٹن سے زائد کی متوقع درآمد کرنٹ اکاؤنٹ خسارے میں مزید اضافہ کرے گی۔ روپے پر مزید دباؤ اور افراط زر پر اس کے اثرات کم کرنے کے لیے حکومت کو تیزی سے ذخائر میں اضافہ کرنا ہو گا۔

IMF نئی حکومت کے ساتھ دوبارہ مذاکرات کا انتظار کر رہا ہے۔ EFF کا آغاز نو انتہائی اہم ہے اور نئے اشتراک نے اس حوالے سے سارے درست بیانات دیے ہیں، لیکن اب انہیں ایسے اقدامات کی ضرورت ہوگی جو عوام کو سخت محسوس ہوں گے؛ جیسے ایندھن اور بجلی کی قیمتوں میں تجویز کردہ سطح تک شدید اضافہ۔ یہ نہ صرف فوری طور پر قلیل المیعاد افراتفر کے دباؤ میں اضافہ کرے گا بلکہ دوسرے اور تیسرے درجے تک اثرات میں بھی اضافہ کرے گا کیونکہ ٹرانسپورٹ اور ایندھن کی قیمت میں اضافہ پوری معیشت میں سرایت کرتا ہے۔

HBL نے 2022 کا آغاز ایک مستحکم سہ ماہی سے کیا ہے۔ انشاء اللہ یہ 2021 سے بھی بہتر سال کا عکاس ہوگا۔ ہمیشہ کی طرح یہ نتائج ہمارے کسٹمر کے ہم پر اعتماد کا ثبوت ہیں۔ ہم اپنے ڈیجیٹل سفر میں نقش قدم چھوڑتے رہے ہیں، صرف 22 کی پہلی سہ ماہی میں 2.8 کھرب روپے کی پروسیسنگ کی گئی ہے، کسٹمر کے حصول اور اپنانے میں تیزی اور فائدے کے لیے منفرد مصنوعات اور اشتراک فراہم کیے گئے۔ ہم ہر اقتصادی پہلو میں حکومت کے ساتھ شراکت داری جاری رکھے ہوئے ہیں اور حال ہی میں ہمیں SBP کی جانب سے بینکنگ انڈسٹری کی قیادت اور صوبے میں زرعی قرضے اور مالی شمولیت بڑھانے کے لیے ”چیمپین پیکنگ برائے بلوچستان“ کے طور پر نامزد کیا گیا ہے۔ ہماری زرعی شعبے میں پیش رفت پاکستان کی دیہی معیشت کو بدلتی رہے گی اور یہ 2022 میں مرکزی دھارے میں شامل ہو جائے گی۔ ہم باحوالیاتی تحفظ میں پیش قدمی کرتے ہوئے ESG کے اقدامات میں ایک تسلیم شدہ دانشمند رہنما ہیں، اور 2030 تک ”نیٹ-زیرو“ کے ہدف کا اعلان کرتے ہیں۔ خواتین ہماری افرادی قوت کا 20% ہیں، ہم تنوع پر بات ہی نہیں کرتے اس کا عملی مظاہرہ بھی کر رہے ہیں حال ہی میں ہم نے حیدرآباد میں اپنی پہلی خواتین بینک برانچ کھولی ہے جس میں تمام عملہ خواتین پر مشتمل ہے۔ ہم ایک مزید بہتر سال کی امید رکھتے ہیں اور پاکستان کا معروف مالیاتی ادارہ ہونے کے پرعزم ایجنڈے پر عمل کی مسلسل کوشش میں آپ کے ساتھ ہیں۔

اظہارِ تشکر

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

ہم اپنے کسٹمرز کے احسان مند ہیں جو اپنے کاروبار اور اعتماد کے ذریعے اپنا بھرپور سہارا جاری رکھے ہوئے ہیں۔ ہمارے شیئرز ہولڈرز نے ثابت قدمی سے ہمارا ساتھ دیا اور ان کے ساتھ ہم تمام اسٹیک ہولڈرز کے بھی انتہائی شکر گزار ہیں۔ بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پرعزم 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 یونٹس اور برانچوں میں موجود عملے کے شکر گزار ہیں، جنہوں نے ان دو سالوں میں خطرناک وبائی حالات میں بہادری کا مظاہرہ کرتے ہوئے بحران کے اس وقت میں ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنائی۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم ان کے عزم اور انتھک محنت کے لیے انھیں خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ

معزز احمد جمال
ڈائریکٹر

محمد اورنگزیب
صدر اور چیف ایگزیکٹو آفیسر

20 اپریل 2022ء

CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	January 01 to March 31, 2022	January 01 to March 31, 2021
----- (Rupees in '000) -----			
Mark-up / return / profit / interest earned	22	80,871,586	59,610,482
Mark-up / return / profit / interest expensed	23	47,710,490	29,548,094
Net mark-up / return / profit / interest income		33,161,096	30,062,388
Non mark-up / interest income			
Fee and commission income	24	6,445,618	5,114,018
Dividend income		597,984	336,364
Foreign exchange income		2,016,960	824,846
(Loss) / income from derivatives		(151,640)	1,179,287
Gain / (loss) on securities - net	25	198,314	(166,887)
Other income	26	97,495	87,107
Total non mark-up / interest income		9,204,731	7,374,735
Total income		42,365,827	37,437,123
Non mark-up / interest expenses			
Operating expenses	27	27,078,007	21,350,144
Workers' Welfare Fund		281,761	317,218
Other charges	28	159,367	42,233
Total non mark-up / interest expenses		27,519,135	21,709,595
Profit before provisions and taxation		14,846,692	15,727,528
Provisions / (reversals) and write offs - net	29	786,708	1,727,467
Profit before taxation		14,059,984	14,000,061
Taxation	30	5,764,963	5,702,139
Profit after taxation		8,295,021	8,297,922
----- (Rupees) -----			
Basic and diluted earnings per share	31	5.65	5.66

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

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

Salim Raza
Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	January 01 to March 31, 2022	January 01 to March 31, 2021
	----- (Rupees in '000) -----	
Profit after taxation for the period	8,295,021	8,297,922
Other comprehensive 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	(430,242)	(2,858,132)
Movement in surplus / deficit on revaluation of investments - net of tax	(8,375,378)	(3,740,500)
Total comprehensive (loss) / income	<u>(510,599)</u>	<u>1,699,290</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

Raymond Kotwal
Chief Financial Officer

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

Salim Raza
Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Share capital	Reserves			Surplus / (deficit) on revaluation of		Unappropriated profit	Total
		Statutory	Capital		Investments	Fixed / Non-banking assets		
			Exchange Translation	Non-distributable				
(Rupees in '000)								
Balance as at December 31, 2020	14,668,525	36,616,227	25,877,296	547,115	8,470,042	27,282,814	129,262,746	242,724,765
Comprehensive income for the three months ended March 31, 2021								
Profit after taxation for the three months ended March 31, 2021	-	-	-	-	-	-	8,297,922	8,297,922
Other comprehensive income / (loss)								
Effect of translation of net investment in foreign branches - net of tax	-	-	(2,858,132)	-	-	-	-	(2,858,132)
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(3,740,500)	-	-	(3,740,500)
	-	-	(2,858,132)	-	(3,740,500)	-	8,297,922	1,699,290
Transferred to statutory reserve	-	829,792	-	-	-	-	(829,792)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(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	4,729,542	27,267,118	132,346,016	240,023,499
Comprehensive income for the nine months ended December 31, 2021								
Profit after taxation for the nine months ended December 31, 2021	-	-	-	-	-	-	25,973,572	25,973,572
Other comprehensive income / (loss)								
Effect of translation of net investment in foreign branches - net of tax	-	-	6,315,503	-	-	-	-	6,315,503
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	206,025	206,025
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(6,774,904)	132,680	-	(6,642,224)
	-	-	6,315,503	-	(6,774,904)	132,680	26,179,597	25,852,876
Transferred to statutory reserve	-	2,597,357	-	-	-	-	(2,597,357)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(165,191)	165,191	-
Exchange gain realised on partial repatriation of branch capital - net of tax	-	-	(246,489)	-	-	-	-	(246,489)
Transactions with owners, recorded directly in equity								
1st interim cash dividend - Rs 1.75 per share	-	-	-	-	-	-	(2,566,992)	(2,566,992)
2nd interim cash dividend - Rs 1.75 per share	-	-	-	-	-	-	(2,566,992)	(2,566,992)
3rd interim cash dividend - Rs 1.75 per share	-	-	-	-	-	-	(2,566,992)	(2,566,992)
	-	-	-	-	-	-	(7,700,976)	(7,700,976)
Balance as at December 31, 2021	14,668,525	40,043,376	29,088,178	547,115	(2,045,362)	27,234,607	148,392,471	257,928,910
Comprehensive income for the three months ended March 31, 2022								
Profit after taxation for the three months ended March 31, 2022	-	-	-	-	-	-	8,295,021	8,295,021
Other comprehensive loss								
Effect of translation of net investment in foreign branches - net of tax	-	-	(430,242)	-	-	-	-	(430,242)
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(8,375,378)	-	-	(8,375,378)
	-	-	(430,242)	-	(8,375,378)	-	8,295,021	(510,599)
Transferred to statutory reserve	-	829,502	-	-	-	-	(829,502)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(15,592)	15,592	-
Transactions with owners, recorded directly in equity								
Final cash dividend - Rs 2.25 per share declared subsequent to the year ended December 31, 2021	-	-	-	-	-	-	(3,300,418)	(3,300,418)
Balance as at March 31, 2022	14,668,525	40,872,878	28,657,936	547,115	(10,420,740)	27,219,015	152,573,164	254,117,893

