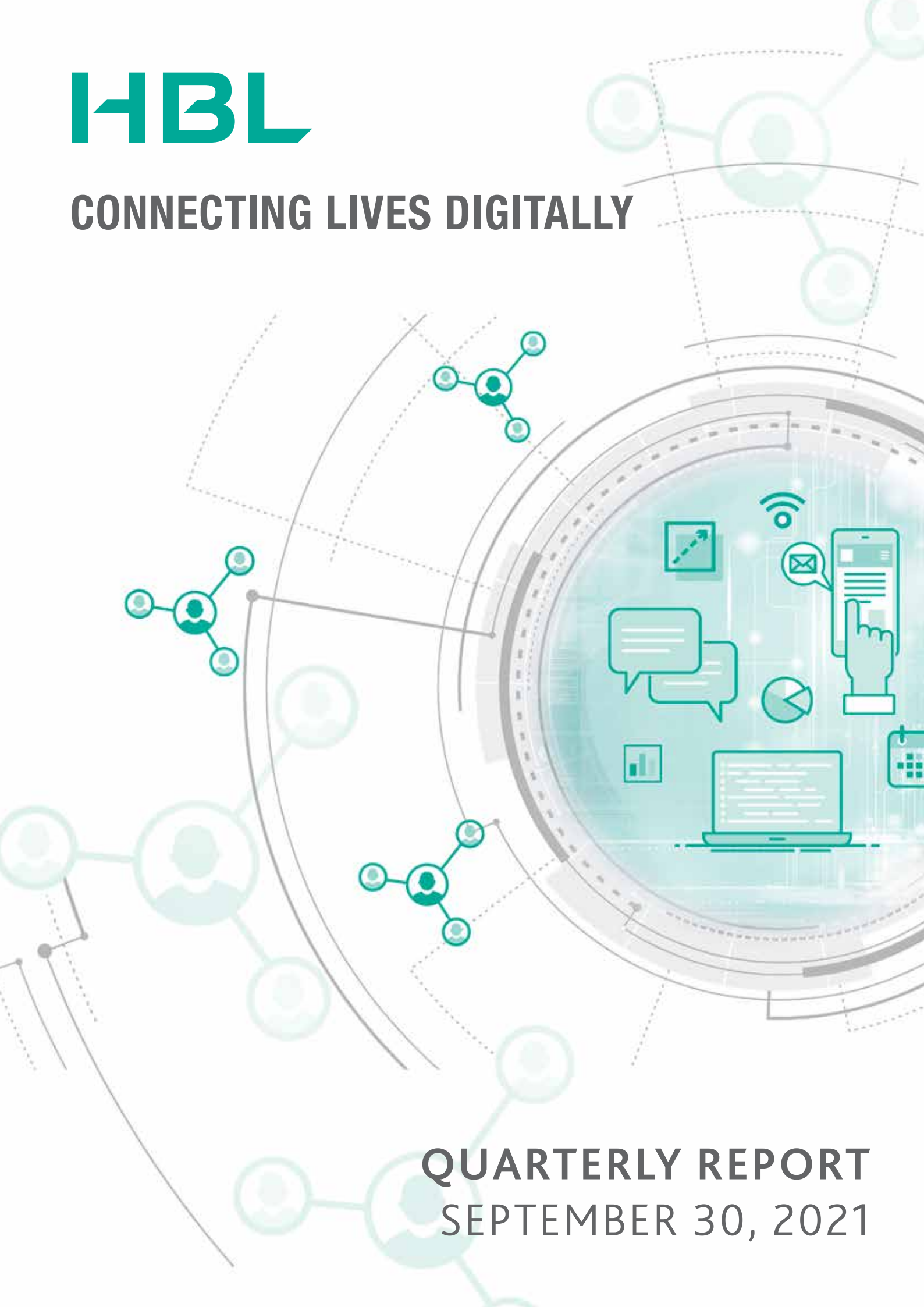


HBL

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QUARTERLY REPORT
SEPTEMBER 30, 2021

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Corporate Information

Board of Directors

Mr. Sultan Ali Allana
Chairman

Mr. Shaffiq Dharamshi
Director

Mr. Moez Ahamed Jamal
Director

Mr. Salim Raza
Director

Dr. Najeeb Samie
Director

Mr. Khaleel Ahmed
Director

Ms. Saba Kamal
Director

Mr. Muhammad Aurangzeb
President & CEO

Chief Operating Officer
Mr. Sagheer Mufti

Chief Financial Officer
Mr. Rayomond Kotwal

Company Secretary
Ms. Neelofar Hameed

Legal Advisors
Mandviwalla and Zafar
Legal Consultants and Advocates

Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main 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

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

Registered Office

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

Websites:

Corporate Website:
www.hbl.com

Internet Banking:

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

Konnect:

www.hbl.com/konnect

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



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 nine months ended September 30, 2021

Macroeconomic Review

Domestic economic growth is accelerating faster than previous projections, driven by accommodative monetary and fiscal policies. Manufacturing sector output, as measured by the Large-Scale Manufacturing (LSM) Index, posted a growth of 14.9% in FY'21 compared to a contraction of 10.2% during FY'20; this positive trend has continued in FY'22, with domestic demand reflecting broad-based growth and the LSM index posting a growth of 2.3% in Jul'21. Pakistan's vaccination drive has picked up pace, with daily administered doses crossing the 1 million mark; this bodes well for continued growth in the services sector in FY'22. Meanwhile, supply-driven volatility in food prices and rising global commodity prices have contributed to headline inflation rising to 9.0% in Sep'21. Average inflation during Q1FY'22 was 8.6% vs. 8.8% in the same period of last year, within the SBP's projected range of 7.0% - 9.0% for FY'22.

Pakistan's economic pick-up has led to a surge in the import bill, fuelled by vigorous domestic demand, elevated commodity prices and rising machinery imports following disbursements under the SBP's Temporary Economic Refinance Facility (TERF) stimulus programme. Resultantly, imports for 2MFY'22 rose by 68% YoY, outstripping a 35% growth in exports. The trade deficit thus widened to USD 6.8 billion, almost doubling from the same period of last year. Remittances grew 10% YoY to USD 5.4 billion in 2MFY'22, somewhat mitigating the higher trade gap. The current account deficit thus rose to USD 2.3 billion (4.1% of GDP) for 2MFY'22.

FX reserves have remained relatively insulated from the external account vulnerabilities as the flexible market-based exchange rate mechanism has worked as a shock absorber. Consequently, the rising current account deficit has been reflected in an ~8% depreciation of the PKR against the USD during Q3'21. SBP reserves are now at a record USD 19 billion amid enhanced SDR allocation from the IMF, an international bond issue and inflows into the Roshan Digital Accounts which have crossed USD 2 billion in the one year since launch.

Fiscal consolidation continued in FY'21 with the deficit reducing to 7.1% of GDP vs. 8.1% in FY'20. The key driver was a growth of ~19% in FBR's tax collection, which led to a reduction in the primary deficit, both in Rupee as well as in percentage terms. During Q1FY'22, provisional tax collection readings indicate continued growth of 38% YoY.

The equity market turned bearish, witnessing selling pressure in the quarter; the KSE100 Index shed 5.3% in September. Investor sentiments at the bourse were dampened by geopolitical uncertainty, MSCI's announcement of Pakistan's reclassification to Frontier Markets – which further spurred foreign selling – and macroeconomic concerns around the external account and currency depreciation. As a result of the rally during the first half of 2021, the PSX remains positive for the year, with the index being 2.6% higher than December 2020.

After a hiatus of 16 months, the SBP increased the interest rate by 25 bps to 7.25% in its September 2021 Monetary Policy Statement (MPS), stating that the economic recovery has been faster than expected. The SBP noted that stronger domestic demand pressures and higher international commodity prices have led to sharp recent increases in the current account deficit which could lead to imported inflation. The MPS also observed that the recovery has now matured to a stage where it is less susceptible to pandemic-related concerns; the focus has therefore shifted towards sustaining the growth trends and protecting the external account position. While suggesting a gradual tapering of the past monetary stimulus, the SBP maintained that monetary policy would remain accommodative with real interest rates turning positive only over time. Industry deposits have increased by 10.9% since December 2020; lending has also started to pick-up with advances growing by 9.3%. Banking spreads have reduced by ~100 bps in 8M'21 compared to 8M'20, reflecting the impact of asset repricing.

Financial Performance

HLB has delivered a consolidated profit before tax of Rs 46.4 billion in the nine months of 2021, an increase of 8% over the Rs 42.9 billion reported in the corresponding period last year. This has been achieved on the back of strong and sustained momentum across all activity drivers, improvement in results from the international business and higher profitability from the subsidiaries. The Bank's profit after tax increased to Rs 27.0 billion in 9M'21 compared to Rs 25.3 billion in the same period last year. Consequently, earnings per share increased from 17.17 in 9M'20 to Rs 18.21 in 9M'21.

HLB's balance sheet expanded by 6% in the nine months of 2021, to Rs 4.1 trillion. Deposit momentum continued from the previous quarter, with total deposits rising to Rs 3.2 trillion, a growth of 12% for the nine months of 2021; market share was maintained at over 14%. Domestic advances continued their growth trajectory, increasing by 4% during

the quarter; the Consumer business grew its loan book to Rs 95 billion while maintaining its excellent portfolio quality. International balance sheets continued to normalize, with total loans increasing by 20% to \$ 1.5 billion. Consequently, total advances of the Bank reached Rs 1.4 trillion, an increase of 12% over December 2020.

HBL recorded a total revenue of Rs 123 billion for the nine months of 2021. Average deposits increased by Rs 340 billion with average current accounts growing by more than Rs 120 billion. The Bank's average balance sheet volumes thus increased by over Rs 400 billion, with net interest income of Rs 97.2 billion. Non fund income – excluding capital gains – rose by 45% over 9M'20 to Rs 24 billion. Fee income has rebounded strongly in 2021 and remained the primary contributor, increasing by 34% over the prior year to Rs 17.9 billion. Cards and Consumer lending recorded yet another standout performance, delivering 60% of the fee increase. Domestic trade volumes exceeded the \$ 10 billion mark for the first time, driving a 28% growth in overall trade fees.

HBL's administrative expenses of Rs 70 billion for 9M'21 remained flat year-on-year. As a result, the cost to income ratio (excluding capital gains) improved from 60.9% in 9M'20 to 57.7% in 9M'21. Total provisions reduced by 35% over 9M'20, which included Rs 6.0 billion of Covid-related general provision; the specific charge in the current year is primarily due to prudent subjective provisioning. The infection ratio has fallen from 6.3% in December 2020 to 5.8% in September 2021 and the specific coverage has improved from 86.3% to 88.1% over the same period; total coverage was maintained at over 100%.

Movement in Reserves

	Rs in million
Unappropriated profit brought forward	138,208
Profit attributable to equity holders of the Bank	26,707
Re-measurement gain on defined benefit obligations of associates – net of tax	4
Transferred from surplus on revaluation of assets – net of tax	182
Acquisition of additional interest in subsidiary	749
	27,642
Profit available for appropriation	165,850
Appropriations:	
Transferred to statutory reserves	(2,856)
Cash dividend – Final 2020	(4,401)
Cash dividend – Q1 2021	(2,567)
Cash dividend – Q2 2021	(2,567)
Total appropriations	(12,390)
Unappropriated profit carried forward	153,460
Earnings per share (Rupees)	18.21

Capital Ratios

The steep Rupee depreciation impacted Tier 1 CAR by 39 bps and Total CAR by 54 bps. However, the higher profitability managed to contain some of this decline, with Tier 1 CAR declining by only 13 bps over June 2021 to 13.00% and Total CAR reducing from 16.80% in June 2021 to 16.63% in September 2021. The CAR ratios at all tiers remain well ahead of regulatory requirements.

Dividend

The Board of Directors, in its meeting held on October 15, 2021, has declared an interim cash dividend of Rs 1.75 per share (17.5%) for the quarter ended September 30, 2021.

Future Outlook

Pakistan has emerged relatively unscathed from the pandemic, with a shallower economic downturn compared to regional peers. Rising vaccination rates and the Government's deft handling of the pandemic are cause for cautious optimism. However, there are choppy waters ahead, which will need skillful navigation. With the US withdrawal from Afghanistan, the geopolitical situation is delicate; the recent re-grouping of alliances is clear evidence of a shifting world order.



The key problems facing the economy are inflation and the current account deficit. The supply-driven inflationary pressures have resulted in stubbornly high domestic inflation; meanwhile consumer and business confidence is rising, leading to demand acceleration. The Government anticipates GDP growth to increase to 4.8% in FY'22, although this could be moderated by slower manufacturing growth as industries are negatively impacted by high energy costs and a weaker currency. However, agriculture and commodity-related sectors should see a pickup, especially fertilizer and oil & gas, while the banking sector should benefit from higher interest rates.

The SBP has wisely been conservative with respect to FX interventions; however, the recent 25 bps rise in the policy rate appears to be on the lower side, reflecting SBP's stated intent to protect the longevity of growth. Nevertheless, we anticipate a continued tightening of monetary policy to rein in inflation and the external account deficit. The SBP has also used several administrative measures to slow import demand and ease the pressure on the currency: an increase in the number of imports requiring 100% cash margin; increased scrutiny and monitoring of trade transactions; tighter requirements around open market foreign currency purchases; and 'moral suasion'. This trend is likely to continue in the short term. It is also imperative for Pakistan to restart and successfully conclude the IMF's EFF program which will help in reversing the currency sentiment.

All of HBL's businesses and activity drivers are showing improved performance which is reflected in the financial results for the first nine months of 2021. These results have been delivered through renewed focus on our customers, who continue to show us exceptional loyalty and trust us with their business. We remain focused on developing solutions tailored to their needs and simplifying banking to deliver them a superior experience. Our public-private partnership is expanding a number of areas as we partner with the Government to support the growth and economic development of the country.

At HBL, the technology company with a banking license, we are seeing our digital investments coming to fruition. In this quarter, we achieved several new landmarks – personal loans instantly disbursed through HBL Mobile crossed Rs 10 billion, monthly transactions through our Mobile and Internet channels crossed Rs 100 billion and, during the quarter, our digital channels collectively processed nearly Rs 0.5 trillion in digital payments. HBL Mobile as well as our Konnect app continue to capture share of mind with the largest base of registered as well as active users. Recently we have used robotic process automation to streamline and simplify more than 20 operational processes resulting in efficiency gains of ~80%. This will gain momentum over the coming quarters. We are transforming agriculture through our pilot interventions which we are now scaling up – these have demonstrated tangible improvement in farmer economics through higher crop yields and more efficient production with farmer profit increasing by as much as 40%; the latest focus is on digitizing the entire lending process – from onboarding to loan disbursement to repayment. These initiatives will all result in customer convenience through radically faster turnaround. We are gratified that our efforts continue to be recognized by a number of domestic and international awards in this space.

Appreciation and Acknowledgement

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

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

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

On behalf of the Board

Muhammad Aurangzeb
President & Chief Executive Officer

Moez Ahamed Jamal
Director

October 15, 2021

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے، 30 ستمبر 2021ء کو اختتام پذیر ہونے والے نو ماہ کے مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

مربوط مالی پالیسی کی وجہ سے گزشتہ اندازوں کے مقابلے میں مقامی معاشی نمو تیزی سے بڑھ رہی ہے۔ بڑے پیمانے پر مینوفیکچرنگ (LSM) انڈیکس کے مطابق مالی سال 21 میں مینوفیکچرنگ سیکٹر کی پیداوار میں 14.9% کی نمو ہوئی جب کہ اس کے مقابلے میں مالی سال 20 کے دوران 10.2% کی کمی واقع ہوئی تھی، یہ مثبت رجحان مالی سال 22 میں بھی جاری رہا اور مقامی طور پر مانگ میں وسیع پیمانے پر اضافہ ہوا جب کہ LSM انڈیکس نے جولائی 21 میں شرح نمو 2.3% بتائی۔ یومیہ 10 لاکھ سے زائد خوراکیوں کے باعث پاکستان میں ویکی نیشن مہم نے رفتار پکڑی اور یہ عمل مالی سال 22 میں جاری نمو کے لیے نیک شگون ثابت ہوا۔ اسی دوران اشیائے خورد و نوش کی قیمتوں میں رسد کے حوالے سے بے یقینی اور عالمی طور پر اجناس کی قیمتوں میں اضافے کی وجہ سے ستمبر 21 میں افراط زر 9.0% تک پہنچ گئی۔ مالی سال 22 کی پہلی سہ ماہی میں اوسط افراط زر 8.6% تھی جب کہ گزشتہ برس اسی عرصے میں یہ شرح 8.8% رہی جو SBP کی جانب سے مالی سال 22 کے لیے تجویز کی گئی حد 7.0% سے 9.0% کے درمیان ہے۔

SBP کے ٹیمپریری اکاؤنٹ ری فائننس فیسیلیٹی (TERF) محرک پروگرام کے تحت ادائیگیوں کے بعد مشینری کی درآمد اور اجناس کی قیمتوں میں اضافے اور توانا مقامی طلب کے نتیجے میں پاکستان کی معیشت میں اٹھان کے ساتھ ہی درآمدی بل میں بھی اضافہ ہوا۔ نتیجتاً مالی سال 22 کے 2 ماہ میں درآمدات میں سال بہ سال 68% اضافہ ہوا جس نے برآمدات میں 35% نمو کو پیچھے چھوڑ دیا۔ یوں تجارتی خسارہ 6.8 ارب امریکی ڈالر تک بڑھ گیا جو گزشتہ برس اسی عرصے کے مقابلے میں دگنا تھا۔ مالی سال 22 کے دو ماہ میں ترسیلات زر سال بہ سال 10% بڑھ کر 5.4 ارب امریکی ڈالر تک پہنچ گئیں جس کی وجہ سے بڑے تجارتی فرق میں کمی واقع ہوئی۔ اس طرح کرنٹ اکاؤنٹ خسارہ مالی سال 22 کے دو ماہ کے لئے بڑھ کر 2.3 ارب امریکی ڈالر (GDP کا 4.1%) ہو گیا۔

