

HBL

Half Yearly Report
June 30, 2024

Enriching Lives



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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 Nassir Salim

President & CEO

Chief Financial Officer

Mr. Rayomond H. Kotwal

Company Secretary

Mr. Uzman Naveed Chaudhary

Legal Advisors

Mandviwalla and Zafar

Legal Consultants and Advocates

Auditors

KPMG Taseer Hadi & Co

Chartered Accountants

Share Registrar

CDC Share Registrar Services Limited

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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)

Directors' Review

On behalf of the Board of Directors, we are pleased to present the Consolidated Financial Statements for the half-year ended June 30, 2024.

Macroeconomic Review

After the severe headwinds of FY'23, the economy underwent broad-based stabilization in FY'24 – moderate recovery in GDP growth, improved confidence, easing external pressures, contained twin deficits and receding inflation. Provisional estimates indicate that Pakistan's GDP grew by 2.4% in FY'24 versus a contraction witnessed in the previous year; led by a robust 6.3% growth in agriculture and a 1.2% recovery in industrial activity. The Large Scale Manufacturing Index exhibited a growth of 0.9% in FY'24 which, while muted, was a considerable improvement over the 10.3% decline in FY'23.

Inflation has been on a downtrend since the start of the year, falling from 29.7% in Dec'23 to 12.6% in Jun'24. Average inflation for FY'24 was 23.4%, at the lower end of SBP's forecast of 23-25% and significantly lower than the 29.2% in FY'23. The deceleration in inflation has been supported by a proactive monetary policy, improved agricultural output, fiscal consolidation and a stable currency, along with a sharp decline in food prices in H2FY'24. The trajectory has continued into FY'25, with the Jul'24 reading clocking in at 11.1%.

Pakistan's current account recorded a \$ 0.7 billion deficit in FY'24, the lowest in 13 years, and a nearly 80% reduction from FY'23, reflecting improvements in the trade balance and remittances. Imports remained static, increasing by 0.9% as higher imports of machinery were offset by lower petroleum imports; exports grew by 11.6%, as improved crop production boosted food exports. The trade deficit for FY'24 thus narrowed by 11%, to \$ 22.1 billion. Remittances hit an all-time high of \$ 3.2 billion in May'24 on account of Eid-related inflows and were up 10.7% to \$ 30.3 billion in FY'24, a sharp reversal from the 12.6% decline in FY'23.

FX reserves at end-Jun'24 reached a 24-month high of \$9.4 billion as Pakistan successfully concluded the second review under the Standby Arrangement (SBA) and received a \$1.1 billion IMF tranche during the quarter. The SBA unlocked additional bilateral funding which, along with inflows from multilateral agencies helped boost reserves despite debt repayments of nearly \$9.4 billion during FY'24. The external account stability has led to a rally in Pakistan's sovereign bonds with yields for the Sep'25 maturity declining to 11% as of Jul'24 versus 40% at the start of FY'24. Reserve stability has also led to a gradual strengthening of the Rupee, which improved by 1.3% in H1'24 to Rs 278.3/\$.

Pakistan's fiscal deficit for FY'24 declined to 6.8% of GDP, from 7.7% in FY'23. More importantly, a primary surplus of 0.9% of GDP was recorded, the first surplus in 20 years. Tax collection increased by 30% to Rs 9.3 trillion; spending rose by 27%, mainly driven by current expenditure and a 43% rise in debt servicing, with only a meagre growth in the PSDP. The Federal Budget for FY'25 targets a primary surplus of 2.0% of GDP, placing an emphasis on mobilizing additional revenue. Tax collection is budgeted to rise by 39% to Rs 13.0 trillion in FY'25, with the growth expected mainly from GST and income tax. In line with IMF pre-conditions, some measures have been taken to reduce exemptions; however, as usual, little has been done to expand the tax base with most of the income tax burden falling unfairly on existing taxpayers.

The equity market has seen a sustained bull run throughout 2024, setting new records and outperforming even the most optimistic projections; the KSE Index crossed the 80,000 mark in July, before a slight recent correction. During FY'24, stocks yielded a 21-year high return of 89%; in USD terms, the return was 94%, making the PSX the world's best performing market. Sentiments have remained strong, buoyed by currency stability, cheap valuations and expectations of lower interest rates, as well as a resumption of foreign inflows.

The SBP, after holding the status quo since June 2023, started a monetary easing cycle, cutting rates in consecutive meetings, totaling 250bps, to 19.5% in July 2024. The MPC highlighted that an improvement in the external position, a steady and continued decline in inflation and significantly positive real rates provided enough room to reduce the Policy rate in a calibrated manner to support economic activity. However, they cautioned that upside risks to inflation remained from fiscal slippages and future energy price adjustments. Private sector credit has remained stagnant throughout the year. Industry advances improved slightly by 0.7% from Dec'23 levels while deposits increased by 11.8% during the same period. During H1'24, banking spreads have declined by 35bps compared to H1'23.

Financial Performance

HBL has delivered a consolidated profit before tax of Rs 57.8 billion for H1'24, growing by 12% over the same period last year. All businesses continued to perform strongly, with the turnaround now embedded in the international franchise. The Bank's profit after tax rose by 10% to Rs 29.1 billion, while earnings per share improved from Rs 17.86 in H1'23 to Rs 20.18 in H1'24.

The Bank's balance sheet grew 13% to Rs 6.2 trillion with total deposits growing by Rs 705 billion over Dec'23 to Rs 4.8 trillion. Domestic deposits increased by 20%, crossing a landmark Rs 4 trillion; this was well ahead of market growth of 11.8%, increasing market share to 13.3%. The growth was primarily in CASA deposits, with the mix improving from 85.8%

in Dec'23 to 87.0% in Jun'24. Although private sector credit demand has remained restrained in 2024, domestic advances improved by 2.2% from the Mar'24 trough, increasing to Rs 1.35 trillion; all business have begun to show an uptick, with HBL's total advances at Rs 1.8 trillion.

Average domestic deposits increased by Rs 550 billion, driving a 16% growth in the balance sheet, to Rs 4.3 trillion. With falling inflation raising expectations of a rate cut, market rates dipped, and for a period were even below the minimum deposit rate; spreads thus compressed sharply. Nevertheless, volume growth led to a 6% rise in domestic net interest income over H1'23. This was complemented by consistent growth in the international business, supported by elevated interest margins; the Bank's total net interest income for H1'24 thus increased by 7% over the same period last year, to Rs 121.6 billion. HBL continued its dominance in fees, growing by 22% to Rs 24.2 billion for H1'24. As always, the flagship Cards franchise posted stellar results, delivering more than 45% of the fee growth; branch banking also returned a strong fee performance. Total non-fund income increased by 64% to Rs 39.5 billion with total revenue rising by 17%, to Rs 161.1 billion.

Continued high inflation for the first half of the year has increased administrative expenses by 15.8% over H1'23 to Rs 91.8 billion, trends that are in line with the industry. However, proactive cost management efforts enabled HBL to reduce expenses over the previous quarter. Consequently, the cost/income ratio reduced from 57.5% in H1'23 to 57.0% in H1'24. An increase in non-performing loans along with a flattish loan book have induced an uptick in the infection ratio over the previous quarter, to 5.8%. As a result of prudent provisioning, the specific coverage has increased from 83% in Dec'23 to 91% in Jun'24; the total coverage remains above 100%.

Movement of Reserves

	Rupees in million
Unappropriated profit brought forward	221,884
Impact of change in accounting policy – adoption of IFRS 9	(13,669)
Unappropriated profit brought forward – restated	<u>208,215</u>
Profit attributable to equity holders of the Bank	29,595
Re-measurement gain on defined benefit obligations of associates – net of tax	5
Transferred from surplus on revaluation of assets – net of tax	51
Acquisition of additional interest in subsidiary	228
Realised gain on equity investments designated as FVOCI	296
	<u>30,175</u>
Profit available for appropriation	<u>238,390</u>
Appropriations:	
Transferred to statutory reserves	(2,932)
Cash dividend – Final 2023	(5,867)
Cash dividend – Q1 2024	(5,867)
Total appropriations	<u>(14,667)</u>
Unappropriated profit carried forward	<u><u>223,723</u></u>
Earnings per share (Rupees)	<u><u>20.18</u></u>

Capital Ratios

Internal capital generated by the strong results further strengthened HBL's capital ratios during the period while also enabling a better dividend payout. The Consolidated Tier 1 CAR increased from 12.44% in Dec'23 to 12.65% in Jun'24, while total CAR increased from 16.01% to 16.32% over the same period.

Credit Ratings

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

Dividend

The Board of Directors, in its meeting held on August 26, 2024, has declared an interim cash dividend of Rs 4.0 per share (40%) for the quarter ended June 30, 2024.

Future Outlook

Despite a significant improvement in the macroeconomic back-drop over the course of the year, the country's myriad structural weaknesses – including a narrow tax base, limited private investment, and distortions in the energy chain – are yet to be resolved. The previous SBA and the conclusion of negotiations on a 37-month, \$7.0 billion Extended Fund Facility (EFF) have lowered the risk of policy slippages. However, lapses in the reform agenda cannot be ruled out in the currently fraught political environment. It appears that the Government has made adherence to the IMF stipulations a cornerstone of their economic policy. However, the recent electricity relief package in the Punjab flies in the face of IMF recommendations and it remains to be seen how this plays out.

While the Staff Level Agreement was celebrated with much fanfare in July, the EFF is yet to be approved by the IMF Board, and the initial euphoria has been tempered by the delays in getting this on to the Board's agenda. The EFF is crucial given the substantial external financing needs over the next five years; while FX reserves are far healthier than in previous years, they remain at less than two months of import cover. IMF Board approval should spur further easing of credit conditions, and international ratings should improve, following Fitch's upgrade in July. This should help in facilitating access to international funding, which has been scarce in the last two years.

Inflationary pressures have cooled, and we expect CPI to average 11%-12% in FY'25. After the strong growth in FY'24, agriculture is expected to slow; this should be compensated by stronger industrial and services growth on the back of lower rates and higher development spending with real GDP growth rising slightly, to 2.5% – 3.0%. The SBP is expected to maintain a prudent monetary policy, keeping real interest rates significantly positive. The USD/PKR parity will be supported by a benign current account as well as continued controls on capital flight.

The macro-stabilization efforts underway, however, have had a deleterious effect on the real economy, with demand for industrial and service goods slumping over the course of the last two years; a demand recovery will be gradual, at best, over FY'25. Elevated external financing needs and the revenue-driven budget will keep economic growth below its potential in the medium-term. To break this cycle and create the much-needed fiscal space to support growth, the government urgently needs to undertake structural reforms as agreed with the IMF – i) accelerating privatization of SOEs ii) decisive energy sector reforms iii) enhancing export competitiveness and iv) widening the tax base rather than taxing the already-taxed.

Despite the numerous headwinds, HBL continues to deliver improved results, expanding financial access to customers. We continue to dominate the thought leadership space, supporting the Government in every sphere, from renewable energy to cybersecurity awareness. After having helped Pakistan exit the FATF grey list, we are now helping to ensure that these actions are embedded in our institutions and policies. HBL's digital journey continues to make strides; across all businesses, volumes are growing at an accelerated pace. Over 4.2 million users of HBL Mobile and Internet Banking transacted Rs 3.5 trillion in the first half of 2024 while Konnect volumes crossed a milestone of Rs 0.5 trillion. Konnect is a pivotal player in the growth of Pakistan's eSports ecosystem and recently held its third "Aur Khelo" tournament, actively fostering a vibrant sports gaming community. HBL's commitment to ESG principles is well established; recently we have started to eliminate all single-use plastic from our premises. To foster an inclusive and respectful workplace, HBL has dedicated programs for differently-abled people, an initiative that is championed from the top. Employee volunteerism is part of our ethos – from blood camps to tree plantation drives to helping the less privileged, HBL's employees spent more than 2,000 hours of their personal time to create a better and brighter Pakistan for all.

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. In these challenging times, they have stepped up 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, many of whom have banked with us for generations, and who continue to entrust us with their business and confidence. Our shareholders have provided steadfast support and to them, and to all our stakeholders, we are deeply grateful. The Board and the management remain committed to maintaining the highest standards of governance and we assure our stakeholders that we will be industry leaders in this area.

Lastly, but certainly not the least, we express our deepest appreciation and gratitude to our employees and their families, especially in customer facing units and branches, who continually go the extra mile, even at personal cost, 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 Nassir Salim
President & Chief Executive Officer

Moez Ahamed Jamal
Director

August 26, 2024

ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2024 کو ختم ہونے والی پہلی ششماہی کے مختصر عبوری مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

مالی سال 23 کی شدید مشکلات کے بعد مالی سال 24 میں معیشت میں وسیع پیمانے پر استحکام آیا جس میں GDP کی شرح نمو میں معتدل بحالی، اعتماد میں بہتری، بیرونی دباؤ میں کمی، دہرے خسارے پر قابو اور افراط زر میں کمی شامل ہیں۔ عبوری تخمینوں سے ظاہر ہوتا ہے کہ مالی سال 24 میں پاکستان کی GDP میں 2.4% اضافہ ہوا جبکہ گزشتہ سال اس میں کمی دیکھی گئی تھی۔ زراعت میں 6.3% اور صنعتی سرگرمی میں 1.2% کی بحالی کی وجہ سے۔ لارج اسکیل میڈیو فیچرنگ انڈیکس میں مالی سال 24 میں 0.9% اضافہ دیکھا گیا جو مالی سال 23 میں 10.3% کی کمی کے مقابلے میں خاطر خواہ بہتر تھا۔

سال کے آغاز سے ہی افراط زر میں کمی کارخانہ رہی، جو دسمبر 23 میں 29.7% سے کم ہو کر جون 24 میں 12.6% ہو گئی۔ مالی سال 24 کے لیے اوسط افراط زر 23.4% تھی جو SBP کی 23-25% کی پیش گوئی سے کم تھی اور مالی سال 23 کے 29.2% کے مقابلے میں نمایاں طور پر کم تھی۔ افراط زر میں کمی کو فعال مانیٹری پالیسی، بہتر زرعی پیداوار، مالی استحکام اور مستحکم کرنسی کے ساتھ ساتھ مالی سال 24 کی دوسری ششماہی میں خوراک کی قیمتوں میں تیزی سے کمی سے سہارا ملا۔ یہ سفر مالی سال 25 تک جاری رہا جس میں جولائی 24 کی ریڈنگ 11.1% نظر آ رہی ہے۔

مالی سال 24 میں پاکستان کے کرنٹ اکاؤنٹ میں 0.7 بلین ڈالر کا خسارہ ریکارڈ کیا گیا جو 13 سال میں سب سے کم ہے اور جس میں مالی سال 23 کے مقابلے میں تقریباً 80% کمی ہوئی ہے جو تجارتی توازن اور ترسیلات زر میں بہتری کی عکاسی کرتی ہے۔ درآمدات مستحکم رہیں اور ان میں 0.9% اضافہ ہوا کیونکہ مشینری کی زیادہ درآمدات پر پیٹرولیم کی کم درآمدات کی وجہ سے اثر ہوا۔ برآمدات میں 11.6% اضافہ ہوا جس کی وجہ فصلوں کی بہتر پیداوار سے خوراک کی برآمدات میں اضافہ ہے۔ اس طرح مالی سال 24 کے لیے تجارتی خسارہ 11% فیصد کم ہو کر 22.1 بلین ڈالر رہ گیا۔ عید کے موقع پر ترسیلات زر کی وجہ سے مئی 24 میں ترسیلات زر 3.2 بلین ڈالر کی تاریخ کی بلند ترین سطح پر پہنچ گئیں جو مالی سال 24 میں 10.7% اضافے کے ساتھ 30.3 بلین ڈالر تک پہنچ گئیں جو مالی سال 23 میں 12.6% کی کمی کے مقابلے میں ایک بڑی تبدیلی ہے۔

جون 24 کے آخر میں زرمبادلہ کے ذخائر 24 ماہ کی بلند ترین سطح 9.4 بلین ڈالر پر پہنچ گئے کیونکہ پاکستان نے اسٹینڈ بائے آرینجمنٹ (SBA) کے تحت دوسرا جائزہ کامیابی سے مکمل کیا اور سہ ماہی کے دوران IMF سے 1.1 بلین ڈالر کی قسط وصول کی۔ SBA نے اضافی دو طرفہ فنڈنگ کا آغاز کیا جس سے ملٹی لیٹرل اینجینیوں کی جانب سے سرمایہ کاری کے ساتھ ساتھ مالی سال 24 کے دوران تقریباً 9.4 بلین ڈالر کے قرضوں کی ادائیگی کے باوجود ذخائر بڑھانے میں مدد ملی۔ ایکسٹرنل اکاؤنٹ کے استحکام کی وجہ سے پاکستان کے خود مختار بانڈز میں تیزی آئی ہے اور ستمبر 25 کی میچورٹی کے لیے منافع مالی سال 24 کے آغاز میں 40% کے مقابلے میں جولائی 24 تک کم ہو کر 11% رہ گیا۔ ذخائر کے استحکام کی وجہ سے روپیہ بھی بتدریج مضبوط ہوا ہے جو پہلی ششماہی میں 1.3% بہتر ہو کر 278.3 روپے فی ڈالر پر پہنچ گیا۔

مالی سال 24 میں پاکستان کا مالیاتی خسارہ GDP کے 6.8% تک آ گیا جو مالی سال 23 میں 7.7% تھا۔ اس سے بھی اہم بات یہ ہے کہ GDP کا پرائمری سرپلس 0.9% ریکارڈ کیا گیا، جو 20 سالوں میں پہلا سرپلس ہے۔ ٹیکس وصولی 30% اضافے کے ساتھ 9.3 ٹریلین روپے تک پہنچ گئی۔ اخراجات میں 27% اضافہ بنیادی طور پر موجودہ اخراجات اور قرضوں کی ادائیگی میں 43% اضافے کی وجہ سے ہوا، PSDP میں صرف معمولی اضافہ ہوا۔ مالی سال 25 کے وفاقی بجٹ میں GDP کے 2.0% کے پرائمری سرپلس کا ہدف رکھا گیا ہے، جس میں اضافی محصولات کو متحرک کرنے پر زور دیا گیا ہے۔ مالی سال 25 میں ٹیکس وصولی 39% اضافے کے ساتھ 13.0 ٹریلین روپے تک پہنچنے کا امکان ہے، جس میں اضافہ بنیادی طور پر GST اور انکم ٹیکس سے متوقع ہے۔ IMF کی پیشگی شرائط کے مطابق اسٹیبلٹی کم کرنے کے لیے کچھ اقدامات کیے گئے ہیں۔ تاہم، ہمیشہ کی طرح، ٹیکس کی بنیاد وسیع کرنے کے لیے بہت کم کام کیا گیا ہے اور انکم ٹیکس کا زیادہ تر بوجھ موجودہ ٹیکس دہندگان پر غیر منصفانہ طور پر پڑ رہا ہے۔

ایکویٹی مارکیٹ نے 2024 کے دوران مسلسل تیزی دیکھی ہے، جس نے نئے ریکارڈ قائم کیے ہیں۔ یہاں تک کہ سب سے زیادہ امید افزا اندازوں کو بھی پیچھے چھوڑ دیا ہے۔ KSE انڈیکس جولائی میں حالیہ معمولی بہتری سے قبل 80 ہزار کی حد عبور کر گیا تھا۔ مالی سال 24 کے دوران اسٹاک نے 21 سال کی بلند ترین سطح 89% کا منافع حاصل کیا۔ امریکی ڈالر کے لحاظ سے، منافع 94% تھا، جس نے PSX کو دنیا کی بہترین کارکردگی کا مظاہرہ کرنے والی مارکیٹ بنا دیا۔ کرنسی کے استحکام، سٹے ویلیو ایشن اور کم شرح سود کی توقعات کے ساتھ ساتھ غیر ملکی سرمایہ کاری کی بحالی کی وجہ سے جذبات مضبوط رہے ہیں۔

SBP نے جون 2023 سے حسب حال رہنے کے بعد مالیاتی نرمی کا عمل شروع کیا اور لگاتار میٹنگز میں شرح سود میں 250 bps کی کمی کرتے ہوئے اسے جولائی 2024 میں 19.5% کر دیا۔ MPC نے اس بات پر روشنی ڈالی کہ بیرونی صورت حال میں بہتری، افراط زر میں مستحکم اور مسلسل کمی اور نمایاں طور پر مثبت حقیقی شرحوں نے معاشی سرگرمیوں کی معاونت کے لیے پالیسی ریٹ کو منظم انداز میں کم کرنے کے لیے کافی گنجائش فراہم کی ہے۔ تاہم، انہوں نے خبردار کیا کہ مالی خسارے اور مستقبل میں توانائی کی قیمتوں کی ایڈجسٹمنٹ سے افراط زر میں اضافے کا خطرہ برقرار ہے۔ نجی شعبے کے قرضے سال بھر وجود کا شکار رہے ہیں۔ صنعتی قرضوں میں دسمبر 23 کی سطح سے 0.7% کی معمولی بہتری آئی جبکہ اسی عرصے کے دوران ڈپازٹس میں 11.8% اضافہ ہوا۔ سال 24 کی پہلی ششماہی کے دوران بینکنگ اسپریڈ میں 23 سال کی پہلی ششماہی کے مقابلے میں 35 bps کی کمی واقع ہوئی ہے۔

مالیاتی کارکردگی

HBL نے سال 24 کی پہلی ششماہی میں 57.8 بلین روپے کا قبل از ٹیکس منافع حاصل کیا ہے جو گزشتہ سال کے اسی عرصے کے مقابلے میں 12% زیادہ ہے۔ تمام کاروباری کارکردگی بہترین رہی، جس کے اثرات اب بین الاقوامی فریچائز میں شامل ہیں۔ بینک کا بعد از ٹیکس منافع 10% اضافے کے ساتھ 29.1 بلین روپے تک پہنچ گیا جبکہ فی حصص آمدنی سال 23 کی پہلی ششماہی میں 17.86 روپے سے بڑھ کر سال 24 کی پہلی ششماہی میں 20.18 روپے ہو گئی۔