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Raymond Kotwal
Chief Financial Officer

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

Salim Raza
Director

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

January 01 to
March 31,
2022
(Rupees in '000)

	January 01 to March 31, 2022	January 01 to March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,059,984	14,000,061
Dividend income	(597,984)	(336,364)
Mark-up / return / profit / interest expensed on subordinated debt	368,454	375,458
	<u>(229,530)</u>	<u>39,094</u>
	13,830,454	14,039,155
Adjustments:		
Depreciation	1,637,054	1,483,320
Amortisation	365,853	213,532
Depreciation on right-of-use assets	765,137	838,251
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	660,800	527,127
Reversal of provision for diminution in value of investments	(261,033)	(735,707)
Provision against loans and advances	1,930,826	2,829,070
Provision / (reversal of provision) against other assets	173,163	(235,590)
(Reversal of provision) / provision against off-balance sheet obligations	(952,541)	82,222
Unrealised gain / (loss) on held-for-trading securities	196,164	(1,038)
Exchange gain realised on liquidation of subsidiary	-	(13,354)
(Gain) / loss on sale of fixed assets - net	(19,634)	1,149
Workers' Welfare Fund	281,761	317,218
	<u>4,777,550</u>	<u>5,306,200</u>
	18,608,004	19,345,355
(Increase) / decrease in operating assets		
Lendings to financial institutions	847,082	(28,321,612)
Held-for-trading securities	(96,311,258)	(23,992,678)
Advances	(56,480,656)	12,478,145
Other assets (excluding advance taxation)	(12,260,065)	35,680
	<u>(164,204,897)</u>	<u>(39,800,465)</u>
Increase / (decrease) in operating liabilities		
Bills payable	22,210,592	(2,510,602)
Borrowings from financial institutions	358,522,945	(259,481,324)
Deposits and other accounts	(205,067,377)	(39,279,832)
Other liabilities	22,875,959	14,051,221
	<u>198,542,119</u>	<u>(287,220,537)</u>
	52,945,226	(307,675,647)
	<u>(5,858,171)</u>	<u>(4,712,538)</u>
	47,087,055	(312,388,185)
Income tax paid		
Net cash flows generated from / (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(152,772,137)	262,235,614
Net investment in held-to-maturity securities	15,136,085	(18,070,221)
Net investment in subsidiaries	(208,941)	212,273
Net investment in associates	-	88,398
Dividend received	430,765	73,353
Investments in fixed assets	(3,460,448)	(3,600,371)
Investments in intangible assets	(839,782)	(561,480)
Proceeds realised on liquidation of subsidiary	-	36,590
Proceeds from sale of fixed assets	23,772	12,001
Effect of translation of net investment in foreign branches - net of tax	(430,242)	(2,858,132)
Net cash flows (used in) / generated from investing activities	<u>(142,120,928)</u>	<u>237,568,025</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of subordinated debt	-	(9,982,000)
Payment of mark-up on subordinated debt	(365,220)	(659,519)
Payment of lease liability against right-of-use assets	(905,136)	(1,175,190)
Dividend paid	(1,179,837)	(1,403)
Net cash flows used in financing activities	<u>(2,450,193)</u>	<u>(11,818,112)</u>
Decrease in cash and cash equivalents during the period	<u>(97,484,066)</u>	<u>(86,638,272)</u>
Cash and cash equivalents at the beginning of the period	439,352,451	390,217,855
Effect of exchange rate changes on cash and cash equivalents	2,352,617	(3,806,387)
	<u>441,705,068</u>	<u>386,411,468</u>
Cash and cash equivalents at the end of the period	<u>344,221,002</u>	<u>299,773,196</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

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

Salim Raza
Director

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

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, Blue Area, Islamabad and its principal office is at HBL Tower, Plot # G-4, KDA Scheme 5, Block 7, Clifton, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,664 (December 31, 2021: 1,648) branches inside Pakistan including 271 (December 31, 2021: 259) Islamic Banking Branches and 37 (December 31, 2021: 37) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A. (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

- 1.1 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.
- 1.2 The Bank has decided to exit its operations in Mauritius and is considering various options regarding the same.
- 1.3 The Bank has commenced an orderly wind-down of its Lebanon operations. Formalities for completion of the wind-down are underway.
- 1.4 The Bank has entered into an agreement to purchase the entire shareholding of the minority shareholder of HABL, amounting to 9.50% of HABL's share capital. Post acquisition, HABL will become a wholly owned subsidiary of the Bank.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

- 2.2 The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim unconsolidated financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2021.

2.3 New standards and amendments to existing accounting and reporting standards that have become effective in the current year

As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, IFRS 9, Financial Instruments has been made applicable to banks in Pakistan from January 01, 2022. The impact on the Bank's financial statements is being assessed as final implementation guidelines are awaited.

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

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

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

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

2.5 Critical accounting estimates and judgements

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2021, except the following:

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

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

	March 31, 2023	March 31, 2022
	(Rupees in '000)	
Decrease in information technology expenses - depreciation	<u>11,729</u>	<u>28,429</u>

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those followed in the preparation of the unconsolidated financial statements for the year ended December 31, 2021.

4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2021.

5 CASH AND BALANCES WITH TREASURY BANKS

	(Unaudited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
In hand		
Local currency	43,471,012	46,849,289
Foreign currencies	<u>5,746,885</u>	<u>5,167,639</u>
	<u>49,217,897</u>	<u>52,016,928</u>
With State Bank of Pakistan in		
Local currency current accounts	<u>106,939,259</u>	143,740,748
Local currency special deposit account	<u>3,147,877</u>	2,531,227
Foreign currency current accounts	<u>8,924,013</u>	8,637,953
Foreign currency deposit accounts	<u>19,541,857</u>	18,104,962
	<u>138,553,006</u>	173,014,890
With other Central Banks in		
Foreign currency current accounts	<u>32,000,467</u>	34,242,436
Foreign currency deposit accounts	<u>15,440,196</u>	12,755,756
	<u>47,440,663</u>	46,998,192
With National Bank of Pakistan in local currency current accounts	<u>85,129,785</u>	137,197,419
National Prize Bonds	<u>191,721</u>	301,451
	<u>320,533,072</u>	<u>409,528,880</u>

6 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	49,889	65
Outside Pakistan		
In current accounts	<u>15,344,786</u>	25,295,629
In deposit accounts	<u>8,293,255</u>	6,880,494
	<u>23,638,041</u>	32,176,123
	<u>23,687,930</u>	<u>32,176,188</u>

7 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	11,836,955	24,600,000
Repurchase agreement lendings (reverse repo)	81,058,395	64,970,746
Bai Muajjal receivable from other financial institutions	-	4,171,686
	<u>92,895,350</u>	<u>93,742,432</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