مارکیٹ کے پلکار شرح مبادلہ میکزم کے دھچک سہنے کی صلاحیت کے طور پر کام کرنے کی وجہ سے FX ذخائر بیرونی کھاتے کی سنگینی کی زد سے محفوظ رہے۔ نتیجتاً مالی سال 21 کی تیسری سہ ماہی میں بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ، پاکستانی روپے کی وقعت امریکی ڈالر کے مقابلے میں 8% کم ہونے کی صورت سامنے آیا۔ IMF کی جانب سے مختص کردہ SDR میں اضافے، ایک بین الاقوامی بانڈ کے اجر اور روشن ڈیجیٹل اکاؤنٹس میں سرمایے کی آمد، جو ایک سال میں اپنے آغاز سے 2 ارب امریکی ڈالر تک کی حد عبور کر چکا ہے، جس کی وجہ سے اس وقت SBP کے ذخائر ریکارڈ 19 ارب امریکی ڈالر تک پہنچ چکے ہیں۔

مالی استحکام، مالی سال 21 میں جاری رہا اور خسارہ GDP کے 7.1% تک کم ہو گیا، جبکہ مالی سال 20 میں 8.1% پر برقرار رہا۔ اس نمو کا کلیدی سبب FBR کی ٹیکس وصولی میں 19% اضافہ تھا جس کی وجہ سے نہ صرف روپے بلکہ فیصد کے اعتبار سے بھی ابتدائی خسارے میں کمی واقع ہوئی۔ مالی سال 22 کی پہلی سہ ماہی میں عبوری ٹیکس وصولی 38% سال بہ سال نمو کی جانب اشارہ کرتی ہے۔

ایکویٹی مارکیٹ میں مندی کی وجہ سے سہ ماہی میں خریداری کا دباؤ دیکھا گیا اور ستمبر میں KSE 100 انڈیکس 5.3% گر گیا۔ جیو پولیٹیکل بے یقینی، MSCI کی فرئٹیر مارکیٹس کے لیے پاکستان کی درجہ بندی کے اعلان، جس کی وجہ سے آگے چل کر غیر ملکی فروخت میں اضافہ ہوا، بیرونی کھاتے سے متعلق کلیاتی اقتصادیات کے اندیشوں اور کرنسی کی قدر میں کمی سے سرمایہ کاروں کے جذبات سرد پڑ گئے۔ 2021ء کے پہلے نصف میں مجتمع ہونے کی وجہ سے PSX سال بھر کے لیے مثبت رہی اور دسمبر 2020ء کے مقابلے میں انڈیکس 2.6% زیادہ رہا۔

16 ماہ کے وقفے کے بعد SBP نے اپنی ستمبر 2021ء کی مانیٹری پالیسی اسٹیٹمنٹ میں شرح سود میں 25 بی پی ایس اضافہ کرتے ہوئے اسے 7.25% کر دیا۔ اس حوالے سے SBP کا کہنا تھا کہ معیشت کی بحالی توقع سے تیز رہی۔ SBP نے اندازہ لگایا کہ مضبوط تر مقامی مانگ کے دباؤ اور بین الاقوامی طور پر اجناس کی زیادہ قیمتوں کی وجہ سے کرنٹ اکاؤنٹ خسارے میں اضافہ ہوا جو درآمدی افراط زر کا باعث بن سکتا ہے۔ MPS نے بھی مشاہدہ کیا کہ بحالی اب اس حد تک پختہ ہو چکی ہے کہ جہاں اب یہ عالمگیر وبا سے متعلق اندیشوں کے لیے کم اثر پذیر ہے جس کی وجہ سے توجہ نمو کے رجحانات کو برقرار رکھنے اور بیرونی کھاتے کی صورت حال کی حفاظت پر منتقل ہو گئی ہے وہیں دوسری جانب سابقہ مالیاتی تحریک کی ہندرتج کمی کی تجویز دیتے ہوئے SBP نے یہ ملحوظ خاطر رکھا کہ مانیٹری پالیسی حقیقی شرح منافع کے مطابق رہے اور وقت کے ساتھ ساتھ مثبت میں تبدیل ہو۔ انڈسٹری ڈپازٹس دسمبر 2020ء سے 10.9% سے بڑھ چکے ہیں اور 9.3% اضافے سے قرض دینے کا عمل بھی بہتر ہونا شروع ہو گیا ہے۔ بینکنگ اسپریڈ مالی سال 21 کے 8 ماہ میں گزشتہ برس کے اسی عرصے کے مقابلے میں 100 بی پی ایس تک کم ہو گیا ہے جس سے اثاثوں کی ری پرائسنگ کے اثر کا پتہ چلتا ہے۔

سرمائے کا تناسب

روپے کی تیزی سے کمی نے ٹیڑ CAR 1 کو 39 بی پی ایس اور کل CAR کو 54 بی پی ایس متاثر کیا۔ تاہم زیادہ منافع اس کمی کو روکنے میں کامیاب رہا اور ٹیڑ CAR 1 جون 2021ء کے دوران صرف 13 بی پی ایس کم ہو کر 13.00% اور کل CAR جون 2021ء میں 16.8% سے کم ہو کر ستمبر 2021ء میں 16.63% رہ گئی۔ تمام ٹیڑز کے لیے CAR ریشور بیولیٹری شرائط سے کافی زیادہ رہا۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 15 اکتوبر 2021ء کو منعقدہ اجلاس میں 30 ستمبر 2021ء کو ختم ہونے والی سہ ماہی کے لیے 1.75 روپے فی حصص (17.5%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

مستقبل کی صورت حال

پاکستان عالم گیر وبا سے نسبتاً نقصان اٹھائے بغیر نکلا ہے اور خطے کے دیگر ممالک کے مقابلے میں اسے کم معاشی نقصان اٹھانا پڑا ہے۔ ویکی نیشن میں اضافے اور حکومت کے عالم گیر وبا پر قابو پانے کے لیے موثر اقدامات رجائیت پسندی کا سبب ہیں۔ تاہم، مستقبل میں نامساعد حالات کا سامنا کرنا پڑے گا جس کے لیے مہارت کی ضرورت ہو گی۔ افغانستان سے امریکا کے انخلا سے جیو پولیٹیکل صورتحال نازک ہے اور مختلف اتحادوں کی حالیہ ری گروپنگ ورلڈ آرڈر کی منتقلی کا واضح ثبوت ہے۔

معیشت کو درپیش اہم مسائل افراط زر اور کرنٹ اکاؤنٹ خسارہ ہیں۔ سپلائی سے متعلق افراط زر کے دباؤ سختی سے اونچے مقامی افراط زر کی صورت سامنے آئے ہیں۔ مزید صارف اور کاروبار کا اعتماد بڑھ رہا ہے جس سے مانگ بڑھے گی۔ حکومت نے مالی سال 22 میں GDP کی شرح نمو 4.8% تک بڑھنے کی پیش گوئی کی ہے، اگرچہ اس میں مینوفیکچرنگ کی سست نمو سے اعتدال آسکتا ہے کیوں کہ توانائی کی زیادہ لاگت اور کم زور کرنسی کی وجہ سے صنعتوں پر منفی اثرات مرتب ہوئے ہیں۔ تاہم، زراعت اور اجناس سے متعلق شعبوں بالخصوص فریلاٹرز اور تیل اور گیس میں بہتری آئی چاہیے جب کہ بینکنگ سیکٹر کو زیادہ شرح سود سے فائدہ اٹھانا چاہیے۔

SBP، ایف ایس کی انٹرمینٹرز کے اعتبار سے عقل مندانہ طور پر محتاط رہا ہے، تاہم پالیسی ریٹ میں حالیہ 25 بی پی ایس اضافہ ٹچل طرف رہا ہے، جس سے SBP کی نمو کی طوالت کو تحفظ دینے کی نیت کا اندازہ ہوتا ہے۔ تاہم اس کے باوجود ہم افراط زر اور بیرونی کھاتے کے خسارے کو قابو میں رکھنے کے لیے مانیٹری پالیسی کی سختی کی توقع کرتے ہیں۔ SBP نے درآمدی مانگ میں کمی اور کرنسی پر موجود دباؤ کم کرنے کے لیے متعدد انتظامی اقدامات کیے ہیں۔ ان میں 100% کیش مارجن والی درآمدات کی تعداد میں اضافہ، تجارتی لین دین کی جانچ اور مانیٹرینگ میں اضافہ، اوپن مارکیٹ غیر ملکی کرنسی کی خریداری کے لیے ضروریات کی سختی اور اخلاقی ترغیب شامل ہیں۔ یہ رجحان مختصر مدت میں جاری رہنے کا امکان ہے۔ یہ پاکستان کے لیے ضروری بھی ہے تاکہ یہ کامیابی سے IMF کے EFF پروگرام کو دوبارہ شروع اور ختم کر سکے جس سے کرنسی کی وقعت کو واپس لانے میں مدد ملے گی۔

HBL کے تمام کاروبار اور سرگرمیاں بہتر کارکردگی کا مظاہرہ کر رہی ہیں جس کا اظہار 2021ء کے پہلے نوماہ کے مالی نتائج میں ہوتا ہے۔ یہ نتائج ہمارے اپنے کسٹمرز پر تجدیدی اثرات کے ذریعے فراہم کیے گئے ہیں جو اپنے کاروبار کے حوالے سے ہم پر غیر معمولی بھروسہ اور اعتبار برقرار رکھے ہوئے ہیں۔ ہم نے بہترین خدمات کی فراہمی کے خاطر ان کی ضروریات میں تبدیلی اور بینکنگ کو سادہ بنانے کے لیے ترقی پذیر حل پر توجہ دی۔ ہماری پبلک پرائیویٹ پارٹنرشپ متعدد شعبوں میں وسعت اختیار کر رہی ہے کیوں کہ ہم ملک کی معاشی ترقی اور بڑھوتری کے لیے حکومت کو معاونت فراہم کرتے ہیں۔

HBL بینکنگ لائسنس کے ساتھ ایک ٹیکنالوجی کمپنی کے طور پر اپنی ڈیجیٹل سرمایہ کاری کو شرمبار ہوتا دیکھ رہا ہے۔ اس سہ ماہی میں ہم نے متعدد اہداف حاصل کیے۔ ان میں HBL موبائل کے ذریعے 10 ارب روپے سے زائد ذاتی قرضوں کی فوری ادائیگی، ہمارے موبائل اور انٹرنیٹ چینلز کے ذریعے 100 ارب روپے سے زائد کاما نہ لین دین اور سہ ماہی کے دوران ہمارے ڈیجیٹل چینلز کی جانب سے مجموعی طور پر تقریباً 0.5 کھرب کی ڈیجیٹل ادائیگیاں شامل ہیں۔ HBL موبائل کے علاوہ ہماری کنیکٹ ایپ رجسٹرڈ اور فعال صارفین کے سب سے بڑے نیٹ ورک کے ذریعے پہلی ترجیح بننے کے لیے کوشاں ہے۔ حال ہی میں ہم نے 20 سے زائد آپریشنل پروسیسز کو سادہ اور ہموار بنانے کے لیے خود کار روبوٹک پروسیس شروع کیا ہے جس سے کارکردگی میں 80% بہتری واقع ہوئی۔ اس میں آئندہ سہ ماہیوں میں مزید تیزی آئے گی۔ ہم آزمائشی مدخلتوں کے ذریعے زراعت کی کایا پلٹ رہے ہیں۔ ان کی وجہ سے ہم نے فصل کی زیادہ پیداوار اور کسان کے منافع میں 40% تک اضافے کے ساتھ کسان کی معیشت میں واضح بہتری محسوس کی۔ اب ہم قرض دینے کا عمل مکمل طور پر ڈیجیٹائز کرنے پر توجہ دے رہے ہیں۔ اس میں قرض کی نامزدگی سے ادائیگی اور دوبارہ ادائیگی شامل ہیں۔ ان تمام اقدامات کی وجہ سے تیز تر ٹرن اراؤنڈ سے کسٹمر کو آسانی ہوگی۔ ہم اس بات پر مسرور ہیں کہ ہماری کاشوش کو مقامی اور بین الاقوامی ایوارڈز کے ذریعے سراہنے کا سلسلہ جاری ہے۔

مالیاتی کارکردگی

سال 2021ء کے پہلے نو ماہ کے لیے HBL کا مجموعی قبل از محصول منافع 46.4 ارب روپے رہا، جو گزشتہ سال اسی مدت کے لیے 42.9 ارب روپے منافع کے مقابلے میں 8% زیادہ ہے۔ یہ تمام سرگرمیوں کے محرکین کی مسلسل مستحکم رفتار کا نتیجہ ہے، جہاں بین الاقوامی کاروبار میں بہتری اور سبسائیڈریز کے منافع میں اضافے سے بھی مدد ملی۔ بینک کا بعد از محصول منافع 2021ء کے پہلے نو ماہ میں 27.0 ارب روپے ہو گیا جو گزشتہ برس اسی مدت کے لیے 25.3 ارب روپے تھا۔ نتیجتاً فی حصص آمدنی مالی سال 20 سال کے نو ماہ کے 17.17 روپے سے بڑھ کر مالی سال 21 کے نو ماہ میں 18.21 روپے ہو گئی۔

بینک کی 2021ء کی نو ماہ کی بیلنس شیٹ 6% وسعت سے 4.1 کھرب روپے ہو گئی۔ ڈپازٹس کی رفتار گزشتہ سہ ماہی سے برقرار رہی جس میں 2021ء کے نو ماہ میں مجموعی ڈپازٹس میں 12% اضافہ ہوا، جو 3.2 کھرب روپے تک پہنچ گئے جبکہ مارکیٹ شیئر 14% سے اوپر برقرار رہا۔ مقامی قرضہ جات نمو کی نچ پر رہتے ہوئے سہ ماہی کے دوران 4% بڑھ گئے۔ کنزیومر بزنس نے مسلسل غیر معمولی طور پر بہتر کارکردگی کا مظاہرہ جاری رکھا، جس کے قرضوں کا کھاتہ اضافے کے بعد 95 ارب روپے ہو گیا۔ بین الاقوامی بیلنس شیٹ معمول کی جانب گامزن رہی۔ جن میں مجموعی قرضوں میں 20% اضافہ ہوا جو 1.5 ارب امریکی ڈالر تھا۔ نتیجتاً بینک کے مجموعی قرضے دسمبر 2020ء کے مقابلے میں 12% اضافے کے ساتھ 1.4 کھرب روپے ہو گئے۔

HBL کی خالص منافع آمدن 2021ء کے نو ماہ میں 123 ارب روپے ہو گئی۔ اوسط ڈپازٹس میں 340 ارب روپے کے اضافے کے ساتھ اوسط کرنٹ اکاؤنٹس میں 120 ارب روپے کا اضافہ ہوا۔ چنانچہ بینک کی اوسط بیلنس شیٹ کا حجم 400 ارب روپے سے تجاوز کر گیا جس سے خالص منافع آمدن 97.2 ارب ہوئی۔ حاصلات سرمایہ سے قطع نظر، بینک کی غیر سرمایہ آمدن 2020ء کے نو ماہ کے مقابلے میں 45% اضافے سے 24 ارب روپے ہو گئی۔ 2021ء میں فیس کی آمدن نے مستحکم پلٹا کھایا اور بدستور کارکردگی کا اہم عنصر رہی، جو 34% اضافے کے ساتھ تقریباً 17.9 ارب روپے ہو گئی۔ کارڈ اور کنزیومر لینڈنگ نے ایک اور نمایاں کارکردگی ریکارڈ کی جس سے فیس میں 60% کا اضافہ ہوا۔ مقامی تجارت کا حجم پہلی بار 10 ارب ڈالر کی حد عبور کر گیا جس سے مجموعی تجارتی فیس میں 28% اضافہ ہوا۔

2021ء کے نو ماہ کے لیے بینک کے 70 ارب کے انتظامی اخراجات سال بہ سال بدستور سطح پر رہے۔ نتیجتاً، بینک کی لاگت سے آمدن کا تناسب (حاصلات سرمایہ کے بغیر) 2020ء کے نو ماہ میں 60.9% تھا جو 2021ء کے نو ماہ میں بہتر ہو کر 57.7% ہو گیا۔ 2020ء کے نو ماہ کے مقابلے میں مجموعی پرووژن 35% سے کم ہو گئے جن میں COV-19 سے متعلقہ 6.0 ارب روپے کے عمومی پرووژن شامل ہیں۔ رواں سال کے خصوصی چارج کا بیشتر حصہ محتاط انفرادی پرووژن پر مشتمل ہے۔ بینک کے انفیکشن کا تناسب دسمبر 2020ء کے 6.3% کے مقابلے میں ستمبر 2021ء کے مقابلے میں کم ہو کے 5.8% ہو گیا اور اسی عرصے میں مخصوص کوریج بھی 86.3% سے بہتری کے ساتھ 88.1% ہو گئی۔ کل کوریج 100% سے زائد برقرار رہی۔

ذخائر میں اتار چڑھاؤ

ملین روپے

138,208

26,707
4
182
749
27,642
165,850

افتتاحی غیر تخصیص شدہ منافع

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

مناسب کارروائی کے لیے دستیاب منافع

مختلف مدوں میں رکھی گئی رقوم:

(2,856)
(4,401)
(2,567)
(2,567)
(12,390)
153,460
18.21

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ - حتمی 2020ء

نقد منافع منقسمہ - پہلی سہ ماہی 2021ء

نقد منافع منقسمہ - دوسری سہ ماہی 2021ء

مجموعی مناسب کارروائیاں

اختتامی غیر تخصیص شدہ منافع

فی حصص (شیئر) آمدنی (روپے)