بینک کی بیلنس شیٹ 13% اضافے کے ساتھ 6.2 ٹریلین روپے تک پہنچ گئی جبکہ مجموعی ڈپازٹس دسمبر 23 کے مقابلے میں 705 بلین روپے بڑھ کر 4.8 ٹریلین روپے ہو گئے۔ مقامی ڈپازٹس میں 20% اضافہ ہوا اور یہ 4 ٹریلین روپے سے تجاوز کر گیا۔ یہ 11.8% کی مارکیٹ کی نمو سے بہت آگے تھا، جس سے مارکیٹ شیئر بڑھ کر 13.3% ہو گیا۔ یہ اضافہ بنیادی طور پر CASA ڈپازٹس میں ہوا، جس میں دسمبر 23 میں 85.8% سے جون 24 میں 87.0% تک بہتری آئی۔ اگرچہ 2024 میں نجی شعبے کے قرضوں کی طلب محدود رہی ہے، لیکن ملکی قرضوں میں مارچ 24 کے مقابلے میں 2.2% بہتری آئی ہے، جو بڑھ کر 1.35 ٹریلین روپے ہو گئی ہے۔ HBL کے مجموعی ایڈوانسز 1.8 ٹریلین روپے کے ساتھ تمام کاروبار میں تیزی آنا شروع ہو گئی ہے۔

اوسط مقامی ڈپازٹس میں 550 بلین روپے کا اضافہ ہوا جس سے بیلنس شیٹ 16% اضافے کے ساتھ 4.3 ٹریلین روپے تک پہنچ گئی۔ افراط زر میں کمی کی وجہ سے شرح میں کٹوتی کی توقعات بڑھ گئیں، مارکیٹ کی شرحیں کم ہو گئیں، اور ایک مدت کے لیے کم از کم ڈپازٹ ریٹ سے بھی نیچے تھیں۔ اس طرح اسپریڈز پر دباؤ تیزی سے بڑھ گیا۔ اس کے باوجود حجم میں اضافے کی وجہ سے سال 23 کی پہلی ششماہی کے مقابلے میں ملکی خالص سودی آمدنی میں 6% اضافہ ہوا۔ جو بین الاقوامی کاروبار میں مسلسل ترقی سے ہوئی، جس میں بلند شرح سود کے مارجن کی مدد حاصل تھی۔ اس طرح سال 24 کی پہلی ششماہی میں بینک کی کل خالص سودی آمدنی گزشتہ سال کے اسی عرصے کے مقابلے میں 7% اضافے کے ساتھ 121.6 بلین روپے رہی۔ HBL نے فیسوں میں اپنی برتری برقرار رکھی اور سال 24 کی پہلی ششماہی میں فیسوں میں 22% اضافے کے ساتھ 24.2 بلین روپے تک پہنچ گیا۔ ہمیشہ کی طرح، فلیگ شپ کارڈز فریچائز نے شاندار نتائج دیے، فیس میں 45% سے زیادہ اضافہ ہوا۔ برانچ بینکنگ نے بھی ایک مضبوط فیس کارکردگی دکھائی۔ مجموعی نان فنڈ اکم 64% اضافے سے 39.5 بلین روپے جبکہ مجموعی آمدنی 17% اضافے سے 161.1 بلین روپے رہی۔

سال کے پہلے نصف میں مسلسل افراط زر کی وجہ سے انتظامی اخراجات سال 23 کی پہلی ششماہی کے مقابلے میں 15.8% اضافے کے ساتھ 91.8 بلین روپے تک پہنچ گئے ہیں۔ تاہم، لاگت کے فعال انتظام کی کوششوں سے HBL پچھلی سہ ماہی کے مقابلے میں اخراجات کو کم کر پایا۔ نتیجتاً، لاگت / آمدنی کا تناسب سال 23 کی پہلی ششماہی میں 57.5% سے کم ہو کر سال 24 کی پہلی ششماہی میں 57.0% رہ گیا۔ نان فارمنگ قرضوں میں اضافے کے ساتھ ساتھ قرضوں میں کمی کی وجہ سے انفیکشن کی شرح پچھلی سہ ماہی کے مقابلے میں بڑھ کر 5.8% ہو گئی۔ دانشمندانہ پروڈکٹنگ کے نتیجے میں، مخصوص کوریج دسمبر 23 میں 83% سے بڑھ کر جون 24 میں 91% ہو گئی ہے۔ کل کوریج بدستور 100% سے زیادہ ہے۔

ذخائر میں اتار چڑھاؤ

ملین روپے
221,884
(13,669)
208,215

افتتاحی غیر تخصیص شدہ منافع
اکاؤنٹنگ پالیسی میں تبدیلی کے اثرات - IFRS9 کی ایڈاپشن
افتتاحی غیر تخصیص شدہ منافع کی دوبارہ تخصیص

29,595
5
51
228
296
30,175
238,390

بینک ایکویٹی کے حامل افراد کے لیے قابل ادائیگی منافع
ایسوسی ایٹس کے متعین فوائد کی ذمہ داریوں کی دوبارہ پیمائش پر منافع - محصول کا خالص
اثاثہ جات کی دوبارہ تخصیص پر سرپلس سے منتقل شدہ - محصول کا خالص
سبسڈری سے اضافی منافع کا حصول
FVOCI کے طور پر ایکویٹی کی سرمایہ کاری پر حاصل شدہ منافع

مناسب کارروائی کے لیے دستیاب منافع

(2,932)
(5,867)
(5,867)
(14,667)
223,723

مختلف مدوں میں رکھی گئی رقم:

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ - حتیٰ 2023

نقد منافع منقسمہ - پہلی سہ ماہی 2024

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

20.18

فی حصص (شیئر) آمدنی (روپے)

سرمائے کا تناسب

مضبوط نتائج سے پیدا ہونے والے اندرونی سرمائے نے اس عرصے کے دوران HBL کا سرمائے کا تناسب مزید مستحکم کیا اور بہتر منافع کی ادائیگی بھی ممکن بنائی۔ مجموعی Tier 1 CAR 23% میں 12.44% سے بڑھ کر جو 24% میں 12.5% ہو گیا، جبکہ اسی عرصے کے دوران کُل 16.01% CAR سے بڑھ کر 16.32% ہو گیا۔

کریڈٹ ریٹنگ

سہ ماہی کے دوران، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کی کریڈٹ ریٹنگ کی باترتیب طویل میعاد اور قلیل میعاد کے لیے +A-1/AAA پر توثیق کی۔ اس کے ایڈیشنل Tier 1 کپٹل کے طور پر جاری کردہ TFCs کی ریٹنگ بھی AA+ پر برقرار رکھی گئی ہے۔ تمام ریٹنگز پر آؤٹ لک مستحکم ہے۔ ان ریٹنگز میں HBL کی ملک کے سب سے بڑے کمرشل بینک کی حیثیت، اس کی مضبوط فریجنگ اور متنوع آپریشنز شامل ہیں، اور متنوع ڈپازٹرز میں، مضبوط اثاثوں کے معیار اور منظم اہمیت کے ساتھ اس کی مضبوط لیکویڈٹی کی عکاسی کرتے ہیں۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 26 اگست 2024 کو منعقد ہونے والے اجلاس میں 30 جون 2024 کو اختتام پذیر ہونے والی سہ ماہی کے لیے 4.0 روپے فی حصص (40%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

مستقبل کی صورت حال

سال کے دوران کلیاتی اقتصادی صورتحال میں نمایاں بہتری کے باوجود، ملک کی بے شمار ساختی کمزوریاں۔ بشمول محدود ٹیکس ٹیس، محدود نجی سرمایہ کاری، اور انرجی چین میں تعطل ابھی تک دور نہیں کی گئیں۔ گزشتہ SBA اور 37 ماہ پر محیط 7.0 بلین ڈالر کی ایکسٹینڈڈ فنڈ فیسلٹی (EFF) پر مذاکرات کے اختتام نے پالیسی میں خامیوں کا خطرہ کم کیا ہے۔ تاہم موجودہ کشیدہ سیاسی ماحول میں اصلاحاتی ایجنڈے میں کوتاہیوں سے انکار نہیں کیا جاسکتا۔ ایسا لگتا ہے کہ حکومت نے IMF کی شرائط پر عمل درآمد کو اپنی معاشی پالیسی کا سنگ بنیاد بنایا ہے۔ تاہم پنجاب میں بجلی کے حالیہ ریلیف پیکیج IMF کی سفارشات کی کھلم کھلا خلاف ورزی ہے اور ہمیں بدستور دیکھنا ہو گا کہ اس کے کیا اثرات مرتب ہوتے ہیں۔

اگرچہ اسٹاف لیول ایگریمنٹ پر جولائی میں بہت دھوم دھام مچی تھی، لیکن EFF ابھی تک IMF بورڈ سے منظور نہیں ہوئی، اور ابتدائی خوشی بورڈ کے ایجنڈے میں شامل کرنے میں تاخیر کی وجہ سے کم ہو گئی ہے۔ اگلے پانچ سالوں میں بیرونی فنانشنگ کی کافی ضروریات کے پیش نظر EFF بہت اہم ہے۔ اگرچہ زر مبادلہ کے ذخائر پچھلے سالوں کے مقابلے میں کہیں بہتر ہیں، لیکن وہ دو ماہ سے بھی کم درآمدی کو پر ہیں۔ IMF بورڈ کی منظوری سے قرض کی شرائط میں مزید نرمی آئے گی اور جولائی میں فنانسنگ کی اپ گریڈ کے بعد بین الاقوامی ریٹنگ میں بھی بہتری آئے گی۔ اس سے بین الاقوامی فنڈنگ تک رسائی آسان بنانے میں مدد ملتی چاہیے، جو گزشتہ دو سالوں میں کم رہی ہے۔

افراط زر کے دباؤ میں کمی آئی ہے اور توقع ہے کہ مالی سال 25 میں CPI او۔ طاً 11% سے 12% فیصد رہے گا۔ مالی سال 24 میں مضبوط نمو کے بعد، زراعت کی رفتار سست ہونے کی توقع ہے۔ اس کی تلافی کم شرح اور زیادہ ترقیاتی اخراجات کی وجہ سے مضبوط صنعتی اور خدمات میں نمو سے کی جانی چاہیے جس میں حقیقی GDP کی شرح نمو قدرے بڑھ کر 2.5% سے 3.0% تک پہنچ گئی ہے۔ توقع ہے کہ SBP ایک دانشمندانہ مانیٹری پالیسی برقرار رکھے گا اور حقیقی شرح سود نمایاں طور پر مثبت رکھے گا۔ امریکی ڈالر / پاکستانی روپے کی برابری بے ضرر کرنٹ اکاؤنٹ کے ساتھ ساتھ سرمائے کے بیرونی بہاؤ پر مسلسل کنٹرول سے سنبھلی رہے گی۔

کلیاتی استحکام کی جاری کوششوں نے حقیقی معیشت پر مضر اثرات مرتب کیے ہیں، گزشتہ دو سالوں کے دوران صنعتی اور خدمات کی اشیاء کی طلب میں تیزی سے کمی واقع ہوئی ہے۔ مالی سال 25 کے دوران طلب بتدریج بحال ہوگی۔ بیرونی فنانشنگ کی ضروریات میں اضافہ اور محصولات پر مبنی بجٹ درمیانی مدت میں معاشی ترقی کو اس کی کارکردگی سے کم پر رکھے گا۔ یہ دائرے ٹوڑنے اور ترقی کو سہارا دینے کے لیے ناگزیر مالی گنجائش پیدا کرنے کی غرض سے حکومت کو فوری طور پر ڈھانچے جاتی اصلاحات کرنے کی ضرورت ہے جیسا کہ IMF کے ساتھ طے کیا گیا ہے۔ (1) SOEs کی نجکاری میں تیزی لانا۔ (2) توانائی کے شعبے میں فیصلہ کن اصلاحات۔ (3) برآمدی مسابقت میں اضافہ اور، پہلے سے ٹیکس لگانے والوں پر ٹیکس لگانے کے بجائے ٹیکس ٹیس وسیع کرنا۔

HBL نے ایک مخالف ماحول میں بہترین نتائج جاری رکھے ہیں اور کسٹمر تک مالی رسائی کو وسعت دے رہا ہے۔ ہم قابل تجدید توانائی سے سائبر سیکیورٹی کی آگاہی تک، ہر شعبے میں حکومت کی معاونت کر کے فکر انگیز قیادت میں اپنی برتری برقرار رکھیں گے۔ FATF گرے لسٹ سے نکلنے میں پاکستان کی مدد کے بعد ہم کوشاں ہیں کہ یہی عمل ہمارے اپنے ادارے اور پالیسی کا حصہ بنایا جائے۔ HBL کا ڈیجیٹل سفر تمام بزنسز میں جاری ہے اور ان کا حجم تیزی سے بڑھ رہا ہے۔ HBL موبائل اور انٹرنیٹ بینکنگ کے 42 لاکھ سے زائد صارفین نے 2024 کی پہلی ششماہی میں 3.5 ٹریلین روپے سے زائد ٹرانزیکشن کیں جبکہ Kconnect کا حجم 0.5 ٹریلین کاسٹنگ میل عبور کر گیا۔ Kconnect پاکستان کے ای اسپورٹ ایکوسٹم کی ترقی میں اہم ہے جس نے حال ہی میں تیسرا "اور کھیلو" ٹورنامنٹ منعقد کیا جس سے پُر جوش اسپورٹس گیمنگ کمیونٹی کو فروغ ملا۔ HBL اپنے ESG اصولوں کے عزم پر قائم ہے۔ حال ہی میں ہم نے اپنے دفاتر سے ایک بار استعمال ہونے والی پلاسٹک کی اشیاء کا استعمال ختم کر دیا ہے۔ باعزت اور شمولیت پر مبنی دفاتر کے لیے HBL نے مختلف صلاحیتوں کے حامل افراد کے لیے پروگرام مخصوص کیے ہیں، جس کا آغاز اعلیٰ سطح سے ہوا ہے۔ ایپلائی و انسٹیٹوٹس ہمارے اخلاقیات کا حصہ ہے، مفت بلڈ کییمپس سے شجر کاری مہم، اور پسماندہ افراد کی مدد تک HBL

ایمپلائیز نے 2000 رضا کارانہ گھنٹے مکمل کیے۔

اظہارِ تشکر

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

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

آخر میں، مگر صرف یہی نہیں، ہم اپنے تمام ملازمین اور ان کے اہل خانہ، بالخصوص کسٹمرز کا سامنا کرنے والے یونٹس اور برانچوں میں موجود عملے کے شکر گزار ہیں، جو اپنی پرواہ کیے بغیر مسلسل اپنے فرائض سے بڑھ کر کام کرتے ہوئے ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنا رہے ہیں۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم ان کے عزم اور انتھک محنت کے لیے انھیں خراجِ تحسین پیش کرتے ہیں۔

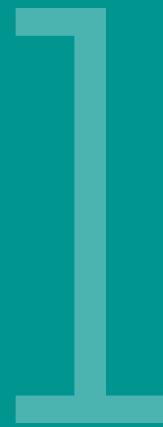
منجانب بورڈ

معین احمد جمال
ڈائریکٹر

محمد ناصر سلیم
صدر اور چیف ایگزیکٹو آفیسر

26 اگست 2024ء





Consolidated Financial Statements



CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	(Unaudited) June 30, 2024	(Audited) December 31, 2023
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	5	600,969,015	547,528,581
Balances with other banks	6	75,322,541	56,603,548
Lendings to financial institutions	7	133,255,245	88,598,160
Investments	8	3,174,438,091	2,562,299,087
Advances	9	1,778,798,350	1,861,344,592
Property and equipment	10	122,763,571	117,239,722
Right-of-use assets	11	24,923,293	24,654,745
Intangible assets	12	22,839,875	22,720,543
Deferred tax assets	13	12,009,005	480,874
Other assets	14	289,078,642	252,878,451
		6,234,397,628	5,534,348,303
LIABILITIES			
Bills payable	15	71,517,825	51,700,823
Borrowings	16	589,102,935	665,042,679
Deposits and other accounts	17	4,847,435,655	4,142,351,836
Lease liabilities	18	32,550,696	30,489,986
Subordinated debt	19	20,374,000	19,699,000
Deferred tax liabilities		-	-
Other liabilities	20	299,062,426	259,043,326
		5,860,043,537	5,168,327,650
NET ASSETS			
		374,354,091	366,020,653
REPRESENTED BY			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		102,157,377	100,805,157
Surplus on revaluation of assets - net of tax	21	32,034,846	25,857,323
Unappropriated profit		223,722,848	221,883,756
Total equity attributable to the equity holders of the Bank		372,583,596	363,214,761
Non-controlling interest		1,770,495	2,805,892
		374,354,091	366,020,653

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

Muhammad Nassir Salim
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Raza
Director

Shaffiq Dharamshi
Director



CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Note	January 01 to June 30, 2024	January 01 to June 30, 2023	April 01 to June 30, 2024	April 01 to June 30, 2023
------(Rupees in '000)-----					
Mark-up / return / profit / interest earned	24	407,554,013	319,196,989	209,239,568	170,646,148
Mark-up / return / profit / interest expensed	25	285,987,855	205,242,241	148,210,583	112,534,426
Net mark-up / return / profit / interest income		121,566,158	113,954,748	61,028,985	58,111,722
Non mark-up / interest income					
Fee and commission income	26	24,159,718	19,778,761	12,267,800	10,435,040
Dividend income		1,426,218	1,826,891	419,141	975,591
Share of profit of associates and joint venture		2,436,752	2,174,577	1,540,346	1,364,836
Foreign exchange income		6,160,515	1,514,114	2,072,819	755,418
Income / (loss) from derivatives		3,468,076	(5,151,560)	1,050,235	1,008,856
Gain / (loss) on securities - net	27	1,576,611	(227,339)	1,859,708	853,952
Other income	28	298,277	4,165,093	149,392	110,678
Total non mark-up / interest income		39,526,167	24,080,537	19,359,441	15,504,371
Total income		161,092,325	138,035,285	80,388,426	73,616,093
Non mark-up / interest expenses					
Operating expenses	29	91,805,576	79,348,461	45,610,827	40,152,734
Workers' Welfare Fund		1,181,628	1,102,188	593,342	574,002
Other charges	30	158,837	76,480	341	60,715
Total non mark-up / interest expenses		93,146,041	80,527,129	46,204,510	40,787,451
Profit before credit loss allowance and taxation		67,946,284	57,508,156	34,183,916	32,828,642
Credit loss allowance and write offs - net	31	10,098,192	5,999,014	6,449,107	2,821,637
Profit before taxation		57,848,092	51,509,142	27,734,809	30,007,005
Taxation	32	28,791,045	25,169,164	13,721,345	16,923,726
Profit after taxation		29,057,047	26,339,978	14,013,464	13,083,279
Attributable to:					
Equity holders of the Bank		29,594,649	26,193,357	14,377,433	12,992,306
Non-controlling interest		(537,602)	146,621	(363,969)	90,973
		29,057,047	26,339,978	14,013,464	13,083,279
-----Rupees-----					
Basic and diluted earnings per share	33	20.18	17.86	9.81	8.86

The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

Muhammad Nassir Salim
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Raza
Director

Shaffiq Dharamshi
Director



CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	January 01 to June 30, 2024	January 01 to June 30, 2023	April 01 to June 30, 2024	April 01 to June 30, 2023
------(Rupees in '000)-----				
Profit after taxation for the period attributable to:				
Equity holders of the Bank	29,594,649	26,193,357	14,377,433	12,992,306
Non-controlling interest	(537,602)	146,621	(363,969)	90,973
	29,057,047	26,339,978	14,013,464	13,083,279
Other comprehensive income / (loss)				
Items that may be reclassified to the profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	(903,475)	12,588,055	(634,285)	(3,172,906)
(Decrease) / increase in share of exchange translation reserve of associates - net of tax	(676,607)	206,026	(1,070,699)	110,892
Movement in surplus / deficit on revaluation of debt investments designated at Fair Value through Other Comprehensive Income (FVOCI) - net of tax, attributable to:				
Equity holders of the Bank	7,241,837	-	4,031,609	-
Non-controlling interest	15,697	-	12,371	-
	7,257,534	-	4,043,980	-
Movement in surplus / deficit on revaluation of available for sale investments - net of tax, attributable to:				
Equity holders of the Bank	-	(7,002,424)	-	8,087,673
Non-controlling interest	-	1,763	-	20,648
	-	(7,000,661)	-	8,108,321
Movement in share of surplus / deficit on revaluation of investments of associates - net of tax	(528,682)	(194,682)	(233,372)	99,995
Items that are not to be reclassified to the profit and loss account in subsequent periods:				
Movement in surplus / deficit on revaluation of property and equipment / non banking assets - net of tax, attributable to:				
Equity holders of the Bank	-	15,955,803	-	15,955,803
Non-controlling interest	-	52,804	-	52,804
	-	16,008,607	-	16,008,607
Movement in share of surplus / deficit on revaluation of property and equipment of associates - net of tax	-	(6,198)	-	(24,051)
Movement in surplus / deficit on revaluation of equity investments designated at FVOCI - net of tax	737,227	-	671,052	-
Share of remeasurement gain / (loss) on defined benefit obligations of associates - net of tax	5,262	8,633	-	(87)
Total comprehensive income	34,948,306	47,949,758	16,790,140	34,214,050
Total comprehensive income / (loss) attributable to:				
Equity holders of the Bank	35,470,211	47,748,570	17,141,738	34,049,625
Non-controlling interest	(521,905)	201,188	(351,598)	164,425
	34,948,306	47,949,758	16,790,140	34,214,050

The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

Muhammad Nassir Salim
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Raza
Director