8	INVESTMENTS	Note	March 31, 2022 (Unaudited)				December 31, 2021 (Audited)			
			Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1	Investments by type		(Rupees in '000)							
	Held-for-trading (HFT) securities									
	Federal Government securities									
	- Market Treasury Bills		190,960,256	-	(220,914)	190,739,342	111,463,172	-	(31,502)	111,431,670
	- Pakistan Investment Bonds		106,743,479	-	43,369	106,786,848	92,201,740	-	110,414	92,312,154
	Shares									
	- Listed companies		313,501	-	(29,360)	284,141	332,860	-	(24,270)	308,590
	Foreign securities									
	- Government debt securities		2,675,922	-	10,741	2,686,663	316,867	-	12,619	329,486
			300,693,158	-	(196,164)	300,496,994	204,314,639	-	67,261	204,381,900
	Available-for-sale (AFS) securities									
	Federal Government securities									
	- Market Treasury Bills		344,275,122	-	(1,852,544)	342,422,578	274,430,197	-	121,938	274,552,135
	- Pakistan Investment Bonds		859,810,037	-	(10,000,841)	849,809,196	801,894,166	-	(4,790,129)	797,104,037
	- Ijarah Sukuks		140,163,210	-	(864,292)	139,298,918	119,617,967	-	(537,141)	119,080,826
	- Government of Pakistan US Dollar Bonds		18,842,406	(348,806)	(3,439,179)	15,054,421	15,473,165	(347,350)	458,144	15,583,959
	- Other Federal Government securities		906,606	-	-	906,606	1,016,120	-	-	1,016,120
	Shares									
	- Listed companies		7,883,580	(1,717,196)	272,629	6,439,013	8,170,830	(1,962,154)	427,255	6,635,931
	- Unlisted companies		5,372,623	(93,900)	-	5,278,723	5,372,623	(91,009)	-	5,281,614
	Non-Government debt securities									
	- Listed		51,639,294	(100,060)	(961,556)	50,577,678	51,499,951	(78,236)	638,300	52,060,015
	- Unlisted		1,814,233	(413,232)	24,000	1,425,001	1,648,381	(247,381)	24,000	1,425,000
	Foreign securities									
	- Government debt securities		58,984,516	(295,295)	(299,591)	58,389,630	58,024,162	(288,791)	112,561	57,847,932
	- Non-Government debt securities - Listed		7,214,566	(33,034)	(96,122)	7,085,410	6,958,115	(37,019)	70,385	6,991,481
	- Equity securities - Unlisted		6,339	(158)	-	6,181	6,318	(156)	-	6,162
	National Investment Unit Trust units		11,113	-	34,816	45,929	11,113	-	35,335	46,448
	Real Estate Investment Trust units		55,000	-	19,700	74,700	55,000	-	5,800	60,800
	Preference shares									
	- Listed		744,400	-	79,800	824,200	744,400	-	80,500	824,900
	- Unlisted		176,985	(149,013)	-	27,972	176,985	(150,075)	-	26,910
			1,497,900,030	(3,150,694)	(17,083,180)	1,477,666,156	1,345,099,493	(3,202,171)	(3,353,052)	1,338,544,270
	Held-to-maturity (HTM) securities	8.2								
	Federal Government securities									
	- Pakistan Investment Bonds		285,596,732	-	-	285,596,732	285,512,630	-	-	285,512,630
	- Other Federal Government securities		-	-	-	-	10,794,000	-	-	10,794,000
	Non-Government debt securities									
	- Listed		2,049,529	-	-	2,049,529	2,365,422	-	-	2,365,422
	- Unlisted		17,655,167	-	-	17,655,167	18,348,917	-	-	18,348,917
	Foreign securities									
	- Government debt securities		11,497,950	-	-	11,497,950	14,672,889	-	-	14,672,889
	- Non-Government debt securities									
	- Listed		256,084	(19,984)	-	236,100	285,954	(25,061)	-	260,893
	- Unlisted		404,365	(250)	-	404,115	616,100	(1,559)	-	614,541
			317,459,827	(20,234)	-	317,439,593	332,595,912	(26,620)	-	332,569,292
	Investment in associates and joint venture	8.2	9,601,431	-	-	9,601,431	9,601,431	-	-	9,601,431
	Investment in subsidiary companies		20,300,705	-	-	20,300,705	20,091,764	-	-	20,091,764
	Total Investments		<u>2,145,955,151</u>	<u>(3,170,928)</u>	<u>(17,279,344)</u>	<u>2,125,504,879</u>	<u>1,911,703,239</u>	<u>(3,228,791)</u>	<u>(3,285,791)</u>	<u>1,905,188,657</u>

8.1.1	Investments given as collateral		(Unaudited) March 31, 2022	(Audited) December 31, 2021
			(Rupees in '000)	

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

Federal Government securities				
- Market Treasury Bills			54,421,620	980,924
- Pakistan Investment Bonds			435,137,084	139,564,697
Foreign securities				
- Government debt securities			105,757	-
			<u>489,664,461</u>	<u>140,545,621</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

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, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Book value	Market value	Book value	Market value
	(Rupees in '000)			
- Investment classified as held-to-maturity	317,439,593	300,905,280	332,569,292	317,744,030
- Investment in listed associates and joint venture	9,345,200	27,585,383	9,345,200	27,584,028

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

	(Unaudited)		(Audited)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	(Rupees in '000)			
Opening balance		3,228,791		4,385,056
Exchange adjustment		28,400		74,724
Charge / (reversal)				
Charge for the period / year		126,494		512,131
Reversal for the period / year		(97,312)		(424,963)
Reversal on disposal during the period / year		(290,215)		(1,318,157)
Net reversal		(261,033)		(1,230,989)
Transferred in		67,880		-
Other movement		106,890		-
Closing balance		3,170,928		3,228,791

8.4 Particulars of provision against debt securities

Category of classification	(Unaudited)		(Audited)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	(Rupees in '000)			
Domestic				
Loss	413,232	413,232	247,381	247,381

8.4.1 In addition to the above, overseas branches hold a general provision of Rs 797.428 million (December 31, 2021: Rs 778.017 million) against investment in accordance with the ECL requirements of IFRS 9.

9	ADVANCES	Note	Performing		Non - performing		Total	
			(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
			March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
			(Rupees in '000)					
			1,161,485,811	1,125,717,507	69,457,115	68,226,061	1,230,942,926	1,193,943,568
		36.3	193,922,249	166,754,863	3,036,591	337,317	196,958,840	167,092,180
			85,481,884	96,563,328	6,882,950	5,606,279	92,364,834	102,169,607
			1,440,889,944	1,389,035,698	79,376,656	74,169,657	1,520,266,600	1,463,205,355
		9.3	-	-	(70,753,021)	(69,086,372)	(70,753,021)	(69,086,372)
			(10,414,273)	(9,569,507)	-	-	(10,414,273)	(9,569,507)
			(10,414,273)	(9,569,507)	(70,753,021)	(69,086,372)	(81,167,294)	(78,655,879)
			1,430,475,671	1,379,466,191	8,623,635	5,083,285	1,439,099,306	1,384,549,476

9.1 Particulars of advances (gross)

	(Unaudited)		(Audited)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	(Rupees in '000)			
In local currency		1,202,527,466		1,164,857,784
In foreign currencies		317,739,134		298,347,571
		1,520,266,600		1,463,205,355

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

- 9.2 Advances include Rs 79,376.656 million (December 31, 2021: Rs 74,169.657 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Unaudited) March 31, 2022		(Audited) December 31, 2021	
	Non - performing advances	Provision	Non - performing advances	Provision
----- (Rupees in '000) -----				
Domestic				
Other assets especially mentioned	596,733	-	338,312	-
Substandard	6,919,892	1,726,354	2,613,643	633,285
Doubtful	1,140,786	570,393	1,204,317	602,158
Loss	42,914,458	42,141,255	43,080,525	42,092,554
	51,571,869	44,438,002	47,236,797	43,327,997
Overseas				
Not past due but impaired	138,312	62,081	33,958	8,490
Overdue by:				
Upto 90 days	5,545	2,104	29,965	-
91 to 180 days	42,386	182	17,181	14,815
181 to 365 days	1,741,752	1,504,739	1,995,683	1,929,459
> 365 days	25,876,792	24,745,913	24,856,073	23,805,611
	27,804,787	26,315,019	26,932,860	25,758,375
Total	79,376,656	70,753,021	74,169,657	69,086,372

- 9.3 Particulars of provision against advances

Note	March 31, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	69,086,372	9,569,507	78,655,879	67,067,637	9,498,565	76,566,202
Exchange adjustment	962,349	101,128	1,063,477	2,397,887	209,339	2,607,226
Charge for the period / year	2,684,218	782,939	3,467,157	9,396,546	1,284,701	10,681,247
Reversal for the period / year	(1,497,030)	(39,301)	(1,536,331)	(3,455,270)	(1,423,098)	(4,878,368)
Net charge / (reversal) against advances	1,187,188	743,638	1,930,826	5,941,276	(138,397)	5,802,879
Charged off during the period / year- agriculture financing	9.5 (60,898)	-	(60,898)	(532,280)	-	(532,280)
Written off during the period / year	(354,110)	-	(354,110)	(5,788,148)	-	(5,788,148)
Transferred out	(67,880)	-	(67,880)	-	-	-
Closing balance	70,753,021	10,414,273	81,167,294	69,086,372	9,569,507	78,655,879

- 9.4 General provision includes provision amounting to Rs 2,903.704 million (December 31, 2021: Rs 2,753.209 million) against consumer finance portfolio. General provision also includes Rs 3,051.229 million (December 31, 2021: Rs 2,517.958 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Bank operates. General provision also includes Rs 4,459.340 million (December 31, 2021: 4,298.340 million) carried as a matter of prudence on account of 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, 2022

	Note	(Unaudited) March 31, 2022	(Audited) December 31, 2021
(Rupees in '000)			
12 DEFERRED TAX ASSETS / (LIABILITIES)			
Deductible temporary differences on			
- Provision against investments		649,323	744,857
- Provision against doubtful debts and off-balance sheet obligations		3,114,429	3,033,816
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		2,464,492	2,583,250
- Deficit on revaluation of investments	19	6,662,440	1,307,690
- Provision against other assets		5,450	15,342
- Ijarah financing		145,570	156,250
		13,041,704	7,841,205
Taxable temporary differences on			
- Accelerated tax depreciation		(1,605,333)	(1,675,533)
- Surplus on revaluation of fixed assets	19	(1,738,420)	(1,748,389)
- Exchange translation reserve		(696,013)	(672,350)
		(4,039,766)	(4,096,272)
Net deferred tax assets		9,001,938	3,744,933
13 OTHER ASSETS			
Mark-up / return / profit / interest accrued in local currency - net of provision		57,684,987	48,301,309
Mark-up / return / profit / interest accrued in foreign currency - net of provision		4,170,046	3,558,922
Advances, deposits, advance rent and other prepayments		4,549,845	3,564,250
Advance taxation		21,866,391	21,699,101
Advance against subscription of securities		178,000	178,000
Stationery and stamps on hand		149,581	134,835
Accrued fees and commissions		428,989	542,228
Due from Government of Pakistan / SBP		2,339,745	2,048,993
Mark to market gain on forward foreign exchange contracts		9,517,761	8,470,307
Mark to market gain on derivative instruments		91,899	251,603
Non-banking assets acquired in satisfaction of claims		385,711	459,389
Receivable from defined benefit plan		757,921	759,354
Branch adjustment account		1,103,047	897,554
Acceptances		42,264,935	35,740,017
Clearing and settlement accounts		11,499,460	17,436,987
Dividend receivable		352,432	185,213
Claims receivable against fraud and forgeries		540,944	541,337
Others		682,215	1,136,161
		158,563,909	145,905,560
Provision held against other assets	13.1	(1,405,866)	(1,243,645)
Other assets- net of provision		157,158,043	144,661,915
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	224,064	224,064
Other assets - total		157,382,107	144,885,979
13.1 Provision held against other assets			
Non-banking assets acquired in satisfaction of claims		2,450	2,467
Claims receivable against fraud and forgeries		540,944	541,337
Suit filed cases		4,979	4,800
Others		857,493	695,041
		1,405,866	1,243,645