اظہارِ تشکر

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

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

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

منجانب بورڈ

معیز احمد جمال
ڈائریکٹر

محمد اورنگزیب
صدر اور چیف ایگزیکٹو آفیسر

15 اکتوبر 2021ء

Condensed Interim Consolidated Statement of Financial Position

As at September 30, 2021

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

CONTINGENCIES AND COMMITMENTS

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Salim Raza
Director

Saba Kamal
Director

Khaleel Ahmed
Director

Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the nine months ended September 30, 2021

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

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Salim Raza
Director

Saba Kamal
Director

Khaleel Ahmed
Director

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months ended September 30, 2021

	January 01 to September 30, 2021	January 01 to September 30, 2020	July 01 to September 30, 2021	July 01 to September 30, 2020
	(Rupees in '000)			
Profit after taxation for the period attributable to:				
Equity holders of the Bank	26,707,170	25,191,830	9,050,933	10,048,332
Non-controlling interest	278,776	80,237	(94,957)	35,123
	26,985,946	25,272,067	8,955,976	10,083,455
Other comprehensive income / (loss)				
<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	3,404,864	3,197,630	4,804,162	(386,466)
Non-controlling interest	49,110	51,915	51,650	34,869
	3,453,974	3,249,545	4,855,812	(351,597)
Increase / (decrease) in share of exchange translation reserve of associates- net of tax	66,625	31,281	(118,752)	57,745
Movement in surplus / deficit on revaluation of investments - net of tax, attributable to:				
Equity holders of the Bank	(4,806,910)	8,144,346	(2,238,199)	(6,760,666)
Non-controlling interest	(24,807)	12,731	(15,701)	(12,690)
	(4,831,717)	8,157,077	(2,253,900)	(6,773,356)
Movement in share of surplus / deficit on revaluation of investments of associates - net of tax	(3,279)	(84,267)	73,023	49,901
<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	4,160	3,214	702	570
Movement in surplus on revaluation of fixed assets attributable to:				
Equity holders of the Bank	14,317	-	14,317	-
Non-controlling interest	(14,317)	-	(14,317)	-
	-	-	-	-
Total comprehensive income	25,675,709	36,628,917	11,512,861	3,066,718
Total comprehensive income attributable to:				
Equity holders of the Bank	25,386,947	36,484,034	11,586,186	3,009,416
Non-controlling interest	288,762	144,883	(73,325)	57,302
	25,675,709	36,628,917	11,512,861	3,066,718

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

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Director

Condensed Interim Consolidated Statement of Changes In Equity (Unaudited)

For the nine months ended September 30, 2021

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

(Rupees in '000)

Balance as at December 31, 2019

Comprehensive income for the nine months ended September 30, 2020

Profit after taxation for the nine months ended September 30, 2020

Other comprehensive income / (loss)

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

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

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

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

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

Transferred to statutory reserves

Transferred from surplus on revaluation of assets - net of tax

Exchange gain realised on capital reduction in subsidiary under liquidation - net of tax

Reversal of deferred tax asset recognised on subsidiary under liquidation

Exchange loss realised on closure of Bank branch - net of tax

Transactions with owners, recorded directly in equity

Final cash dividend - Rs 1.25 per share declared subsequent to the year ended December 31, 2019

1st interim cash dividend - Rs 1.25 per share

Balance as at September 30, 2020

Comprehensive income for the three months ended December 31, 2020

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

Other comprehensive income / (loss)

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

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

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

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

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

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

Transferred to statutory reserves

Transferred from surplus on revaluation of assets - net of tax

Balance as at December 31, 2020

Comprehensive income for the nine months ended September 30, 2021

Profit after taxation for the nine months ended September 30, 2021

Other comprehensive income / (loss)

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

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

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

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

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

Transferred to statutory reserves

Transferred from surplus on revaluation of assets - net of tax

Exchange gain realised on liquidation of subsidiary - net of tax

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

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

1st interim cash dividend - Rs 1.75 per share

2nd interim cash dividend - Rs 1.75 per share

Balance as at September 30, 2021

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

Muhammad Aurangzeb
President and
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Rayomond Kotwal
Chief Financial Officer

Salim Raza
Director

Saba Kamal
Director

Khaleel Ahmed
Director

Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the nine months ended September 30, 2021

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

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

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Khaleel Ahmed
Director

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding company

- Habib Bank Limited, Pakistan

Subsidiaries

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

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

- 1.1 Habib Finance International Limited (HFIL) had voluntarily surrendered its banking license in 2019 and was under voluntary liquidation. HFIL's final general meeting to conclude the liquidation was held on February 19, 2021 and the company stands formally dissolved as on May 19, 2021. The entire capital has been repatriated to Pakistan.
- 1.2 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.
- 1.3 The Bank has decided to exit its operations in Mauritius and is at an advanced stage of discussions with a potential buyer.
- 1.4 During the period, the Bank has subscribed to 200 million Rights shares issued by the First MicrofinanceBank Limited (FMFB). Resultantly, the Bank's holding in FMFB has increased from 50.51% to 71.43%.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

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

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

2.5 Critical accounting estimates and judgements

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

4 FINANCIAL RISK MANAGEMENT

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

5 CASH AND BALANCES WITH TREASURY BANKS

	(Unaudited) September 30, 2021 (Rupees in '000)	(Audited) December 31, 2020
In hand		
Local currency	47,172,475	41,262,666
Foreign currencies	5,662,937	16,341,859
	<u>52,835,412</u>	<u>57,604,525</u>
With State Bank of Pakistan in		
Local currency current accounts	97,493,399	130,745,447
Foreign currency current accounts	9,167,992	6,788,327
Foreign currency deposit accounts	17,088,727	13,768,677
	<u>123,750,118</u>	<u>151,302,451</u>
With other Central Banks in		
Foreign currency current accounts	49,184,734	47,941,657
Foreign currency deposit accounts	10,778,013	11,120,595
	<u>59,962,747</u>	<u>59,062,252</u>
With National Bank of Pakistan in		
Local currency current accounts	88,568,264	104,866,634
Local currency deposit account	505,770	697,247
	<u>89,074,034</u>	<u>105,563,881</u>
National Prize Bonds	559,399	1,747,011
	<u>326,181,710</u>	<u>375,280,120</u>

6 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	608,088	2,284,347
In deposit accounts	6,809,692	7,060,497
	<u>7,417,780</u>	<u>9,344,844</u>
Outside Pakistan		
In current accounts	29,097,925	30,271,581
In deposit accounts	20,910,509	16,917,404
	<u>50,008,434</u>	<u>47,188,985</u>
	<u>57,426,214</u>	<u>56,533,829</u>

7 LENDINGS TO FINANCIAL INSTITUTIONS

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

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

8.1.2 Investments given as collateral

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

Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds

Foreign securities

- Government debt securities

(Unaudited)
September 30,
2021
(Audited)
December 31,
2020
(Rupees in '000)

7,966,056 113,807,278
137,996,496 207,400,499

6,835 -
145,969,387 321,207,777

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

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

8.4 Particulars of provision against debt securities

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

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

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

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

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

9.3 Particulars of provision against advances

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

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

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

10 FIXED ASSETS

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

10.1 Capital work-in-progress

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

10.2 Additions to fixed assets

	(Unaudited) For the nine months ended September 30, 2021	(Audited) For the nine months ended September 30, 2020
	(Rupees in '000)	

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

Capital work-in-progress- net	3,091,830	882,095
Property and equipment		
Leasehold land	400,000	928,823
Building on free hold land	2,019	-
Building on leasehold land	184,048	75,124
Machinery	85,200	58,556
Leasehold improvements	1,391,656	711,646
Furniture and fixtures	626,518	352,287
Electrical, office and computer equipment	3,531,694	2,117,516
Vehicles	126,860	64,075
	<u>6,347,995</u>	<u>4,308,027</u>
Right-of-use assets - net	2,186,468	4,978,031
	<u>11,626,293</u>	<u>10,168,153</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		
Leasehold improvements	2,903	10,393
Furniture and fixtures	1,254	4,209
Electrical, office and computer equipment	8,439	13,885
Vehicles	12,757	87
	<u>25,353</u>	<u>28,574</u>
Derecognition of right-of-use assets on closure of Bank branch	-	1,032,336
	<u>25,353</u>	<u>1,060,910</u>

11 INTANGIBLE ASSETS

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

	(Unaudited) For the nine months ended September 30, 2021	(Audited) For the nine months ended September 30, 2020
	(Rupees in '000)	

11.1 Additions to intangible assets

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

Capital work-in-progress	256,607	595,166
Computer software	1,758,362	792,744
	<u>2,014,969</u>	<u>1,387,910</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

12 OTHER ASSETS

Note	(Unaudited) September 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
	44,368,341	49,348,579
	3,486,749	2,878,167
	3,695,352	2,645,730
	19,959,947	21,124,536
	2,683	1,096,000
	150,131	154,121
	260,598	476,113
	1,692,351	1,532,223
	10,361,257	4,101,950
	34,723	182,917
	468,175	432,937
	36,000,589	27,539,046
	10,364,862	3,220,084
	73,921	15,026
	489,410	553,356
	2,784,041	1,022,072
	<u>134,193,130</u>	<u>116,322,857</u>
12.1	<u>(1,174,497)</u>	<u>(1,127,909)</u>
	<u>133,018,633</u>	<u>115,194,948</u>
19	<u>91,384</u>	<u>209,594</u>
	<u>133,110,017</u>	<u>115,404,542</u>

12.1 Provision held against other assets

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

12.1.1 Movement in provision against other assets

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

13 BILLS PAYABLE

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

	Note	(Unaudited) September 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
14 BORROWINGS			
Secured			
Borrowings from the SBP under			
- Export refinance scheme		62,493,317	60,068,212
- Long term financing facility		28,325,675	25,922,575
- Financing facility for renewable energy power plants		4,968,878	1,716,425
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)		254,786	152,893
- Refinance and credit guarantee scheme for women entrepreneurs		135,401	163,416
- Financing facility for storage of agricultural produce		363,109	292,211
- Refinance facility for working capital of SMEs		3,533	135,625
- Refinance scheme for payment of wages and salaries		19,767,562	30,928,363
- Refinance facility for combating COVID-19		1,138,886	1,300,000
- Temporary economic refinance facility		19,486,843	4,917,263
		136,937,990	125,596,983
Repurchase agreement borrowings		146,963,107	321,070,809
		283,901,097	446,667,792
Unsecured			
- Call money borrowings		-	13,450,000
- Overdrawn nostro accounts		713,110	194,244
- Borrowings of overseas branches and subsidiaries		55,667,984	30,376,372
- Other long-term borrowings	14.1	57,478,432	53,419,418
		113,859,526	97,440,034
		397,760,623	544,107,826
14.1 This includes the following:			
14.1.1 A loan from the International Finance Corporation amounting to US\$ 150 million (December 31, 2020: US\$ 150 million). The principal amount is payable in six equal semi-annual installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi-annually.			
14.1.2 HBL has entered into a long-term financing facility arrangement of US\$ 300 million with China Development Bank, to be utilized for on-lending to projects of the Bank's customers. Under this facility, US\$ 170.975 million (December 31, 2020: US\$ 165.975 million) has been utilized by the Bank, with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to January 31, 2023. Starting from that date, the entire drawn amount is payable in semi-annual installments over a period of 10 years. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.			
14.1.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 181.985 million (December 31, 2020: Rs 194.309 million) for on-lending to customers. The principal amount is payable in semi-annual installments from August 2020 to February 2023. Profit at 11.21% per annum is payable semi-annually.			
14.1.4 Mortgage refinancing facilities from PMRC, amounting to Rs 1,119.624 million (December 31, 2020: Rs 821.434 million), have been utilised by First MicrofinanceBank Limited to extend mortgage finance to low income groups. The principal amount is payable in quarterly installments from June 2020 to June 2031. Mark-up on these facilities ranges from 6.50% to 7.14% per annum and is payable in quarterly installments.			
14.1.5 A loan from Allied Bank Limited to HBL Asset Management Limited amounting to Rs 1.4 billion (December 31, 2020: Rs 1.6 billion). The principal amount is payable in semi-annual installments from June 2020 to December 2024. Mark-up at KIBOR + 0.75% is payable semi-annually.			

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

15 DEPOSITS AND OTHER ACCOUNTS

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

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

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

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

The key features of the issue are as follows:

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

17	DEFERRED TAX ASSETS / (LIABILITIES)	Note	(Unaudited) September 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
	Deductible temporary differences on			
	- Tax losses of a subsidiary		469,811	469,486
	- Provision against investments		732,341	1,141,429
	- Provision against doubtful debts and off-balance sheet obligations		4,386,333	4,480,082
	- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		2,586,338	1,940,800
	- Provision against other assets		29,020	45,062
	- Deficit on revaluation of fixed assets		72,832	72,832
	- Ijarah financing		234,325	199,225
			8,511,000	8,348,916
	Taxable temporary differences on			
	- Accelerated tax depreciation		(1,506,815)	(1,667,333)
	- Surplus on revaluation of fixed assets	19	(1,787,432)	(1,827,924)
	- Surplus on revaluation of fixed assets of associates	19	(56,392)	(56,392)
	- Surplus on revaluation of investments	19	(2,394,439)	(5,430,518)
	- Surplus on revaluation of investments of associates	19	(19,852)	(21,949)
	- Management rights and goodwill		(308,568)	(237,741)
	- Share of profit of associates		(7,111,603)	(6,728,003)
	- Exchange translation reserve		(2,911,838)	(2,740,997)
	- Others		66,812	(25,918)
			(16,030,127)	(18,736,775)
	Net deferred tax liabilities		(7,519,127)	(10,387,859)
18	OTHER LIABILITIES			
	Mark-up / return / profit / interest payable in local currency		16,599,738	11,846,712
	Mark-up / return / profit / interest payable in foreign currency		3,073,295	2,362,314
	Security deposits		915,274	974,790
	Accrued expenses		19,474,660	19,271,148
	Mark to market loss on forward foreign exchange contracts		6,971,606	6,359,622
	Mark to market loss on derivative instruments		2,061,849	1,449,800
	Unclaimed dividends		719,206	693,700
	Dividends payable		1,321,585	115,626
	Provision for post retirement medical benefits		3,939,937	3,763,654
	Provision for employees' compensated absences		2,392,770	2,492,992
	Provision against off-balance sheet obligations	18.1	2,383,894	1,138,648
	Acceptances		36,000,589	27,539,046
	Branch adjustment account		2,265,628	816,307
	Provision for staff retirement benefits		1,225,251	1,239,418
	Payable to defined benefit plans		1,147,106	1,182,639
	Provision for Workers' Welfare Fund		7,250,027	6,379,456
	Unearned income		4,523,341	4,229,811
	Qarz-e-Hasna Fund		338,542	338,542
	Levies and taxes payable		3,859,475	7,073,633
	Insurance payable		1,236,875	887,519
	Provision for rewards program expenses		1,873,572	1,391,392
	Liability against trading of securities		12,979,488	902,755
	Clearing and settlement accounts		8,056,973	4,538,525
	Payable to HBL Foundation		271,323	315,431
	Contingent consideration payable		500,000	500,000
	Charity fund		4,409	4,234
	Lease liability against right-of-use asset		21,507,822	18,213,249
	Unclaimed deposits		368,685	91,752
	Others		4,463,561	3,797,582
			167,726,481	129,910,297

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

19 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Note	September 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Attributable to			Attributable to		
	Equity holders	Non-controlling interest	Total	Equity holders	Non-controlling interest	Total
	(Rupees in '000)					
Surplus / (deficit) arising on revaluation of:						
- Fixed assets	28,900,980	26,648	28,927,628	28,987,958	43,496	29,031,454
- Fixed assets of associates	144,596	-	144,596	144,596	-	144,596
- Available-for-sale securities	6,097,433	(11,199)	6,086,234	13,932,014	22,016	13,954,030
- Available-for-sale securities held by associates	50,903	-	50,903	56,279	-	56,279
- Non-banking assets acquired in satisfaction of claims	91,384	-	91,384	209,594	-	209,594
	35,285,296	15,449	35,300,745	43,330,441	65,512	43,395,953
Deferred tax on surplus / (deficit) on revaluation of:						
- Fixed assets	1,784,670	2,762	1,787,432	1,824,175	3,749	1,827,924
- Fixed assets of associates	56,392	-	56,392	56,392	-	56,392
- Available-for-sale securities	2,395,340	(901)	2,394,439	5,423,011	7,507	5,430,518
- Available-for-sale securities held by associates	19,852	-	19,852	21,949	-	21,949
- Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-
	4,256,254	1,861	4,258,115	7,325,527	11,256	7,336,783
Surplus on revaluation of assets - net of tax	31,029,042	13,588	31,042,630	36,004,914	54,256	36,059,170

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

	(Unaudited) September 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
20.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	311,309,465	261,220,544
Sale	210,027,759	175,495,769
	<u>521,337,224</u>	<u>436,716,313</u>
20.2.2 Commitments in respect of forward Government securities transactions		
Purchase	38,984,028	96,427,590
Sale	19,766,643	54,329,588
	<u>58,750,671</u>	<u>150,757,178</u>
20.2.3 Commitments in respect of derivatives		
Cross currency swaps		
Purchase	13,584,610	14,662,810
Sale	15,475,386	16,007,336
	<u>29,059,996</u>	<u>30,670,146</u>
Interest rate swaps		
Purchase	-	-
Sale	6,338,479	7,834,491
	<u>6,338,479</u>	<u>7,834,491</u>
20.2.4 Commitments in respect of forward lending		
Undrawn formal standby facilities, credit lines and other commitments to extend credit	<u>28,083,732</u>	<u>11,085,983</u>
These represent commitments that are irrevocable because they can not be withdrawn at the discretion of the Group without the risk of incurring a significant penalty or expense.		
20.3 Other contingent liabilities		
20.3.1 Claims against the Group not acknowledged as debts	<u>25,460,161</u>	<u>23,966,530</u>
These mainly represent counter claims by borrowers for damages, claims filed by former employees of the Group and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these condensed interim consolidated financial statements.		
20.3.2 In Q1 2020, by agreement with the New York State Department of Financial Services (NYSDFS) and the U.S. Federal Reserve, HBL surrendered its New York State license to operate HBL's New York branch office (HBLNY) and completed the voluntary liquidation of HBLNY under the New York Banking Law.		
The successful closure and liquidation of HBLNY satisfied or suspended all remaining terms of the September 7, 2017 Consent Order between NYSDFS, HBL, and HBLNY, which Consent Order was disclosed in Note 21.3.2 to the Financial Statements for the year ended December 31, 2020 and in similar notes for the 2019, 2018, and 2017 financial statements. Similarly, on September 29, 2020, the Federal Reserve formally announced the termination of all Federal Reserve enforcement actions with HBL and HBLNY. Accordingly, HBL does not expect any further actions or proceedings from NYSDFS or the Federal Reserve.		
In 2017, the U.S. Department of Justice (DOJ) requested documents relating to the NYSDFS Consent Order. It is not known whether DOJ will have any further questions about those documents.		