Shaffiq Dharamshi
Director



CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Attributable to shareholders of the Bank										Non-controlling interest	Total
	Share capital	Statutory		Reserves			Surplus / (deficit) on revaluation of		Unappropriated profit	Sub Total		
		Joint venture and subsidiary	Bank	Exchange translation	Non-distributable	Capital	On acquisition of common control entity	Investments				
	(Rupees in '000)											
Balance as at December 31, 2022	14,668,525	2,523,824	43,130,076	41,727,023	547,115	(156,706)	(26,064,591)	27,299,960	178,467,639	282,142,865	2,878,949	285,021,814
Comprehensive income for the six months ended June 30, 2023												
Profit after taxation for the six months ended June 30, 2023	-	-	-	-	-	-	-	-	26,193,357	26,193,357	146,621	26,339,978
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	12,588,055	-	-	-	-	-	12,588,055	-	12,588,055
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	206,026	-	-	-	-	-	206,026	-	206,026
Share of remeasurement gain on defined benefit obligations of associates - net of tax	-	-	-	-	-	-	-	-	8,633	8,633	-	8,633
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	(7,002,424)	15,955,803	-	8,953,379	54,567	9,007,946
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	(194,682)	(6,198)	-	(200,880)	-	(200,880)
Transferred to statutory reserves	-	238,581	2,771,133	12,794,081	-	-	(7,197,106)	15,949,605	26,201,990	47,748,570	201,188	47,949,758
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(3,009,714)	-	-	-	-
Derecognition of joint venture	-	(1,444,256)	-	(1,951,567)	-	-	2,993	-	88,609	88,609	-	-
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	(7,097)	2,395	234,425	229,723	(229,723)	-
Transactions with owners, recorded directly in equity												
Final cash dividend - Rs 1.50 per share declared subsequent to the year ended December 31, 2022	-	-	-	-	-	-	-	-	(2,200,279)	(2,200,279)	-	(2,200,279)
1st interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	-	-	(2,200,279)	(2,200,279)	-	(2,200,279)
	-	-	-	-	-	-	-	-	(4,400,558)	(4,400,558)	-	(4,400,558)
Balance as at June 30, 2023	14,668,525	1,318,149	45,901,209	52,569,537	547,115	(156,706)	(33,265,801)	43,163,351	199,023,654	323,769,033	2,850,414	326,619,447
Comprehensive income for the six months ended December 31, 2023												
Profit after taxation for the six months ended December 31, 2023	-	-	-	-	-	-	-	-	31,482,683	31,482,683	(65,245)	31,417,438
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries and associates - net of tax	-	-	-	(2,542,952)	-	-	-	-	-	(2,542,952)	-	(2,542,952)
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	278,565	-	-	-	-	-	278,565	-	278,565
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	434,966	434,966	(4,021)	430,945
Share of remeasurement loss on defined benefit obligations of associates - net	-	-	-	-	-	-	-	-	(941)	(941)	-	(941)
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	16,047,224	44,220	-	16,091,444	24,744	16,116,188
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	(63,384)	(530)	-	(63,914)	-	(63,914)
Transferred to statutory reserves	-	(24,227)	2,914,467	-	-	-	-	-	(2,890,240)	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(67,757)	67,757	-	-	-
Transactions with owners, recorded directly in equity												
2nd interim cash dividend - Rs 2.00 per share	-	-	-	-	-	-	-	-	(2,933,705)	(2,933,705)	-	(2,933,705)
3rd interim cash dividend - Rs 2.25 per share	-	-	-	-	-	-	-	-	(3,300,418)	(3,300,418)	-	(3,300,418)
	-	-	-	-	-	-	-	-	(6,234,123)	(6,234,123)	-	(6,234,123)
Balance as at December 31, 2023	14,668,525	1,293,922	48,815,676	50,305,150	547,115	(156,706)	(17,281,961)	43,139,284	221,883,756	363,214,761	2,805,892	366,020,653
Change in accounting policy as at January 01, 2024 - note 3.3	-	-	-	-	-	-	(954,904)	-	(13,668,720)	(14,623,624)	(256,424)	(14,880,048)
Balance as at January 01, 2024 - as restated	14,668,525	1,293,922	48,815,676	50,305,150	547,115	(156,706)	(18,236,865)	43,139,284	208,215,036	348,591,137	2,549,468	351,140,605
Comprehensive income for the six months ended June 30, 2024												
Profit after taxation for the six months ended June 30, 2024	-	-	-	-	-	-	-	-	29,594,649	29,594,649	(537,602)	29,057,047
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries and associates - net of tax	-	-	-	(903,475)	-	-	-	-	-	(903,475)	-	(903,475)
Decrease in share of exchange translation reserve of associates - net of tax	-	-	-	(676,607)	-	-	-	-	-	(676,607)	-	(676,607)
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	-	-	5,262	5,262	-	5,262
Movement in surplus / deficit on revaluation of equity investments - net of tax	-	-	-	-	-	-	737,227	-	-	737,227	-	737,227
Movement in surplus / deficit on revaluation of debt investments - net of tax	-	-	-	-	-	-	7,241,837	-	-	7,241,837	15,697	7,257,534
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	(528,682)	-	-	(528,682)	-	(528,682)
Transferred to statutory reserves	-	67,247	2,865,055	(1,580,082)	-	-	7,450,382	-	29,599,911	35,470,211	(521,905)	34,948,306
Net realised gain on equity investments designated at FVOCI - net of tax	-	-	-	-	-	-	(295,957)	-	295,957	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(51,015)	51,015	-	-	-
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	(4,749)	33,766	228,051	257,068	(257,068)	-
Transactions with owners, recorded directly in equity												
Final cash dividend - Rs 4.00 per share declared subsequent to the year ended December 31, 2023	-	-	-	-	-	-	-	-	(5,867,410)	(5,867,410)	-	(5,867,410)
1st interim cash dividend - Rs 4.00 per share	-	-	-	-	-	-	-	-	(5,867,410)	(5,867,410)	-	(5,867,410)
	-	-	-	-	-	-	-	-	(11,734,820)	(11,734,820)	-	(11,734,820)
Balance as at June 30, 2024	14,668,525	1,361,169	51,680,731	48,725,068	547,115	(156,706)	(11,087,189)	43,122,035	223,722,848	372,583,596	1,770,495	374,354,091

The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

Muhammad Nassir Salim
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Raza
Director

Shaffiq Dharamshi
Director



CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	January 01 to June 30, 2024	January 01 to June 30, 2023
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	57,848,092	51,509,142
Dividend income	(1,426,218)	(1,826,891)
Share of profit of associates and joint venture	(2,436,752)	(2,174,577)
Mark-up / return / profit / interest expensed on subordinated debt	2,196,194	1,978,849
	<u>(1,666,776)</u>	<u>(2,022,619)</u>
	56,181,316	49,486,523
Adjustments:		
Depreciation	5,330,368	4,640,763
Amortisation	1,359,972	1,038,239
Depreciation on right-of-use assets	2,243,842	2,201,677
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	1,806,465	1,826,797
(Reversal) / charge of credit loss allowance against investments	(1,518,370)	1,720,364
Credit loss allowance against loans and advances	10,700,530	4,262,459
Provision / credit loss allowance against other assets	200,062	627,663
Charge / (reversal) of credit loss allowance against off-balance sheet obligations	936,932	(237,925)
Unrealised gain on securities designated at Fair Value Through Profit and Loss (FVTPL)	(1,226,854)	-
Unrealised loss on held-for-trading securities	-	133,121
Exchange loss / (gain) on goodwill	82,400	(1,123,883)
Gain on derecognition of joint venture	-	(3,731,399)
Gain on sale of property and equipment - net	(29,289)	(108,085)
Workers' Welfare Fund	1,181,628	1,102,188
	<u>21,067,686</u>	<u>12,351,979</u>
	77,249,002	61,838,502
(Increase) / decrease in operating assets		
Lendings to financial institutions	(44,657,085)	201,609,823
Net investment in securities carried at FVTPL	17,454,222	-
Net investment in held-for-trading securities	-	(56,893,765)
Advances	45,203,912	63,803,220
Other assets (excluding advance taxation)	<u>(23,908,738)</u>	<u>(52,626,275)</u>
	(5,907,689)	155,893,003
Increase / (decrease) in operating liabilities		
Bills payable	19,817,002	16,077,289
Borrowings from financial institutions	(75,939,744)	(19,627,610)
Deposits and other accounts	705,083,819	224,015,003
Other liabilities	<u>38,080,358</u>	<u>43,275,277</u>
	<u>687,041,435</u>	<u>263,739,959</u>
	758,382,748	481,471,464
Income tax paid	<u>(38,793,497)</u>	<u>(22,981,367)</u>
	719,589,251	458,490,097
Net cash flows generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in securities carried at FVOCI	(566,448,311)	-
Net investment in securities carried at Amortised Cost	(49,776,465)	-
Net investment in available-for-sale securities	-	(206,264,781)
Net investment in held-to-maturity securities	-	63,083,887
Net investment in associates	(1,675,299)	(2,725,744)
Dividend received	1,417,240	1,385,634
Investments in property and equipment	(10,939,027)	(7,929,403)
Investments in intangible assets	(1,573,051)	(1,625,486)
Proceeds from sale of property and equipment	36,140	154,283
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	<u>(1,580,082)</u>	<u>12,794,081</u>
Net cash flows used in investing activities	(630,538,855)	(141,127,529)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of subordinated debt	675,000	-
Payment of mark-up on subordinated debt	(2,210,651)	(1,994,036)
Payment of lease liability against right-of-use assets	(1,804,083)	(2,417,093)
Dividend paid	<u>(13,551,235)</u>	<u>(5,743,726)</u>
Net cash flows used in financing activities	(16,890,969)	(10,154,855)
Decrease in cash and cash equivalents during the period	72,159,427	307,207,713
Cash and cash equivalents at the beginning of the period	<u>625,512,980</u>	<u>322,210,726</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(21,380,851)</u>	<u>15,317,682</u>
	604,132,129	337,528,408
Cash and cash equivalents at the end of the period	<u>676,291,556</u>	<u>644,736,121</u>

The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

Muhammad Nassir Salim
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Raza
Director

Shaffiq Dharamshi
Director



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding company

- Habib Bank Limited, Pakistan

Subsidiaries

- Habib Allied Holding Limited (HAHL) – 100% shareholding
- HBL Bank UK Limited – 100% effective shareholding
- HBL Currency Exchange (Private) Limited – 100% shareholding
- HBL Asset Management Limited – 100% shareholding
- HBL Microfinance Bank Limited – 89.38% (December 31, 2023: 79.92%) shareholding
- Habib Bank Financial Services (Private) Limited – 100% shareholding
- HBL Zarai Services Limited (HZSL) – 100% shareholding

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Blue Area, Islamabad, Pakistan and its principal office is at HBL Tower, Plot # G-4, KDA Scheme 5, Block 7, Clifton, Karachi, Pakistan. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,728 (December 31, 2023: 1,728) branches inside Pakistan including 408 (December 31, 2023: 408) Islamic Banking Branches and 30 (December 31, 2023: 30) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A. (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

- 1.1 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.
- 1.2 The Bank has entered into an agreement to sell its operations in Mauritius, and will be transferring the business to its new owners in due course, subject to requisite regulatory approvals.
- 1.3 The Bank has commenced an orderly wind-down of its Lebanon operations. Formalities for completion of the wind-down are underway.
- 1.4 After obtaining approval from the Central Bank of Oman for the deregistration of its Oman operations, the Bank had commenced an orderly and phase wise exit. Banking operations were ceased on August 02, 2023 and the remaining formalities required for closure are in progress.
- 1.5 HZSL is an unlisted public limited company, incorporated in Pakistan with its registered office at 4th floor, Habib Bank Tower, Jinnah Avenue, Blue Area, Islamabad, Pakistan. The objective of the company is to promote economic development by supporting the agricultural sector through establishing hubs for providing agricultural services. The company commenced operations on March 14, 2024.

During the period, the Bank has subscribed to 200 million shares issued by HZSL, amounting to Rs 2 billion.

- 1.6 During the period, the Bank has subscribed to 600 million Rights shares issued by HBL Microfinance Bank Limited (HBL MfB). Post acquisition, the Bank's shareholding in HBL MfB has increased from 79.92% to 89.38%.

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.



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

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. 2 dated February 09, 2023 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, 2023.

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

As directed by SBP via BPRD Circular letter no. 7 of 2023 IFRS 9, Financial Instruments is effective in Pakistan for periods beginning on or after January 1, 2024. IFRS 9 has been applicable in several overseas jurisdictions at various effective dates starting from January 1, 2018. The requirements of this standard are already incorporated in the Group's financial statements for the jurisdictions where IFRS 9 has been adopted. The results of those overseas operations where IFRS 9 is not applicable will be directly incorporated in the Group's financial statements as per the respective host country's regulations, for the year ending December 31, 2024. The results of associated companies of the Bank, operating in Pakistan, to which IFRS 9 does not apply will be directly incorporated in the Group's financial statements for the year ending December 31, 2024. The results of overseas associates will be incorporated in the Group's financial statements as per the respective host country's regulations till the adoption of IFRS 9 in those jurisdictions.

SBP via BPRD circular letter no 16 of 2024 has extended the timeline for compliance with the following requirements of IFRS 9 to accounting periods beginning October 01, 2024:

- a- Recognition of interest income / expense under the effective interest rate method;
- b- Measurement of staff loans at fair value;
- c- Accounting for modified loans.

Additionally, the same circular allows banks to continue measuring unlisted equity securities at the lower of cost or breakup value up to December 31, 2024.

Except for the implementation of IFRS 9 in Pakistan, as discussed in note 3.1, the Bank expects that amendments to existing accounting and reporting standards will not affect its financial statements in the period of initial application.

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

There are various amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective. Except for the relaxations given by SBP as mentioned in note 2.3 above, these are not likely to have a material effect on the Group's financial statements.

2.5 Critical accounting estimates and judgements

The basis for accounting estimates and judgements 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, 2023, except for changes as discussed in note 3.2.

3 MATERIAL ACCOUNTING POLICY INFORMATION

Except as disclosed in note 3.1, the material 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, 2023.

3.1 IFRS 9 Financial Instruments

The key changes to the Bank's accounting policies resulting from its adoption of IFRS 9 are summarized below:

3.1.1 Classification of Financial Assets

The Group classifies its financial assets, other than its investments in subsidiaries and associates, into the following categories

- at Fair Value through Profit and Loss (FVTPL)
- at Fair Value through Other Comprehensive Income (FVOCI)
- at Amortised Cost

Classification of Equity instruments

Equity securities that are traded in an active market and are held for trading purposes will be classified as FVTPL. Equity securities that are not held for trading purposes will be classified as FVOCI; however, gains and losses realised on disposal of securities classified as FVOCI will not be recycled through the profit and loss account. The classification decision is made on a case by case basis at the time of purchase, is documented, and is irrevocable.



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

Unlisted equity securities will be carried at lower of cost or breakup value till December 31, 2024. Thereafter these will be carried at fair value.

Classification of other Financial Assets

Financial Assets other than equity will be classified based on their cash flow characteristics and business model assessment:

- **Amortised Cost:** These will be classified as amortised cost if the objective is to hold the asset only for collecting contractual cash flows (principal and interest).
- **FVOCI:** These will be classified at FVOCI when the objective is to collect contractual cash flows (principal and interest) and also to potentially sell the same depending on market conditions. Any unrealized profit or loss on debt instruments classified as FVOCI is reflected in other comprehensive income and is recycled through the profit and loss account when the investment is sold.
- **FVTPL:** This includes financial assets:
 - a. which do not have a fixed maturity; or
 - b. which are not classified as either at amortised cost or at FVOCI.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent Measurement

Equity and debt securities classified as FVTPL

These securities, other than unlisted equity securities, are subsequently measured at fair value. Changes in the fair value of these securities are taken to the profit and loss account.

Changes in the value of unlisted equity securities, carried at the lower of cost or breakup value, are taken to the profit and loss account.

Equity and debt securities classified as FVOCI

These securities, other than unlisted equity securities, are subsequently measured at fair value. Changes in the fair value of these securities are recorded in OCI. When a debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account. When an equity security is derecognised, gains and losses previously recognised in OCI are not recycled through the profit and loss account but are transferred directly to retained earnings.

Changes in the value of unlisted equity securities, carried out at the lower of cost or breakup value, are recorded in OCI. When these are derecognised, gains and losses are not recycled through the profit and loss account but are transferred directly to retained earnings.

Other financial assets classified at amortised cost

Other financial assets initially classified at amortised cost continue to be subsequently measured at amortised cost.

3.1.2 Classification of Financial Liabilities

Financial liabilities are either classified at FVTPL, when they are held for trading purposes, or at amortised cost. Financial liabilities classified as FVTPL are measured at fair value.

Financial liabilities classified at amortised cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

3.1.3 Impairment

An ECL provision will be calculated on financial assets designated at FVOCI or at Amortised cost in accordance with the requirements of IFRS 9 and the guidelines issued by the SBP. Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of the ECL Framework.

Equity securities are not subject to impairment.

3.1.4 Transitional Impact

The Bank has elected to follow the modified retrospective approach for restatement i.e. comparative figures have not been restated on the initial application of IFRS 9. Instead, the cumulative impact has been recorded as an adjustment to equity as of January 01, 2024. Accordingly, the information presented as of December 31, 2023 and for the period ended June 30, 2023 does not reflect the requirements of IFRS 9.

The following table reconciles the original measurement and carrying amounts of financial instruments in accordance with the previous financial reporting framework with the new measurement categories for the Group.



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

Financial Assets / Liabilities	Previous classification	Classification under IFRS 9	Carrying	Change in classification	ECL	Carrying amount as of January 01, 2024
			amount as of December 31, 2023			
(Rupees in '000)						
Cash and balances with treasury banks	Cost	Amortised Cost	547,528,581	-	-	547,528,581
Balances with other banks	Cost	Amortised Cost	56,603,548	-	(991)	56,602,557
Lendings to financial institutions	Cost	Amortised Cost	88,598,160	-	(8)	88,598,152
Investments						
Held for trading	HFT	FVTPL	240,643,944	15,911,835	-	256,555,779
Available for sale	AFS	FVOCI	1,825,859,417	(15,911,835)	(458,275)	1,809,489,307
Held to maturity	HTM	Amortised Cost	459,663,103	-	(11,312)	459,651,791
Associates	Associates	Associates	36,132,623	-	-	36,132,623
Advances	Cost	Amortised Cost	1,861,344,592	-	(26,641,800)	1,834,702,792
Other assets	Cost	Amortised Cost	240,082,274	-	(53,536)	240,028,738
Derivatives and forward foreign exchange contracts	Fair value	FVTPL	2,653,977	-	-	2,653,977
Total Financial Assets			5,359,110,219	-	(27,165,922)	5,331,944,297
Bills payable	Cost	Amortised Cost	51,700,823	-	-	51,700,823
Borrowings	Cost	Amortised Cost	665,042,679	-	-	665,042,679
Deposits and other accounts	Cost	Amortised Cost	4,142,351,836	-	-	4,142,351,836
Subordinated debt	Cost	Amortised Cost	19,699,000	-	-	19,699,000
Other liabilities	Cost	Amortised Cost	232,559,401	-	1,691,810	234,251,211
Derivatives, forward foreign exchange contracts and liabilities against trading of securities	Fair value	FVTPL	30,820,387	-	-	30,820,387
Total Financial Liabilities			5,142,174,126	-	1,691,810	5,143,865,936
Net Financial Assets			216,936,093	-	(28,857,732)	188,078,361
Net Non Financial Assets			149,084,560	-	13,977,684	163,062,244
Total Net Assets			366,020,653	-	(14,880,048)	351,140,605

3.2 Measurement of the expected credit loss allowance

The measurement of the ECL allowance for financial assets measured at amortised cost and at FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purpose of measuring ECL;
- Establishing the number and relative weightages of forward-looking macroeconomic scenarios for each segment; and
- Determining whether an asset shows a significant increase in credit risk.

3.3 Reconciliation of retained earnings and surplus on revaluation of investments

The impact of the transition to IFRS 9 on the retained earnings and the surplus on revaluation of investments as at January 01, 2024 is as follows:

	(Rupees in '000)
Retained earnings	221,883,756
Closing balance as at December 31, 2023 - as reported	221,883,756
IFRS 9 ECL - attributable to equity holders of the Bank	(28,437,365)
Transfer out - impact of impairment of equity securities	1,872,360
Deferred tax in relation to the above	12,896,285
	(13,668,720)
Closing balance as at January 01, 2024 under IFRS 9 - as restated	208,215,036
Surplus on revaluation of investments	(17,281,961)
Closing balance as at December 31, 2023 - as reported	(17,281,961)
Transfer in - impact of impairment of equity securities	(1,872,360)
Deferred tax in relation to the above	917,456
	(954,904)
Closing balance as at January 01, 2024 under IFRS 9 - as restated	(18,236,865)

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, 2023.