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	(Unaudited) March 31, 2022 (Rupees in '000)	(Audited) December 31, 2021
13.1.1 Movement in provision against other assets			
Opening balance		1,243,645	1,127,909
Exchange adjustment		(717)	(17,808)
Charge for the period / year		190,014	741,684
Reversal for the period / year		(16,851)	(551,548)
Net charge		173,163	190,136
Written off during the period / year		(10,225)	(56,592)
Closing balance		1,405,866	1,243,645
14 BILLS PAYABLE			
In Pakistan		64,927,125	42,654,426
Outside Pakistan		1,137,327	1,199,434
		66,064,452	43,853,860
15 BORROWINGS			
Secured			
Borrowings from the SBP under			
- Export refinance scheme		71,790,663	69,782,711
- Long term financing facility		37,535,579	32,529,493
- Financing facility for renewable energy power plants		6,816,292	6,805,470
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)		271,681	241,788
- Refinance and credit guarantee scheme for women entrepreneurs		107,917	155,370
- Financing facility for storage of agricultural produce		351,624	333,349
- Refinance scheme for payment of wages and salaries		11,667,030	15,476,761
- Refinance facility for combating COVID-19		1,011,280	1,055,725
- Temporary economic refinance facility		30,927,033	26,010,138
		160,479,099	152,390,805
Repurchase agreement borrowings		491,649,798	140,193,364
		652,128,897	292,584,169
Unsecured			
- Call money borrowings		200,000	1,000,000
- Overdrawn nostro accounts		190,363	618,796
- Borrowings of overseas branches		75,707,418	81,220,283
- Other long-term borrowings	15.1	62,557,921	56,838,406
		138,655,702	139,677,485
		790,784,599	432,261,654
15.1 This includes the following:			
15.1.1 A loan from the International Finance Corporation amounting to US\$ 150 million (December 31, 2021: US\$ 150 million). The principal amount is payable in six equal semi - annual installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi annually.			
15.1.2 A long-term financing facility arrangement of US\$ 300 million with China Development Bank, to be utilized for on-lending to projects of the Bank's customers. Under this facility, US\$ 190 million (December 31, 2021: US\$ 170.975 million) has been utilized by the Bank, with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to January 31, 2023. Starting from that date, the entire drawn amount is payable in semi-annual installments from January 31, 2023 to January 31, 2033. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.			
15.1.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 175.333 million (December 31, 2021: Rs 181.985 million) for on-lending to customers. The principal amount is payable in semi-annual installments from August 2020 to February 2023. Profit at 11.21% per annum (December 31, 2021: 11.21% per annum) is payable semi-annually.			

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

16 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2022 (Unaudited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	963,162,761	138,170,572	1,101,333,333	946,973,718	130,629,895	1,077,603,613
Savings deposits	984,450,280	98,619,285	1,083,069,565	1,083,204,383	93,067,228	1,176,271,611
Term deposits	347,171,726	161,837,466	509,009,192	437,652,740	158,727,090	596,379,830
	<u>2,294,784,767</u>	<u>398,627,323</u>	<u>2,693,412,090</u>	<u>2,467,830,841</u>	<u>382,424,213</u>	<u>2,850,255,054</u>
Financial institutions						
Current deposits	3,745,513	1,238,032	4,983,545	5,635,457	1,406,584	7,042,041
Savings deposits	269,864,043	970,006	270,834,049	294,001,584	451,389	294,452,973
Term deposits	4,209,924	5,753,902	9,963,826	26,495,962	6,014,857	32,510,819
	<u>277,819,480</u>	<u>7,961,940</u>	<u>285,781,420</u>	<u>326,133,003</u>	<u>7,872,830</u>	<u>334,005,833</u>
	<u><u>2,572,604,247</u></u>	<u><u>406,589,263</u></u>	<u><u>2,979,193,510</u></u>	<u><u>2,793,963,844</u></u>	<u><u>390,297,043</u></u>	<u><u>3,184,260,887</u></u>
				Note	(Unaudited) March 31, 2022	(Audited) December 31, 2021
					(Rupees in '000)	

17 SUBORDINATED DEBT

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

The key features of the issue are as follows:

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

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

18 OTHER LIABILITIES	Note	(Unaudited) March 31, 2022	(Audited) December 31, 2021
(Rupees in '000)			
Mark-up / return / profit / interest payable in local currency		19,184,131	8,660,189
Mark-up / return / profit / interest payable in foreign currency		3,202,766	2,499,116
Security deposits		997,020	909,334
Accrued expenses		20,236,787	19,564,176
Mark to market loss on forward foreign exchange contracts		7,246,506	6,895,147
Mark to market loss on derivative instruments		2,946,579	2,624,952
Unclaimed dividends		739,071	727,940
Dividends payable		3,437,213	1,327,763
Provision for post retirement medical benefits		4,337,548	4,557,833
Provision for employees' compensated absences		1,739,453	2,177,565
Provision against off-balance sheet obligations	18.1	1,810,203	2,687,054
Acceptances		42,264,935	35,740,017
Provision for staff retirement benefits		1,296,696	1,251,289
Payable to defined benefit plans		438,202	433,201
Provision for Workers' Welfare Fund		7,785,587	7,503,825
Unearned income		4,415,874	4,452,650
Qarz-e-Hasna Fund		338,409	338,409
Levies and taxes payable		4,397,953	7,527,698
Insurance payable		1,320,538	1,221,867
Provision for rewards program expenses		1,985,706	1,748,370
Liability against trading of securities		5,246,488	3,701,035
Clearing and settlement accounts		9,235,879	4,214,923
Payable to HBL Foundation		129,840	405,576
Contingent consideration payable		500,000	500,000
Charity fund		49,851	44,865
Lease liability against right-of-use assets		20,702,323	19,528,712
Unclaimed deposits		357,089	348,609
Others		3,011,141	2,316,780
		169,353,788	143,908,895
18.1 Provision against off-balance sheet obligations			
Opening balance		2,687,054	1,138,648
Exchange adjustment		75,690	(38,031)
Charge for the period / year		20,867	1,616,293
Reversal for the period / year		(973,408)	(75,785)
Net (reversal) / charge		(952,541)	1,540,508
Written off during the year		-	(1,653)
Transferred in		-	47,582
Closing balance		1,810,203	2,687,054
19 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) arising on revaluation of:			
- Fixed assets		28,733,371	28,758,932
- Available-for-sale securities	8.1	(17,083,180)	(3,353,052)
- Non-banking assets acquired in satisfaction of claims	13	224,064	224,064
		11,874,255	25,629,944
Deferred tax liability / (asset) on surplus / (deficit) on revaluation of:			
- Fixed assets		1,738,420	1,748,389
- Available-for-sale securities		(6,662,440)	(1,307,690)
- Non-banking assets acquired in satisfaction of claims		-	-
		(4,924,020)	440,699
Surplus on revaluation of assets - net of tax		16,798,275	25,189,245

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

20	CONTINGENCIES AND COMMITMENTS	Note	(Unaudited) March 31, 2022 (Rupees in '000)	(Audited) December 31, 2021 (Rupees in '000)
	- Guarantees	20.1	308,780,665	293,623,883
	- Commitments	20.2	981,485,901	1,039,855,311
	- Other contingent liabilities	20.3	25,934,496	25,699,064
			<u>1,316,201,062</u>	<u>1,359,178,258</u>
20.1	Guarantees:			
	Financial guarantees		91,911,307	86,368,473
	Performance guarantees		173,249,260	165,451,222
	Other guarantees		43,620,098	41,804,188
			<u>308,780,665</u>	<u>293,623,883</u>
20.2	Commitments:			
	Trade-related contingent liabilities		348,816,998	303,330,246
	Commitments in respect of:			
	- Forward foreign exchange contracts	20.2.1	486,814,501	560,033,923
	- Forward Government securities transactions	20.2.2	76,446,272	93,562,463
	- Derivatives	20.2.3	39,330,163	42,049,128
	- Forward lending	20.2.4	20,887,823	28,792,146
			623,478,759	724,437,660
	Commitments for acquisition of:			
	- Fixed assets		8,062,276	10,202,010
	- Intangible assets		1,127,868	1,885,395
			9,190,144	12,087,405
			<u>981,485,901</u>	<u>1,039,855,311</u>
20.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		283,840,857	320,185,675
	Sale		202,973,644	239,848,248
			<u>486,814,501</u>	<u>560,033,923</u>
20.2.2	Commitments in respect of forward Government securities transactions			
	Purchase		26,173,671	27,830,190
	Sale		50,272,601	65,732,273
			<u>76,446,272</u>	<u>93,562,463</u>
20.2.3	Commitments in respect of derivatives			
	Cross currency swaps			
	Purchase		15,965,675	17,058,770
	Sale		18,706,155	19,308,883
			<u>34,671,830</u>	<u>36,367,653</u>
	Interest rate swaps			
	Purchase		-	-
	Sale		4,658,333	5,681,475
			<u>4,658,333</u>	<u>5,681,475</u>
20.2.4	Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines and other commitments to extend credit		20,887,823	28,792,146
			<u>20,887,823</u>	<u>28,792,146</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.			
			(Unaudited) March 31, 2022 (Rupees in '000)	(Audited) December 31, 2021 (Rupees in '000)
20.3	Other contingent liabilities			
20.3.1	Claims against the Bank not acknowledged as debts		25,934,496	25,699,064
			<u>25,934,496</u>	<u>25,699,064</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