21 DERIVATIVE INSTRUMENTS

Product Analysis

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

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

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

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

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

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

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

32.1 Fair value of financial assets

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

As at September 30, 2021 (Unaudited)					
	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	1,458,955,141	-	1,458,955,141	-	1,458,955,141
- Shares - listed companies	6,287,329	6,287,329	-	-	6,287,329
- Non-Government debt securities					
- Listed	51,971,388	40,600,000	11,371,388	-	51,971,388
- Unlisted	622,500	-	622,500	-	622,500
- Foreign securities					
Government debt securities	60,837,515	-	60,837,515	-	60,837,515
Non-Government debt securities- listed	14,771,279	-	14,771,279	-	14,771,279
- National Investment Unit Trust units	46,286	-	46,286	-	46,286
- Real Estate Investment Trust units	58,600	58,600	-	-	58,600
- Preference Shares - Listed	780,500	780,500	-	-	780,500
	1,594,330,538	47,726,429	1,546,604,109	-	1,594,330,538
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	262,616,051	-	259,234,290	-	259,234,290
- Non-Government debt securities					
- Listed	2,432,804	-	2,446,127	-	2,446,127
- Unlisted	21,382,229	-	21,407,229	-	21,407,229
- Foreign securities					
Government debt securities	13,847,158	-	15,532,899	-	15,532,899
Non-Government debt securities					
- Listed	305,668	-	305,668	-	305,668
- Unlisted	647,819	-	647,819	-	647,819
	301,231,729	-	299,574,032	-	299,574,032
	1,895,562,267	47,726,429	1,846,178,141	-	1,893,904,570

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

As at September 30, 2021 (Unaudited)				
Notional value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Off-balance sheet financial instruments - measured at fair value				
Commitments				
- Forward foreign exchange contracts	521,337,224	-	3,389,651	3,389,651
- Forward Government securities transactions	58,750,671	-	7,382	7,382
- Derivative instruments	35,398,475	-	(2,027,126)	(2,027,126)

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

On balance sheet financial instruments

Financial assets - measured at fair value

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

Financial assets - disclosed but not measured at fair value

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

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

Off-balance sheet financial instruments - measured at fair value

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

32.2 Fair value of non-financial assets

As at September 30, 2021 (Unaudited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
- Fixed assets	53,084,929	-	53,084,929	53,084,929
- Non-banking assets acquired in satisfaction of claims	556,454	-	556,454	556,454
	53,641,383	-	53,641,383	53,641,383
As at December 31, 2020 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
- Fixed assets	52,856,178	-	52,856,178	52,856,178
- Non-banking assets acquired in satisfaction of claims	639,379	-	639,379	639,379
	53,495,557	-	53,495,557	53,495,557

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

33 SEGMENT INFORMATION

33.1 Segment details with respect to Business Activities

For the nine months ended September 30, 2021 (Unaudited)										
	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Profit and loss account										
	(Rupees in million)									
Net mark-up / return / profit / interest income	(43,429)	20,444	8,521	22,970	80,336	3,845	(104)	5,933	(1,364)	97,152
Inter segment revenue / (expense) - net	74,378	(9,845)	-	(11,168)	(62,687)	3,027	-	-	6,295	-
Non mark-up / interest income	2,971	7,509	497	2,796	4,530	3,635	444	865	2,476	25,723
Total Income	33,920	18,108	9,018	14,598	22,179	10,507	340	6,798	7,407	122,875
Segment direct expenses	19,197	6,707	2,174	2,612	948	10,843	349	4,342	23,830	71,002
Inter segment expense allocation	12,175	1,519	503	1,425	210	5,196	-	-	(21,028)	-
Total expenses	31,372	8,226	2,677	4,037	1,158	16,039	349	4,342	2,802	71,002
Provisions - charge / (reversal)	-	1,134	264	690	(1,074)	2,087	-	1,626	769	5,496
Profit / (loss) before tax	2,548	8,748	6,077	9,871	22,095	(7,619)	(9)	830	3,836	46,377
As at September 30, 2021 (Unaudited)										
	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Statement of financial position										
	(Rupees in million)									
Cash and bank balances	134,411	-	26,123	296	100,044	110,318	7	11,699	710	383,608
Lendings to financial institutions	-	-	28,144	-	120,730	-	-	-	-	148,874
Inter segment lending	1,592,318	-	5,090	-	-	195,879	-	-	140,915	1,934,202
Investments	-	-	160,171	8,822	1,593,083	115,204	286	21,550	37,948	1,937,064
Advances - performing	-	176,006	152,915	677,572	-	287,049	-	46,889	20,639	1,361,070
Advances - non-performing	-	2,067	-	2,648	-	3,265	-	2,065	-	10,045
Others	12,918	4,219	13,186	38,065	38,678	11,750	2,925	10,230	108,067	240,038
Total assets	1,739,647	182,292	385,629	727,403	1,852,535	723,465	3,218	92,433	308,279	6,014,901
Borrowings	-	2,913	27,488	106,718	147,372	109,349	1,400	2,521	-	397,761
Subordinated debt	-	-	-	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,715,066	398	318,659	505,224	4	544,725	-	75,257	7,594	3,166,927
Inter segment borrowing	-	171,721	-	81,601	1,680,880	-	-	-	-	1,934,202
Others	24,581	7,260	12,285	33,860	22,650	25,428	439	5,424	90,321	222,248
Total liabilities	1,739,647	182,292	358,432	727,403	1,850,906	679,502	1,839	83,202	110,289	5,733,512
Equity	-	-	27,197	-	1,629	43,963	1,379	9,231	197,990	281,389
Total equity and liabilities	1,739,647	182,292	385,629	727,403	1,852,535	723,465	3,218	92,433	308,279	6,014,901
Contingencies and commitments	53,456	-	47,449	478,207	504,309	138,860	-	-	37,939	1,260,220

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

For the nine months ended September 30, 2020 (Unaudited)										
	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Profit and loss account										
	(Rupees in million)									
Net mark-up / return / profit / interest income	(55,865)	19,085	10,141	31,753	88,688	5,243	(193)	4,634	(4,702)	98,784
Inter segment revenue / (expense) - net	97,262	(10,608)	-	(20,030)	(76,019)	2,017	-	-	7,378	-
Non mark-up / interest income	2,429	4,406	200	2,450	9,918	3,077	437	529	621	24,067
Total Income	43,826	12,883	10,341	14,173	22,587	10,337	244	5,163	3,297	122,851
Segment direct expenses	18,823	5,189	1,380	2,470	988	17,247	215	3,504	21,618	71,434
Inter segment expense allocation	10,243	1,434	339	1,245	207	5,196	-	-	(18,664)	-
Total expenses	29,066	6,623	1,719	3,715	1,195	22,443	215	3,504	2,954	71,434
Provisions - charge / (reversal)	66	1,779	702	2,740	(930)	3,032	-	1,058	67	8,514
Profit / (loss) before tax	14,694	4,481	7,920	7,718	22,322	(15,138)	29	601	276	42,903
As at December 31, 2020 (Audited)										
	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Statement of financial position										
	(Rupees in million)									
Cash and bank balances	179,590	-	12,771	293	125,940	101,353	3	11,425	439	431,814
Lendings to financial institutions	-	-	5,257	-	24,897	-	-	-	-	30,154
Inter segment lending	1,430,513	-	91	-	-	183,892	-	-	145,705	1,760,201
Investments	-	-	139,619	8,675	1,660,147	93,245	461	14,542	31,888	1,948,577
Advances - performing	-	163,801	153,152	618,911	-	218,573	-	40,784	17,021	1,212,242
Advances - non-performing	-	1,960	211	4,308	-	3,943	-	844	3	11,269
Others	15,636	3,946	7,295	25,006	30,760	25,208	2,987	8,635	95,534	215,007
Total assets	1,625,739	169,707	318,396	657,193	1,841,744	626,214	3,451	76,230	290,590	5,609,264
Borrowings	-	4,011	32,183	100,397	324,181	79,714	1,600	2,022	-	544,108
Subordinated debt	-	-	-	-	-	-	-	-	22,356	22,356
Deposits and other accounts	1,607,921	348	257,414	430,203	9	465,866	-	61,726	6,884	2,830,371
Inter segment borrowing	-	159,043	-	98,870	1,502,288	-	-	-	-	1,760,201
Others	17,818	6,305	6,032	27,723	8,804	39,165	390	5,817	74,679	186,733
Total liabilities	1,625,739	169,707	295,629	657,193	1,835,282	584,745	1,990	69,565	103,919	5,343,769
Equity	-	-	22,767	-	6,462	41,469	1,461	6,665	186,671	265,495
Total equity and liabilities	1,625,739	169,707	318,396	657,193	1,841,744	626,214	3,451	76,230	290,590	5,609,264
Contingencies and commitments	13,104	-	9,416	321,938	551,311	97,502	-	-	28,891	1,022,162

34 RELATED PARTY TRANSACTIONS

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

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

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

For the nine months ended September 30, 2021 (Unaudited)

	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
(Rupees in '000)						
Profit and loss account						
Income						
Mark-up / return / profit / interest earned	-	14,852	196,157	162,492	-	630,414
Fee and commission income	-	-	127,533	709,279	267	16,382
Share of profit	-	-	-	1,199,819	744,933	-
Dividend income	-	-	-	-	-	89,307
Loss from derivatives	-	-	(2,557)	(8,767)	-	-
Expenses						
Mark-up / return / profit / interest expensed	6,003	8,712	829,136	869,894	18,210	182,213
Operating expenses						
Total compensation expense	-	968,425	-	-	-	990,451
Non-Executive Directors' fees	61,800	-	-	-	-	-
Insurance premium expense	-	-	-	1,504,179	-	-
Product feature cost	-	-	139,554	-	-	-
Travelling	-	-	11,508	-	-	-
Subscription	-	-	-	-	-	72,388
Donations	-	-	77,230	-	-	271,323
Brokerage and Commission	-	-	-	-	-	155,858
Other Expenses	-	-	7,210	-	-	37,798
Others						
Purchase of Government securities	-	-	242,442,156	23,453,887	-	8,614,457
Sale of Government securities	-	44,842	248,898,039	26,669,475	-	15,929,192
Purchase of foreign currencies	-	6,369	2,221,735	-	-	2,791,748
Sale of foreign currencies	5,756	268,770	2,529,316	181,800	-	4,481,885
Insurance claims settled	-	-	-	53,756	-	-

As at December 31, 2020 (Audited)

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

As at December 31, 2020 (Audited)

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

For the nine months ended September 30, 2020 (Unaudited)

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

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

of which: capital conservation buffer requirement

of which: countercyclical buffer requirement

of which: D-SIB buffer requirement

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

Other information:

National minimum capital requirements prescribed by the SBP

CET1 minimum ratio (%)

Tier 1 minimum ratio (%)

Total capital minimum ratio (%)

Leverage Ratio (LR)

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio (%)

Minimum Requirement (%)

Liquidity Coverage Ratio (LCR)

Average High Quality Liquid Assets

Average Net Cash Outflow

Liquidity Coverage Ratio (%)

Minimum Requirement (%)

Net Stable Funding Ratio (NSFR)

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio (%)

Minimum Requirement (%)

(Unaudited)
September 30,
2021
(Rupees in '000)

(Audited)
December 31,
2020

14,668,525	14,668,525
187,980,735	172,930,425
12,418,224	12,533,284
200,398,959	185,463,709
55,847,945	51,969,228
256,246,904	237,432,937
1,218,807,255	1,042,434,363
119,221,250	131,554,475
203,276,223	203,276,223
1,541,304,728	1,377,265,061
12.20%	12.56%
13.00%	13.47%
16.63%	17.24%
9.50%	9.50%
1.50%	1.50%
-	-
2.00%	2.00%
6.20%	6.56%
9.50%	9.50%
11.00%	11.00%
13.50%	13.50%
200,398,959	185,463,709
4,790,292,378	4,364,466,103
4.18%	4.25%
3.00%	3.00%
Total Adjusted Value (Rupees in '000)	
1,461,148,370	1,343,833,391
621,022,630	525,626,841
235.28%	255.66%
100.00%	100.00%
Total Weighted Value (Rupees in '000)	
2,890,063,091	2,637,965,349
1,691,415,207	1,448,252,363
170.87%	182.15%
100.00%	100.00%

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

36 ISLAMIC BANKING BUSINESS

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

STATEMENT OF FINANCIAL POSITION

ASSETS

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

Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
	25,599,459	12,685,357
	523,535	85,710
36.1	28,143,507	5,257,358
36.2	160,171,404	139,619,025
36.3	152,914,936	153,363,009
	2,908,895	1,163,176
	-	-
	5,000,862	90,320
	-	-
	10,366,822	6,132,151
	385,629,420	318,396,106

LIABILITIES

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

	64,118	9,451
36.4	27,487,873	32,183,448
36.5	318,658,515	257,414,395
	-	12,444
	-	-
	471,340	8,718
	11,750,626	6,000,269
	358,432,472	295,628,725

NET ASSETS

	27,196,948	22,767,381
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REPRESENTED BY

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

	500,000	500,000
	-	-
	737,225	13,637
36.6	25,959,723	22,253,744
	27,196,948	22,767,381

Contingencies and commitments

36.7		
	(Unaudited) For the nine months ended	
	September 30, 2021	September 30, 2020
	(Rupees in '000)	

PROFIT AND LOSS ACCOUNT

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

36.8	17,196,569	17,198,994
36.9	8,675,798	7,058,308
	8,520,771	10,140,686

Other income / (loss)

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

492,974	433,885
-	-
3,308	(59,803)
-	-
(15)	(180,913)
273	6,848
496,540	200,017

Total income

9,017,311	10,340,703
-----------	------------

Other expenses

Operating expenses
Workers' Welfare Fund - charge
Other charges
Total other expenses

2,547,914	1,542,801
126,590	161,607
2,803	14,107
2,677,307	1,718,515

Profit before provisions

6,340,004	8,622,188
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Provisions and write offs - net

262,904	702,479
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Profit before taxation

6,077,100	7,919,709
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Taxation

2,370,069	3,093,817
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Profit after taxation

3,707,031	4,825,892
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Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

36.2 Investments by segments

	September 30, 2021 (Unaudited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)			
Federal Government securities				
- Ijarah Sukuks	84,394,683	-	497,565	84,892,248
- Other Federal Government securities	11,901,281	-	-	11,901,281
	<u>96,295,964</u>	<u>-</u>	<u>497,565</u>	<u>96,793,529</u>
Non-Government debt securities				
- Listed	47,742,587	-	688,500	48,431,087
- Unlisted	14,924,288	-	22,500	14,946,788
	<u>62,666,875</u>	<u>-</u>	<u>711,000</u>	<u>63,377,875</u>
Total Investments	<u>158,962,839</u>	<u>-</u>	<u>1,208,565</u>	<u>160,171,404</u>
	December 31, 2020 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)			
Federal Government securities				
- Ijarah Sukuks	67,678,595	-	(322,645)	67,355,950
- Other Federal Government securities	11,324,538	-	-	11,324,538
	<u>79,003,133</u>	<u>-</u>	<u>(322,645)</u>	<u>78,680,488</u>
Non-Government debt securities				
- Listed	47,291,628	-	322,500	47,614,128
- Unlisted	13,301,909	-	22,500	13,324,409
	<u>60,593,537</u>	<u>-</u>	<u>345,000</u>	<u>60,938,537</u>
Total Investments	<u>139,596,670</u>	<u>-</u>	<u>22,355</u>	<u>139,619,025</u>

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

	Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
36.4 Due to financial institutions			
Unsecured acceptances of funds		-	10,500,000
Acceptances from the SBP under:			
- Islamic export refinance scheme		17,864,511	12,185,727
- Islamic long term financing facility		5,055,226	4,774,050
- Islamic refinance and credit guarantee scheme for women entrepreneurs		5,883	-
- Islamic refinance scheme for payment of wages and salaries		1,576,964	2,456,473
- Islamic financing facility for renewable energy power plants		373,775	96,152
- Islamic temporary economic refinance facility		2,421,169	1,676,737
- Islamic financing facility for storage of agricultural produce		8,360	-
Acceptances from Pakistan Mortgage Refinance Company		181,985	494,309
		27,487,873	32,183,448
36.5 Deposits and other accounts			
Customers			
Current deposits		72,304,979	64,402,537
Savings deposits		120,046,607	105,290,516
Term deposits		30,537,862	24,221,318
		222,889,448	193,914,371
Financial Institutions			
Current deposits		589,361	405,136
Savings deposits		90,437,060	61,847,142
Term deposits		4,742,646	1,247,746
		95,769,067	63,500,024
		318,658,515	257,414,395
36.6 Islamic Banking business unappropriated profit			
Opening Balance		22,253,744	16,486,211
Add: Islamic Banking profit for the period / year		6,077,100	9,464,811
Less: Taxation		(2,370,069)	(3,696,779)
Less: Transferred / Remitted to Head Office		(1,052)	(499)
Closing Balance		25,959,723	22,253,744
36.7 Contingencies and commitments			
- Guarantees	36.7.1	2,490,130	1,498,665
- Commitments	36.7.2	44,959,234	7,917,674
		47,449,364	9,416,339
36.7.1 Guarantees:			
Performance guarantees		2,032,609	1,435,850
Other guarantees		457,521	62,815
		2,490,130	1,498,665
36.7.2 Commitments:			
Trade-related contingent liabilities		29,333,414	6,208,476
Commitments in respect of forward foreign exchange contracts	36.7.2.1	15,625,820	1,709,198
		44,959,234	7,917,674
36.7.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		7,922,298	740,199
Sale		7,703,522	968,999
		15,625,820	1,709,198
36.8 Profit / return earned			
On:			
Financing		7,711,862	10,316,618
Investments		8,041,493	5,857,861
Placements		1,443,214	1,024,515
		17,196,569	17,198,994

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

		(Unaudited) For the nine months ended	
		September 30, 2021	September 30, 2020
		(Rupees in '000)	
36.9	Profit / return expensed		
	On:		
	Deposits and other accounts	7,781,825	6,487,505
	Amounts due to financial institutions	726,798	465,391
	Foreign currency deposits for Wa'ad based transactions	13,318	27,326
	Lease liability against right-of-use assets	153,857	78,086
		8,675,798	7,058,308
37	NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE		
37.1	The Board of Directors, in its meeting held on October 15, 2021, has declared a cash dividend of Rs 1.75 per share in respect of the quarter ended September 30, 2021 (September 30, 2020: nil). These condensed interim consolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.		
38	DATE OF AUTHORISATION FOR ISSUE		
	These condensed interim consolidated financial statements were authorised for issue in the Board of Directors meeting held on October 15, 2021.		
39	GENERAL		
39.1	Comparative figures have been re-arranged and reclassified for comparison purposes.		