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Note	(Unaudited) June 30, 2024	(Audited) December 31, 2023
5 CASH AND BALANCES WITH TREASURY BANKS			
(Rupees in '000)			
In hand			
Local currency		65,289,767	63,349,493
Foreign currencies		9,457,971	11,447,241
		<u>74,747,738</u>	<u>74,796,734</u>
With State Bank of Pakistan in			
Local currency current accounts		228,979,942	181,431,231
Foreign currency current accounts		12,974,485	12,284,194
Foreign currency deposit accounts		26,171,429	25,275,511
		<u>268,125,856</u>	<u>218,990,936</u>
With other central banks in			
Foreign currency current accounts		65,449,362	72,585,029
Foreign currency deposit accounts		54,920,716	32,466,191
		<u>120,370,078</u>	<u>105,051,220</u>
With National Bank of Pakistan in			
Local currency current accounts		135,186,376	147,163,939
Local currency deposit account		2,324,940	1,207,332
		<u>137,511,316</u>	<u>148,371,271</u>
National Prize Bonds		214,027	318,420
		<u>600,969,015</u>	<u>547,528,581</u>
6 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		175,756	275,804
In deposit accounts		3,406,458	3,299,072
		<u>3,582,214</u>	<u>3,574,876</u>
Outside Pakistan			
In current accounts		27,774,558	31,783,584
In deposit accounts		43,966,415	21,245,088
		<u>71,740,973</u>	<u>53,028,672</u>
Less: credit loss allowance	6.1	(646)	-
Balances with other banks - net of credit loss allowance		<u>75,322,541</u>	<u>56,603,548</u>
6.1 Balances with other banks are all classified as Stage 1			
7 LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		10,100,000	17,000,000
Repurchase agreement lendings (reverse repo)		123,164,168	71,598,160
		<u>133,264,168</u>	<u>88,598,160</u>
Less: credit loss allowance	7.1	(8,923)	-
Lendings to financial institutions - net of credit loss allowance		<u>133,255,245</u>	<u>88,598,160</u>
7.1 Lendings to financial institutions are all classified as Stage 1			



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

8 INVESTMENTS

June 30, 2024 (Unaudited)

December 31, 2023 (Audited)

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

8.1 Investments by type

Fair value through profit and loss (FVTPL)

Federal Government securities

- Market Treasury Bills	90,345,990	-	74,299	90,420,289	-	-	-	-
- Pakistan Investment Bonds	109,208,892	-	36,580	109,245,472	-	-	-	-
- Ijarah Sukuk	5,666,463	-	106,749	5,773,212	-	-	-	-
- Other Federal Government securities	2,705,124	-	-	2,705,124	-	-	-	-

Shares

- Listed companies	997,766	-	(1,829)	995,937	-	-	-	-
- Unlisted companies	4,353,939	-	-	4,353,939	-	-	-	-

Non-Government debt securities

- Listed	1,891,233	-	4,280	1,895,513	-	-	-	-
- Unlisted	1,632,625	-	(20)	1,632,605	-	-	-	-

Foreign securities

- Government debt securities	4,207,640	-	(57,255)	4,150,385	-	-	-	-
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Preference shares

- Listed	877,400	-	(41,300)	836,100	-	-	-	-
- Unlisted	38,481	-	-	38,481	-	-	-	-

Real Estate Investment Trust units - Listed

	2,210,700	-	1,105,350	3,316,050	-	-	-	-
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	224,136,253	-	1,226,854	225,363,107	-	-	-	-
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Held for trading (HFT) securities

Federal Government securities

- Market Treasury Bills	-	-	-	-	88,950,384	-	(34,842)	88,915,542
- Pakistan Investment Bonds	-	-	-	-	140,840,320	-	100,654	140,940,974
- Ijarah Sukuk	-	-	-	-	7,497,896	-	296,498	7,794,394

Shares

- Listed companies	-	-	-	-	109,681	-	(1,994)	107,687
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Foreign securities

- Government debt securities	-	-	-	-	2,965,340	-	(79,993)	2,885,347
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	-	-	-	-	240,363,621	-	280,323	240,643,944
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Fair value through other comprehensive income (FVOCI)

Federal Government securities

- Market Treasury Bills	604,158,729	-	1,487,990	605,646,719	-	-	-	-
- Pakistan Investment Bonds	1,245,726,865	-	(20,102,224)	1,225,624,641	-	-	-	-
- Ijarah Sukuk	281,224,723	-	(130,598)	281,094,125	-	-	-	-
- Government of Pakistan US Dollar Bonds	12,477,671	(2,367,500)	1,348,818	11,458,989	-	-	-	-

Shares

- Listed companies	18,622,002	-	(1,400,893)	17,221,109	-	-	-	-
- Unlisted companies	1,018,949	-	(137,414)	881,535	-	-	-	-

Non-Government debt securities

- Listed	49,735,381	(1,451,230)	143,723	48,427,874	-	-	-	-
- Unlisted	991,989	(398,973)	6,984	600,000	-	-	-	-

Foreign securities

- Government debt securities	195,580,347	(1,440,244)	(16,709)	194,123,394	-	-	-	-
- Non-Government debt securities - Listed	16,473,374	(1,302,542)	(29,665)	15,141,167	-	-	-	-
- Equity securities - Unlisted	9,451	-	(239)	9,212	-	-	-	-

National Investment Unit Trust units

	11,113	-	45,916	57,029	-	-	-	-
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Real Estate Investment Trust units - Listed

	55,000	-	27,250	82,250	-	-	-	-
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	2,426,085,594	(6,960,489)	(18,757,061)	2,400,368,044	-	-	-	-
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

8.1 Investments by type - continued

Note	June 30, 2024 (Unaudited)				December 31, 2023 (Audited)				
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	
(Rupees in '000)									
Available for sale (AFS) securities									
Federal Government securities									
- Market Treasury Bills	-	-	-	-	223,051,810	-	133,734	223,185,544	
- Pakistan Investment Bonds	-	-	-	-	1,142,589,290	-	(28,598,476)	1,113,990,814	
- Ijarah Sukuk	-	-	-	-	214,469,251	-	(992,900)	213,476,351	
- Government of Pakistan US Dollar Bonds	-	-	-	-	20,607,015	(3,015,329)	(307,522)	17,284,164	
- Other Federal Government securities	-	-	-	-	5,543,158	-	-	5,543,158	
Shares									
- Listed companies	-	-	-	-	18,346,143	(1,355,890)	(573,899)	16,416,354	
- Unlisted companies	-	-	-	-	5,372,888	(137,414)	-	5,235,474	
Non-Government debt securities									
- Listed	-	-	-	-	52,313,888	(1,288,294)	(1,410,827)	49,614,767	
- Unlisted	-	-	-	-	2,654,051	(403,050)	(16,875)	2,234,126	
Foreign securities									
- Government debt securities	-	-	-	-	172,850,072	(1,920,274)	(271,538)	170,658,260	
- Non-Government debt securities - Listed	-	-	-	-	7,059,589	(1,423,946)	(35,025)	5,600,618	
- Equity securities - Unlisted	-	-	-	-	9,701	(239)	-	9,462	
National Investment Unit Trust units									
- Unlisted	-	-	-	-	11,113	-	39,632	50,745	
Real Estate Investment Trust units									
- Listed	-	-	-	-	55,000	-	13,700	68,700	
- Unlisted	-	-	-	-	1,575,000	-	-	1,575,000	
Preference shares									
- Listed	-	-	-	-	744,400	-	133,000	877,400	
- Unlisted	-	-	-	-	354,985	(316,505)	-	38,480	
	-	-	-	-	1,867,607,354	(9,860,941)	(31,886,996)	1,825,859,417	
Amortised cost									
Federal Government securities									
- Market Treasury Bills	158,076,857	-	-	158,076,857	-	-	-	-	
- Pakistan Investment Bonds	306,708,189	-	-	306,708,189	-	-	-	-	
- Ijarah Sukuk	5,000,000	-	-	5,000,000	-	-	-	-	
- Government of Pakistan US Dollar Bonds	1,226,524	-	-	1,226,524	-	-	-	-	
Non-Government debt securities									
- Listed	899,290	(3,375)	-	895,915	-	-	-	-	
- Unlisted	24,277,755	(344,842)	-	23,932,913	-	-	-	-	
Foreign Securities									
- Government debt securities	13,673,782	(15,283)	-	13,658,499	-	-	-	-	
	509,862,397	(363,500)	-	509,498,897	-	-	-	-	
Held to maturity (HTM) securities									
Federal Government securities									
- Market Treasury Bills	-	-	-	-	111,663,463	-	-	111,663,463	
- Pakistan Investment Bonds	-	-	-	-	301,830,350	-	-	301,830,350	
- Government of Pakistan US Dollar Bonds	-	-	-	-	6,435,791	(408,218)	-	6,027,573	
Non-Government debt securities									
- Listed	-	-	-	-	1,899,450	-	-	1,899,450	
- Unlisted	-	-	-	-	23,419,101	-	-	23,419,101	
Foreign Securities									
- Government debt securities	-	-	-	-	14,663,737	-	-	14,663,737	
- Non-Government debt securities - Unlisted	-	-	-	-	174,040	(14,611)	-	159,429	
	-	-	-	-	460,085,932	(422,829)	-	459,663,103	
Investments in associates	8.1.1	41,870,077	(2,662,034)	39,208,043	37,758,026	-	(1,625,403)	36,132,623	
Total Investments		<u>3,201,954,321</u>	<u>(7,323,989)</u>	<u>(20,192,241)</u>	<u>3,174,438,091</u>	<u>2,605,814,933</u>	<u>(10,283,770)</u>	<u>(33,232,076)</u>	<u>2,562,299,087</u>

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



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	(Unaudited) June 30, 2024 (Rupees in '000)	(Audited) December 31, 2023
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	20,899,406	30,947,292
- Pakistan Investment Bonds	274,960,300	336,459,407
Foreign securities		
- Government debt securities	168,387	-
	<u>296,028,093</u>	<u>367,406,699</u>
	(Unaudited) June 30, 2024 (Rupees in '000)	(Audited) December 31, 2023
8.2 Credit loss allowance for diminution in value of investments		
Opening balance	10,283,770	8,924,913
Impact of adoption of IFRS 9	(1,340,461)	-
Exchange adjustment	(100,950)	1,542,961
Charge / (reversal)		
Charge for the period / year	377,341	2,424,752
Reversal for the period / year	(291,717)	(1,658,491)
Reversal on disposal during the period / year	(1,603,994)	(950,365)
Net reversal	(1,518,370)	(184,104)
Closing balance	<u>7,323,989</u>	<u>10,283,770</u>
8.3 Particulars of credit loss allowance against debt securities		
	(Unaudited) June 30, 2024	
Category of classification	Outstanding amount	Credit loss allowance held
	----- (Rupees in '000) -----	
Domestic		
Performing	2,861,592,165	218,014
Underperforming	1,662,500	20,070
Non-performing		
Substandard	612,000	153,000
Doubtful	-	-
Loss	391,989	391,989
	<u>2,864,258,654</u>	<u>783,073</u>
Overseas		
Performing	218,478,354	121,272
Under performing	30,029,499	4,423,756
Non-performing		
Substandard	-	-
Doubtful	-	-
Loss	1,995,888	1,995,888
	<u>250,503,741</u>	<u>6,540,916</u>
Total	<u>3,114,762,395</u>	<u>7,323,989</u>



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

9	ADVANCES	Note	Performing		Non - performing		Total	
			(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
			June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
----- (Rupees in '000) -----								
	Loans, cash credits, running finances, etc.		1,461,413,288	1,494,700,962	91,218,535	80,835,932	1,552,631,823	1,575,536,894
	Islamic financing and related assets	38.3	195,740,869	208,404,435	10,632,263	11,309,850	206,373,132	219,714,285
	Bills discounted and purchased		147,504,284	159,652,327	9,739,043	9,753,378	157,243,327	169,405,705
	Advances - gross		<u>1,804,658,441</u>	<u>1,862,757,724</u>	<u>111,589,841</u>	<u>101,899,160</u>	<u>1,916,248,282</u>	<u>1,964,656,884</u>
	Credit loss allowance							
	- Stage 1		(11,755,094)	-	-	-	(11,755,094)	-
	- Stage 2		(24,052,977)	-	-	-	(24,052,977)	-
	- Stage 3	9.3	-	-	(96,964,839)	-	(96,964,839)	-
	Specific		-	-	(4,301,729)	(84,920,073)	(4,301,729)	(84,920,073)
	General		(375,293)	(18,392,219)	-	-	(375,293)	(18,392,219)
			<u>(36,183,364)</u>	<u>(18,392,219)</u>	<u>(101,266,568)</u>	<u>(84,920,073)</u>	<u>(137,449,932)</u>	<u>(103,312,292)</u>
	Advances - net of credit loss allowance		<u>1,768,475,077</u>	<u>1,844,365,505</u>	<u>10,323,273</u>	<u>16,979,087</u>	<u>1,778,798,350</u>	<u>1,861,344,592</u>

(Unaudited) (Audited)
June 30, December 31,
2024 2023
(Rupees in '000)

9.1 Particulars of advances (gross)

In local currency	1,423,884,758	1,449,318,068
In foreign currencies	492,363,524	515,338,816
	<u>1,916,248,282</u>	<u>1,964,656,884</u>

9.2 Advances include Rs 111,589.841 million (December 31, 2023: Rs 101,899.160 million) which have been placed under non-performing status as detailed below:

Category of classification	(Unaudited) June 30, 2024		(Audited) December 31, 2023	
	Non-performing advances	Credit loss allowance / Provision	Non-performing advances	Provision
----- (Rupees in '000) -----				
Domestic				
Other assets especially mentioned	1,646,878	1,024,047	1,385,321	28,840
Substandard	15,838,507	11,099,543	7,023,482	1,622,140
Doubtful	6,181,602	4,902,669	11,508,302	5,749,844
Loss	53,022,798	51,920,299	43,820,506	43,110,623
	<u>76,689,785</u>	<u>68,946,558</u>	<u>63,737,611</u>	<u>50,511,447</u>
Overseas				
Substandard	334,439	102,325	352,121	104,190
Doubtful	1,237,905	632,091	1,287,364	640,576
Loss	33,327,712	31,585,594	36,522,064	33,663,860
	<u>34,900,056</u>	<u>32,320,010</u>	<u>38,161,549</u>	<u>34,408,626</u>
	<u>111,589,841</u>	<u>101,266,568</u>	<u>101,899,160</u>	<u>84,920,073</u>



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

9.3 Particulars of credit loss allowance against advances

	(Unaudited)					Total
	June 30, 2024					
	Stage 1	Stage 2	Stage 3	Specific	General	
	----- (Rupees in '000) -----					
Opening balance - as reported	-	-	-	84,920,073	18,392,219	103,312,292
Impact of adoption of IFRS 9	12,116,768	25,952,378	87,154,347	(80,578,491)	(18,003,202)	26,641,800
Opening balance - as restated	12,116,768	25,952,378	87,154,347	4,341,582	389,017	129,954,092
Transfer to stage 1	227,054	(207,159)	(19,895)	-	-	-
Transfer to stage 2	(1,173,122)	1,230,181	(57,059)	-	-	-
Transfer to stage 3	(202,133)	(2,402,185)	2,604,318	-	-	-
Exchange adjustment	(52,535)	(13,632)	(470,299)	(106,546)	(15,768)	(658,780)
Charge for the period	6,459,634	7,615,546	13,552,546	66,693	15,709	27,710,128
Reversal for the period	(5,620,572)	(8,122,152)	(3,253,209)	-	(13,665)	(17,009,598)
Net (reversal) / charge against advances	839,062	(506,606)	10,299,337	66,693	2,044	10,700,530
Charged off during the period - agriculture financing	-	-	(111,370)	-	-	(111,370)
Written off during the period	-	-	(1,342,420)	-	-	(1,342,420)
Other movement	-	-	(1,092,120)	-	-	(1,092,120)
Closing balance	11,755,094	24,052,977	96,964,839	4,301,729	375,293	137,449,932

	(Audited)					Total
	December 31, 2023					
	Stage 1	Stage 2	Stage 3	Specific	General	
	----- (Rupees in '000) -----					
Opening balance	-	-	-	78,259,477	13,911,505	92,170,982
Exchange adjustment	-	-	-	8,019,828	831,237	8,851,065
Charge for the year	-	-	-	16,462,892	4,857,453	21,320,345
Reversal for the year	-	-	-	(6,643,168)	(1,207,976)	(7,851,144)
Net charge against advances	-	-	-	9,819,724	3,649,477	13,469,201
Charged off during the year - agriculture financing	-	-	-	(503,799)	-	(503,799)
Written off during the year	-	-	-	(10,675,157)	-	(10,675,157)
Closing balance	-	-	-	84,920,073	18,392,219	103,312,292

9.3.1 A management overlay of Rs. 4,205.086 million (January 01, 2024: Rs. 7,383.274 million) is held for specific borrowers to cover any additional risk that may arise due to these borrowers being impacted by a deterioration in the macroeconomic environment. The Bank will continue to assess the appropriateness of this overlay at each reporting period.

9.3.2 General provision represents Rs 375.293 million (January 01, 2024: Rs. 389.026 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of those countries in which the Group operates where IFRS 9 is not applicable.

9.4 Advances - Category of classification

	(Unaudited)	
	June 30, 2024	
	Outstanding amount	Credit loss allowance / provision held
	----- (Rupees in '000) -----	
Domestic		
Performing	1,060,105,864	8,658,283
Underperforming	397,761,140	21,806,029
Non-Performing	76,689,785	68,946,558
Total	1,534,556,789	99,410,870
Overseas		
Performing	310,547,107	3,472,104
Underperforming	36,244,330	2,246,948
Non-Performing	34,900,056	32,320,010
Total	381,691,493	38,039,062
	1,916,248,282	137,449,932



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

10 PROPERTY AND EQUIPMENT	Note	(Unaudited) June 30, 2024 (Rupees in '000)	(Audited) December 31, 2023 (Rupees in '000)
Capital work-in-progress	10.1	12,142,775	7,039,669
Property and equipment		<u>110,620,796</u>	<u>110,200,053</u>
		<u><u>122,763,571</u></u>	<u><u>117,239,722</u></u>
10.1 Capital work-in-progress			
Civil works		3,034,183	919,737
Equipment		1,765,732	930,756
Advances to suppliers and contractors		<u>7,342,860</u>	<u>5,189,176</u>
		<u><u>12,142,775</u></u>	<u><u>7,039,669</u></u>
10.2 Additions to property and equipment			
		(Unaudited)	
		For the six months ended	
		June 30, 2024	June 30, 2023
		(Rupees in '000)	
The following additions have been made to property and equipment during the period:			
Capital work-in-progress - net		5,103,106	(378,823)
Property and equipment			
Leasehold land		1,136,408	1,747,513
Building on leasehold land		146,281	825,194
Machinery		1,890	24,252
Leasehold improvements		636,799	1,853,715
Furniture and fixtures		457,061	860,741
Electrical, office and computer equipment		3,252,218	2,879,126
Vehicles		<u>205,264</u>	<u>117,685</u>
		<u>5,835,921</u>	<u>8,308,226</u>
		<u><u>10,939,027</u></u>	<u><u>7,929,403</u></u>
10.3 Disposal of property and equipment			
The net book value of property and equipment disposed off during the period is as follows:			
Property and equipment			
Building on freehold land		-	10,079
Building on leasehold land		13,512	21,904
Leasehold improvements		1,965	1,595
Furniture and fixtures		1,961	1,690
Electrical, office and computer equipment		743	10,410
Vehicles		<u>22,443</u>	<u>520</u>
		<u>40,624</u>	<u>46,198</u>
11 RIGHT-OF-USE ASSETS			
		(Unaudited)	(Audited)
		June 30, 2024	December 31, 2023
		(Rupees in '000)	
At January 1,			
Cost		41,826,150	35,321,191
Accumulated depreciation		<u>(17,171,405)</u>	<u>(12,502,961)</u>
Net carrying amount at January 1,		<u>24,654,745</u>	<u>22,818,230</u>
Exchange adjustment		(127,457)	712,874
Additions during the period / year		2,660,041	5,994,979
Deletions during the period / year		(20,194)	(128,537)
Depreciation charge for the period / year		(2,243,842)	(4,426,688)
Other adjustments		-	(316,113)
Net carrying amount at the end of the period / year		<u><u>24,923,293</u></u>	<u><u>24,654,745</u></u>
12 INTANGIBLE ASSETS			
Capital work-in-progress - computer software		7,893,593	6,632,627
Computer software		8,235,298	8,939,025
Other intangibles		<u>6,710,984</u>	<u>7,148,891</u>
		<u><u>22,839,875</u></u>	<u><u>22,720,543</u></u>



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Note	(Unaudited)	
		For the six months ended	
		June 30, 2024	June 30, 2023
		(Rupees in '000)	
12.1 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
Capital work-in-progress - net		1,260,966	1,019,674
Computer software		312,085	605,812
		<u>1,573,051</u>	<u>1,625,486</u>
13 DEFERRED TAX ASSETS / (LIABILITIES)		(Unaudited) June 30, 2024	(Audited) December 31, 2023
		(Rupees in '000)	
Deductible temporary differences on			
- Tax losses of subsidiary		2,285,348	1,705,743
- Credit loss allowance against investments		278,771	694,365
- Credit loss allowance against doubtful debts and off-balance sheet obligations		26,437,731	6,855,146
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		2,723,564	2,854,101
- Deficit on revaluation of investments	21	9,022,180	15,414,086
- Deficit on revaluation of investments of associates	21	1,304,397	796,447
- Ijarah financing		444,346	332,429
- Others		531,323	520,658
		<u>43,027,660</u>	<u>29,172,975</u>
Taxable temporary differences on			
- Accelerated tax depreciation		(3,163,649)	(3,150,908)
- Surplus on revaluation of property and equipment	21	(3,918,217)	(3,965,450)
- Surplus on revaluation of property and equipment of associates	21	(198,534)	(198,534)
- Management rights and goodwill		(432,675)	(417,812)
- Share of profit of associates		(9,621,287)	(9,203,196)
- Exchange translation reserve		(13,684,293)	(11,756,201)
		<u>(31,018,655)</u>	<u>(28,692,101)</u>
Net deferred tax assets		<u>12,009,005</u>	<u>480,874</u>
14 OTHER ASSETS			
Mark-up / return / profit / interest accrued in local currency - net of provision		130,230,394	127,899,044
Mark-up / return / profit / interest accrued in foreign currency - net of provision		9,403,602	9,693,481
Advances, deposits, advance rent and other prepayments		7,209,478	4,588,818
Advance taxation		8,788,154	4,886,206
Advance against subscription of securities		228,514	903,514
Stationery and stamps on hand		269,968	233,268
Accrued fees and commissions		364,308	430,308
Due from Government of Pakistan / SBP		10,445,589	8,009,124
Mark to market gain on forward foreign exchange contracts		3,360,763	2,580,581
Mark to market gain on derivative instruments		-	73,396
Non-banking assets acquired in satisfaction of claims		239,682	242,317
Receivable from defined benefit plan		845,404	845,404
Acceptances		69,332,527	55,561,467
Clearing and settlement accounts		43,045,612	37,268,393
Dividend receivable		18,071	9,093
Claims receivable against fraud and forgeries		599,904	634,106
Inventory		45,845	-
Deferred fair value loss	14.1	5,059,049	-
Others		2,190,013	1,405,981
		<u>291,676,877</u>	<u>255,264,501</u>
Provision / credit loss allowance held against other assets	14.2	(2,789,826)	(2,577,641)
Other assets - net of credit loss allowance		288,887,051	252,686,860
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	191,591	191,591
Other assets - total		<u>289,078,642</u>	<u>252,878,451</u>



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

14.1 This represents the deferred fair value loss arising from the restructuring of the exposure to Pakistan International Airlines Corporation Limited (PIACL). The Bank has amortized 5% of the loss in the current year as allowed by the SBP, through letter no BPRD/BRD/PIAHCL/733688-2024 dated August 01, 2024.