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

20.3.2 There were no tax related contingencies as at the period end.

21 DERIVATIVE INSTRUMENTS

Product Analysis

	March 31, 2022 (Unaudited)			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	----- '(Rupees in '000) -----			
Hedging	-	-	-	-
Market Making	<u>34,671,830</u>	<u>(2,665,366)</u>	<u>4,658,333</u>	<u>(189,314)</u>

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

22 MARK-UP / RETURN / PROFIT / INTEREST EARNED

	(Unaudited)	
	March 31, 2022	March 31, 2021
	----- '(Rupees in '000) -----	
On:		
Loans and advances	<u>32,493,742</u>	21,980,609
Investments	<u>45,132,665</u>	36,415,558
Lendings to financial institutions	<u>1,886,483</u>	1,151,686
Balances with banks	<u>1,358,696</u>	62,629
	<u>80,871,586</u>	<u>59,610,482</u>

23 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED

On:		
Deposits	<u>32,950,988</u>	20,961,180
Securities sold under repurchase agreement borrowings	<u>9,455,971</u>	5,026,946
Borrowings	<u>3,039,849</u>	1,245,431
Subordinated debt	<u>368,454</u>	375,458
Cost of foreign currency swaps against foreign currency deposits / borrowings	<u>1,234,428</u>	1,411,952
Lease liability against right-of-use assets	<u>660,800</u>	527,127
	<u>47,710,490</u>	<u>29,548,094</u>

24 FEE AND COMMISSION INCOME

Branch banking customer fees	<u>998,368</u>	969,432
Consumer finance related fees	<u>766,797</u>	672,465
Card related fees (debit and credit cards)	<u>1,753,866</u>	1,405,447
Credit related fees	<u>223,311</u>	181,342
Investment banking fees	<u>252,150</u>	387,618
Commission on trade related products and guarantees	<u>1,137,006</u>	932,736
Commission on cash management	<u>250,460</u>	174,759
Commission on remittances (including home remittances)	<u>162,090</u>	114,648
Commission on bancassurance	<u>154,930</u>	185,403
Commission on Government to Person (G2P) payments	<u>259,902</u>	22,501
Merchant discount and interchange fees	<u>1,165,448</u>	785,102
Others	<u>260,627</u>	63,285
	<u>7,384,955</u>	<u>5,894,738</u>
Less: Sales tax / Federal Excise Duty on fee and commission income	<u>(939,337)</u>	<u>(780,720)</u>
	<u>6,445,618</u>	<u>5,114,018</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	(Unaudited)	
		For the three months ended March 31, 2022	March 31, 2021
		(Rupees in '000)	
25	GAIN / (LOSS) ON SECURITIES - NET		
	Realised	25.1	394,478
	Unrealised - held-for-trading	8.1	(167,925)
			(196,164)
			1,038
			<u>198,314</u>
			<u>(166,887)</u>
25.1	Gain / (Loss) on securities - realised		
	On:		
	Federal Government securities		
	- Market Treasury Bills		228,531
	- Pakistan Investment Bonds		145,304
	- Ijarah Sukuks		-
	Shares		(181,788)
	Non-Government debt securities		202,431
	Foreign securities		-
	Associates		-
			39,223
			<u>394,478</u>
			<u>(167,925)</u>
26	OTHER INCOME / (LOSS)		
	Incidental charges		62,681
	Exchange gain realised on liquidation of subsidiary		-
	Gain / (loss) on sale of fixed assets - net		19,634
	Rent on properties		15,180
			<u>97,495</u>
			<u>87,107</u>
27	OPERATING EXPENSES		
	Total compensation expense		11,698,930
			8,249,364
	Property expense		
	Rent and taxes		283,963
	Insurance		35,356
	Utilities cost		597,824
	Security (including guards)		508,262
	Repair and maintenance (including janitorial charges)		756,849
	Depreciation on owned fixed assets		868,823
	Depreciation on right-of-use assets		765,137
			<u>3,816,214</u>
			<u>3,126,285</u>
	Information technology expenses		
	Software maintenance		1,027,581
	Hardware maintenance		277,579
	Depreciation		578,743
	Amortisation		365,853
	Network charges		333,440
	Consultancy charges		206,241
			<u>2,789,437</u>
			<u>2,252,079</u>
	Other operating expenses		
	Legal and professional charges		127,316
	Outsourced services costs		527,961
	Travelling and conveyance		242,379
	Insurance		116,983
	Remittance charges		114,161
	Security charges		508,519
	Repairs and maintenance		388,716
	Depreciation		189,488
	Training and development		62,404
	Postage and courier charges		189,322
	Communication		347,587
	Stationery and printing		530,093
	Marketing, advertisement and publicity		1,962,360
	Donations		132,040
	Auditors' remuneration		54,464
	Brokerage and commission		186,700
	Subscription		41,135
	Documentation and processing charges		1,066,976
	Entertainment		118,890
	Consultancy charges		240,635
	Deposits insurance premium expense		675,604
	Product feature cost		654,909
	COVID-19 related expenses		23,804
	Others		270,980
			<u>8,773,426</u>
			<u>7,722,416</u>
			<u>27,078,007</u>
			<u>21,350,144</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	(Unaudited)	
		For the three months ended	
		March 31, 2022	March 31, 2021
		(Rupees in '000)	
28 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		137,168	42,202
Penalties imposed by other regulatory bodies		22,199	31
		<u>159,367</u>	<u>42,233</u>
29 PROVISIONS / (REVERSALS) AND WRITE OFFS - NET			
Reversal of provision for diminution in value of investments	8.3	(261,033)	(735,707)
Provision against loans and advances	9.3	1,930,826	2,829,070
Provision / (reversal of provision) against other assets	13.1.1	173,163	(235,590)
(Reversal of provision) / provision against off-balance sheet obligations	18.1	(952,541)	82,222
Recoveries against written off / charged off bad debts		(142,344)	(218,305)
Recoveries against other assets written off		(1,028)	(7,420)
Other write offs		39,665	-
Bad debts written off directly		-	13,197
		<u>786,708</u>	<u>1,727,467</u>
30 TAXATION			
- Current		5,690,881	6,838,509
- Deferred		74,082	(1,136,370)
		<u>5,764,963</u>	<u>5,702,139</u>
31 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the period		<u>8,295,021</u>	<u>8,297,922</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>5.65</u>	<u>5.66</u>

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

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair values of unquoted equity investments, are estimated using the break-up value of the investee company.

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

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

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

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

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

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

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

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

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

32.1 Fair value of financial assets

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

As at March 31, 2022 (Unaudited)				
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	1,644,111,303	-	1,644,111,303	-
- Shares - listed companies	6,723,154	6,723,154	-	-
- Non-Government debt securities				
- Listed	50,577,678	40,192,000	10,385,678	-
- Unlisted	624,000	-	624,000	-
- Foreign securities				
Government debt securities	61,076,293	-	61,076,293	-
Non-Government debt securities - Listed	7,085,410	-	7,085,410	-
- National Investment Unit Trust units	45,929	-	45,929	-
- Real Estate Investment Trust units	74,700	74,700	-	-
- Preference shares - Listed	779,800	779,800	-	-
	1,771,098,267	47,769,654	1,723,328,613	-
				1,771,098,267
Financial assets - disclosed but not measured at fair value				
Investments				
- Federal Government securities	285,596,732	-	268,488,814	-
- Non-Government debt securities				
- Listed	2,049,529	-	2,061,527	-
- Unlisted	17,655,167	-	17,763,643	-
- Foreign securities				
Government debt securities	11,497,950	-	11,950,831	-
Non-Government debt securities				
- Listed	236,100	-	236,100	-
- Unlisted	404,115	-	404,365	-
- Associates and Joint venture	9,345,200	24,918,711	2,666,672	-
	326,784,793	24,918,711	303,571,952	-
	2,097,883,060	72,688,365	2,026,900,565	-
				328,490,663
				2,099,588,930
----- (Rupees in '000) -----				
Off-balance sheet financial instruments - measured at fair value				
Commitments				
- Forward foreign exchange contracts	486,814,501	-	2,271,255	-
- Forward Government securities transactions	76,446,272	-	24,690	-
- Derivative instruments	39,330,163	-	(2,854,680)	-
	596,590,936	-	2,271,255	-
				24,690
				(2,854,680)