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Salim Raza
Director

Saba Kamal
Director

Khaleel Ahmed
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 nine months ended September 30, 2021.

Macroeconomic Review

Domestic economic growth is accelerating faster than previous projections, driven by accommodative monetary and fiscal policies. Manufacturing sector output, as measured by the Large-Scale Manufacturing (LSM) Index, posted a growth of 14.9% in FY'21 compared to a contraction of 10.2% during FY'20; this positive trend has continued in FY'22, with domestic demand reflecting broad-based growth and the LSM index posting a growth of 2.3% in Jul'21. Pakistan's vaccination drive has picked up pace, with daily administered doses crossing the 1 million mark; this bodes well for continued growth in the services sector in FY'22. Meanwhile, supply-driven volatility in food prices and rising global commodity prices have contributed to headline inflation rising to 9.0% in Sep'21. Average inflation during Q1FY'22 was 8.6% vs. 8.8% in the same period of last year, within the SBP's projected range of 7.0% - 9.0% for FY'22.

Pakistan's economic pick-up has led to a surge in the import bill, fuelled by vigorous domestic demand, elevated commodity prices and rising machinery imports following disbursements under the SBP's Temporary Economic Refinance Facility (TERF) stimulus programme. Resultantly, imports for 2MFY'22 rose by 68% YoY, outstripping a 35% growth in exports. The trade deficit thus widened to USD 6.8 billion, almost doubling from the same period of last year. Remittances grew 10% YoY to USD 5.4 billion in 2MFY'22, somewhat mitigating the higher trade gap. The current account deficit thus rose to USD 2.3 billion (4.1% of GDP) for 2MFY'22.

FX reserves have remained relatively insulated from the external account vulnerabilities as the flexible market-based exchange rate mechanism has worked as a shock absorber. Consequently, the rising current account deficit has been reflected in an ~8% depreciation of the PKR against the USD during Q3'21. SBP reserves are now at a record USD 19 billion amid enhanced SDR allocation from the IMF, an international bond issue and inflows into the Roshan Digital Accounts which have crossed USD 2 billion in the one year since launch.

Fiscal consolidation continued in FY'21 with the deficit reducing to 7.1% of GDP vs. 8.1% in FY'20. The key driver was a growth of ~19% in FBR's tax collection, which led to a reduction in the primary deficit, both in Rupee as well as in percentage terms. During Q1FY'22, provisional tax collection readings indicate continued growth of 38% YoY.

The equity market turned bearish, witnessing selling pressure in the quarter; the KSE100 Index shed 5.3% in September. Investor sentiments at the bourse were dampened by geopolitical uncertainty, MSCI's announcement of Pakistan's reclassification to Frontier Markets – which further spurred foreign selling – and macroeconomic concerns around the external account and currency depreciation. As a result of the rally during the first half of 2021, the PSX remains positive for the year, with the index being 2.6% higher than December 2020.

After a hiatus of 16 months, the SBP increased the interest rate by 25 bps to 7.25% in its September 2021 Monetary Policy Statement (MPS), stating that the economic recovery has been faster than expected. The SBP noted that stronger domestic demand pressures and higher international commodity prices have led to sharp recent increases in the current account deficit which could lead to imported inflation. The MPS also observed that the recovery has now matured to a stage where it is less susceptible to pandemic-related concerns; the focus has therefore shifted towards sustaining the growth trends and protecting the external account position. While suggesting a gradual tapering of the past monetary stimulus, the SBP maintained that monetary policy would remain accommodative with real interest rates turning positive only over time. Industry deposits have increased by 10.9% since December 2020; lending has also started to pick-up with advances growing by 9.3%. Banking spreads have reduced by ~100 bps in 8M'21 compared to 8M'20, reflecting the impact of asset repricing.

Financial Performance

HLB has delivered an unconsolidated profit before tax of Rs 45.1 billion in the nine months of 2021, an increase of 8% over the Rs 41.8 billion reported in the corresponding period last year. This has been achieved on the back of strong and sustained momentum across all activity drivers and improvement in results from the international business. The Bank's profit after tax increased to Rs 26.4 billion in 9M'21 compared to Rs 25.0 billion in the same period last year. Consequently, earnings per share increased from Rs 17.03 in 9M'20 to Rs 18.03 in 9M'21.

HLB's balance sheet expanded by 6% in the nine months of 2021, to Rs 3.9 trillion. Deposit momentum continued from the previous quarter, with total deposits rising to Rs 3.0 trillion, a growth of 12% for the nine months of 2021; market share was maintained at over 14%. Domestic advances continued their growth trajectory, increasing by 4% during the quarter; the Consumer business grew its loan book to Rs 95 billion while maintaining its excellent portfolio quality.

International balance sheets continued to normalize, with total loans increasing by 28% to \$ 1.1 billion. Consequently, total advances of the Bank reached Rs 1.3 trillion, an increase of 12% over December 2020.

HBL recorded a total revenue of Rs 112 billion for the nine months of 2021. Average deposits increased by Rs 310 billion with average current accounts growing by more than Rs 107 billion. The Bank's average balance sheet volumes thus increased by Rs 380 billion, with net interest income of Rs 90.0 billion. Non fund income – excluding capital gains – rose by 59% over 9M'20 to Rs 20 billion. Fee income has rebounded strongly in 2021 and remained the primary contributor, increasing by 34% over the prior year to Rs 15.7 billion. Cards and Consumer lending recorded yet another standout performance, delivering 60% of the fee increase. Domestic trade volumes exceeded the \$ 10 billion mark for the first time, driving a 28% growth in overall trade fees.

HBL's administrative expenses declined marginally to Rs 62 billion for 9M'21. As a result, the cost to income ratio (excluding capital gains) improved from 59.4% in 9M'20 to 56.3% in 9M'21. Total provisions reduced by nearly 50% over 9M'20, which included Rs 5.2 billion of Covid-related general provision; the specific charge in the current year is primarily due to prudent subjective provisioning. The infection ratio has fallen from 6.3% in December 2020 to 5.8% in September 2021 and the specific coverage has improved from 88.9% to 91.6% over the same period; total coverage was maintained at over 100%.

Movement in Reserves

	Rs in million
Unappropriated profit brought forward	129,263
Profit after tax	26,446
Transferred from surplus on revaluation of assets – net of tax	165
	26,611
Profit available for appropriation	155,874
Appropriations:	
Transferred to statutory reserves	(2,644)
Cash dividend – Final 2020	(4,401)
Cash dividend – Q1 2021	(2,567)
Cash dividend – Q2 2021	(2,567)
Total appropriations	(12,180)
Unappropriated profit carried forward	143,695
Earnings per share (Rupees)	18.03

Capital Ratios

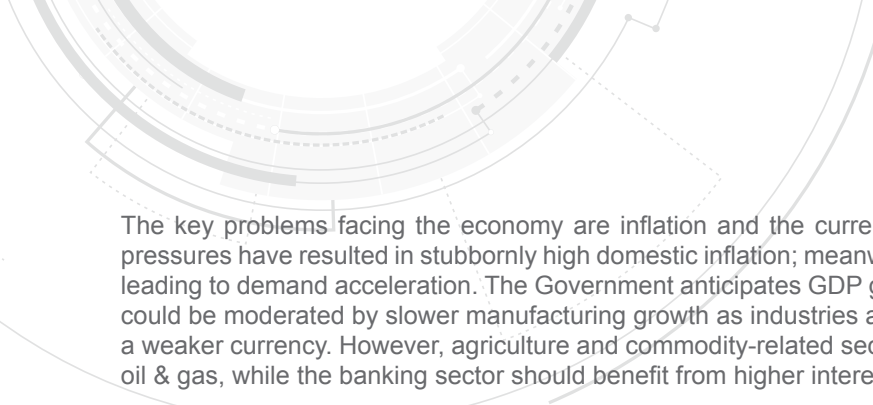
The steep Rupee depreciation impacted Tier 1 CAR by 35 bps and Total CAR by 50 bps. However, the higher profitability managed to contain some of this decline, with Tier 1 CAR declining by only 10 bps over June 2021 to 14.34% and Total CAR reducing from 18.67% in June 2021 to 18.54% in September 2021. The CAR ratios at all tiers remain well ahead of regulatory requirements.

Dividend

The Board of Directors, in its meeting held on October 15, 2021, has declared an interim cash dividend of Rs 1.75 per share (17.5%) for the quarter ended September 30, 2021.

Future Outlook

Pakistan has emerged relatively unscathed from the pandemic, with a shallower economic downturn compared to regional peers. Rising vaccination rates and the Government's deft handling of the pandemic are cause for cautious optimism. However, there are choppy waters ahead, which will need skillful navigation. With the US withdrawal from Afghanistan, the geopolitical situation is delicate; the recent re-grouping of alliances is clear evidence of a shifting world order.



The key problems facing the economy are inflation and the current account deficit. The supply-driven inflationary pressures have resulted in stubbornly high domestic inflation; meanwhile consumer and business confidence is rising, leading to demand acceleration. The Government anticipates GDP growth to increase to 4.8% in FY'22, although this could be moderated by slower manufacturing growth as industries are negatively impacted by high energy costs and a weaker currency. However, agriculture and commodity-related sectors should see a pickup, especially fertilizer and oil & gas, while the banking sector should benefit from higher interest rates.

The SBP has wisely been conservative with respect to FX interventions; however, the recent 25 bps rise in the policy rate appears to be on the lower side, reflecting SBP's stated intent to protect the longevity of growth. Nevertheless, we anticipate a continued tightening of monetary policy to rein in inflation and the external account deficit. The SBP has also used several administrative measures to slow import demand and ease the pressure on the currency: an increase in the number of imports requiring 100% cash margin; increased scrutiny and monitoring of trade transactions; tighter requirements around open market foreign currency purchases; and 'moral suasion'. This trend is likely to continue in the short term. It is also imperative for Pakistan to restart and successfully conclude the IMF's EFF program which will help in reversing the currency sentiment.

All of HBL's businesses and activity drivers are showing improved performance which is reflected in the financial results for the first nine months of 2021. These results have been delivered through renewed focus on our customers, who continue to show us exceptional loyalty and trust us with their business. We remain focused on developing solutions tailored to their needs and simplifying banking to deliver them a superior experience. Our public-private partnership is expanding a number of areas as we partner with the Government to support the growth and economic development of the country.

At HBL, the technology company with a banking license, we are seeing our digital investments coming to fruition. In this quarter, we achieved several new landmarks – personal loans instantly disbursed through HBL Mobile crossed Rs 10 billion, monthly transactions through our Mobile and Internet channels crossed Rs 100 billion and, during the quarter, our digital channels collectively processed nearly Rs 0.5 trillion in digital payments. HBL Mobile as well as our Konnect app continue to capture share of mind with the largest base of registered as well as active users. Recently we have used robotic process automation to streamline and simplify more than 20 operational processes resulting in efficiency gains of ~80%. This will gain momentum over the coming quarters. We are transforming agriculture through our pilot interventions which we are now scaling up – these have demonstrated tangible improvement in farmer economics through higher crop yields and more efficient production with farmer profit increasing by as much as 40%; the latest focus is on digitizing the entire lending process – from onboarding to loan disbursement to repayment. These initiatives will all result in customer convenience through radically faster turnaround. We are gratified that our efforts continue to be recognized by a number of domestic and international awards in this space.

Appreciation and Acknowledgement

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

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

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

On behalf of the Board

Muhammad Aurangzeb
President & Chief Executive Officer

Moez Ahamed Jamal
Director

October 15, 2021

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے، 30 ستمبر 2021ء کو اختتام پذیر ہونے والے نوماہ کے غیر مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

مربوط مالی پالیسی کی وجہ سے گزشتہ اندازوں کے مقابلے میں مقامی معاشی نمو تیزی سے بڑھ رہی ہے۔ بڑے پیمانے پر مینوفیکچرنگ (LSM) انڈیکس کے مطابق مالی سال 21 میں مینوفیکچرنگ سیکٹر کی پیداوار میں 14.9% کی نمو ہوئی جب کہ اس کے مقابلے میں مالی سال 20 کے دوران 10.2% کی کمی واقع ہوئی تھی، یہ مثبت رجحان مالی سال 22 میں بھی جاری رہا اور مقامی طور پر مانگ میں وسیع پیمانے پر اضافہ ہوا جب کہ LSM انڈیکس نے جولائی 21 میں شرح نمو 2.3% بتائی۔ یومیہ 10 لاکھ سے زائد خوراکوں کے باعث پاکستان میں ویکی نیشن مہم نے رفتار پکڑی اور یہ عمل مالی سال 22 میں جاری نمو کے لیے نیک شگون ثابت ہوا۔ اسی دوران اشیائے خورد و نوش کی قیمتوں میں رسد کے حوالے سے بے یقینی اور عالمی طور پر اجناس کی قیمتوں میں اضافے کی وجہ سے ستمبر 21 میں افراط زر 9.0% تک پہنچ گئی۔ مالی سال 22 کی پہلی سہ ماہی میں اوسط افراط زر 8.6% تھی جب کہ گزشتہ برس اسی عرصے میں یہ شرح 8.8% رہی جو SBP کی جانب سے مالی سال 22 کے لیے تجویز کی گئی حد 7.0% سے 9.0% کے درمیان ہے۔

SBP کے ٹیمپریری اکاؤنٹ ری فائننس فیسیلٹی (TERF) محرک پروگرام کے تحت ادائیگیوں کے بعد مشینری کی درآمد اور اجناس کی قیمتوں میں اضافے اور توانا مقامی طلب کے نتیجے میں پاکستان کی معیشت میں اٹھان کے ساتھ ہی درآمدی بل میں بھی اضافہ ہوا۔ نتیجتاً مالی سال 22 کے 2 ماہ میں درآمدات میں سال بہ سال 68% اضافہ ہوا جس نے برآمدات میں 35% نمو کو پیچھے چھوڑ دیا۔ یوں تجارتی خسارہ 6.8 ارب امریکی ڈالر تک بڑھ گیا جو گزشتہ برس اسی عرصے کے مقابلے میں دگنا تھا۔ مالی سال 22 کے دوماہ میں ترسیلات زر سال بہ سال 10% بڑھ کر 5.4 ارب امریکی ڈالر تک پہنچ گئیں جس کی وجہ سے بڑے تجارتی فرق میں کمی واقع ہوئی۔ اس طرح کرنٹ اکاؤنٹ خسارہ مالی سال 22 کے دوماہ کے لیے بڑھ کر 2.3 ارب امریکی ڈالر (GDP کا 4.1%) ہو گیا۔

مارکیٹ کے پلکار شرح مبادلہ میکنزیم کے دھچکے سہنے کی صلاحیت کے طور پر کام کرنے کی وجہ سے FX ذخائر بیرونی کھاتے کی سنگینی کی زد سے محفوظ رہے۔ نتیجتاً مالی سال 21 کی تیسری سہ ماہی میں بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ، پاکستانی روپے کی وقعت امریکی ڈالر کے مقابلے میں 8% کم ہونے کی صورت سامنے آیا۔ IMF کی جانب سے مختص کردہ SDR میں اضافے، ایک بین الاقوامی بانڈ کے اجرا اور روشن ڈیجیٹل اکاؤنٹس میں سرمائے کی آمد، جو ایک سال میں اپنے آغاز سے 2 ارب امریکی ڈالر کی حد عبور کر چکا ہے، جس کی وجہ سے اس وقت SBP کے ذخائر ریکارڈ 19 ارب امریکی ڈالر تک پہنچ چکے ہیں۔

مالی استحکام، مالی سال 21 میں جاری رہا اور خسارہ GDP کے 7.1% تک کم ہو گیا، جبکہ مالی سال 20 میں 8.1% پر برقرار رہا۔ اس نمو کا کلیدی سبب FBR کی ٹیکس وصولی میں 19% اضافہ تھا جس کی وجہ سے نہ صرف روپے بلکہ فیصد کے اعتبار سے بھی ابتدائی خسارے میں کمی واقع ہوئی۔ مالی سال 22 کی پہلی سہ ماہی میں عبوری ٹیکس وصولی 38% سال بہ سال نمو کی جانب اشارہ کرتی ہے۔