14.2 Provision / credit loss allowance held against other assets	Note	(Unaudited) June 30, 2024 (Rupees in '000)	(Audited) December 31, 2023
Claims receivable against fraud and forgeries		599,904	634,106
Suit filed cases		4,979	4,979
Others		2,184,943	1,938,556
		<u>2,789,826</u>	<u>2,577,641</u>

14.2.1 Movement in provision / credit loss allowance against other assets

Opening balance	2,577,641	1,791,891
Impact of adoption of IFRS 9	53,536	-
Exchange adjustment	(3,664)	10,045
Charge for the period / year	210,694	1,240,885
Reversal for the period / year	(10,632)	(100,168)
Net charge	200,062	1,140,717
Written off during the period / year	(37,749)	(243,072)
Other movement	-	(121,940)
Closing balance	<u>2,789,826</u>	<u>2,577,641</u>

15 BILLS PAYABLE

In Pakistan	70,082,017	49,538,342
Outside Pakistan	1,435,808	2,162,481
	<u>71,517,825</u>	<u>51,700,823</u>

16 BORROWINGS

Secured

Borrowings from the SBP under

- Export refinance scheme	44,841,786	64,648,651
- Export refinance scheme for bill discounting	22,467,181	22,637,751
- Long term financing facility	34,070,374	37,066,139
- Financing facility for renewable energy power plants	7,202,187	7,216,949
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	691,778	607,955
- Refinance and credit guarantee scheme for women entrepreneurs	25,969	38,046
- Financing facility for storage of agricultural produce	516,605	597,743
- Refinance facility for combating COVID-19	1,348,052	1,567,557
- Temporary economic refinance facility	30,414,149	32,214,444
- Refinance facility for SME Asaan Finance (SAAF)	8,059,544	3,884,689
	149,637,625	170,479,924
Repurchase agreement borrowings	306,746,897	379,043,704
	<u>456,384,522</u>	<u>549,523,628</u>

Unsecured

- Call money borrowings	7,900,000	320,000
- Overdrawn nostro accounts	2,129,909	500,700
- Borrowings of overseas branches and subsidiaries	63,667,850	46,183,741
- Other long-term borrowings	59,020,654	68,514,610
	132,718,413	115,519,051
	<u>589,102,935</u>	<u>665,042,679</u>

16.1



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

16.1 This includes the following:

16.1.1 A loan from the International Finance Corporation amounting to US\$ 24.975 million (December 31, 2023: US\$ 49.980 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.

16.1.2 A long-term financing facility arrangement from China Development Bank, utilized for on-lending to projects of the Bank's customers. The current amount outstanding is US\$ 174.059 million (December 31, 2023: US\$ 181.640 million). The principal amount is payable in semi-annual installments from January 2023 to January 2033. Interest at a fixed spread over LIBOR is payable semi-annually.

16.1.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 2 billion (December 31, 2023: Rs 2 billion) for on-lending to customers. The principal amount is payable in semi-annual installments from April 2025 to October 2026. Profit at a rate of 16.61% per annum (December 31, 2023: 16.61% per annum) is payable semi-annually.

16.1.4 Mortgage refinancing facilities from PMRC, amounting to Rs 1,621.287 million (December 31, 2023: Rs 1,230.034 million), utilised by HBL Microfinance Bank Limited to extend mortgage finance to low income groups. The principal amount of one facility, amounting to Rs 500 million (December 31, 2023: Rs 500 million), is payable at maturity on December 30, 2024. The principal amount of the other facilities is payable in quarterly installments from June 2020 to June 2031. Mark-up on all facilities is payable quarterly at rates ranging from 6.50% to 17.94% per annum (December 31, 2023: 6.50% to 15.19% per annum).

17 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2024 (Unaudited)			December 31, 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	1,272,122,440	279,104,786	1,551,227,226	1,088,865,434	285,394,936	1,374,260,370
Savings deposits	1,874,619,851	156,982,714	2,031,602,565	1,585,284,462	161,853,706	1,747,138,168
Term deposits	498,702,450	418,590,845	917,293,295	459,615,841	366,737,732	826,353,573
	<u>3,645,444,741</u>	<u>854,678,345</u>	<u>4,500,123,086</u>	<u>3,133,765,737</u>	<u>813,986,374</u>	<u>3,947,752,111</u>
Financial institutions						
Current deposits	8,384,561	2,131,085	10,515,646	7,845,417	2,594,297	10,439,714
Savings deposits	317,255,705	133,277	317,388,982	164,505,304	711,626	165,216,930
Term deposits	9,405,046	10,002,895	19,407,941	9,413,843	9,529,238	18,943,081
	<u>335,045,312</u>	<u>12,267,257</u>	<u>347,312,569</u>	<u>181,764,564</u>	<u>12,835,161</u>	<u>194,599,725</u>
	<u><u>3,980,490,053</u></u>	<u><u>866,945,602</u></u>	<u><u>4,847,435,655</u></u>	<u><u>3,315,530,301</u></u>	<u><u>826,821,535</u></u>	<u><u>4,142,351,836</u></u>

18 LEASE LIABILITIES

	(Unaudited) June 30, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
Opening balance	30,489,986	27,079,479
Exchange adjustment	(101,088)	625,586
Additions during the period / year	2,159,415	4,804,564
Interest expense	1,806,466	3,346,432
Lease payments including interest	(1,804,083)	(5,684,422)
Others	-	318,347
Closing balance	<u><u>32,550,696</u></u>	<u><u>30,489,986</u></u>

18.1 Liabilities outstanding at the end of the period / year

Not later than one year	3,034,916	1,801,062
Later than one year and up to five years	9,663,543	6,984,974
Over five years	19,852,237	21,703,950
Total	<u><u>32,550,696</u></u>	<u><u>30,489,986</u></u>



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Note	(Unaudited) June 30, 2024 (Rupees in '000)	(Audited) December 31, 2023
19	SUBORDINATED DEBT		
	Additional Tier I Term Finance Certificates	19.1.1	12,374,000
	Additional Tier I Term Finance Certificates	19.1.2	6,500,000
	Tier II Term Finance Certificates	19.2	825,000
			<u>20,374,000</u>
			<u>19,699,000</u>

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

The key features of these issues are as follows:

19.1.1	Issue Date	September 26, 2019
	Issue amount	Rs 12.374 billion
	Rating	AA+ (Double A plus) [December 31, 2023: AA+ (Double A plus)]
	Original Tenor	Perpetual
	Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors, but 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".
19.1.2	Issue Date	December 28, 2022
	Issue amount	Rs 6.500 billion
	Rating	AA+ (Double A plus) [December 31, 2023: AA+ (Double A plus)]
	Original Tenor	Perpetual
	Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors, but 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 + 2.00%. 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 SIX MONTHS ENDED JUNE 30, 2024

- 19.2 HBL MfB has issued fully paid up, rated, privately placed, unsecured, and subordinated debt instruments in the nature of TFCs issued as instruments of redeemable capital under Section 66(1) of the Companies Act, 2017, which qualify as Tier II Capital 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	December 22, 2023
Issue amount	Rs 1.500 billion (including a greenshoe option of Rs 500 million)
Rating	A
Original Tenor	10 years from the first disbursement date.
Security	Unsecured and subordinated as to payment of principal and profit to all other indebtedness of HBL MfB, including deposits, but will rank pari passu with other Tier II instruments and superior to the claims of ordinary shareholders.
Profit payment frequency	Semi-annually in arrears on the outstanding Issue Amount. The first such profit payment will fall due six months from the Issue Date and subsequently every six months thereafter.
Redemption	The instrument will not be redeemable before maturity without prior approval of the SBP. Principal: Bullet at Maturity Markup: Semi-annual from the drawdown date
Mark-up	Floating rate of return at Base Rate + 2.00%. The Base Rate is defined as the average "Ask Side" rate of the six months Karachi Interbank Offered Rate (KIBOR).
Call option	HBL MfB 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) HBL MfB being compliant with the minimum capital requirement (MCR) and Capital Adequacy Ratio (CAR) after the Call Option is exercised. If HBL MfB decides to exercise the Call Option, it 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	Neither profit nor principal can be paid (even at maturity) in respect of the TFC, if such payment will result in a shortfall in the Bank's MCR or CAR or result in an increase in any existing shortfall in MCR and CAR.
Loss absorbency clause	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

	Note	(Unaudited) June 30, 2024	(Audited) December 31, 2023
(Rupees in '000)			
20	OTHER LIABILITIES		
	Mark-up / return / profit / interest payable in local currency	53,080,261	43,728,872
	Mark-up / return / profit / interest payable in foreign currency	10,310,051	10,057,593
	Security deposits	1,638,789	1,597,855
	Accrued expenses	35,607,134	34,680,771
	Mark to market loss on forward foreign exchange contracts	6,182,311	4,536,179
	Mark to market loss on derivative instruments	7,932,990	10,321,082
	Unclaimed dividends	799,478	764,376
	Dividends payable	224,162	2,075,679
	Provision for post retirement medical benefits	4,166,057	3,966,429
	Provision for employees' compensated absences	700,333	746,630
	Credit loss allowance against off-balance sheet obligations	4,522,006	1,927,866
	Acceptances	69,332,527	55,561,467
	Branch adjustment account	6,733,416	7,089,493
	Provision for staff retirement benefits	1,748,365	1,646,076
	Payable to defined benefit plans	793,932	885,622
	Provision for Workers' Welfare Fund	12,613,888	11,431,861
	Unearned income	6,144,637	5,680,169
	Qarza-e-Hasna Fund	338,409	338,409
	Levies and taxes payable	14,400,875	14,721,663
	Insurance payable	706,549	686,026
	Provision for rewards program expenses	3,200,382	2,699,951
	Liability against trading of securities	9,956,565	15,963,126
	Clearing and settlement accounts	36,755,360	18,094,230
	Payable to HBL Foundation	436,437	866,494
	Contingent consideration payable	500,000	500,000
	Charity fund	40,922	10,578
	Unclaimed deposits	1,790,822	2,030,722
	Others	8,405,768	6,434,107
		299,062,426	259,043,326



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

20.1 Credit loss allowance against off-balance sheet obligations	(Unaudited)	(Audited)
	June 30, 2024	December 31, 2023
	(Rupees in '000)	
Opening balance	1,927,866	1,633,326
Impact of adoption of IFRS 9	1,691,809	-
Exchange adjustment	(34,601)	388,430
Charge for the period / year	966,767	191,387
Reversal for the period / year	(29,835)	(285,277)
Net charge / (reversal)	936,932	(93,890)
Closing balance	4,522,006	1,927,866

21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	June 30, 2024 (Unaudited)			December 31, 2023 (Audited)		
	Attributable to		Total	Attributable to		Total
	Equity holders	Non-controlling interest		Equity holders	Non-controlling interest	
(Rupees in '000)						
Surplus / (deficit) arising on revaluation of:						
- Property and equipment	46,623,432	56,400	46,679,832	46,670,279	108,466	46,778,745
- Property and equipment of associates	405,171	-	405,171	405,171	-	405,171
- FVOCI securities - debt	(17,282,945)	(8,736)	(17,291,681)	-	-	-
- FVOCI securities - equity	(1,465,380)	-	(1,465,380)	-	-	-
- FVOCI securities held by associates	(2,662,034)	-	(2,662,034)	-	-	-
- Available-for-sale securities	-	-	-	(31,854,365)	(32,631)	(31,886,996)
- Available-for-sale securities held by associates	-	-	-	(1,625,403)	-	(1,625,403)
- Non-banking assets acquired in satisfaction of claims	191,591	-	191,591	191,591	-	191,591
	25,809,835	47,664	25,857,499	13,787,273	75,835	13,863,108
Deferred tax liability / (asset) on surplus / (deficit) on revaluation of:						
- Property and equipment	3,899,625	18,592	3,918,217	3,929,223	36,227	3,965,450
- Property and equipment of associates	198,534	-	198,534	198,534	-	198,534
- FVOCI securities - debt	(8,300,737)	(3,407)	(8,304,144)	-	-	-
- FVOCI securities - equity	(718,036)	-	(718,036)	-	-	-
- FVOCI securities held by associates	(1,304,397)	-	(1,304,397)	-	-	-
- Available-for-sale securities	-	-	-	(15,401,360)	(12,726)	(15,414,086)
- Available-for-sale securities held by associates	-	-	-	(796,447)	-	(796,447)
- Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-
	(6,225,011)	15,185	(6,209,826)	(12,070,050)	23,501	(12,046,549)
Surplus on revaluation of assets - net of tax	32,034,846	32,479	32,067,325	25,857,323	52,334	25,909,657

22 CONTINGENCIES AND COMMITMENTS

	Note	(Unaudited)	(Audited)
		June 30, 2024	December 31, 2023
(Rupees in '000)			
- Guarantees	22.1	353,094,698	287,792,267
- Commitments	22.2	1,079,784,720	942,629,409
- Other contingent liabilities	22.3	22,931,651	23,112,726
		1,455,811,069	1,253,534,402
22.1 Guarantees:			
Financial guarantees		69,532,690	49,168,948
Performance guarantees		273,095,894	227,207,668
Other guarantees		10,466,114	11,415,651
		353,094,698	287,792,267
22.2 Commitments:			
Trade-related contingent liabilities		321,375,350	332,525,700
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	665,057,346	500,720,574
- forward Government securities transactions	22.2.2	4,595,717	24,383,498
- derivatives	22.2.3	46,318,408	53,095,033
- forward lending	22.2.4	30,573,559	19,813,834
		746,545,030	598,012,939
Commitments for acquisition of:			
- property and equipment		6,542,593	4,675,879
- intangible assets		5,321,747	7,414,891
		11,864,340	12,090,770
		1,079,784,720	942,629,409



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Unaudited) (Audited)
June 30, December 31,
2024 2023
(Rupees in '000)

22.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	395,895,057	302,797,932
Sale	269,162,289	197,922,642
	<u>665,057,346</u>	<u>500,720,574</u>

22.2.2 Commitments in respect of forward Government securities transactions

Purchase	1,966,176	21,450,842
Sale	2,629,541	2,932,656
	<u>4,595,717</u>	<u>24,383,498</u>

22.2.3 Commitments in respect of derivatives

Foreign currency options

Purchase	-	2,289,956
Sale	-	2,289,956
	<u>-</u>	<u>4,579,912</u>

Cross Currency swaps

Purchase	18,359,938	18,112,623
Sale	27,008,470	28,827,498
	<u>45,368,408</u>	<u>46,940,121</u>

Interest rate swaps

Purchase	-	-
Sale	950,000	1,575,000
	<u>950,000</u>	<u>1,575,000</u>

22.2.4 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to extend credit	<u>30,573,559</u>	<u>19,813,834</u>
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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.

22.3 Other contingent liabilities

22.3.1 Claims against the Group not acknowledged as debts	<u>22,931,651</u>	<u>23,112,726</u>
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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.

22.3.2 There were no tax related contingencies as at the period end except for those disclosed in the consolidated financial statements for the year ended December 31, 2023.

23 DERIVATIVE INSTRUMENTS

Product Analysis	June 30, 2024 (Unaudited)					
	Foreign currency options		Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	(Rupees in '000)					
Hedging	-	-	-	-	-	-
Market Making	-	-	45,368,408	(7,875,401)	950,000	(57,589)

Product Analysis	December 31, 2023 (Audited)					
	Foreign currency options		Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	(Rupees in '000)					
Hedging	2,289,956	(73,396)	-	-	-	-
Market Making	2,289,956	73,396	46,940,121	(10,109,288)	1,575,000	(138,398)



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

		(Unaudited)	
		For the six months ended	
		June 30, 2024	June 30, 2023
		(Rupees in '000)	
24	MARK-UP / RETURN / PROFIT / INTEREST EARNED	Note	
	On:		
	Loans and advances	159,796,609	139,973,517
	Investments	231,679,555	158,836,280
	Lendings to financial institutions	9,449,572	15,770,140
	Balances with banks	6,628,277	4,617,052
		<u>407,554,013</u>	<u>319,196,989</u>
24.1	INTEREST INCOME RECOGNISED		
	On:		
	Financial assets measured at amortised cost	207,314,295	-
	Financial assets measured at FVOCI	180,376,727	-
	Financial assets measured at FVTPL	19,862,992	-
		<u>407,554,014</u>	<u>-</u>
25	MARK-UP / RETURN / PROFIT / INTEREST EXPENSED		
	On:		
	Deposits	232,249,683	151,239,086
	Securities sold under repurchase agreement borrowings	28,678,779	35,588,755
	Borrowings	15,259,093	13,693,794
	Subordinated debt	2,196,194	1,978,849
	Cost of foreign currency swaps against foreign currency deposits / borrowings	5,797,641	914,960
	Lease liability against right-of-use assets	1,806,465	1,826,797
		<u>285,987,855</u>	<u>205,242,241</u>
26	FEE AND COMMISSION INCOME		
	Branch banking customer fees	2,853,673	2,311,527
	Branchless banking customer fees	240,451	223,801
	Commission on Government to Person (G2P) payments	614,433	654,738
	Consumer finance related fees	1,355,924	1,209,584
	Card related fees	7,749,472	6,324,752
	Merchant discount and interchange fees	3,978,603	3,344,161
	Credit related fees	1,223,955	1,340,749
	Investment banking fees	529,422	466,052
	Commission on trade related products and guarantees	4,582,932	3,607,408
	Commission on cash management	803,438	799,669
	Commission on remittances (including home remittances)	1,007,792	331,890
	Commission on bancassurance	634,193	316,917
	Management fee	1,133,649	612,134
	Wealth management fee	344,883	257,213
	Others	68,450	476,635
		<u>27,121,270</u>	<u>22,277,230</u>
	Less: Sales tax / Federal Excise Duty on fee and commission income	(2,961,552)	(2,498,469)
		<u>24,159,718</u>	<u>19,778,761</u>
27	GAIN / (LOSS) ON SECURITIES - NET		
	Realised	27.1	349,757
	Unrealised - measured at FVTPL	8.1	1,226,854
	Unrealised - held-for-trading		-
			<u>(133,121)</u>
			<u>1,576,611</u>
			<u>(227,339)</u>



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

		(Unaudited)	
		For the six months ended	
		June 30, 2024	June 30, 2023
		(Rupees in '000)	
27.1	Gain / (loss) on securities - realised		
	On:		
	Federal Government securities		
	- Market Treasury Bills	534,567	99,300
	- Pakistan Investment Bonds	(19,114)	336,354
	- Ijarah Sukuk	25,572	11,744
	Shares	98,544	(613,932)
	Non-Government debt securities	8,375	72,316
	Foreign securities	(298,187)	-
		<u>349,757</u>	<u>(94,218)</u>
27.1.1	Composition of gain / (loss) on securities - realised		
	Net gain on securities measured at FVTPL	372,945	-
	Net loss on debt securities measured at FVOCI	(23,188)	-
		<u>349,757</u>	<u>-</u>
28	OTHER INCOME		
	Incidental charges	263,371	322,625
	Gain on derecognition of joint venture	-	3,731,399
	Gain on sale of property and equipment - net	29,289	108,085
	Rent on properties	5,617	2,984
		<u>298,277</u>	<u>4,165,093</u>
29	OPERATING EXPENSES		
	Total compensation expense	32,886,904	28,762,096
	Property expense		
	Rent and taxes	727,304	633,515
	Insurance	166,497	168,825
	Utilities cost	2,941,100	2,332,998
	Security (including guards)	1,728,111	1,454,526
	Repair and maintenance (including janitorial charges)	2,664,580	2,086,906
	Depreciation on owned property and equipment	2,733,627	2,588,877
	Depreciation on right-of-use assets	2,243,842	2,201,677
		<u>13,205,061</u>	<u>11,467,324</u>
	Information technology expenses		
	Software maintenance	5,514,595	4,236,462
	Hardware maintenance	1,253,017	944,372
	Depreciation	2,159,800	1,606,660
	Amortisation	1,359,972	1,038,239
	Network charges	1,072,003	1,008,280
	Consultancy charges	395,307	404,943
		<u>11,754,694</u>	<u>9,238,956</u>
	Other operating expenses		
	Legal and professional charges	3,706,112	5,518,394
	Outsourced services costs	1,349,545	1,434,295
	Travelling and conveyance	1,360,835	1,061,298
	Insurance	873,719	905,194
	Remittance charges	375,555	413,611
	Cash transportation and sorting charges	1,787,808	1,599,963
	Repairs and maintenance	1,298,815	1,059,597
	Depreciation	436,941	445,226
	Training and development	355,695	300,647
	Postage and courier charges	502,475	445,454
	Communication	2,277,662	1,065,401
	Stationery and printing	1,801,063	1,451,565
	Marketing, advertisement and publicity	3,511,666	2,488,405
	Donations	450,890	539,044
	Auditors' remuneration	292,389	261,133
	Brokerage and commission	454,546	445,530
	Subscription	465,180	382,285
	Documentation and processing charges	5,864,083	4,215,716
	Entertainment	426,947	398,703
	Consultancy charges	1,211,432	1,509,343
	Deposit insurance premium expense	1,818,763	1,554,700
	Product feature cost	2,427,447	1,749,317
	Others	909,349	635,264
		<u>33,958,917</u>	<u>29,880,085</u>
		<u>91,805,576</u>	<u>79,348,461</u>



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Note	(Unaudited)	
		For the six months ended	
		June 30, 2024	June 30, 2023
		(Rupees in '000)	
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		146,586	43,432
Penalties imposed by other regulatory bodies		12,251	33,048
		<u>158,837</u>	<u>76,480</u>
31 CREDIT LOSS ALLOWANCE / (REVERSALS) AND WRITE OFFS - NET			
(Reversal) / charge of credit loss allowance against investments	8.2	(1,518,370)	1,720,364
Credit loss allowance against loans and advances	9.3	10,700,530	4,262,459
Provision / credit loss allowance against other assets	14.2.1	200,062	627,663
Charge / (reversal) of credit loss allowance against off-balance sheet obligations	20.1	936,932	(237,925)
Recoveries against written off / charged off bad debts		(548,999)	(459,576)
Recoveries against other assets written off		(1,398)	-
Other write offs and operational losses		329,435	86,029
		<u>10,098,192</u>	<u>5,999,014</u>
32 TAXATION			
- Current			
- For the year		34,610,227	27,301,677
- Prior year		281,322	(44,371)
		<u>34,891,549</u>	<u>27,257,306</u>
- Deferred			
- For the year		(5,881,275)	(2,517,086)
- Prior year		(219,229)	428,944
		<u>(6,100,504)</u>	<u>(2,088,142)</u>
		<u>28,791,045</u>	<u>25,169,164</u>
33 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the period attributable to equity holders of the Bank		<u>29,594,649</u>	<u>26,193,357</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>20.18</u>	<u>17.86</u>
33.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.			
34 FAIR VALUE OF FINANCIAL INSTRUMENTS			
The fair values of traded investments are based on quoted market prices.			
The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities, cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments and therefore, are not reported as part of this disclosure.			
In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.			
All assets and liabilities for which fair value is measured or disclosed in these condensed interim consolidated financial statements are categorised within the following fair value hierarchy based on the lowest level input that is significant to the fair value measurement:			
Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.			
Level 2 - Fair value measurements using inputs, other than quoted prices included within Level 1, that are observable for the assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).			
Level 3 - Fair value measurements using inputs that are not based on observable market data.			