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

- Federal Government securities
- Shares - listed companies

- Non-Government debt securities
 - Listed
 - Unlisted

- Foreign securities

- Government debt securities
- Non-Government debt securities- listed

- National Investment Unit Trust units

- Real Estate Investment Trust units

- Preference shares - Listed

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

Financial assets - disclosed but not measured at fair value

Investments

- Federal Government securities
- Non-Government debt securities

- Listed
- Unlisted

- Foreign securities

- Government debt securities
- Non-Government debt securities

- Listed
- Unlisted

- Associates and Joint venture

Notional Value	As at December 31, 2021 (Audited)			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
296,306,630	-	281,187,106	-	281,187,106
2,365,422	-	2,376,486	-	2,376,486
18,348,917	-	18,428,015	-	18,428,015
14,672,889	-	14,823,285	-	14,823,285
260,893	-	316,157	-	316,157
614,541	-	612,981	-	612,981
9,345,200	24,846,843	2,737,185	-	27,584,028
341,914,492	24,846,843	320,481,215	-	345,328,058
1,877,664,456	73,232,664	1,807,845,358	-	1,881,078,022

Off-balance sheet financial instruments - measured at fair value

Commitments

- Forward foreign exchange contracts

- Forward Government securities transactions

- Derivative instruments

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

32.2 Fair value of non-financial assets

Land and Buildings

Non-banking assets acquired in satisfaction of claims

Carrying value	As at March 31, 2022 (Unaudited)			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
52,871,543	-	-	52,871,543	52,871,543
607,325	-	-	607,325	607,325
53,478,868	-	-	53,478,868	53,478,868

As at December 31, 2021 (Audited)

Land and Buildings

Non-banking assets acquired in satisfaction of claims

Carrying value	As at December 31, 2021 (Audited)			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
52,925,664	-	-	52,925,664	52,925,664
680,986	-	-	680,986	680,986
53,606,650	-	-	53,606,650	53,606,650

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

For the three months ended March 31, 2022 (Unaudited)

	Branch banking	Consumer,SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
	(Rupees in million)							
Profit and loss account								
Net mark-up / return / profit / interest income	(21,483)	8,618	3,166	11,792	31,256	354	(542)	33,161
Inter segment revenue / (expense) - net	35,988	(4,464)	-	(6,621)	(28,368)	1,771	1,694	-
Non mark-up / interest income	919	2,998	398	914	2,763	1,070	143	9,205
Total income	15,424	7,152	3,564	6,085	5,651	3,195	1,295	42,366
Segment direct expenses	5,841	3,076	1,212	797	323	2,959	13,311	27,519
Inter segment expense allocation	5,849	2,142	321	3,032	427	407	(12,178)	-
Total expenses	11,690	5,218	1,533	3,829	750	3,366	1,133	27,519
Provisions - charge / (reversal)	-	348	698	(514)	(290)	248	297	787
Profit / (loss) before tax	3,734	1,586	1,333	2,770	5,191	(419)	(135)	14,060

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

As at March 31, 2022 (Unaudited)

	Branch banking	Consumer, SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)								
Statement of financial position								
Cash and bank balances	128,250	-	19,902	314	126,947	68,808	-	344,221
Lendings to financial institutions	-	-	3,600	-	89,295	-	-	92,895
Inter segment lending	1,613,540	-	-	-	-	181,690	162,578	1,957,808
Investments	-	-	198,867	7,543	1,784,777	113,512	20,806	2,125,505
Advances - performing	-	203,558	193,178	739,176	-	265,665	28,899	1,430,476
Advances - non-performing	-	1,835	2,050	3,248	-	1,486	4	8,623
Others	14,673	4,948	21,587	47,563	46,058	21,811	113,528	270,168
Total assets	1,756,463	210,341	439,184	797,844	2,047,077	652,972	325,815	6,229,696
Borrowings	-	2,940	29,241	128,473	491,934	138,196	-	790,784
Subordinated debt	-	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,729,397	687	320,298	462,467	-	444,309	22,036	2,979,194
Inter segment borrowing	-	195,576	49,286	166,830	1,546,116	-	-	1,957,808
Others	27,066	11,138	12,197	40,074	15,275	43,260	86,408	235,418
Total liabilities	1,756,463	210,341	411,022	797,844	2,053,325	625,765	120,818	5,975,578
Equity	-	-	28,162	-	(6,248)	27,207	204,997	254,118
Total equity and liabilities	1,756,463	210,341	439,184	797,844	2,047,077	652,972	325,815	6,229,696
Contingencies and commitments	69,020	-	52,511	527,523	504,962	136,768	25,417	1,316,201

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	Head Office / Others	Total
(Rupees in million)								
Profit and loss account								
Net mark-up / return / profit / interest income	(13,823)	6,499	2,992	7,271	26,998	795	(670)	30,062
Inter segment revenue / (expense) - net	24,027	(3,197)	-	(3,495)	(20,317)	1,004	1,978	-
Non mark-up / interest income	970	2,292	183	986	911	786	1,247	7,375
Total income	11,174	5,594	3,175	4,762	7,592	2,585	2,555	37,437
Segment direct expenses	5,392	2,136	427	564	317	2,508	10,366	21,710
Inter segment expense allocation	4,549	1,768	284	2,531	259	326	(9,717)	-
Total expenses	9,941	3,904	711	3,095	576	2,834	649	21,710
Provisions - charge / (reversal)	-	369	114	840	(714)	1,035	83	1,727
Profit / (loss) before tax	1,233	1,321	2,350	827	7,730	(1,284)	1,823	14,000

As at December 31, 2021 (Audited)

	Branch banking	Consumer, SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)								
Statement of financial position								
Cash and bank balances	181,994	-	29,178	364	151,013	79,156	-	441,705
Lendings to financial institutions	-	-	28,672	-	65,070	-	-	93,742
Inter segment lending	1,594,867	-	-	-	-	266,460	144,415	2,005,742
Investments	-	-	191,865	8,822	1,566,568	115,350	22,584	1,905,189
Advances - performing	-	199,979	166,056	746,323	-	242,992	24,116	1,379,466
Advances - non-performing	-	1,503	3	2,403	-	1,174	-	5,083
Others	18,762	2,838	17,592	41,047	44,735	15,078	109,351	249,403
Total assets	1,795,623	204,320	433,366	798,959	1,827,386	720,210	300,466	6,080,330
Borrowings	-	2,830	31,568	119,175	140,787	137,902	-	432,262
Subordinated debt	-	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,777,354	374	346,895	519,884	122	528,259	11,373	3,184,261
Inter segment borrowing	-	194,287	11,440	124,508	1,675,507	-	-	2,005,742
Others	18,269	6,829	15,654	35,392	14,139	22,881	74,599	187,763
Total liabilities	1,795,623	204,320	405,557	798,959	1,830,555	689,042	98,346	5,822,402
Equity	-	-	27,809	-	(3,169)	31,168	202,120	257,928
Total equity and liabilities	1,795,623	204,320	433,366	798,959	1,827,386	720,210	300,466	6,080,330
Contingencies and commitments	60,144	-	56,741	463,954	601,350	138,579	38,410	1,359,178

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

34 RELATED PARTY TRANSACTIONS

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

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

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

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

	As at March 31, 2022 (Unaudited)						
	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	-	-	3,855	502,224	-	-	-
Investments							
Opening balance	-	-	-	20,091,764	9,465,766	135,665	7,748,350
Investment made during the period	-	-	-	-	-	-	900,000
Investment redeemed / disposed off during the period	-	-	-	-	-	-	-
Revaluation of investment during the period	-	-	-	208,941	-	-	(519)
Closing balance	-	-	-	20,300,705	9,465,766	135,665	8,647,831
Advances							
Opening balance	527	447,007	4,001,392	2,092,521	1,845,811	-	11,132,886
Addition during the period	9,710	100,789	3,737,071	169,985	-	-	1,369,783
Repaid during the period	(9,709)	(116,592)	(3,932,059)	(194,199)	(975,715)	-	(638,220)
Transfer out - net	-	(8,110)	-	-	-	-	-
Exchange adjustment	-	-	57,200	1,540	4,904	-	-
Closing balance	528	423,094	3,863,604	2,069,847	875,000	-	11,864,449
Other Assets							
Interest / mark-up accrued	-	521	6,414	217,818	17,752	-	428,128
Receivable from Defined Benefit Plan	-	-	-	-	-	-	757,921
Other receivable	-	-	-	-	-	-	-
	-	521	6,414	217,818	17,752	-	1,186,049
Borrowings							
Opening balance	-	-	4,501,721	475,527	2,645,210	-	181,985
Borrowings during the period	-	-	68,975	60,318	922,655	887,026	-
Settled during the period	-	-	(1,330,539)	(55,883)	(887,026)	-	(6,652)
Exchange adjustment	-	-	89,934	18,915	80,919	30,365	-
Closing balance	-	-	3,330,091	498,877	2,761,758	917,391	175,333
Deposits and other accounts							
Opening balance	42,382	468,361	10,820,031	6,314,465	50,605,027	-	2,960,354
Received during the period	96,146	1,802,486	104,049,763	147,755,457	300,336,363	7,875	18,279,733
Withdrawn during the period	(89,980)	(1,562,734)	(102,485,631)	(151,252,686)	(307,066,739)	(98)	(17,458,671)
Transfer out - net	-	(26,313)	-	-	-	-	-
Exchange adjustment	579	27,568	414,648	61,936	317	-	12,243
Closing balance	49,127	709,368	12,798,811	2,879,172	43,874,968	7,777	3,793,659
Other liabilities							
Interest / mark-up payable	159	3,142	20,811	3,413	7,107	134	1,843
Payable to staff retirement fund	-	-	-	-	-	-	438,202
Other payables	-	-	99	20,456	46,627	-	129,840
	159	3,142	20,910	23,869	53,734	134	569,885
Contingencies and Commitments							
Letter of credit	-	-	645,800	-	-	-	874,803
Guarantees	-	-	157,163	57,112	-	-	3,831,642
Forward purchase of Government securities	-	-	314,078	-	-	-	109,045
Forward Purchase of FX Contract	-	-	-	605,478	-	-	-
Forward Lending	-	-	-	-	-	-	200,000
Interest rate swaps	-	-	-	-	875,000	-	-
	-	-	1,117,041	662,590	875,000	-	5,015,490
Others							
Securities held as custodians	-	27,100	5,137,075	-	86,778,300	-	7,451,330