ایکویٹی مارکیٹ میں مندی کی وجہ سے سہ ماہی میں خریداری کا دباؤ دیکھا گیا اور ستمبر میں KSE 100 انڈیکس 5.3% گر گیا۔ جیو پالیٹیکل بے یقینی، MSCI کی فرنیچر مارکیٹس کے لیے پاکستان کی درجہ بندی کے اعلان، جس کی وجہ سے آگے چل کر غیر ملکی فروخت میں اضافہ ہوا، بیرونی کھاتے سے متعلق کلیاتی اقتصادیات کے اندیشوں اور کرنسی کی قدر میں کمی سے سرمایہ کاروں کے جذبات سرد پڑ گئے۔ 2021ء کے پہلے نصف میں مجتمع ہونے کی وجہ سے PSX سال بھر کے لیے مثبت رہی اور دسمبر 2020ء کے مقابلے میں انڈیکس 2.6% زیادہ رہا۔

16 ماہ کے وقفے کے بعد SBP نے اپنی ستمبر 2021ء کی مانیٹری پالیسی اسٹیٹمنٹ میں شرح سود میں 25 بی پی ایس اضافہ کرتے ہوئے اسے 7.25% کر دیا۔ اس حوالے سے SBP کا کہنا تھا کہ معیشت کی بحالی توقع سے تیز رہی۔ SBP نے اندازہ لگایا کہ مضبوط تر مقامی مانگ کے دباؤ اور بین الاقوامی طور پر اجناس کی زیادہ قیمتوں کی وجہ سے کرنٹ اکاؤنٹ خسارے میں اضافہ ہوا جو درآمدی افراط زر کا باعث بن سکتا ہے۔ MPS نے بھی مشاہدہ کیا کہ بحالی اب اس حد تک پختہ ہو چکی ہے کہ جہاں اب یہ عالمگیر وبا سے متعلق اندیشوں کے لیے کم اثر پذیر ہے جس کی وجہ سے توجہ نمو کے رجحانات کو برقرار رکھنے اور بیرونی کھاتے کی صورت حال کی حفاظت پر منتقل ہو گئی ہے وہیں دوسری جانب سابقہ مالیاتی تحریک کی بتدریج کمی کی تجویز دیتے ہوئے SBP نے یہ ملحوظ خاطر رکھا کہ مانیٹری پالیسی حقیقی شرح منافع کے مطابق رہے اور صرف وقت کے ساتھ ساتھ مثبت میں تبدیل ہو۔ انڈسٹری ڈپازٹس دسمبر 2020ء سے 10.9% سے بڑھ چکے ہیں اور 9.3% اضافے سے قرض دینے کا عمل بھی بہتر ہونا شروع ہو گیا ہے۔ بینکنگ اسپرڈ مالی سال 21 کے 8 ماہ میں گزشتہ برس کے اسی عرصے کے مقابلے میں 100 بی پی ایس تک کم ہو گیا ہے جس سے اثاثوں کی ری پرائسنگ کے اثر کا پتہ چلتا ہے۔

سرمائے کا تناسب

روپے کی تیزی سے کمی نے ٹیڑ CAR 1 کو 35 بی پی ایس اور کل CAR کو 50 بی پی ایس متاثر کیا۔ تاہم زیادہ منافع اس کمی کو روکنے میں کامیاب رہا اور ٹیڑ CAR 1 جون 2021ء کے دوران صرف 10 بی پی ایس کم ہو کر 14.34% اور کل CAR جون 2021ء میں 18.67% سے کم ہو کر ستمبر 2021ء میں 18.54% رہ گئی۔ تمام ٹیڑز کے لیے CAR ریشور بیولیٹری شرائط سے کافی زیادہ رہا۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 15 اکتوبر 2021ء کو منعقدہ اجلاس میں 30 ستمبر 2021ء کو ختم ہونے والی سہ ماہی کے لیے 1.75 روپے فی حصص (17.5%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

مستقبل کی صورت حال

پاکستان عالم گیر وبا سے نسبتاً نقصان اٹھائے بغیر نکلا ہے اور خطے کے دیگر ممالک کے مقابلے میں اسے کم معاشی نقصان اٹھانا پڑا ہے۔ ویکی نیشن میں اضافے اور حکومت کے عالم گیر وبا پر قابو پانے کے لیے موثر اقدامات رجائیت پسندی کا سبب ہیں۔ تاہم، مستقبل میں نامساعد حالات کا سامنا کرنا پڑے گا جس کے لیے مہارت کی ضرورت ہو گی۔ افغانستان سے امریکا کے انخلا سے جیو پولیٹیکل صورتحال نازک ہے اور مختلف اتحادوں کی حالیہ ری گروپنگ ورلڈ آرڈر کی منتقلی کا واضح ثبوت ہے۔

معیشت کو درپیش اہم مسائل افراط زر اور کرنٹ اکاؤنٹ خسارہ ہیں۔ سپلائی سے متعلق افراط زر کے دباؤ سختی سے اونچے مقامی افراط زر کی صورت سامنے آئے ہیں۔ مزید صارف اور کاروبار کا اعتماد بڑھ رہا ہے جس سے مانگ بڑھے گی۔ حکومت نے مالی سال 22 میں GDP کی شرح نمو 4.8% تک بڑھنے کی پیش گوئی کی ہے، اگرچہ اس میں مینوفیکچرنگ کی سست نمو سے اعتدال آسکتا ہے کیوں کہ توانائی کی زیادہ لاگت اور کم زور کرنسی کی وجہ سے صنعتوں پر منفی اثرات مرتب ہوئے ہیں۔ تاہم، زراعت اور اجناس سے متعلق شعبوں بالخصوص فریلاٹر اور تیل اور گیس میں بہتری آئی چاہیے جب کہ بینکنگ سیکٹر کو زیادہ شرح سود سے فائدہ اٹھانا چاہیے۔

SBP، ایف ایکس کی انٹر وینشنز کے اعتبار سے عقل مندانہ طور پر محتاط رہا ہے، تاہم پالیسی ریٹ میں حالیہ 25 بی پی ایس اضافہ ٹچل طرف رہا ہے، جس سے SBP کی نمو کی طوالت کو تحفظ دینے کی نیت کا اندازہ ہوتا ہے۔ تاہم اس کے باوجود ہم افراط زر اور بیرونی کھاتے کے خسارے کو قابو میں رکھنے کے لیے مانیٹری پالیسی کی سختی کی توقع کرتے ہیں۔ SBP نے درآمدی مانگ میں کمی اور کرنسی پر موجود دباؤ کم کرنے کے لیے متعدد انتظامی اقدامات کیے ہیں۔ ان میں 100% کیش مارجن والی درآمدات کی تعداد میں اضافہ، تجارتی لین دین کی جانچ اور مانیٹرینگ میں اضافہ، اوپن مارکیٹ غیر ملکی کرنسی کی خریداری کے لیے ضروریات کی سختی اور اخلاقی ترغیب شامل ہیں۔ یہ رجحان مختصر مدت میں جاری رہنے کا امکان ہے۔ یہ پاکستان کے لیے ضروری بھی ہے تاکہ یہ کامیابی سے IMF کے EFF پروگرام کو دوبارہ شروع اور ختم کر سکے جس سے کرنسی کی وقعت کو واپس لانے میں مدد ملے گی۔

HBL کے تمام کاروبار اور سرگرمیاں بہتر کارکردگی کا مظاہرہ کر رہی ہیں جس کا اظہار 2021ء کے پہلے نوماہ کے مالی نتائج میں ہوتا ہے۔ یہ نتائج ہمارے اپنے کسٹمرز پر تجدیدی اثرات کے ذریعے فراہم کیے گئے ہیں جو اپنے کاروبار کے حوالے سے ہم پر غیر معمولی بھروسہ اور اعتبار برقرار رکھے ہوئے ہیں۔ ہم نے بہترین خدمات کی فراہمی کے خاطر ان کی ضروریات میں تبدیلی اور بینکنگ کو سادہ بنانے کے لیے ترقی پذیر حل پر توجہ دی۔ ہماری پبلک پرائیویٹ پارٹنرشپ متعدد شعبوں میں وسعت اختیار کر رہی ہے کیوں کہ ہم ملک کی معاشی ترقی اور بڑھوتری کے لیے حکومت کو معاونت فراہم کرتے ہیں۔

HBL بینکنگ لائسنس کے ساتھ ایک ٹیکنالوجی کمپنی کے طور پر اپنی ڈیجیٹل سرمایہ کاری کو شرمبار ہوتا دیکھ رہا ہے۔ اس سہ ماہی میں ہم نے متعدد اہداف حاصل کیے۔ ان میں HBL موبائل کے ذریعے 10 ارب روپے سے زائد ذاتی قرضوں کی فوری ادائیگی، ہمارے موبائل اور انٹرنیٹ چینلز کے ذریعے 100 ارب روپے سے زائد کاما نہ لین دین اور سہ ماہی کے دوران ہمارے ڈیجیٹل چینلز کی جانب سے مجموعی طور پر تقریباً 0.5 کھرب کی ڈیجیٹل ادائیگیاں شامل ہیں۔ HBL موبائل کے علاوہ ہماری کنیکٹ ایپ رجسٹرڈ اور فعال صارفین کے سب سے بڑے نیٹ ورک کے ذریعے پہلی ترجیح بننے کے لیے کوشاں ہے۔ حال ہی میں ہم نے 20 سے زائد آپریشنل پروسیسز کو سادہ اور ہموار بنانے کے لیے خود کار روبوٹک پروسیس شروع کیا ہے جس سے کارکردگی میں 80% بہتری واقع ہوئی۔ اس میں آئندہ سہ ماہیوں میں مزید تیزی آئے گی۔ ہم آزمائشی مدخلتوں کے ذریعے زراعت کی کاپیلٹ رہے ہیں۔ ان کی وجہ سے ہم نے فصل کی زیادہ پیداوار اور کسان کے منافع میں 40% تک اضافے کے ساتھ کسان کی معیشت میں واضح بہتری محسوس کی۔ اب ہم قرض دینے کا عمل مکمل طور پر ڈیجیٹائز کرنے پر توجہ دے رہے ہیں۔ اس میں قرض کی نامزدگی سے ادائیگی اور دوبارہ ادائیگی شامل ہیں۔ ان تمام اقدامات کی وجہ سے تیز تر ٹرن اراؤنڈ سے کسٹمر کو آسانی ہوگی۔ ہم اس بات پر مسرور ہیں کہ ہماری کاوشوں کو مقامی اور بین الاقوامی ایوارڈز کے ذریعے سراہنے کا سلسلہ جاری ہے۔

مالیاتی کارکردگی

سال 2021ء کے پہلے نو ماہ کے لیے HBL کا غیر مجموعی قبل از محصول منافع 45.1 ارب روپے رہا، جو گزشتہ سال اسی مدت کے لیے 41.8 ارب روپے منافع کے مقابلے میں 8% زیادہ ہے۔ یہ تمام سرگرمیوں کے محرکین کی مسلسل مستحکم رفتار کا نتیجہ ہے، جہاں بین الاقوامی کاروبار میں بہتری سے بھی مدد ملی۔ بینک کا بعد از محصول منافع 2021ء کے پہلے نو ماہ میں 26.4 ارب روپے ہو گیا جو گزشتہ برس اسی مدت کے لیے 25.0 ارب روپے تھا۔ نتیجتاً فی حصص آمدنی مالی سال 20 کے نو ماہ کے 17.03 روپے سے بڑھ کر مالی سال 21 کے نو ماہ میں 18.03 روپے ہو گئی۔

بینک کی 2021ء کی نو ماہ کی بیلنس شیٹ 6% وسعت سے 3.9 کھرب روپے ہو گئی۔ ڈپازٹس کی رفتار گزشتہ سہ ماہی سے برقرار رہی جس میں 2021ء کے نو ماہ میں مجموعی ڈپازٹس میں 12% اضافہ ہوا، جو 3.0 کھرب روپے تک پہنچ گئے جبکہ مارکیٹ شیئر 14% سے اوپر برقرار رہا۔ مقامی قرضہ جات نمو کی ٹیج پر رہتے ہوئے سہ ماہی کے دوران 4% بڑھ گئے۔ کنزیومر بزنس نے مسلسل غیر معمولی طور پر بہتر کارکردگی کا مظاہرہ جاری رکھا، جس کے قرضوں کا کھاتہ اضافے کے بعد 95 ارب روپے ہو گیا۔ بین الاقوامی بیلنس شیٹ معمول کی جانب گامزن رہی۔ جن میں مجموعی قرضوں میں 28% اضافہ ہوا جو 1.1 ارب امریکی ڈالر تھا۔ نتیجتاً بینک کے مجموعی قرضے دسمبر 2020ء کے مقابلے میں 12% اضافے کے ساتھ 1.3 کھرب روپے ہو گئے۔

HBL کی خالص منافع آمدن 2021ء کے نو ماہ میں 112 ارب روپے ہو گئی۔ اوسط ڈپازٹس میں 310 ارب روپے کے اضافے کے ساتھ اوسط کرنٹ اکاؤنٹس میں 107 ارب روپے کا اضافہ ہوا۔ چنانچہ بینک کی اوسط بیلنس شیٹ کا حجم 380 ارب روپے سے تجاوز کر گیا جس سے خالص منافع آمدن 90.0 ارب ہوئی۔ حاصلات سرمایہ سے قطع نظر، بینک کی غیر سرمایہ آمدن 2020ء کے نو ماہ کے مقابلے میں 59% اضافے سے 20 ارب روپے ہو گئی۔ 2021ء میں فیس کی آمدن نے مستحکم پلٹا کھایا اور بدستور کارکردگی کا اہم عنصر رہی، جو 34% اضافے کے ساتھ تقریباً 15.7 ارب روپے ہو گئی۔ کارڈ اور کنزیومر لینڈنگ نے ایک اور نمایاں کارکردگی ریکارڈ کی جس سے فیس میں 60% کا اضافہ ہوا۔ مقامی تجارت کا حجم پہلی بار 10 ارب ڈالر کی حد عبور کر گیا جس سے مجموعی تجارتی فیس میں 28% اضافہ ہوا۔

2021ء کے نو ماہ کے لیے بینک کے انتظامی اخراجات معمولی کمی کے ساتھ 62 ارب ہو گئے۔ نتیجتاً، بینک کی لاگت سے آمدن کا تناسب (حاصلات سرمایہ کے بغیر) 2020ء کے نو ماہ میں 59.4% تھا جو 2021ء کے نو ماہ میں بہتر ہو کر 56.3% ہو گیا۔ 2020ء کے نو ماہ کے مقابلے میں مجموعی پرووژن تقریباً 50% سے کم ہو گئے جن میں COV-19 سے متعلق 5.2 ارب روپے کے عمومی پرووژن شامل ہیں۔ رواں سال کے خصوصی چارج کا بیشتر حصہ محتاط انفرادی پرووژن پر مشتمل ہے۔ بینک کا انفلکشن کا تناسب دسمبر 2020ء کے 6.3% کے مقابلے میں ستمبر 2021ء میں کم ہو کے 5.8% ہو گیا اور اسی عرصے میں مخصوص کوریج بھی 88.9% سے بہتری کے ساتھ 91.6% ہو گئی۔ کل کوریج 100% سے زائد پر برقرار رہی۔

ذخائر میں اتار چڑھاؤ

ملین روپے

129,263

26,446

165

26,611

155,874

(2,644)

(4,401)

(2,567)

(2,567)

(12,180)

143,695

18.03

افتتاحی غیر تخصیص شدہ منافع

بعد از محصول منافع

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

مناسب کارروائی کے لیے دستیاب منافع

مختلف مدوں میں رکھی گئی رقوم:

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ - حتیٰ 2020ء

نقد منافع منقسمہ - پہلی سہ ماہی 2021ء

نقد منافع منقسمہ - دوسری سہ ماہی 2021ء

مجموعی مناسب کارروائیاں

اختتامی غیر تخصیص شدہ منافع

فی حصص (شیئر) آمدنی (روپے)

اظہارِ تشکر

بورڈ اور انتظامیہ کی جانب سے ہم اپنے ریگولیٹرز اور حکومت پاکستان، بالخصوص اسٹیٹ بینک آف پاکستان، وزارت مالیات اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی کوششوں 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 صارفین کے احسان مند ہیں جو اپنے کاروبار اور اعتماد کے ذریعے اپنا بھروسہ جاری رکھے ہوئے ہیں۔ ہمارے حصص یافتگان نے ثابت قدمی سے ہمارا ساتھ دیا ہے اور اُن کے ساتھ ساتھ ہم تمام اسٹیک ہولڈرز کے انتہائی شکر گزار ہیں۔ بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پُر عزم ہے اور ہم اپنے اسٹیک ہولڈرز کو یقین دلاتے ہیں کہ اس خطے میں ہم اپنی کاروباری صنعت میں عروج پر ہوں گے۔

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

منجانب بورڈ

معیز احمد جمال
ڈائریکٹر

محمد اورنگزیب
صدر اور چیف ایگزیکٹو آفیسر

15 اکتوبر 2021ء

Condensed Interim Unconsolidated Statement of Financial Position

As at September 30, 2021

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

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Salim Raza
Director

Saba Kamal
Director

Khaleel Ahmed
Director

Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the nine months ended September 30, 2021

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

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

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Khaleel Ahmed
Director

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the nine months ended September 30, 2021

	January 01 to September 30, 2021	January 01 to September 30, 2020	July 01 to September 30, 2021	July 01 to September 30, 2020
	(Rupees in '000)			
Profit after taxation for the period	26,445,689	24,986,010	8,961,374	10,061,234
Other comprehensive income / (loss)				
<i>Items that may be reclassified to the profit and loss account in subsequent periods</i>				
Effect of translation of net investment in foreign branches - net of tax	2,174,148	2,626,107	3,577,770	(309,144)
Movement in surplus / deficit on revaluation of investments - net of tax	(4,719,320)	8,150,090	(2,181,941)	(6,788,350)
Total comprehensive income	23,900,517	35,762,207	10,357,203	2,963,740