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

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	Non-Government debt securities denominated in Rupees are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP). 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 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.
Property and equipment 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, required for Level 3 assets, has not been presented in these condensed interim consolidated financial statements.

34.1 Fair value of financial assets

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

	As at June 30, 2024 (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	2,329,263,447	-	2,329,263,447	-	2,329,263,447
- Shares - listed companies	18,217,046	12,120,927	6,096,119	-	18,217,046
- Non-Government debt securities - Listed	50,323,387	40,048,000	10,275,387	-	50,323,387
- Foreign securities					
Government debt securities	198,273,779	-	198,273,779	-	198,273,779
Non-Government debt securities - Listed	15,141,167	-	15,141,167	-	15,141,167
- National Investment Unit Trust units	57,029	-	57,029	-	57,029
- Real Estate Investment Trust units - Listed	3,398,300	3,398,300	-	-	3,398,300
- Preference Shares - Listed	836,100	836,100	-	-	836,100
	2,615,510,255	56,403,327	2,559,106,928	-	2,615,510,255
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	471,011,570	-	446,243,921	-	446,243,921
- Non-Government debt securities - Listed	895,915	-	873,631	-	873,631
- Foreign securities					
Government debt securities	13,658,499	-	13,801,349	-	13,801,349
	485,565,984	-	460,918,901	-	460,918,901
	3,101,076,239	56,403,327	3,020,025,829	-	3,076,429,156



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

As at June 30, 2024 (Unaudited)

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

Off-balance sheet financial instruments - measured at fair value

Commitments

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

665,057,346	-	(2,821,548)	-	(2,821,548)
4,595,717	-	(1,589)	-	(1,589)
46,318,408	-	(7,932,990)	-	(7,932,990)

As at December 31, 2023 (Audited)

Carrying value	Level 1	Level 2	Level 3	Total
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(Rupees in '000)

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

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

1,805,587,783	-	1,805,587,783	-	1,805,587,783
16,524,041	9,057,018	7,467,023	-	16,524,041
49,614,767	40,000,000	9,614,767	-	49,614,767
173,543,607	-	173,543,607	-	173,543,607
5,600,618	-	5,600,618	-	5,600,618
50,745	-	50,745	-	50,745
68,700	68,700	-	-	68,700
877,400	877,400	-	-	877,400
2,051,867,661	50,003,118	2,001,864,543	-	2,051,867,661

Financial assets - disclosed but not measured at fair value

Investments

- Federal Government securities
- Non-Government debt securities - Listed
- Foreign securities
 - Government debt securities

419,521,386	-	385,681,455	-	385,681,455
1,899,450	-	1,898,829	-	1,898,829
14,663,737	-	14,720,027	-	14,720,027
436,084,573	-	402,300,311	-	402,300,311
2,487,952,234	50,003,118	2,404,164,854	-	2,454,167,972

As at December 31, 2023 (Audited)

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

Off-balance sheet financial instruments - measured at fair value

Commitments

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

500,720,574	-	(1,955,598)	-	(1,955,598)
24,383,498	-	(46,908)	-	(46,908)
53,095,033	-	(10,247,686)	-	(10,247,686)

34.2 Fair value of non-financial assets

As at June 30, 2024 (Unaudited)

Carrying value	Level 1	Level 2	Level 3	Total
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(Rupees in '000)

- Land and building
- Non-banking assets acquired in satisfaction of claims

81,894,227	-	-	81,894,227	81,894,227
431,273	-	-	431,273	431,273
82,325,500	-	-	82,325,500	82,325,500

As at December 31, 2023 (Audited)

Carrying value	Level 1	Level 2	Level 3	Total
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(Rupees in '000)

- Land and building
- Non-banking assets acquired in satisfaction of claims

80,915,520	-	-	80,915,520	80,915,520
433,908	-	-	433,908	433,908
81,349,428	-	-	81,349,428	81,349,428



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

35 SEGMENT INFORMATION

35.1 Segment details with respect to Business Activities

For the six months ended June 30, 2024 (Unaudited)

	Branch Banking	Consumer, SME & Agriculture lending	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
(Rupees in million)										
Profit and loss account										
Net mark-up / return / profit / interest income	(150,478)	29,055	22,702	38,352	167,950	13,598	(19)	4,203	(3,797)	121,566
Inter segment revenue / (expense) - net	216,640	(21,057)	-	(15,197)	(189,168)	1,272	-	-	7,510	-
Non mark-up / interest income	2,926	10,016	1,610	3,242	8,292	6,067	1,260	941	5,172	39,526
Total Income	69,088	18,014	24,312	26,397	(12,926)	20,937	1,241	5,144	8,885	161,092
Segment direct expenses	17,722	11,653	5,399	2,163	339	12,814	502	5,353	37,201	93,146
Inter segment expense allocation	18,569	5,574	695	5,980	963	831	-	-	(32,612)	-
Total expenses	36,291	17,227	6,094	8,143	1,302	13,645	502	5,353	4,589	93,146
Credit loss allowance - charge / (reversal)	421	797	2,528	7,940	-	(1,380)	-	3,587	(3,795)	10,098
Profit / (loss) before tax	32,376	(10)	15,690	10,314	(14,228)	8,672	739	(3,796)	8,091	57,848

As at June 30, 2024 (Unaudited)

	Branch Banking	Consumer, SME & Agriculture lending	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
(Rupees in million)										
Statement of financial position										
Cash and bank balances	186,732	-	37,489	474	241,967	192,366	6	15,187	2,071	676,292
Lendings to financial institutions	-	-	59,500	-	73,756	-	-	-	-	133,256
Inter segment lending	2,369,622	-	-	-	-	217,548	-	-	291,019	2,878,189
Investments	-	-	296,252	14,612	2,532,456	250,110	1,363	39,700	39,945	3,174,438
Advances - performing	-	248,491	189,894	812,244	-	382,008	-	86,849	48,989	1,768,475
Advances - non-performing	-	1,001	920	4,003	-	2,580	-	1,897	(78)	10,323
Others	44,868	5,283	44,707	92,033	140,396	54,975	3,646	17,339	68,368	471,615
Total assets	2,601,222	254,775	628,762	923,366	2,988,575	1,099,587	5,015	160,972	450,314	9,112,588
Borrowings	-	4,437	22,502	124,699	316,577	110,532	-	10,356	-	589,103
Subordinated debt	-	-	-	-	-	-	-	1,500	18,874	20,374
Deposits and other accounts	2,544,731	1,862	523,009	726,611	-	861,240	-	120,434	69,549	4,847,436
Inter segment borrowing	-	207,833	7,409	5,465	2,657,482	-	-	-	-	2,878,189
Others	56,491	40,643	28,081	66,591	16,826	43,808	1,053	12,016	137,622	403,131
Total liabilities	2,601,222	254,775	581,001	923,366	2,990,885	1,015,580	1,053	144,306	226,045	8,738,233
Equity	-	-	47,761	-	(2,310)	84,007	3,962	16,666	224,269	374,355
Total equity and liabilities	2,601,222	254,775	628,762	923,366	2,988,575	1,099,587	5,015	160,972	450,314	9,112,588
Contingencies and commitments	-	-	78,073	596,303	511,045	236,203	-	-	34,187	1,455,811



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

For the six months ended June 30, 2023 (Unaudited)

	Branch Banking	Consumer, SME & Agriculture lending	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
(Rupees in million)										
Profit and loss account										
Net mark-up / return / profit / interest income	(98,626)	24,258	12,183	43,902	116,029	14,376	(12)	5,132	(3,287)	113,955
Inter segment revenue / (expense) - net	157,203	(15,942)	-	(22,143)	(122,001)	(1,925)	-	-	4,808	-
Non mark-up / interest income	2,155	9,006	1,208	2,801	1,890	4,174	658	1,049	1,140	24,081
Total Income	60,732	17,322	13,391	24,560	(4,082)	16,625	646	6,181	2,661	138,036
Segment direct expenses	15,894	8,599	3,557	2,124	429	12,214	291	4,492	32,927	80,527
Inter segment expense allocation	15,373	5,241	648	6,619	913	817	-	-	(29,611)	-
Total expenses	31,267	13,840	4,205	8,743	1,342	13,031	291	4,492	3,316	80,527
Provisions - charge / (reversal)	577	834	(453)	(955)	(395)	2,885	-	788	2,719	6,000
Profit / (loss) before tax	28,888	2,648	9,639	16,772	(5,029)	709	355	901	(3,374)	51,509

As at December 31, 2023 (Audited)

	Branch Banking	Consumer, SME & Agriculture lending	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
(Rupees in million)										
Statement of financial position										
Cash and bank balances	195,852	-	40,896	590	190,638	158,585	3	16,825	743	604,132
Loanings to financial institutions	-	-	19,500	-	69,098	-	-	-	-	88,598
Inter segment lending	2,081,029	-	-	-	-	75,036	-	-	197,755	2,353,820
Investments	-	-	226,552	4,417	2,016,021	237,105	1,021	27,553	49,630	2,562,299
Advances - performing	-	256,677	206,739	844,497	-	400,319	-	96,117	40,016	1,844,365
Advances - non-performing	-	2,072	6,316	3,272	-	3,753	-	1,408	158	16,979
Others	35,158	7,642	39,132	81,020	92,166	47,600	3,567	16,854	94,835	417,974
Total assets	2,312,039	266,391	539,135	933,796	2,367,923	922,398	4,591	158,757	383,137	7,888,167
Borrowings	-	6,313	32,119	134,047	379,835	106,213	-	6,516	-	665,043
Subordinated debt	-	-	-	-	-	-	-	825	18,874	19,699
Deposits and other accounts	2,258,343	1,465	422,710	604,853	-	700,664	-	128,234	26,083	4,142,352
Inter segment borrowing	-	234,859	7,414	143,314	1,968,233	-	-	-	-	2,353,820
Others	53,696	23,754	32,967	51,582	32,810	40,542	1,107	8,966	95,810	341,234
Total liabilities	2,312,039	266,391	495,210	933,796	2,380,878	847,419	1,107	144,541	140,767	7,522,148
Equity	-	-	43,925	-	(12,955)	74,979	3,484	14,216	242,370	366,019
Total equity and liabilities	2,312,039	266,391	539,135	933,796	2,367,923	922,398	4,591	158,757	383,137	7,888,167
Contingencies and commitments	-	-	57,017	538,382	388,637	234,993	-	-	34,505	1,253,534

36 RELATED PARTY TRANSACTIONS

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

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

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



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

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

	As at June 30, 2024 (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	-	-	89,684	-	-	158
Investments						
Opening balance	-	-	-	36,132,623	-	17,204,695
Impact of adoption of IFRS 9	-	-	-	-	-	60,639
Exchange adjustment	-	-	-	4,218,524	-	(168,134)
Investment made during the year	-	-	-	1,508,017	-	-
Investment redeemed / disposed off during the period	-	-	-	(1,141,572)	-	(2,837,500)
Share of profit - net of tax	-	-	-	2,436,752	-	-
Share of other comprehensive income - net of tax	-	-	-	(1,326,681)	-	-
Dividend received during the period	-	-	-	(1,582,988)	-	-
Revaluation of investments during the period	-	-	-	(1,036,631)	-	(1,156,854)
Credit loss allowance for diminution in value of investments	-	-	-	-	-	(20,070)
Closing balance	-	-	-	39,208,044	-	13,082,776
Credit loss allowance for diminution in value of investments	-	-	-	-	-	20,070
Advances						
Opening balance	1,969	1,293,004	5,352,719	375,000	-	10,230,405
Exchange adjustment	-	-	(60,504)	-	-	-
Addition during the period	6,043	219,955	16,461,338	-	-	10,702,741
Repaid during the period	(6,871)	(169,689)	(16,692,880)	(125,000)	-	(9,343,230)
Transfer out - net	-	(671,342)	-	-	-	(56,063)
Closing balance	1,141	671,928	5,060,673	250,000	-	11,533,853
Other assets						
Interest / mark-up accrued	-	595	77,353	12,556	-	465,951
Receivable from defined benefit plan	-	-	-	-	-	845,404
Other receivables / prepayments	-	1,925	3,260	186,054	-	11,175
	-	2,520	80,613	198,610	-	1,322,530
Borrowings						
Opening balance	-	-	5,169,268	16,686,344	-	5,766,780
Exchange adjustment	-	-	-	(246,254)	-	(31,675)
Borrowings during the period	-	-	-	78,756,434	-	5,519,886
Settled during the period	-	-	(5,169,268)	(74,543,607)	-	(5,128,633)
Closing balance	-	-	-	20,652,917	-	6,126,358
Deposits and other accounts						
Opening balance	72,803	624,864	37,860,212	53,583,869	-	1,440,158
Exchange adjustment	(69)	(3,988)	(284,786)	(6,978)	-	(21,081)
Received during the period	585,522	3,132,533	210,894,238	632,050,728	-	31,899,678
Withdrawn during the period	(547,076)	(2,989,084)	(211,753,958)	(624,913,202)	-	(28,351,815)
Transfer (out) / in - net	-	(186,685)	-	-	-	34,980
Closing balance	111,180	577,640	36,715,706	60,714,417	-	5,001,920
Other liabilities						
Interest / mark-up payable	189	2,358	2,002,454	470,835	-	254,243
Payable to defined benefit plan	-	-	-	-	-	793,932
Other payables	-	-	36,288	105,783	-	458,942
	189	2,358	2,038,742	576,618	-	1,507,117
Contingencies and commitments						
Letter of credit	-	-	803,064	-	-	200,222
Letter of guarantee	-	-	187,626	5	-	3,541,727
Interest rate swaps	-	-	-	250,000	-	-
	-	-	990,690	250,005	-	3,741,949
Others						
Securities held as custodian	-	174,060	20,086,450	189,722,800	-	31,064,410



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	For the six months ended June 30, 2024 (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	13	15,157	217,124	37,142	-	1,264,408
Fee and commission income	399	6,663	180,024	504,397	-	8,394
Share of profit	-	-	-	2,436,754	-	-
Dividend income	-	-	-	-	-	918,243
Gain on disposal of property and equipment	-	-	-	5,571	-	-
Unrealised loss on derivatives	-	-	-	(20,643)	-	-
Expenses						
Mark-up / return / profit / interest expensed	6,351	32,062	2,269,098	3,607,377	-	556,912
Operating expenses						
Total compensation expense	-	2,499,920	-	-	-	878,674
Non-Executive Directors' fees	57,600	-	-	-	-	-
Insurance premium expense	-	-	-	1,719,266	-	-
Product feature cost	-	-	137,873	-	-	-
Travelling	-	-	7,448	-	-	-
Subscription	-	-	-	-	-	3,630
Donations	-	-	-	-	-	436,437
Brokerage and Commission	-	-	-	-	-	151,996
Other Expenses	-	-	26,264	36,747	-	106,294
Credit loss allowance for diminution in value of investments	-	-	-	-	-	20,070
Others						
Purchase of Government securities	-	9,839	85,919,120	75,446,513	-	5,735,149
Sale of Government securities	-	78,753	89,118,879	43,543,357	-	12,665,792
Purchase of foreign currencies	-	1,583	5,698,227	45,983	-	15,677
Sale of foreign currencies	15,128	162,707	3,148,142	589,255	-	822,981
Insurance claims settled	-	-	-	182,589	-	-
As at December 31, 2023 (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	-	-	24,874	-	-	161
Investments						
Opening balance	-	-	-	31,882,845	8,149,052	9,755,368
Exchange adjustment	-	-	-	334,160	1,302,052	589,066
Investment made during the year	-	-	-	2,220,186	-	-
Investment redeemed / disposed off during the year	-	-	-	(1,747,775)	-	-
Share of profit - net of tax	-	-	-	4,108,866	313,829	-
Share of other comprehensive income - net of tax	-	-	-	996,110	-	-
Dividend received during the year	-	-	-	(908,215)	(203,366)	-
Revaluation of investments during the year	-	-	-	(631,613)	2,522	(2,686,132)
Provision for diminution in the value of investments	-	-	-	-	-	(17,696)
Other adjustments	-	-	-	(121,941)	-	-
Transfer (out) / in - net	-	-	-	-	(9,564,089)	9,564,089
Closing balance	-	-	-	36,132,623	-	17,204,695
Provision for diminution in the value of investments	-	-	-	-	-	60,639
Advances						
Opening balance	1,412	1,009,459	4,547,709	625,000	-	11,738,739
Exchange adjustment	-	146,143	908,792	-	-	15,679
Addition during the year	9,645	547,024	30,558,900	-	-	16,310,969
Repaid during the year	(9,088)	(409,622)	(30,662,682)	(250,000)	-	(17,834,982)
Closing balance	1,969	1,293,004	5,352,719	375,000	-	10,230,405
Other assets						
Interest / mark-up accrued	-	741	68,692	17,214	-	298,466
Receivable from defined benefit plan	-	-	-	-	-	845,404
Other receivables / prepayments	-	2,673	9,779	569,142	-	13,445
	-	3,414	78,471	586,356	-	1,157,315



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	As at December 31, 2023 (Audited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
Borrowings						
Opening balance	-	-	3,982,280	12,950,894	2,717,171	1,589,426
Exchange adjustment	-	-	1,159,109	3,224,127	619,856	823,712
Borrowings during the year	-	-	20,166,148	83,310,506	2,348,700	19,662,958
Settled during the year	-	-	(20,138,269)	(82,799,183)	(3,131,600)	(18,863,443)
Transfer (out) / in - net	-	-	-	-	(2,554,127)	2,554,127
Closing balance	-	-	5,169,268	16,686,344	-	5,766,780
Deposits and other accounts						
Opening balance	165,255	523,637	26,259,254	18,870,625	4,204	2,080,483
Exchange adjustment	22,601	59,515	192,882	37,425	795	17,484
Received during the year	1,125,982	6,527,029	467,780,827	1,502,762,670	3,996	194,999,583
Withdrawn during the year	(1,241,035)	(6,485,317)	(456,372,751)	(1,468,086,851)	(7,583)	(195,658,804)
Transfer (out) / in - net	-	-	-	-	(1,412)	1,412
Closing balance	72,803	624,864	37,860,212	53,583,869	-	1,440,158
Other liabilities						
Interest / mark-up payable	1	1,566	1,258,002	242,951	-	40,946
Payable to defined benefit plan	-	-	-	-	-	851,133
Other payables	-	-	8,276	84,594	-	1,191,884
	1	1,566	1,266,278	327,545	-	2,083,963
Contingencies and Commitments						
Letter of credit	-	-	380,194	-	-	924,060
Guarantee	-	-	174,650	5	-	3,535,727
Forward purchase of Government securities	-	7,116	90,212	-	-	334,534
Interest rate swaps	-	-	-	375,000	-	-
	-	7,116	645,056	375,005	-	4,794,321
Others						
Securities held as custodians	-	152,360	22,460,475	214,735,000	-	29,021,560
For the six months ended June 30, 2023 (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	225	43,408	369,833	84,259	-	1,704,204
Fee and commission income	446	6,215	131,436	311,174	-	51,875
Share of profit	-	-	-	1,852,372	313,829	-
Dividend income	-	-	-	-	-	1,341,978
Unrealised loss on derivatives	-	-	-	(56,707)	-	-
Expense						
Mark-up / return / profit / interest expensed	11,726	23,743	1,360,328	4,416,071	-	533,781
Operating expenses						
Total compensation expense	-	2,022,557	-	-	-	963,615
Non-Executive Directors' fees	45,000	-	-	-	-	-
Insurance premium expense	-	-	-	1,634,812	-	-
Product feature cost	-	-	120,673	-	-	-
Travelling	-	-	1,883	-	-	-
Subscription	-	-	-	-	-	6,550
Donations	-	-	-	-	-	395,295
Brokerage and Commission	-	-	-	-	-	149,842
Other Expenses	-	-	45,216	32,939	-	50,574
Provision for diminution in the value of investments	-	-	-	-	-	15,248
Others						
Purchase of Government securities	2,498	126,341	72,494,094	52,655,040	-	44,283,197
Sale of Government securities	80,398	226,668	92,563,109	75,117,463	-	57,734,356
Purchase of foreign currencies	-	6,018	2,825,150	-	-	7,037,761
Sale of foreign currencies	52,805	191,023	2,869,297	2,791	-	15,486
Insurance claims settled	-	-	-	93,667	-	-

36.1 Balances and transactions with group entities include deposits of Rs 0.643 million (December 31, 2023: Rs 0.695 million) from the parent and Rs 1.468 million (June 30, 2023: 2 thousand) as mark-up expense thereon.