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

For the three months ended March 31, 2022 (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	-	5,989	111,621	321,397	25,177	-	355,661
Fee and commission income	-	-	41,375	6,760	166,650	-	291
Dividend income	-	-	-	-	344,218	-	53,249
Foreign exchange gain	-	-	-	185,955	-	-	-
Loss from derivatives	-	-	-	-	(44,314)	-	-
Gain on sale of securities - net	-	-	-	-	-	-	-
Rent on properties	-	-	-	11,318	-	-	-
Other income	-	-	-	805	-	-	-
Expense							
Mark-up / return / profit / interest expensed	193	4,750	61,674	23,694	245,135	129	44,015
Operating expenses							
Total compensation expense	-	1,017,304	-	-	-	-	261,858
Non-Executive Directors' fees	20,400	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	403,991	-	-
Product feature cost	-	-	14,822	-	-	-	-
Travelling	-	-	2,554	-	-	-	-
Subscription	-	-	-	-	-	-	3,221
Donation	-	-	-	-	-	-	129,840
Brokerage and Commission	-	-	-	-	-	-	58,373
Other expenses	-	-	7,652	21,403	-	-	4,923
Others							
Purchase of Government securities	-	-	77,126,771	-	9,923,005	-	11,010,675
Sale of Government securities	-	14,057	79,151,310	2,988,499	26,582,163	-	5,878,535
Purchase of foreign currencies	-	-	181,000	414,865	-	-	4,006
Sale of foreign currencies	-	-	514,427	1,948,380	41,500	-	1,355,018
Insurance claims settled	-	-	-	-	21,410	-	-
As at December 31, 2021 (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	-	-	374	235,105	-	-	-
Investments							
Opening balance	-	-	-	17,614,626	9,161,114	135,665	4,779,638
Investment made during the period	-	-	-	2,000,000	650,000	-	2,969,103
Investment redeemed / disposed off during the year	-	-	-	(23,236)	(345,348)	-	-
Revaluation of investment during the year	-	-	-	500,374	-	-	(391)
Closing balance	-	-	-	20,091,764	9,465,766	135,665	7,748,350
Advances							
Opening balance	249	305,836	4,504,528	2,073,885	1,125,000	-	7,748,994
Addition during the year	19,023	372,347	2,013,784	1,720,019	895,993	-	5,567,065
Repaid during the year	(19,021)	(264,932)	(2,782,029)	(1,688,225)	(250,000)	-	(2,365,348)
Transfer in / (out) - net	276	34,006	-	-	-	-	182,500
Exchange adjustment	-	(250)	265,109	(13,158)	74,818	-	(325)
Closing balance	527	447,007	4,001,392	2,092,521	1,845,811	-	11,132,886
Other Assets							
Interest / mark-up accrued	-	552	68,780	179,118	16,130	-	123,587
Receivable from defined benefit plan	-	-	-	-	-	-	759,354
Other receivable	-	-	-	-	-	-	-
	-	552	68,780	179,118	16,130	-	882,941
Borrowings							
Opening balance	-	-	3,200,856	468,382	959,006	1,598,344	494,309
Borrowings during the year	-	-	4,216,030	2,327,678	7,564,980	6,516,419	-
Settled during the year	-	-	(3,258,210)	(2,366,193)	(6,027,688)	(8,145,524)	(312,324)
Transfer in - net	-	-	-	-	-	-	-
Exchange adjustment	-	-	343,045	45,660	148,912	30,761	-
Closing balance	-	-	4,501,721	475,527	2,645,210	-	181,985

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	As at December 31, 2021 (Audited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	----- (Rupees in '000) -----						
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 year	260,411	2,277,862	445,766,161	412,224,268	1,001,182,265	-	86,731,344
Withdrawn during the year	(242,044)	(2,000,383)	(442,983,490)	(406,949,534)	(986,870,955)	-	(85,600,878)
Transfer (out) / in - net	3,118	(267,073)	-	-	-	-	114,741
Exchange adjustment	103	10,215	748,908	(47,531)	514	-	31,004
Closing balance	42,382	468,361	10,820,031	6,314,465	50,605,027	-	2,960,354
Other liabilities							
Interest / mark-up payable	1	723	6,255	908	40,182	-	8,233
Payable to Defined Benefit Plan	-	-	-	-	-	-	433,201
Other payables	-	-	4,150	18,784	43,601	-	405,576
	1	723	10,405	19,692	83,783	-	847,010
Contingencies and Commitments							
Letter of credit	-	-	910,308	-	-	-	673,614
Guarantees	-	-	167,204	55,672	-	-	3,538,494
Forward purchase of Government securities	-	-	630,652	-	-	-	1,859,052
Commitment in respect of Forward Foreign Currency	-	-	-	282,422	-	-	-
Commitment in respect Forward lending	-	-	-	-	-	-	1,698,202
Interest rate swaps	-	-	564,808	-	875,000	-	-
	-	-	2,272,972	338,094	875,000	-	7,769,362
Others							
Securities held as custodians	-	12,920	5,326,720	-	77,701,130	-	9,860,745
	-	12,920	5,326,720	-	77,701,130	-	9,860,745
	----- (Rupees in '000) -----						
	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	89	1,702
Dividend income	-	-	-	-	222,262	-	31,680
Foreign exchange gain	-	-	-	42,584	-	-	-
Gain from derivatives	-	-	463	-	3,005	-	-
Gain on sale of securities - net	-	-	-	-	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	5,963	22,393
Operating expenses							
Total compensation expense	-	891,033	-	-	-	-	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	-	-

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Unaudited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>14,668,525</u>	<u>14,668,525</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>197,984,675</u>	193,371,438
Eligible Additional Tier 1 (ADT 1) Capital	<u>9,667,199</u>	10,428,514
Total Eligible Tier 1 Capital	<u>207,651,874</u>	203,799,952
Eligible Tier 2 Capital	<u>52,309,755</u>	58,372,958
Total Eligible Capital (Tier 1 + Tier 2)	<u>259,961,629</u>	262,172,910
Risk Weighted Assets (RWAs):		
Credit Risk	<u>1,277,277,693</u>	1,217,657,907
Market Risk	<u>100,777,638</u>	92,254,538
Operational Risk	<u>212,268,669</u>	212,268,669
Total	<u>1,590,324,000</u>	1,522,181,114
Common Equity Tier 1 Capital Adequacy ratio	<u>12.45%</u>	12.70%
Tier 1 Capital Adequacy Ratio	<u>13.06%</u>	13.39%
Total Capital Adequacy Ratio	<u>16.35%</u>	17.22%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	9.50%	9.50%
of which: capital conservation buffer requirement	1.50%	1.50%
of which: countercyclical buffer requirement	-	-
of which: D-SIB buffer requirement	2.00%	2.00%
CET1 available to meet buffers (as a percentage of risk weighted assets)	6.45%	6.70%
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	207,651,874	203,799,952
Total Exposures	4,820,616,600	4,470,420,642
Leverage Ratio (%)	<u>4.31%</u>	<u>4.56%</u>
Minimum Requirement (%)	<u>3.00%</u>	<u>3.00%</u>
Liquidity Coverage Ratio (LCR)		
	Total Adjusted Value (Rupees in '000)	
Average High Quality Liquid Assets	1,397,781,053	1,477,650,149
Average Net Cash Outflow	646,549,173	638,366,023
Liquidity Coverage Ratio (%)	<u>216.19%</u>	<u>231.47%</u>
Minimum Requirement (%)	<u>100.00%</u>	<u>100.00%</u>
Net Stable Funding Ratio (NSFR)		
	Total Weighted Value (Rupees in '000)	
Total Available Stable Funding	2,871,047,705	3,046,911,457
Total Required Stable Funding	2,027,212,328	1,964,571,726
Net Stable Funding Ratio (%)	<u>141.63%</u>	<u>155.09%</u>
Minimum Requirement (%)	<u>100.00%</u>	<u>100.00%</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