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

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Director

Condensed Interim Unconsolidated Statement of Changes In Equity (Unaudited)

For the nine months ended September 30, 2021

Share capital	Reserves			Surplus / (deficit) on revaluation of		Unappropriated profit	Total
	Statutory	Capital		Investments	Fixed / Non-banking assets		
		Exchange Translation	Non - distributable				
(Rupees in '000)							
14,668,525	33,463,859	23,263,185	547,115	3,573,355	21,237,500	104,668,407	201,421,946
-	-	-	-	-	-	24,986,010	24,986,010
-	-	2,626,107	-	-	-	-	2,626,107
-	-	-	-	8,150,090	-	-	8,150,090
-	-	2,626,107	-	8,150,090	-	24,986,010	35,762,207
-	2,498,601	-	-	-	-	(2,498,601)	-
-	-	-	-	-	(31,012)	31,012	-
-	-	1,151,197	-	-	-	-	1,151,197
-	-	-	-	-	-	(1,833,565)	(1,833,565)
-	-	-	-	-	-	(1,833,565)	(1,833,565)
-	-	-	-	-	-	(3,667,130)	(3,667,130)
14,668,525	35,962,460	27,040,489	547,115	11,723,445	21,206,488	123,519,698	234,668,220
-	-	-	-	-	-	6,537,672	6,537,672
-	-	(1,163,193)	-	-	-	-	(1,163,193)
-	-	-	-	-	-	(154,770)	(154,770)
-	-	-	-	(3,253,403)	6,090,239	-	2,836,836
-	-	(1,163,193)	-	(3,253,403)	6,090,239	6,382,902	8,056,545
-	653,767	-	-	-	-	(653,767)	-
-	-	-	-	-	(13,913)	13,913	-
14,668,525	36,616,227	25,877,296	547,115	8,470,042	27,282,814	129,262,746	242,724,765
-	-	-	-	-	-	26,445,689	26,445,689
-	-	2,174,148	-	-	-	-	2,174,148
-	-	-	-	(4,719,320)	-	-	(4,719,320)
-	-	2,174,148	-	(4,719,320)	-	26,445,689	23,900,517
-	2,644,569	-	-	-	-	(2,644,569)	-
-	-	-	-	-	(165,294)	165,294	-
-	-	(246,488)	-	-	-	-	(246,488)
-	-	-	-	-	-	(4,400,556)	(4,400,556)
-	-	-	-	-	-	(2,566,992)	(2,566,992)
-	-	-	-	-	-	(2,566,992)	(2,566,992)
-	-	-	-	-	-	(9,534,540)	(9,534,540)
14,668,525	39,260,796	27,804,956	547,115	3,750,722	27,117,520	143,694,620	256,844,254

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

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Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the nine months ended September 30, 2021

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

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Salim Raza
Director

Saba Kamal
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Khaleel Ahmed
Director

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

1 STATUS AND NATURE OF BUSINESS

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

- 1.1 Habib Finance International Limited (HFIL) had voluntarily surrendered its banking license in 2019 and was under voluntary liquidation. HFIL's final general meeting to conclude the liquidation was held on February 19, 2021 and the company stands formally dissolved as on May 19, 2021. The entire capital has been repatriated to Pakistan.
- 1.2 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.
- 1.3 The Bank has decided to exit its operations in Mauritius and is at an advanced stage of discussions with a potential buyer.
- 1.4 During the period, the Bank has subscribed to 200 million Rights shares issued by the First Microfinance Bank Limited (FMFB). Resultantly, the Bank's holding in FMFB has increased from 50.51% to 71.43%.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

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

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

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

2.5 Critical accounting estimates and judgements

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

4 FINANCIAL RISK MANAGEMENT

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

5 CASH AND BALANCES WITH TREASURY BANKS

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

6 BALANCES WITH OTHER BANKS

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

7 LENDINGS TO FINANCIAL INSTITUTIONS

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

8 INVESTMENTS

Note

September 30, 2021 (Unaudited)

December 31, 2020 (Audited)

8.1 Investments by type

(Rupees in '000)

Held-for-trading (HFT) securities

Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds

Shares

- Listed companies

Foreign securities

- Government debt securities

Available-for-sale (AFS) securities

Federal Government securities

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

Shares

- Listed companies
- Unlisted companies

Non-Government debt securities

- Listed
- Unlisted

Foreign securities

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

National Investment Unit Trust units

Real Estate Investment Trust units

Preference shares

- Listed
- Unlisted

Held-to-maturity (HTM) securities

Federal Government securities

- Pakistan Investment Bonds
- Other Federal Government securities

Non-Government debt securities

- Listed
- Unlisted

Foreign securities

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

Investment in associates and joint venture

Investment in subsidiary companies

Total Investments

8.2

	251,322,294	-	-	251,322,294	216,669,214	-	-	216,669,214
	10,794,000	-	-	10,794,000	10,794,000	-	-	10,794,000
	2,432,804	-	-	2,432,804	4,277,922	-	-	4,277,922
	20,374,038	-	-	20,374,038	16,209,049	-	-	16,209,049
	13,847,158	-	-	13,847,158	13,617,545	(13)	-	13,617,532
	314,147	(8,479)	-	305,668	397,139	(14,650)	-	382,489
	649,344	(1,525)	-	647,819	312,842	(1,516)	-	311,326
	299,733,785	(10,004)	-	299,723,781	262,277,711	(16,179)	-	262,261,532
8.2	9,519,055	-	-	9,519,055	9,296,779	-	-	9,296,779
	19,916,087	-	-	19,916,087	17,614,626	-	-	17,614,626
	1,889,478,408	(3,310,046)	6,125,568	1,892,293,930	1,902,700,185	(4,385,056)	13,922,864	1,912,237,993

(Unaudited)
September 30,
2021
(Rupees in '000)

(Audited)
December 31,
2020

8.1.1 Investments given as collateral

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

Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds

Foreign securities

- Government debt securities

7,966,056	113,807,278
137,996,496	207,400,499
6,835	-
145,969,387	321,207,777

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

	September 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Book value	Market value	Book value	Market value
	(Rupees in '000)			
- Investment classified as held-to-maturity	299,723,781	298,040,259	262,261,532	264,661,267
- Investment in listed associates and joint venture	9,262,824	29,341,020	9,040,549	31,042,377

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	

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

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

8.4 Particulars of provision against debt securities

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

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

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

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	

9.1 Particulars of advances (Gross)

In local currency	1,070,182,216	1,013,517,803
In foreign currencies	259,709,779	180,369,359
	1,329,891,995	1,193,887,162

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

Category of Classification

Domestic

Other assets especially mentioned

Substandard

Doubtful

Loss

Overseas

Not past due but impaired

Overdue by:

Upto 90 days

91 to 180 days

181 to 365 days

> 365 days

Total

(Unaudited) September 30, 2021		(Audited) December 31, 2020	
Non - performing advances	Provision	Non - performing advances	Provision
(Rupees in '000)			
748,091	-	723,200	-
2,801,672	683,641	5,298,716	1,294,860
1,709,165	854,583	1,077,034	538,517
42,955,807	41,960,035	42,141,393	40,925,622
48,214,735	43,498,259	49,240,343	42,758,999
94,274	69,648	592,400	355,535
14,233	10,240	105,684	36,925
134,326	78,900	225,844	51,457
2,858,008	2,187,922	2,847,011	2,846,499
25,376,495	24,425,297	22,439,323	21,018,222
28,477,336	26,772,007	26,210,262	24,308,638
76,692,071	70,270,266	75,450,605	67,067,637

9.3 Particulars of provision against advances

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

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

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

	Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
10	FIXED ASSETS		
	Capital work-in-progress	5,499,804	2,309,644
	Property and equipment	85,198,297	82,040,874
		<u>90,698,101</u>	<u>84,350,518</u>
10.1	Capital work-in-progress		
	Civil works	2,526,167	602,868
	Equipment	440,443	1,182,896
	Advances to suppliers and contractors	2,533,194	523,880
		<u>5,499,804</u>	<u>2,309,644</u>
10.2	Additions to fixed assets		
		(Unaudited) For the nine months ended September 30, 2021 September 30, 2020 (Rupees in '000)	
	The following additions have been made to fixed assets during the period:		
	<i>Capital work-in-progress - net</i>	3,190,160	752,119
	<i>Property and equipment</i>		
	Leasehold land	400,000	928,823
	Building on free hold land	2,019	-
	Building on leasehold land	184,048	75,124
	Machinery	85,200	58,556
	Leasehold improvements	1,340,718	668,360
	Furniture and fixtures	616,242	308,575
	Electrical, office and computer equipment	3,263,615	1,973,788
	Vehicles	91,808	52,737
		<u>5,983,650</u>	<u>4,065,963</u>
	Right-of-use assets - net	2,007,161	4,893,112
		<u>11,180,971</u>	<u>9,711,194</u>
10.3	Disposals of fixed assets		
	The net book value of fixed assets disposed off during the period is as follows:		
	<i>Property and equipment</i>		
	Leasehold improvements	24	9,410
	Furniture and fixtures	1,082	4,074
	Electrical, office and computer equipment	8,237	13,787
	Vehicles	12,653	36
		<u>21,996</u>	<u>27,307</u>
	Derecognition of right-of-use assets on closure of Bank branch	-	1,032,336
		<u>21,996</u>	<u>1,059,643</u>
11	INTANGIBLE ASSETS		
	Capital work-in-progress - computer software	1,855,009	1,553,039
	Intangible assets	4,037,582	3,043,768
		<u>5,892,591</u>	<u>4,596,807</u>
11.1	Additions to intangibles assets		
		(Unaudited) For the nine months ended September 30, 2021 September 30, 2020 (Rupees in '000)	
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress	301,970	579,498
	Computer software	1,687,692	781,861
		<u>1,989,662</u>	<u>1,361,359</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

	Note	(Unaudited) September 30, 2021 (Rupees in '000)	(Audited) December 31, 2020
13.1.1 Movement in provision against other assets			
Opening balance		1,127,909	821,996
Exchange adjustment		239	19,735
Charge for the period / year		611,021	691,987
Reversal for the period / year		(547,815)	(33,899)
Net charge		63,206	658,088
Written off during the period / year		(16,857)	(49,042)
Transferred out		-	(322,868)
Closing balance		1,174,497	1,127,909
14 BILLS PAYABLE			
In Pakistan		44,094,363	44,792,798
Outside Pakistan		2,599,225	1,329,546
		46,693,588	46,122,344
15 BORROWINGS			
Secured			
Borrowings from the SBP under			
- Export refinance scheme		62,493,317	60,068,212
- Long term financing facility		28,325,675	25,922,575
- Financing facility for renewable energy power plants		4,968,878	1,716,425
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)		254,786	152,893
- Refinance and credit guarantee scheme for women entrepreneurs		135,401	163,416
- Financing facility for storage of agricultural produce		363,109	292,211
- Refinance facility for working capital of SMEs		3,533	135,625
- Refinance scheme for payment of wages and salaries		19,767,562	30,928,363
- Refinance facility for combating COVID-19		1,138,886	1,300,000
- Temporary economic refinance facility		19,486,843	4,917,263
		136,937,990	125,596,983
Repurchase agreement borrowings		146,963,107	321,070,809
		283,901,097	446,667,792
Unsecured			
- Call money borrowings		-	13,450,000
- Overdrawn nostro accounts		428,165	164,928
- Borrowings of overseas branches		53,926,782	28,814,549
- Other long-term borrowings	15.1	54,958,808	50,997,984
		109,313,755	93,427,461
		393,214,852	540,095,253
15.1 This includes the following:			
15.1.1 A loan from the International Finance Corporation amounting to US\$ 150 million (December 31, 2020:US\$ 150 million). The principal amount is payable in six equal semi - annual installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi annually.			
15.1.2 HBL has entered into a long-term financing facility arrangement of US\$ 300 million with China Development Bank, to be utilized for on-lending to projects of the Bank's customers. Under this facility, US\$ 170.975 million (December 31, 2020: US\$ 165.975 million) has been utilized by the Bank, with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to January 31, 2023. Starting from that date, the entire drawn amount is payable in semi-annual installments over a period of 10 years. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.			
15.1.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 181.985 million (December 31, 2020: Rs 194.309 million) for on-lending to customers. The principal amount is payable in semi-annual installments from August 2020 to February 2023. The profit at 11.21% per annum is payable semi-annually.			

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

16 DEPOSITS AND OTHER ACCOUNTS

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

17 SUBORDINATED DEBT

Tier II Term Finance Certificates	17.1	-	9,982,000
Additional Tier I Term Finance Certificates	17.2	12,374,000	12,374,000
		12,374,000	22,356,000

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

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

The key features of the issue are as follows:

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

20 CONTINGENCIES AND COMMITMENTS

	Note	(Unaudited) September 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
- Guarantees	20.1	262,056,776	201,448,496
- Commitments	20.2	922,046,315	762,895,459
- Other contingent liabilities	20.3	25,381,123	23,888,069
		<u>1,209,484,214</u>	<u>988,232,024</u>
20.1 Guarantees:			
Financial guarantees		90,618,578	63,750,853
Performance guarantees		158,970,306	126,465,667
Other guarantees		12,467,892	11,231,976
		<u>262,056,776</u>	<u>201,448,496</u>
20.2 Commitments:			
Trade-related contingent liabilities		309,242,330	151,147,102
Commitments in respect of:			
- Forward foreign exchange contracts	20.2.1	479,459,003	405,885,132
- Forward Government securities transactions	20.2.2	58,750,671	150,757,178
- Derivatives	20.2.3	35,398,475	38,504,637
- Forward lending	20.2.4	26,711,703	11,085,983
		<u>600,319,852</u>	<u>606,232,930</u>
Commitments for acquisition of:			
- Fixed assets		10,930,280	4,389,650
- Intangible assets		1,553,853	1,125,777
		<u>12,484,133</u>	<u>5,515,427</u>
		<u>922,046,315</u>	<u>762,895,459</u>
20.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		290,438,628	245,614,763
Sale		189,020,375	160,270,369
		<u>479,459,003</u>	<u>405,885,132</u>
20.2.2 Commitments in respect of forward Government securities transactions			
Purchase		38,984,028	96,427,590
Sale		19,766,643	54,329,588
		<u>58,750,671</u>	<u>150,757,178</u>
20.2.3 Commitments in respect of derivatives			
Cross currency swaps			
Purchase		13,584,610	14,662,810
Sale		15,475,386	16,007,336
		<u>29,059,996</u>	<u>30,670,146</u>
Interest rate swaps			
Purchase		-	-
Sale		6,338,479	7,834,491
		<u>6,338,479</u>	<u>7,834,491</u>
20.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to extend credit		<u>26,711,703</u>	<u>11,085,983</u>
These represent commitments that are irrevocable because they can not be withdrawn at the discretion of the Bank without the risk of incurring a significant penalty or expense.			
		(Unaudited) September 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
20.3 Other contingent liabilities			
20.3.1 Claims against the Bank not acknowledged as debts		<u>25,381,123</u>	<u>23,888,069</u>

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

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

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

21 DERIVATIVE INSTRUMENTS

Product Analysis

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

	Note	(Unaudited) For the nine months ended	
		September 30, 2021	September 30, 2020
		(Rupees in '000)	
22 MARK-UP / RETURN / PROFIT / INTEREST EARNED			

On:

Loans and advances	69,660,130	83,344,068
Investments	107,242,082	110,069,194
Lendings to financial institutions	3,799,440	4,154,528
Balances with banks	296,048	491,497
	<u>180,997,700</u>	<u>198,059,287</u>

23 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED

On:

Deposits	66,224,638	81,159,595
Securities sold under repurchase agreement borrowings	13,275,792	10,803,577
Borrowings	4,035,714	5,168,115
Subordinated debt	941,834	2,133,133
Cost of foreign currency swaps against foreign currency deposits / borrowings	3,982,775	4,306,426
Lease liability against right-of-use assets	2,526,026	1,525,476
	<u>90,986,779</u>	<u>105,096,322</u>

24 FEE AND COMMISSION INCOME

Branch banking customer fees	2,842,555	2,460,149
Consumer finance related fees	1,320,821	1,093,590
Card related fees (debit and credit cards)	5,005,268	2,982,529
Credit related fees	588,301	431,530
Investment banking fees	886,538	947,846
Commission on trade related products and guarantees	2,823,559	2,207,977
Commission on cash management	635,420	511,687
Commission on remittances (including home remittances)	374,017	236,164
Commission on bancassurance	610,469	474,910
Commission on Government to Person (G2P) payments	235,171	475,865
Merchant discount and interchange fees	2,500,105	1,554,443
Others	317,029	341,621
	<u>18,139,253</u>	<u>13,718,311</u>
Less: Sales tax / Federal Excise Duty on fee and commission income	<u>(2,477,723)</u>	<u>(2,037,924)</u>
	<u>15,661,530</u>	<u>11,680,387</u>

25 GAIN ON SECURITIES - NET

Realised	25.1	1,924,008	7,348,934
Unrealised - held-for-trading	8.1	<u>(23,156)</u>	<u>(11,500)</u>
		<u>1,900,852</u>	<u>7,337,434</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