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	(Unaudited) June 30, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>14,668,525</u>	<u>14,668,525</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>256,919,865</u>	<u>247,390,727</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>18,782,014</u>	<u>19,129,359</u>
Total Eligible Tier 1 Capital	<u>275,701,879</u>	<u>266,520,086</u>
Eligible Tier 2 Capital	<u>79,814,364</u>	<u>76,305,829</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>355,516,243</u>	<u>342,825,915</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>1,635,921,942</u>	<u>1,641,019,720</u>
Market Risk	<u>239,163,963</u>	<u>197,111,025</u>
Operational Risk	<u>303,760,456</u>	<u>303,760,456</u>
Total	<u>2,178,846,361</u>	<u>2,141,891,201</u>
CET 1 CAR	<u>11.79%</u>	<u>11.55%</u>
Tier 1 CAR	<u>12.65%</u>	<u>12.44%</u>
Total CAR	<u>16.32%</u>	<u>16.01%</u>
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	<u>9.00%</u>	<u>9.00%</u>
of which: capital conservation buffer requirement	<u>1.50%</u>	<u>1.50%</u>
of which: countercyclical buffer requirement	<u>-</u>	<u>-</u>
of which: D-SIB buffer requirement	<u>1.50%</u>	<u>1.50%</u>
CET1 available to meet buffers (as a percentage of risk weighted assets)	<u>5.79%</u>	<u>5.55%</u>
Other information:		
National minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	<u>9.00%</u>	<u>9.00%</u>
Tier 1 minimum ratio (%)	<u>10.50%</u>	<u>10.50%</u>
Total capital minimum ratio (%)	<u>13.00%</u>	<u>13.00%</u>
	(Unaudited) June 30, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
Leverage Ratio (LR)		
Eligible Tier-1 Capital	<u>275,701,879</u>	<u>266,520,086</u>
Total Exposures	<u>6,538,332,656</u>	<u>6,158,603,788</u>
Leverage Ratio (%)	<u>4.22%</u>	<u>4.33%</u>
Minimum Requirement (%)	<u>3.00%</u>	<u>3.00%</u>
Liquidity Coverage Ratio (LCR)		
Average High Quality Liquid Assets	<u>2,282,710,658</u>	<u>1,879,073,951</u>
Average Net Cash Outflow	<u>857,254,077</u>	<u>693,860,676</u>
Liquidity Coverage Ratio (%)	<u>266.28%</u>	<u>270.81%</u>
Minimum Requirement (%)	<u>100.00%</u>	<u>100.00%</u>
Net Stable Funding Ratio (NSFR)		
Available Stable Funding	<u>4,316,542,700</u>	<u>3,812,112,933</u>
Required Stable Funding	<u>2,390,061,261</u>	<u>2,384,738,674</u>
Net Stable Funding Ratio (%)	<u>180.60%</u>	<u>159.85%</u>
Minimum Requirement (%)	<u>100.00%</u>	<u>100.00%</u>

37.1 The SBP has permitted banks to adopt a transitional approach to phase in the initial impact of the ECL for stage 1 and 2 financial assets over a period of five years. Had there been no such relaxation the Group's total CAR would have been lower by 91 bps.



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

38 ISLAMIC BANKING BUSINESS

The Bank operates 408 (December 31, 2023: 408) Islamic Banking branches and 570 (December 31, 2023: 553) 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
Property and equipment
Right-of-use assets
Intangible assets
Due from Head Office
Deferred tax assets
Other assets

Note	(Unaudited) June 30, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
	36,077,842	40,418,980
	1,411,577	476,714
38.1	59,500,000	19,500,000
38.2	296,252,479	226,552,494
38.3	190,814,792	213,054,465
	7,224,592	7,392,659
	6,610,113	6,526,100
	50,851	48,248
	-	-
	4,230,637	1,270,557
	26,590,946	23,894,137
	628,763,829	539,134,354

LIABILITIES

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

	48,111	40,454
38.4	22,502,310	32,119,436
38.5	523,008,997	422,709,734
	7,410,836	9,382,906
	9,124,453	8,572,063
	-	-
	-	-
	18,908,558	23,443,740
	581,003,265	496,268,333

NET ASSETS

47,760,564	42,866,021
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REPRESENTED BY

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

	500,000	500,000
	-	-
	(934,862)	(1,322,417)
38.6	48,195,426	43,688,438
	47,760,564	42,866,021

Contingencies and commitments

38.7	(Unaudited) For the six months ended	
	June 30, 2024	June 30, 2023
	(Rupees in '000)	

PROFIT AND LOSS ACCOUNT

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

38.8	47,103,850	31,824,096
38.9	24,401,673	19,640,615
	22,702,177	12,183,481

Other income

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

1,162,292	768,817
-	-
421,906	426,776
-	-
25,075	12,186
-	-
1,609,273	1,207,779
24,311,450	13,391,260

Total income

Other expenses

Operating expenses
Workers' Welfare Fund
Other charges
Total other expenses

5,779,585	4,011,541
313,798	192,789
125	120
6,093,508	4,204,450

Profit before credit loss allowance

Charge / (reversal) of credit loss allowance and write offs - net

18,217,942	9,186,810
2,528,060	(452,646)

Profit before taxation

Taxation

15,689,882	9,639,456
7,688,042	4,723,333

Profit after taxation

8,001,840	4,916,123
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

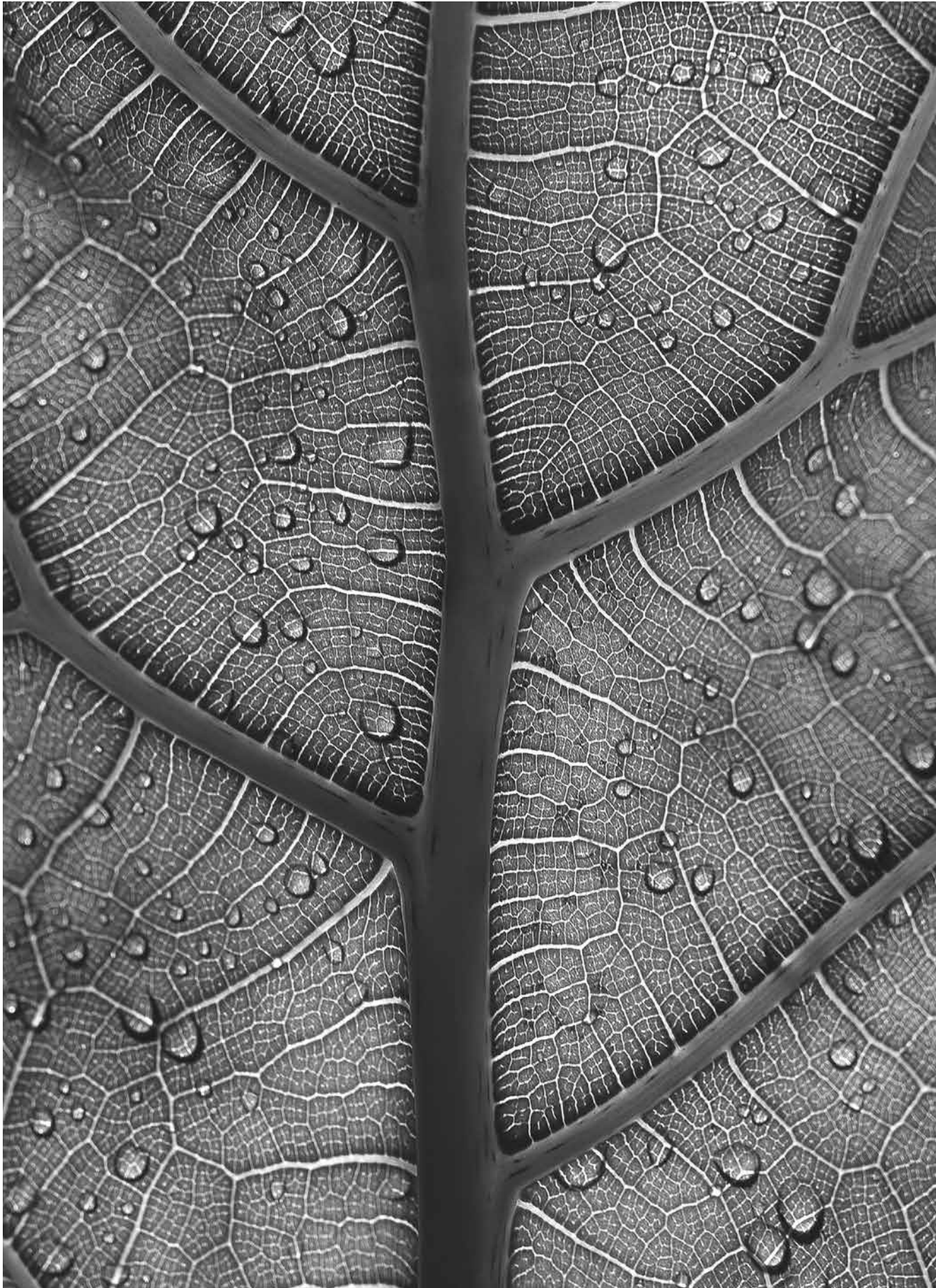
		(Unaudited) June 30, 2024	(Audited) December 31, 2023
		(Rupees in '000)	
38.1	Due from Financial Institutions		
	Call money lendings	9,500,000	17,000,000
	Secured lendings	50,000,000	2,500,000
		<u>59,500,000</u>	<u>19,500,000</u>
38.2	Investments by segments	June 30, 2024 (Unaudited)	
		Cost / amortised cost	Credit loss allowance
		Surplus / (deficit)	Carrying value
		----- (Rupees in '000) -----	
	Fair value through profit and loss (FVTPL)		
	Federal Government securities		
	- Other Federal Government securities	2,705,124	-
		-	-
	Non-Government debt securities		
	- Listed	191,668	-
	- Unlisted	801,000	-
		<u>992,668</u>	<u>992,668</u>
	Fair value through other comprehensive income (FVOCI)		
	Federal Government securities		
	- Ijarah Sukuk	231,521,548	-
		-	(1,964,423)
		-	229,557,125
	Non-Government debt securities		
	- Listed	44,135,417	(35,882)
	- Unlisted	600,000	(6,984)
		<u>44,735,417</u>	<u>(42,866)</u>
		124,377	6,984
		131,361	44,823,912
	Amortised cost		
	Federal Government securities		
	- Ijarah Sukuk	5,000,000	-
		-	-
	Non-Government debt securities		
	- Unlisted	13,402,376	(228,726)
		<u>298,357,133</u>	<u>(271,592)</u>
	Total Investments	<u>298,357,133</u>	<u>(1,833,062)</u>
		<u>296,252,479</u>	<u>296,252,479</u>
		December 31, 2023 (Audited)	
		Cost / amortised cost	Provision for diminution
		Surplus / (deficit)	Carrying value
		----- (Rupees in '000) -----	
	Available for sale (AFS) securities		
	Federal Government securities		
	- Ijarah Sukuk	164,825,661	-
	- Other Federal Government securities	5,543,158	-
		<u>170,368,819</u>	<u>(2,631,310)</u>
		-	-
		-	162,194,351
	Non-Government debt securities		
	- Listed	44,891,462	-
	- Unlisted	1,401,000	-
		<u>46,292,462</u>	<u>36,836</u>
		-	1,500
		-	44,928,298
	Held to maturity (HTM) securities		
	Non-Government debt securities		
	- Unlisted	12,484,187	-
		-	-
		-	12,484,187
	Total Investments	<u>229,145,468</u>	<u>(2,592,974)</u>
		<u>226,552,494</u>	<u>226,552,494</u>
		June 30, 2024 (Unaudited)	
		Stage 1	Stage 2
		Stage 3	Total
		----- (Rupees in '000) -----	
38.2.1	Particulars of credit loss allowance		
	Non Government debt securities	118,592	-
		-	153,000
		<u>118,592</u>	<u>271,592</u>



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	(Unaudited) June 30, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
38.3 Islamic financing and related assets - net		
Diminishing Musharakah	92,344,754	93,090,208
Running Musharakah	45,620,380	46,748,573
Wakalah	14,570,724	15,112,848
Ijarah	4,203,508	3,771,372
Murabaha	1,964,803	1,937,342
Currency Salam	-	82,738
Tijarah	3,532,579	2,422,198
Istisna	1,224,397	2,053,597
Musawamah	1,029,567	3,191,914
Advance for Diminishing Musharakah	2,869,149	3,820,249
Advance for Ijarah	3,849,079	3,498,372
Advance for Murabaha	11,447,946	10,561,441
Advance for Salam	199,223	2,032,234
Advance for Istisna	11,389,512	16,079,982
Advance for Musawamah	1,339,665	595,848
Inventories against Murabaha	1,704,496	5,784,149
Inventories against Salam	2,877,011	-
Inventories against Tijarah	3,834,962	5,088,392
Inventories against Istisna	2,371,377	3,842,828
Islamic financing and related assets - gross	<u>206,373,132</u>	<u>219,714,285</u>
Credit loss allowance against Islamic financing and related assets		
- Stage 1	(906,961)	-
- Stage 2	(923,954)	-
- Stage 3	(13,680,750)	-
Specific	-	(5,523,177)
General	(46,675)	(1,136,643)
	<u>(15,558,340)</u>	<u>(6,659,820)</u>
Islamic financing and related assets - net of credit loss allowance	<u>190,814,792</u>	<u>213,054,465</u>
38.4 Due to financial institutions		
Acceptances from the SBP under:		
- Islamic export refinance scheme	10,484,195	19,406,548
- Islamic export refinance scheme for bill discounting	547,876	556,808
- Islamic long term financing facility	6,100,227	6,481,973
- Islamic financing facility for renewable energy power plants	666,336	644,321
- Islamic refinance facility for modernization of Small & Medium Enterprises (SMEs)	251,686	286,208
- Islamic refinance and credit guarantee scheme for women entrepreneurs	775	1,765
- Islamic refinance facility for combating COVID-19	345,259	355,448
- Islamic temporary economic refinance facility	2,105,956	2,386,365
Acceptances from Pakistan Mortgage Refinance Company	2,000,000	2,000,000
	<u>22,502,310</u>	<u>32,119,436</u>
38.5 Deposits and other accounts		
Customers		
Current deposits	114,878,508	109,005,139
Savings deposits	337,122,260	279,911,025
Term deposits	30,495,454	29,238,524
	<u>482,496,222</u>	<u>418,154,688</u>
Financial Institutions		
Current deposits	148,779	92,442
Savings deposits	40,227,350	4,360,958
Term deposits	136,646	101,646
	<u>40,512,775</u>	<u>4,555,046</u>
	<u>523,008,997</u>	<u>422,709,734</u>
38.6 Islamic Banking business unappropriated profit		
Opening Balance	43,688,438	32,922,558
Impact of adoption of IFRS 9	(3,468,456)	-
Add: Islamic Banking profit for the period / year	15,689,882	21,124,836
Less: Taxation	(7,688,042)	(10,351,170)
Less: Transferred / Remitted to Head Office	(26,396)	(7,786)
Closing Balance	<u>48,195,426</u>	<u>43,688,438</u>



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Unconsolidated Financial Statements

Directors' Review

On behalf of the Board of Directors, we are pleased to present the Unconsolidated Financial Statements for the half-year ended June 30, 2024.

Macroeconomic Review

After the severe headwinds of FY'23, the economy underwent broad-based stabilization in FY'24 – moderate recovery in GDP growth, improved confidence, easing external pressures, contained twin deficits and receding inflation. Provisional estimates indicate that Pakistan's GDP grew by 2.4% in FY'24 versus a contraction witnessed in the previous year; led by a robust 6.3% growth in agriculture and a 1.2% recovery in industrial activity. The Large Scale Manufacturing Index exhibited a growth of 0.9% in FY'24 which, while muted, was a considerable improvement over the 10.3% decline in FY'23.

Inflation has been on a downtrend since the start of the year, falling from 29.7% in Dec'23 to 12.6% in Jun'24. Average inflation for FY'24 was 23.4%, at the lower end of SBP's forecast of 23-25% and significantly lower than the 29.2% in FY'23. The deceleration in inflation has been supported by a proactive monetary policy, improved agricultural output, fiscal consolidation and a stable currency, along with a sharp decline in food prices in H2FY'24. The trajectory has continued into FY'25, with the Jul'24 reading clocking in at 11.1%.

Pakistan's current account recorded a \$ 0.7 billion deficit in FY'24, the lowest in 13 years, and a nearly 80% reduction from FY'23, reflecting improvements in the trade balance and remittances. Imports remained static, increasing by 0.9% as higher imports of machinery were offset by lower petroleum imports; exports grew by 11.6%, as improved crop production boosted food exports. The trade deficit for FY'24 thus narrowed by 11%, to \$ 22.1 billion. Remittances hit an all-time high of \$ 3.2 billion in May'24 on account of Eid-related inflows and were up 10.7% to \$ 30.3 billion in FY'24, a sharp reversal from the 12.6% decline in FY'23.

FX reserves at end-Jun'24 reached a 24-month high of \$9.4 billion as Pakistan successfully concluded the second review under the Standby Arrangement (SBA) and received a \$1.1 billion IMF tranche during the quarter. The SBA unlocked additional bilateral funding which, along with inflows from multilateral agencies helped boost reserves despite debt repayments of nearly \$9.4 billion during FY'24. The external account stability has led to a rally in Pakistan's sovereign bonds with yields for the Sep'25 maturity declining to 11% as of Jul'24 versus 40% at the start of FY'24. Reserve stability has also led to a gradual strengthening of the Rupee, which improved by 1.3% in H1'24 to Rs 278.3/\$.

Pakistan's fiscal deficit for FY'24 declined to 6.8% of GDP, from 7.7% in FY'23. More importantly, a primary surplus of 0.9% of GDP was recorded, the first surplus in 20 years. Tax collection increased by 30% to Rs 9.3 trillion; spending rose by 27%, mainly driven by current expenditure and a 43% rise in debt servicing, with only a meagre growth in the PSDP. The Federal Budget for FY'25 targets a primary surplus of 2.0% of GDP, placing an emphasis on mobilizing additional revenue. Tax collection is budgeted to rise by 39% to Rs 13.0 trillion in FY'25, with the growth expected mainly from GST and income tax. In line with IMF pre-conditions, some measures have been taken to reduce exemptions; however, as usual, little has been done to expand the tax base with most of the income tax burden falling unfairly on existing taxpayers.

The equity market has seen a sustained bull run throughout 2024, setting new records and outperforming even the most optimistic projections; the KSE Index crossed the 80,000 mark in July, before a slight recent correction. During FY'24, stocks yielded a 21-year high return of 89%; in USD terms, the return was 94%, making the PSX the world's best performing market. Sentiments have remained strong, buoyed by currency stability, cheap valuations and expectations of lower interest rates, as well as a resumption of foreign inflows.

The SBP, after holding the status quo since June 2023, started a monetary easing cycle, cutting rates in consecutive meetings, totaling 250bps, to 19.5% in July 2024. The MPC highlighted that an improvement in the external position, a steady and continued decline in inflation and significantly positive real rates provided enough room to reduce the Policy rate in a calibrated manner to support economic activity. However, they cautioned that upside risks to inflation remained from fiscal slippages and future energy price adjustments. Private sector credit has remained stagnant throughout the year. Industry advances improved slightly by 0.7% from Dec'23 levels while deposits increased by 11.8% during the same period. During H1'24, banking spreads have declined by 35bps compared to H1'23.

Financial Performance

HBL has delivered a unconsolidated profit before tax of Rs 57.9 billion for H1'24, growing by 9% over the same period last year. All businesses continued to perform strongly, with the turnaround now embedded in the international franchise. The Bank's profit after tax rose by 3% to Rs 28.7 billion, while earnings per share improved from Rs 18.89 in H1'23 to Rs 19.53 in H1'24.

The Bank's balance sheet grew 13% to Rs 5.9 trillion with total deposits growing by Rs 714 billion over Dec'23 to Rs 4.6 trillion. Domestic deposits increased by 20%, crossing a landmark Rs 4 trillion; this was well ahead of market growth of 11.8%, increasing market share to 13.3%. The growth was primarily in CASA deposits, with the mix improving from 85.8%

in Dec'23 to 87.0% in Jun'24. Although private sector credit demand has remained restrained in 2024, domestic advances improved by 2.2% from the Mar'24 trough, increasing to Rs 1.35 trillion; all business have begun to show an uptick, with HBL's total advances at Rs 1.6 trillion.

Average domestic deposits increased by Rs 550 billion, driving a 16% growth in the balance sheet, to Rs 4.3 trillion. With falling inflation raising expectations of a rate cut, market rates dipped, and for a period were even below the minimum deposit rate; spreads thus compressed sharply. Nevertheless, volume growth led to a 6% rise in domestic net interest income over H1'23. This was complemented by consistent growth in the international business, supported by elevated interest margins; the Bank's total net interest income for H1'24 thus increased by 7% over the same period last year, to Rs 112.9 billion. HBL continued its dominance in fees, growing by 22% to Rs 21.3 billion for H1'24. As always, the flagship Cards franchise posted stellar results, delivering more than 45% of the fee growth; branch banking also returned a strong fee performance. Total non-fund income increased by 37% to Rs 35.0 billion with total revenue rising by 13%, to Rs 147.9 billion.

Continued high inflation for the first half of the year has increased administrative expenses by 15.5% over H1'23 to Rs 82.0 billion, trends that are in line with the industry. However, proactive cost management efforts enabled HBL to reduce expenses over the previous quarter. Consequently, the cost/income ratio reduced from 56.1% in Q1'24 to 54.8% in Q2'24. An increase in non-performing loans along with a flattish loan book have induced an uptick in the infection ratio over the previous quarter, to 5.9%. As a result of prudent provisioning, the specific coverage has increased from 85% in Dec'23 to 92% in Jun'24; the total coverage remains above 100%.

Movement of Reserves

	Rupees in million
Unappropriated profit brought forward	206,492
Impact of change in accounting policy – adoption of IFRS 9	(12,933)
Unappropriated profit brought forward – restated	<u>193,559</u>
Profit after tax	<u>28,650</u>
Transferred from surplus on revaluation of assets – net of tax	43
Realised gain on equity investments designated as FVOCI	296
	<u>28,989</u>
Profit available for appropriations	<u>222,548</u>
Appropriations	
Transferred to statutory reserves	<u>(2,866)</u>
Cash dividend – Final 2023	<u>(5,867)</u>
Cash dividend – Q1 2024	<u>(5,867)</u>
Total appropriations	<u>(14,600)</u>
Unappropriated profit carried forward	<u>207,948</u>
Earnings per share (Rupees)	<u>19.53</u>

Capital Ratios

Internal capital generated by the strong results further strengthened HBL's capital ratios during the period while also enabling a better dividend payout. The Unconsolidated Tier 1 CAR increased from 13.44% in Dec'23 to 13.54% in Jun'24, while total CAR increased from 17.28% to 17.44% over the same period.

Credit Ratings

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

Dividend

The Board of Directors, in its meeting held on August 26, 2024, has declared an interim cash dividend of Rs 4.0 per share (40%) for the quarter ended June 30, 2024.

Future Outlook

Despite a significant improvement in the macroeconomic back-drop over the course of the year, the country's myriad structural weaknesses – including a narrow tax base, limited private investment, and distortions in the energy chain – are

yet to be resolved. The previous SBA and the conclusion of negotiations on a 37-month, \$7.0 billion Extended Fund Facility (EFF) have lowered the risk of policy slippages. However, lapses in the reform agenda cannot be ruled out in the currently fraught political environment. It appears that the Government has made adherence to the IMF stipulations a cornerstone of their economic policy. However, the recent electricity relief package in the Punjab flies in the face of IMF recommendations and it remains to be seen how this plays out.

While the Staff Level Agreement was celebrated with much fanfare in July, the EFF is yet to be approved by the IMF Board, and the initial euphoria has been tempered by the delays in getting this on to the Board's agenda. The EFF is crucial given the substantial external financing needs over the next five years; while FX reserves are far healthier than in previous years, they remain at less than two months of import cover. IMF Board approval should spur further easing of credit conditions, and international ratings should improve, following Fitch's upgrade in July. This should help in facilitating access to international funding, which has been scarce in the last two years.

Inflationary pressures have cooled, and we expect CPI to average 11%-12% in FY'25. After the strong growth in FY'24, agriculture is expected to slow; this should be compensated by stronger industrial and services growth on the back of lower rates and higher development spending with real GDP growth rising slightly, to 2.5% – 3.0%. The SBP is expected to maintain a prudent monetary policy, keeping real interest rates significantly positive. The USD/PKR parity will be supported by a benign current account as well as continued controls on capital flight.

The macro-stabilization efforts underway, however, have had a deleterious effect on the real economy, with demand for industrial and service goods slumping over the course of the last two years; a demand recovery will be gradual, at best, over FY'25. Elevated external financing needs and the revenue-driven budget will keep economic growth below its potential in the medium-term. To break this cycle and create the much-needed fiscal space to support growth, the government urgently needs to undertake structural reforms as agreed with the IMF – i) accelerating privatization of SOEs ii) decisive energy sector reforms iii) enhancing export competitiveness and iv) widening the tax base rather than taxing the already-taxed.

Despite the numerous headwinds, HBL continues to deliver improved results, expanding financial access to customers. We continue to dominate the thought leadership space, supporting the Government in every sphere, from renewable energy to cybersecurity awareness. After having helped Pakistan exit the FATF grey list, we are now helping to ensure that these actions are embedded in our institutions and policies. HBL's digital journey continues to make strides; across all businesses, volumes are growing at an accelerated pace. Over 4.2 million users of HBL Mobile and Internet Banking transacted Rs 3.5 trillion in the first half of 2024 while Konnect volumes crossed a milestone of Rs 0.5 trillion. Konnect is a pivotal player in the growth of Pakistan's eSports ecosystem and recently held its third "Aur Khelo" tournament, actively fostering a vibrant sports gaming community. HBL's commitment to ESG principles is well established; recently we have started to eliminate all single-use plastic from our premises. To foster an inclusive and respectful workplace, HBL has dedicated programs for differently-abled people, an initiative that is championed from the top. Employee volunteerism is part of our ethos – from blood camps to tree plantation drives to helping the less privileged, HBL's employees spent more than 2,000 hours of their personal time to create a better and brighter Pakistan for all.

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. In these challenging times, they have stepped up 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, many of whom have banked with us for generations, and who continue to entrust us with their business and confidence. Our shareholders have provided steadfast support and to them, and to all our stakeholders, we are deeply grateful. The Board and the management remain committed to maintaining the highest standards of governance and we assure our stakeholders that we will be industry leaders in this area.

Lastly, but certainly not the least, we express our deepest appreciation and gratitude to our employees and their families, especially in customer facing units and branches, who continually go the extra mile, even at personal cost, 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 Nassir Salim
President & Chief Executive Officer

Moez Ahamed Jamal
Director

August 26, 2024

ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2024 کو ختم ہونے والی پہلی ششماہی کے مختصر عبوری غیر مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

مالی سال 23 کی شدید مشکلات کے بعد مالی سال 24 میں معیشت میں وسیع پیمانے پر استحکام آیا جس میں GDP کی شرح نمو میں معتدل بحالی، اعتماد میں بہتری، بیرونی دباؤ میں کمی، دہرے خسارے پر قابو اور افراط زر میں کمی شامل ہیں۔ عبوری تخمینوں سے ظاہر ہوتا ہے کہ مالی سال 24 میں پاکستان کی GDP میں 2.4% اضافہ ہوا جبکہ گزشتہ سال اس میں کمی دیکھی گئی تھی۔ زراعت میں 6.3% اور صنعتی سرگرمی میں 1.2% کی بحالی کی وجہ سے۔ لارج اسکیل مینوفیکچرنگ انڈیکس میں مالی سال 24 میں 0.9% اضافہ دیکھا گیا جو مالی سال 23 میں 10.3% کی کمی کے مقابلے میں خاطر خواہ بہتر تھا۔

سال کے آغاز سے ہی افراط زر میں کمی کارخانوں کی رہائی، جو دسمبر 23 میں 29.7% سے کم ہو کر جون 24 میں 12.6% ہو گئی۔ مالی سال 24 کے لیے اوسط افراط زر 23.4% تھی جو SBP کی 23-25% کی پیش گوئی سے کم تھی اور مالی سال 23 کے 29.2% کے مقابلے میں نمایاں طور پر کم تھی۔ افراط زر میں کمی کو فعال مانیٹری پالیسی، بہتر زرعی پیداوار، مالی استحکام اور مستحکم کرنسی کے ساتھ ساتھ مالی سال 24 کی دوسری ششماہی میں خوراک کی قیمتوں میں تیزی سے کمی سے سہارا ملا۔ یہ سفر مالی سال 25 تک جاری رہا جس میں جولائی 24 کی ریڈنگ 11.1% نظر آ رہی ہے۔

مالی سال 24 میں پاکستان کے کرنٹ اکاؤنٹ میں 0.7 بلین ڈالر کا خسارہ ریکارڈ کیا گیا جو 13 سال میں سب سے کم ہے اور جس میں مالی سال 23 کے مقابلے میں تقریباً 80% کمی ہوئی ہے جو تجارتی توازن اور ترسیلات زر میں بہتری کی عکاسی کرتی ہے۔ درآمدات مستحکم رہیں اور ان میں 0.9% اضافہ ہوا کیونکہ مشینری کی زیادہ درآمدات پر چیٹرو لیٹیم کی کم درآمدات کی وجہ سے اثر ہوا۔ برآمدات میں 11.6% اضافہ ہوا جس کی وجہ فصلوں کی بہتر پیداوار سے خوراک کی برآمدات میں اضافہ ہے۔ اس طرح مالی سال 24 کے لیے تجارتی خسارہ 11% فیصد کم ہو کر 22.1 بلین ڈالر رہ گیا۔ عید کے موقع پر ترسیلات زر کی وجہ سے مئی 24 میں ترسیلات زر 3.2 بلین ڈالر کی تاریخی بلند ترین سطح پر پہنچ گئیں جو مالی سال 24 میں 10.7% اضافے کے ساتھ 30.3 بلین ڈالر تک پہنچ گئیں جو مالی سال 23 میں 12.6% کمی کے مقابلے میں ایک بڑی تبدیلی ہے۔

جون 24 کے آخر میں زر مبادلہ کے ذخائر 24 ماہ کی بلند ترین سطح 9.4 بلین ڈالر پر پہنچ گئے کیونکہ پاکستان نے اسٹینڈ بائی آرینجمنٹ (SBA) کے تحت دوسرا جائزہ کامیابی سے مکمل کیا اور سہ ماہی کے دوران IMF سے 1.1 بلین ڈالر کی قسط وصول کی۔ SBA نے اضافی دو طرفہ فنڈنگ کا آغاز کیا جس سے ملٹی لیٹرل ایجنسیوں کی جانب سے سرمایہ کاری کے ساتھ ساتھ مالی سال 24 کے دوران تقریباً 9.4 بلین ڈالر کے قرضوں کی ادائیگی کے باوجود ذخائر بڑھانے میں مدد ملی۔ ایکسٹرنل اکاؤنٹ کے استحکام کی وجہ سے پاکستان کے خود مختار بانڈز میں تیزی آئی ہے اور ستمبر 25 کی میچورٹی کے لیے منافع مالی سال 24 کے آغاز میں 40% کے مقابلے میں جولائی 24 تک کم ہو کر 11% رہ گیا۔ ذخائر کے استحکام کی وجہ سے روپیہ بھی بتدریج مضبوط ہوا ہے جو پہلی ششماہی میں 1.3% بہتر ہو کر 278.3 روپے فی ڈالر پر پہنچ گیا۔

مالی سال 24 میں پاکستان کا مالیاتی خسارہ GDP کے 6.8% تک آ گیا جو مالی سال 23 میں 7.7% تھا۔ اس سے بھی اہم بات یہ ہے کہ GDP کا پرائمری سرپلس 0.9% ریکارڈ کیا گیا، جو 20 سالوں میں پہلا سرپلس ہے۔ ٹیکس وصولی 30% اضافے کے ساتھ 9.3 ٹریلین روپے تک پہنچ گئی۔ اخراجات میں 27% اضافہ بنیادی طور پر موجودہ اخراجات اور قرضوں کی ادائیگی میں 43% اضافے کی وجہ سے ہوا، PSDP میں صرف معمولی اضافہ ہوا۔ مالی سال 25 کے وفاقی بجٹ میں GDP کے 2.0% کے پرائمری سرپلس کا ہدف رکھا گیا ہے، جس میں اضافی محصولات کو متحرک کرنے پر زور دیا گیا ہے۔ مالی سال 25 میں ٹیکس وصولی 39% اضافے کے ساتھ 13.0 ٹریلین روپے تک پہنچنے کا امکان ہے، جس میں اضافہ بنیادی طور پر GST اور انکم ٹیکس سے متوقع ہے۔ IMF کی پیشگی شرائط کے مطابق اسٹیٹ کی کم کرنے کے لیے کچھ اقدامات کیے گئے ہیں۔ تاہم، ہمیشہ کی طرح، ٹیکس کی بنیاد وسیع کرنے کے لیے بہت کم کام کیا گیا ہے اور انکم ٹیکس کا زیادہ تر بوجھ موجودہ ٹیکس دہندگان پر غیر منصفانہ طور پر پڑ رہا ہے۔

ایکویٹی مارکیٹ نے 2024 کے دوران مسلسل تیزی دیکھی ہے، جس نے نئے ریکارڈ قائم کیے ہیں۔ یہاں تک کہ سب سے زیادہ امید افزا اندازوں کو بھی پیچھے چھوڑ دیا ہے۔ KSE انڈیکس جولائی میں حالیہ معمولی بہتری سے قبل 80 ہزار کی حد عبور کر گیا تھا۔ مالی سال 24 کے دوران اسٹاک نے 21 سال کی بلند ترین سطح 89% کا منافع حاصل کیا۔ امریکی ڈالر کے لحاظ سے، منافع 94% تھا، جس نے PSX کو دنیا کی بہترین کارکردگی کا مظاہرہ کرنے والی مارکیٹ بنا دیا۔ کرنسی کے استحکام، سستے ویلیو ایشن اور کم شرح سود کی توقعات کے ساتھ ساتھ غیر ملکی سرمایہ کاری کی بحالی کی وجہ سے جذبات مضبوط رہے ہیں۔

SBP نے جون 2023 سے حسب حال رہنے کے بعد مالیاتی نرمی کا عمل شروع کیا اور لگاتار میٹنگز میں شرح سود میں 250bps کی کمی کرتے ہوئے اسے جولائی 2024 میں 19.5% کر دیا۔ MPC نے اس بات پر روشنی ڈالی کہ بیرونی صورتحال میں بہتری، افراط زر میں مستحکم اور مسلسل کمی اور نمایاں طور پر مثبت حقیقی شرحوں نے معاشی سرگرمیوں کی معاونت کے لیے پالیسی ریٹ کو منظم انداز میں کم کرنے کے لیے کافی گنجائش فراہم کی ہے۔ تاہم، انہوں نے خبردار کیا کہ مالی خسارے اور مستقبل میں توانائی کی قیمتوں کی ایڈجسٹمنٹ سے افراط زر میں اضافے کا خطرہ برقرار ہے۔ نجی شعبے کے قرضے سال بھر جمود کا شکار رہے ہیں۔ صنعتی قرضوں میں دسمبر 23 کی سطح سے 0.7% کی معمولی بہتری آئی جبکہ اسی عرصے کے دوران ڈپازٹس میں 11.8% اضافہ ہوا۔ سال 24 کی پہلی ششماہی کے دوران بینکنگ اسپریڈ میں سال 23 کی پہلی ششماہی کے مقابلے میں 35bps کی کمی واقع ہوئی ہے۔

مالیاتی کارکردگی

HBL نے سال 24 کی پہلی ششماہی میں 57.9 بلین روپے کا قبل از ٹیکس غیر مجموعی منافع حاصل کیا ہے جو گزشتہ سال کے اسی عرصے کے مقابلے میں 9% زیادہ ہے۔ تمام کاروباری کارکردگی بہترین رہی، جس کے ثمرات اب بین الاقوامی فرنیچائز میں شامل ہیں۔ بینک کا بعد از ٹیکس منافع 3% اضافے کے ساتھ 28.7 بلین روپے تک پہنچ گیا جبکہ فی حصص آمدنی سال 23 کی پہلی ششماہی میں 18.89 روپے سے بڑھ کر سال 24 کی پہلی ششماہی میں 19.53 روپے ہو گئی۔

بینک کی بیلنس شیٹ 13% اضافے کے ساتھ 5.9 ٹریلین روپے تک پہنچ گئی جبکہ مجموعی ڈپازٹس دسمبر 23 کے مقابلے میں 714 بلین روپے بڑھ کر 4.6 ٹریلین روپے ہو گئے۔ مقامی ڈپازٹس میں 20% اضافہ ہوا اور یہ 4 ٹریلین روپے سے تجاوز کر گئے۔ یہ 11.8% کی مارکیٹ کی نمو سے بہت آگے تھا، جس سے مارکیٹ شیئر بڑھ کر 13.3% ہو گیا۔ یہ اضافہ بنیادی طور پر CASA ڈپازٹس میں ہوا، جس میں دسمبر 23 میں 85.8% سے جون 24 میں 87.0% تک بہتری آئی۔ اگرچہ 2024 میں نجی شعبے کے قرضوں کی طلب محدود رہی ہے، لیکن ملکی قرضوں میں مارچ 24 کے مقابلے میں 2.2% بہتری آئی ہے، جو بڑھ کر 1.35 ٹریلین روپے ہو گئی ہے۔ HBL کے مجموعی ایڈوانسز 1.6 ٹریلین روپے کے ساتھ تمام کاروبار میں تیزی آنا شروع ہو گئی ہے۔

اوسط مقامی ڈپازٹس میں 550 بلین روپے کا اضافہ ہوا جس سے بیلنس شیٹ 16% اضافے کے ساتھ 4.3 ٹریلین روپے تک پہنچ گئی۔ افراط زر میں کمی کی وجہ سے شرح میں کٹوتی کی توقعات بڑھ گئیں، مارکیٹ کی شرحیں کم ہو گئیں، اور ایک مدت کے لیے کم از کم ڈپازٹ ریٹ سے بھی نیچے تھیں۔ اس طرح اسپریڈز پر دباؤ تیزی سے بڑھ گیا۔ اس کے باوجود حجم میں اضافے کی وجہ سے سال 23 کی پہلی ششماہی کے مقابلے میں ملکی خالص سودی آمدنی میں 6% اضافہ ہوا۔ جو بین الاقوامی کاروبار میں مسلسل ترقی سے ہوئی، جس میں بلند شرح سود کے مارجن کی مدد حاصل تھی۔ اس طرح سال 24 کی پہلی ششماہی میں بینک کی کل خالص سودی آمدنی گزشتہ سال کے اسی عرصے کے مقابلے میں 7% اضافے کے ساتھ 112.9 بلین روپے رہی۔ HBL نے فیسوں میں اپنی برتری برقرار رکھی اور سال 24 کی پہلی ششماہی میں فیسوں میں 22% اضافے کے ساتھ 21.3 بلین روپے تک پہنچ گیا۔ ہمیشہ کی طرح، فلیگ شپ کارڈز فرنیچائز نے شاندار نتائج دیے، فیس میں 45% سے زیادہ اضافہ ہوا۔ برانچ بینکنگ نے بھی ایک مضبوط فیس کارکردگی دکھائی۔ مجموعی نان فنڈ انکم 37% اضافے سے 35.0 بلین روپے جبکہ مجموعی آمدنی 13% اضافے سے 147.9 بلین روپے رہی۔

سال کے پہلے نصف میں مسلسل افراط زر کی وجہ سے انتظامی اخراجات سال 23 کی پہلی ششماہی کے مقابلے میں 15.5% اضافے کے ساتھ 82.0 بلین روپے تک پہنچ گئے ہیں۔ تاہم، لاگت کے فعال انتظام کی کوششوں سے HBL پچھلی سہ ماہی کے مقابلے میں اخراجات کو کم کر پایا۔ نتیجتاً، لاگت / آمدنی کا تناسب سال 24 کی پہلی سہ ماہی میں 56.1% سے کم ہو کر سال 24 کی پہلی سہ ماہی میں 54.8% رہ گیا۔ نان پرفارمنگ قرضوں میں اضافے کے ساتھ ساتھ قرضوں میں کمی کی وجہ سے انفیکشن کی شرح پچھلی سہ ماہی کے مقابلے میں بڑھ کر 5.9% ہو گئی۔ دانشمندانہ پروڈونگ کے نتیجے میں مخصوص کوریج دسمبر 23 میں 85% سے بڑھ کر جون 24 میں 92% ہو گئی ہے۔ کل کوریج بدستور 100% سے زیادہ ہے۔

ذخائر میں اتار چڑھاؤ

ملین روپے

206,492

(12,933)

193,559

28,650

43

296

28,989

222,548

(2,866)

(5,867)

(5,867)

(14,600)

207,948

19.53

افتتاحی غیر تخصیص شدہ منافع

اکاؤنٹنگ پالیسی میں تبدیلی کے اثرات - IFRS9 کی ایڈاپشن

افتتاحی غیر تخصیص شدہ منافع کی دوبارہ تخصیص

بعد از ٹیکس منافع

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

FVOCI کے طور پر ایکویٹی کی سرمایہ کاری پر حاصل شدہ منافع

مناسب کارروائی کے لیے دستیاب منافع

مختلف مدوں میں رکھی گئی رقوم:

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ - حتمی 2023

نقد منافع منقسمہ - پہلی سہ ماہی 2024

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

فی حصص (شیئر) آمدنی (روپے)

سرمائے کا تناسب

مضبوط نتائج سے پیدا ہونے والے اندرونی سرمائے نے اس عرصے کے دوران HBL کا سرمائے کا تناسب مزید مستحکم کیا اور بہتر منافع کی ادائیگی بھی ممکن بنائی۔ مجموعی Tier 1 CAR 23 میں 13.44% سے بڑھ کر جون 24 میں 13.54% ہو گیا، جبکہ اسی عرصے کے دوران کل CAR 17.28% سے بڑھ کر 17.44% ہو گیا۔

کریڈٹ ریٹنگ

سہ ماہی کے دوران، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کی کریڈٹ ریٹنگ کی بالترتیب طویل میعاد اور قلیل میعاد کے لیے +A-1/AAA پر توثیق کی۔ اس کے ایڈیشنل Tier 1 کیپٹل کے طور پر جاری کردہ TFCs کی ریٹنگ بھی AA+ پر برقرار رکھی گئی ہے۔ تمام ریٹنگز پر آؤٹ لک مستحکم ہے۔ ان ریٹنگز میں HBL کی ملک کے سب سے بڑے کمرشل بینک کی حیثیت، اس کی مضبوط فرہنگچاز اور متنوع آپریشنز شامل ہیں، اور متنوع ڈیپازٹرز ہیں، مضبوط اثاثوں کے معیار اور منظم اہمیت کے ساتھ اس کی مضبوط لیکویڈیٹی کی عکاسی کرتے ہیں۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 26 اگست 2024 کو منعقد ہونے والے اجلاس میں 30 جون 2024 کو اختتام پذیر ہونے والی سہ ماہی کے لیے 4.0 روپے فی حصص (40%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

مستقبل کی صورت حال

سال کے دوران کلیاتی اقتصادی صورتحال میں نمایاں بہتری کے باوجود، ملک کی بے شمار ساختی کمزوریاں۔ بشمول محدود ٹیکس بیس، محدود نجی سرمایہ کاری، اور انرجی چین میں تعطل ابھی تک دور نہیں کی گئیں۔ گزشتہ SBA اور 37 ماہ پر محیط 7.0 بلین ڈالر کی ایکسٹینڈڈ فنڈ فیسلٹی (EFF) پر مذاکرات کے اختتام نے پالیسی میں خامیوں کا خطرہ کم کیا ہے۔