36 ISLAMIC BANKING BUSINESS

The Bank operates 271 (December 31, 2021: 259) Islamic Banking branches and 573 (December 31, 2021: 614) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited)	(Audited)
		March 31, 2022	December 31, 2021
ASSETS			
(Rupees in '000)			
Cash and balances with treasury banks		19,037,104	28,015,270
Balances with other banks		864,483	1,162,953
Due from financial institutions	36.1	3,600,000	28,671,686
Investments	36.2	198,867,359	191,864,941
Islamic financing and related assets - net	36.3	195,228,298	166,058,790
Fixed assets		5,265,603	4,629,739
Intangible assets		-	-
Due from Head Office		-	-
Deferred tax assets		221,244	-
Other assets		16,100,196	12,962,183
		439,184,287	433,365,562
LIABILITIES			
Bills payable		20,698	26,310
Due to financial institutions	36.4	29,241,225	31,567,668
Deposits and other accounts	36.5	320,298,457	346,895,368
Due to Head Office		49,224,801	11,439,635
Subordinated debt		-	-
Deferred tax liabilities		-	73,097
Other liabilities		12,237,286	15,554,392
		411,022,467	405,556,470
NET ASSETS			
		28,161,820	27,809,092
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Surplus on revaluation of investments - net of tax		(346,048)	114,330
Unappropriated profit	36.6	28,007,868	27,194,762
		28,161,820	27,809,092
Contingencies and commitments			
	36.7		
(Unaudited)			
For the three months ended			
		March 31, 2022	March 31, 2021
(Rupees in '000)			
PROFIT AND LOSS ACCOUNT			
Profit / return earned	36.8	8,683,355	5,540,275
Profit / return expensed	36.9	5,516,911	2,548,522
Net profit / return		3,166,444	2,991,753
Other income / (loss)			
Fee and commission income		271,689	170,454
Dividend income		-	-
Foreign exchange income		106,094	10,469
Income from derivatives		-	-
Gain / (loss) on securities- net		20,236	(906)
Others		52	3,051
Total other income		398,071	183,068
Total income		3,564,515	3,174,821
Other expenses			
Operating expenses		1,504,780	660,373
Workers' Welfare Fund		27,785	47,955
Other charges		-	2,682
Total other expenses		1,532,565	711,010
Profit before provisions		2,031,950	2,463,811
Provisions and write offs - net		698,256	114,142
Profit before taxation		1,333,694	2,349,669
Taxation		520,141	917,459
Profit after taxation		813,553	1,432,210

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	(Unaudited) March 31, 2022	(Audited) December 31, 2021		
	(Rupees in '000)			
36.1 Due from Financial Institutions				
Call money lendings	3,600,000	24,500,000		
Bai Muajjal receivable from other financial institutions	-	4,171,686		
	<u>3,600,000</u>	<u>28,671,686</u>		
36.2 Investments by segments				
	March 31, 2022 (Unaudited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)			
Federal Government securities				
-Ijarah Sukuks	140,163,210	-	(864,292)	139,298,918
-Other Federal Government securities	906,606	-	-	906,606
	<u>141,069,816</u>	<u>-</u>	<u>(864,292)</u>	<u>140,205,524</u>
Non-Government debt securities				
-Listed	46,509,388	-	273,000	46,782,388
-Unlisted	11,855,447	-	24,000	11,879,447
	<u>58,364,835</u>	<u>-</u>	<u>297,000</u>	<u>58,661,835</u>
Total Investments	<u>199,434,651</u>	<u>-</u>	<u>(567,292)</u>	<u>198,867,359</u>
	December 31, 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)			
Federal Government securities				
-Ijarah Sukuks	119,617,967	-	(537,141)	119,080,826
-Other Federal Government securities	11,810,120	-	-	11,810,120
	<u>131,428,087</u>	<u>-</u>	<u>(537,141)</u>	<u>130,890,946</u>
Non-Government debt securities				
-Listed	47,325,231	-	681,000	48,006,231
-Unlisted	12,924,196	-	43,568	12,967,764
	<u>60,249,427</u>	<u>-</u>	<u>724,568</u>	<u>60,973,995</u>
Total Investments	<u>191,677,514</u>	<u>-</u>	<u>187,427</u>	<u>191,864,941</u>
		(Unaudited) March 31, 2022	(Audited) December 31, 2021	
		(Rupees in '000)		
36.3 Islamic financing and related assets - net				
Diminishing Musharakah		75,784,213	75,914,470	
Running Musharakah		49,597,731	30,704,784	
Wakalah		11,898,705	10,381,176	
Ijarah		2,020,046	2,095,534	
Murabaha		3,993,953	1,897,123	
Currency Salam		100,000	195,118	
Tijarah		2,055,500	2,058,785	
Istisna		1,488,482	973,605	
Musawamah		419,786	401,370	
Home Financing		7,459,724	5,118,865	
Advance for Diminishing Musharakah		5,237,811	3,573,753	
Advance for Ijarah		2,196,294	1,208,139	
Advance for Murabaha		8,679,497	8,687,338	
Advance for Salam		670,000	1,228,367	
Advance for Istisna		17,036,757	12,886,460	
Advance for Musawamah		39,512	272,258	
Inventories against Murabaha		838,418	2,438,918	
Inventories against Salam		1,920,000	-	
Inventories against Tijarah		3,647,533	3,347,923	
Inventories against Istisna		1,874,878	3,708,194	
Islamic financing and related assets - gross		<u>196,958,840</u>	167,092,180	
Provision against Islamic financing and related assets				
-Specific		(986,587)	(334,402)	
-General		(743,955)	(698,988)	
		<u>(1,730,542)</u>	<u>(1,033,390)</u>	
Islamic financing and related assets - net of provision		<u>195,228,298</u>	166,058,790	

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FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	(Unaudited) March 31, 2022 (Rupees in '000)	(Audited) December 31, 2021 (Rupees in '000)
36.4 Due to financial institutions			
Unsecured acceptances of funds		-	1,000,000
Acceptances from the SBP under:			
- Islamic export refinance scheme		17,928,234	20,029,111
- Islamic long term financing facility		6,994,168	5,892,219
- Islamic financing facility for renewable energy power plants		429,236	336,665
- Islamic refinance facility for modernization of Small & Medium Enterprises (SMEs)		7,040	7,480
- Islamic refinance and credit guarantee scheme for women entrepreneurs		4,827	-
- Islamic refinance scheme for payment of wages and salaries		933,407	1,253,895
- Islamic temporary economic refinance facility		2,768,980	2,866,313
Acceptances from Pakistan Mortgage Refinance Company		175,333	181,985
		29,241,225	31,567,668
36.5 Deposits and other accounts			
Customers			
Current deposits		77,783,278	77,159,559
Savings deposits		128,684,669	124,677,445
Term deposits		34,712,264	37,475,091
		241,180,211	239,312,095
Financial Institutions			
Current deposits		55,713	628,929
Savings deposits		79,060,887	103,455,298
Term deposits		1,646	3,499,046
		79,118,246	107,583,273
		320,298,457	346,895,368
36.6 Islamic Banking business unappropriated profit			
Opening Balance		27,194,762	22,253,744
Add: Islamic Banking profit for the period / year		1,333,694	8,101,754
Less: Taxation		(520,141)	(3,159,684)
Less: Transferred / Remitted to Head Office		(447)	(1,052)
Closing Balance		28,007,868	27,194,762
36.7 Contingencies and commitments			
- Guarantees	36.7.1	4,172,084	3,888,514
- Commitments	36.7.2	48,338,747	52,852,441
		52,510,831	56,740,955
36.7.1 Guarantees:			
Performance guarantees		2,498,302	2,446,959
Other guarantees		1,673,782	1,441,555
		4,172,084	3,888,514
36.7.2 Commitments:			
Trade-related contingent liabilities		39,813,483	34,659,479
Commitments in respect of forward foreign exchange contracts	36.7.2.1	8,525,264	18,192,962
		48,338,747	52,852,441
36.7.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		4,197,956	9,520,227
Sale		4,327,308	8,672,735
		8,525,264	18,192,962
		(Unaudited)	
		For the three months ended	
		March 31, 2022	March 31, 2021
		(Rupees in '000)	
36.8 PROFIT / RETURN EARNED			
On:			
Financing		4,013,355	2,669,653
Investments		4,453,081	2,760,973
Amounts due from financial institutions		216,919	109,649
		8,683,355	5,540,275

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

		(Unaudited)	
		For the three months ended	
		March 31, 2022	March 31, 2021
		(Rupees in '000)	
36.9	Profit / return expensed		
	On:		
	Deposits and other accounts	3,867,211	2,240,073
	Amounts due to financial institutions	1,510,775	261,284
	Foreign currency deposits for Wa'ad based transactions	-	102
	Lease liability against right-of-use assets	138,925	47,063
		<u>5,516,911</u>	<u>2,548,522</u>

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

37.1 The Board of Directors, in its meeting held on April 20, 2022, has declared a cash dividend of Rs 2.25 per share in respect of the quarter ended March 31, 2022 (March 31, 2021: Rs 1.75 per share) . These condensed interim unconsolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

38 **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, 2022.

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

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

Salim Raza
Director