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

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

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

32.1 Fair value of financial assets

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

As at September 30, 2021 (Unaudited)					
	Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,437,889,762	-	1,437,889,762	-	1,437,889,762
- Shares - listed companies	6,287,329	6,287,329	-	-	6,287,329
- Non-Government debt securities					
- Listed	51,971,388	40,600,000	11,371,388	-	51,971,388
- Unlisted	622,500	-	622,500	-	622,500
- Foreign securities					
- Government debt securities	51,191,869	-	51,191,869	-	51,191,869
- Non-Government debt securities - Listed	7,022,691	-	7,022,691	-	7,022,691
- National Investment Unit Trust units	46,286	-	46,286	-	46,286
- Real Estate Investment Trust units	58,600	58,600	-	-	58,600
- Preference shares - Listed	780,500	780,500	-	-	780,500
	1,555,870,925	47,726,429	1,508,144,496	-	1,555,870,925
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	262,116,294	-	258,733,708	-	258,733,708
- Non-Government debt securities					
- Listed	2,432,804	-	2,446,127	-	2,446,127
- Unlisted	20,374,038	-	20,374,038	-	20,374,038
- Foreign securities					
- Government debt securities	13,847,158	-	15,532,899	-	15,532,899
- Non-Government debt securities					
- Listed	305,668	-	305,668	-	305,668
- Unlisted	647,819	-	647,819	-	647,819
- Associates and Joint venture	9,262,824	26,528,805	2,812,215	-	29,341,020
	308,986,605	26,528,805	300,852,474	-	327,381,279
	1,864,857,530	74,255,234	1,808,996,970	-	1,883,252,204
As at September 30, 2021 (Unaudited)					
	Notional Value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
Off-balance sheet financial instruments - measured at fair value					
Commitments					
- Forward foreign exchange contracts	479,459,003	-	3,526,657	-	3,526,657
- Forward Government securities transactions	58,750,671	-	7,382	-	7,382
- Derivative instruments	35,398,475	-	(2,027,126)	-	(2,027,126)

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

On balance sheet financial instruments

Financial assets - measured at fair value

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

Carrying value	As at December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
1,518,270,016	-	1,518,270,016	-	1,518,270,016
5,985,004	5,985,004	-	-	5,985,004
47,265,405	40,240,000	7,025,405	-	47,265,405
622,500	-	622,500	-	622,500
40,219,455	-	40,219,455	-	40,219,455
3,553,703	-	3,553,703	-	3,553,703
46,839	-	46,839	-	46,839
53,000	53,000	-	-	53,000
855,400	855,400	-	-	855,400
1,616,871,322	47,133,404	1,569,737,918	-	1,616,871,322

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

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

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, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
405,885,132	-	(2,637,586)	-	(2,637,586)
150,757,178	-	(52,974)	-	(52,974)
38,504,637	-	(1,266,883)	-	(1,266,883)

32.2 Fair value of non-financial assets

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

Carrying value	As at September 30, 2021 (Unaudited)			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
52,889,290	-	-	52,889,290	52,889,290
556,454	-	-	556,454	556,454
53,445,744	-	-	53,445,744	53,445,744

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

Carrying value	As at December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
52,560,430	-	-	52,560,430	52,560,430
639,379	-	-	639,379	639,379
53,199,809	-	-	53,199,809	53,199,809

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

For the nine months ended September 30, 2021 (Unaudited)

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

As at September 30, 2021 (Unaudited)

Statement of financial position

	Branch banking	Consumer,SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
Cash and bank balances	134,411	-	26,123	296	100,044	75,380	-	336,254
Lendings to financial institutions	-	-	28,144	-	120,730	-	-	148,874
Inter segment lending	1,592,318	-	5,090	-	-	195,879	140,915	1,934,202
Investments	-	-	160,171	8,822	1,593,083	107,582	22,636	1,892,294
Advances - performing	-	176,006	152,915	677,572	-	215,393	22,639	1,244,525
Advances - non-performing	-	2,067	-	2,648	-	1,706	-	6,421
Others	12,918	4,219	13,186	38,065	38,678	19,765	97,383	224,214
Total assets	1,739,647	182,292	385,629	727,403	1,852,535	615,705	283,573	5,786,784

Borrowings	-	2,913	27,488	106,718	147,372	108,723	-	393,214
Subordinated debt	-	-	-	-	-	-	12,374	12,374
Deposits and other accounts	1,715,066	398	318,659	505,224	4	436,103	10,522	2,985,976
Inter segment borrowing	-	171,721	-	81,601	1,680,880	-	-	1,934,202
Others	24,581	7,260	12,285	33,860	22,650	37,654	65,883	204,173
Total liabilities	1,739,647	182,292	385,629	727,403	1,850,906	582,480	88,779	5,529,939
Equity	-	-	27,197	-	1,629	33,225	194,794	256,845
Total equity and liabilities	1,739,647	182,292	385,629	727,403	1,852,535	615,705	283,573	5,786,784

Contingencies and commitments	53,823	-	47,449	478,211	504,309	87,753	37,939	1,209,484
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For the nine months ended September 30, 2020 (Unaudited)

Profit and loss account

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

As at December 31, 2020 (Audited)

Statement of financial position

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

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

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

For the nine months ended September 30, 2021

34 RELATED PARTY TRANSACTIONS

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

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

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

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

	As at September 30, 2021 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
Statement of financial position	(Rupees in '000)						
Balances with other banks							
In current accounts	-	-	107	577,800	-	-	-
Investments							
Opening balance	-	-	-	17,614,626	9,161,114	135,665	4,843,724
Investment made during the period	-	-	-	2,000,000	500,000	-	-
Investment redeemed / disposed off during the period	-	-	-	(23,236)	(277,723)	-	-
Revaluation of investment during the period	-	-	-	324,696	-	-	378,521
Closing balance	-	-	-	19,916,086	9,383,391	135,665	5,222,245
Advances							
Opening balance	249	305,836	4,504,528	2,073,885	1,125,000	-	7,748,994
Addition during the period	15,493	262,100	1,438,215	556,342	874,724	-	1,969,850
Repaid during the period	(15,713)	(194,541)	(1,812,107)	(425,249)	(125,000)	-	(2,124,075)
Transfer in- net	73	25,489	-	-	-	-	319,375
Exchange adjustment	-	-	184,789	10,566	63,854	-	-
Closing balance	102	398,884	4,315,425	2,215,544	1,938,578	-	7,914,144
Other Assets							
Interest / mark-up accrued	-	446	63,424	214,235	25,051	-	269,174
Other receivable	-	-	1,064	-	495,852	-	2,317
	-	446	64,488	214,235	520,903	-	271,491
Borrowings							
Opening balance	-	-	3,200,856	468,382	959,006	1,598,344	494,309
Borrowings during the period	-	-	2,997,524	1,931,772	2,862,773	6,361,717	-
Settled during the period	-	-	(3,180,858)	(2,129,847)	(3,021,816)	(6,043,631)	(312,324)
Exchange adjustment	-	-	61,875	17,251	53,325	131,461	-
Closing balance	-	-	3,079,397	287,558	853,288	2,047,891	181,985
Deposits and other accounts							
Opening balance	20,794	447,740	7,288,452	1,087,262	36,293,203	-	1,684,143
Received during the period	197,285	3,137,519	315,249,695	276,209,037	696,761,646	-	214,218,008
Withdrawn during the period	(190,134)	(2,922,239)	(313,960,300)	(274,368,947)	(685,526,072)	-	(212,979,151)
Transfer (out) / in - net	(13,239)	(52,485)	-	-	-	-	12,059
Exchange adjustment	(73)	19,734	436,671	4,901	796	-	10,221
Closing balance	14,633	630,269	9,014,518	2,932,253	47,529,573	-	2,945,280
Other liabilities							
Interest / mark-up payable	37	2,635	88,803	1,187	50,419	3,891	8,343
Payable to staff retirement fund	-	-	-	-	-	-	1,147,106
Other payables	-	-	1,132	21,938	16,400	-	271,323
	37	2,635	89,935	23,125	66,819	3,891	1,426,772
Contingencies and Commitments							
Letter of credit	-	-	551,832	-	-	-	1,467,133
Guarantees	-	-	142,529	55,211	-	-	3,538,236
Forward purchase of Government securities	-	-	1,560,298	-	-	-	516,413
Forward Lending	-	-	-	-	-	-	1,585,439
Interest rate swaps	-	-	638,479	-	1,000,000	-	-
	-	-	2,893,138	55,211	1,000,000	-	7,107,221
Others							
Securities held as custodians	-	12,700	5,943,555	-	54,903,500	-	9,694,585

For the nine months ended September 30, 2021

For the nine months ended September 30, 2021 (Unaudited)						
Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
			(Rupees in '000)			

Income

Expense

Others

As at December 31, 2020 (Audited)

As at 31 December 2017 (RMB'000)						
Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties

- (Rupees in '000)

In current accounts

Investments

Advances

Other Assets

Borrowings

Borrowings							
Opening balance	-	-	2,475,576	4,187,854	929,086	1,548,476	-
Borrowings during the year	-	-	6,992,840	6,016,905	2,913,226	4,855,377	500,000
Settled during the year	-	-	(6,473,832)	(9,919,751)	(2,913,226)	(4,855,377)	(5,691)
Exchange adjustment	-	-	206,272	183,374	29,920	49,868	-
Closing balance	-	-	3,200,856	468,382	959,006	1,598,344	494,309

For the nine months ended September 30, 2021

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

35	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	(Unaudited) September 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	14,668,525	14,668,525
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	188,480,783	172,940,364
	Eligible Additional Tier 1 (ADT 1) Capital	10,384,046	10,438,063
	Total Eligible Tier 1 Capital	198,864,829	183,378,427
	Eligible Tier 2 Capital	58,303,667	54,025,763
	Total Eligible Capital (Tier 1 + Tier 2)	257,168,496	237,404,190
	Risk Weighted Assets (RWAs):		
	Credit Risk	1,101,395,307	935,446,560
	Market Risk	93,856,038	109,134,799
	Operational Risk	191,948,129	191,948,129
	Total	1,387,199,474	1,236,529,488
	Common Equity Tier 1 Capital Adequacy ratio	13.59%	13.99%
	Tier 1 Capital Adequacy Ratio	14.34%	14.83%
	Total Capital Adequacy Ratio	18.54%	19.20%
	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	9.50%	9.50%
	of which: capital conservation buffer requirement	1.50%	1.50%
	of which: countercyclical buffer requirement	-	-
	of which: D-SIB buffer requirement	2.00%	2.00%
	CET1 available to meet buffers (as a percentage of risk weighted assets)	7.59%	7.99%
	Other information:		
	National minimum capital requirements prescribed by the SBP		
	CET1 minimum ratio (%)	9.50%	9.50%
	Tier 1 minimum ratio (%)	11.00%	11.00%
	Total capital minimum ratio (%)	13.50%	13.50%
	Leverage Ratio (LR)		
	Eligible Tier-1 Capital	198,864,829	183,378,427
	Total Exposures	4,563,164,372	4,167,230,907
	Leverage Ratio (%)	4.36%	4.40%
	Minimum Requirement (%)	3.00%	3.00%
	Liquidity Coverage Ratio (LCR)		
	Total Adjusted Value (Rupees in '000)		
	Average High Quality Liquid Assets	1,461,148,370	1,343,833,391
	Average Net Cash Outflow	621,022,630	525,626,841
	Liquidity Coverage Ratio (%)	235.28%	255.66%
	Minimum Requirement (%)	100.00%	100.00%
	Net Stable Funding Ratio (NSFR)		
	Total Weighted Value (Rupees in '000)		
	Total Available Stable Funding	2,890,063,091	2,637,965,349
	Total Required Stable Funding	1,691,415,207	1,448,252,363
	Net Stable Funding Ratio (%)	170.87%	182.15%
	Minimum Requirement (%)	100.00%	100.00%

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

36 ISLAMIC BANKING BUSINESS

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

STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
(Rupees in '000)			
Cash and balances with treasury banks		25,599,459	12,685,357
Balances with other banks		523,535	85,710
Due from financial institutions	36.1	28,143,507	5,257,358
Investments	36.2	160,171,404	139,619,025
Islamic financing and related assets - net	36.3	152,914,936	153,363,009
Fixed assets		2,908,895	1,163,176
Intangible assets		-	-
Due from Head Office		5,000,862	90,320
Deferred tax assets		-	-
Other assets		10,366,822	6,132,151
		385,629,420	318,396,106

LIABILITIES

Bills payable		64,118	9,451
Due to financial institutions	36.4	27,487,873	32,183,448
Deposits and other accounts	36.5	318,658,515	257,414,395
Due to Head Office		-	12,444
Subordinated debt		-	-
Deferred tax liabilities		471,340	8,718
Other liabilities		11,750,626	6,000,269
		358,432,472	295,628,725

NET ASSETS

REPRESENTED BY

Islamic Banking Fund		500,000	500,000
Reserves		-	-
Surplus on revaluation of investments - net of tax		737,225	13,637
Unappropriated profit	36.6	25,959,723	22,253,744
		27,196,948	22,767,381

Contingencies and commitments

36.7	(Unaudited) For the nine months ended September 30, 2021	September 30, 2020
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PROFIT AND LOSS ACCOUNT

Profit / return earned	36.8	17,196,569	17,198,994
Profit / return expensed	36.9	8,675,798	7,058,308
Net profit / return		8,520,771	10,140,686

Other income / (loss)

Fee and commission income		492,974	433,885
Dividend income		-	-
Foreign exchange income / (loss)		3,308	(59,803)
Income from derivatives		-	-
Loss on securities- net		(15)	(180,913)
Others		273	6,848
Total other income		496,540	200,017

Total income

Other expenses

Operating expenses		2,547,914	1,542,801
Workers' Welfare Fund - charge		126,590	161,607
Other charges		2,803	14,107
Total other expenses		2,677,307	1,718,515

Profit before provisions

Provisions and write offs - net		6,340,004	8,622,188
		262,904	702,479

Profit before taxation

Taxation		6,077,100	7,919,709
		2,370,069	3,093,817

Profit after taxation

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

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

36.2 Investments by segments

	September 30, 2021 (Unaudited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)			
Federal Government securities				
-Ijarah Sukuks	84,394,683	-	497,565	84,892,248
-Other Federal Government securities	11,901,281	-	-	11,901,281
	<u>96,295,964</u>	<u>-</u>	<u>497,565</u>	<u>96,793,529</u>
Non-Government debt securities				
-Listed	47,742,587	-	688,500	48,431,087
-Unlisted	14,924,288	-	22,500	14,946,788
	<u>62,666,875</u>	<u>-</u>	<u>711,000</u>	<u>63,377,875</u>
Total Investments	<u>158,962,839</u>	<u>-</u>	<u>1,208,565</u>	<u>160,171,404</u>
	December 31, 2020 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)			
Federal Government securities				
-Ijarah Sukuks	67,678,595	-	(322,645)	67,355,950
-Other Federal Government securities	11,324,538	-	-	11,324,538
	<u>79,003,133</u>	<u>-</u>	<u>(322,645)</u>	<u>78,680,488</u>
Non-Government debt securities				
-Listed	47,291,628	-	322,500	47,614,128
-Unlisted	13,301,909	-	22,500	13,324,409
	<u>60,593,537</u>	<u>-</u>	<u>345,000</u>	<u>60,938,537</u>
Total Investments	<u>139,596,670</u>	<u>-</u>	<u>22,355</u>	<u>139,619,025</u>

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

Note	(Unaudited) September 30, 2021	(Audited) December 31, 2020
(Rupees in '000)		
36.4 Due to financial institutions		
Unsecured acceptances of funds	-	10,500,000
Acceptances from the SBP under:		
- Islamic export refinance scheme	17,864,511	12,185,727
- Islamic long term financing facility	5,055,226	4,774,050
- Islamic refinance and credit guarantee scheme for women entrepreneurs	5,883	-
- Islamic refinance scheme for payment of wages and salaries	1,576,964	2,456,473
- Islamic financing facility for renewable energy power plants	373,775	96,152
- Islamic temporary economic refinance facility	2,421,169	1,676,737
- Islamic financing facility for storage of agricultural produce	8,360	-
Acceptances from Pakistan Mortgage Refinance Company	181,985	494,309
	27,487,873	32,183,448
36.5 Deposits and other accounts		
Customers		
Current deposits	72,304,979	64,402,537
Savings deposits	120,046,607	105,290,516
Term deposits	30,537,862	24,221,318
	222,889,448	193,914,371
Financial Institutions		
Current deposits	589,361	405,136
Savings deposits	90,437,060	61,847,142
Term deposits	4,742,646	1,247,746
	95,769,067	63,500,024
	318,658,515	257,414,395
36.6 Islamic Banking business unappropriated profit		
Opening Balance	22,253,744	16,486,211
Add: Islamic Banking profit for the period / year	6,077,100	9,464,811
Less: Taxation	(2,370,069)	(3,696,779)
Less: Transferred / Remitted to Head Office	(1,052)	(499)
Closing Balance	25,959,723	22,253,744
36.7 Contingencies and commitments		
- Guarantees	36.7.1 2,490,130	1,498,665
- Commitments	36.7.2 44,959,234	7,917,674
	47,449,364	9,416,339
36.7.1 Guarantees:		
Performance guarantees	2,032,609	1,435,850
Other guarantees	457,521	62,815
	2,490,130	1,498,665
36.7.2 Commitments:		
Trade-related contingent liabilities	29,333,414	6,208,476
Commitments in respect of forward foreign exchange contracts	15,625,820	1,709,198
	44,959,234	7,917,674
36.7.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	7,922,298	740,199
Sale	7,703,522	968,999
	15,625,820	1,709,198
36.8 Profit / return earned		
	(Unaudited) For the nine months ended	
	September 30, 2021	September 30, 2020
	(Rupees in '000)	
On:		
Financing	7,711,862	10,316,618
Investments	8,041,493	5,857,861
Placements	1,443,214	1,024,515
	17,196,569	17,198,994

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

(Unaudited)
For the nine months ended
September 30, 2021 September 30, 2020
(Rupees in '000)

36.9 Profit / return expensed

On:

Deposits and other accounts	7,781,825	6,487,505
Amounts due to financial institutions	726,798	465,391
Foreign currency deposits for Wa'ad based transactions	13,318	27,326
Lease liability against right-of-use assets	153,857	78,086
	<u>8,675,798</u>	<u>7,058,308</u>

37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

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

38 DATE OF AUTHORISATION FOR ISSUE

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

39 GENERAL

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Salim Raza
Director

Saba Kamal
Director

Khaleel Ahmed
Director

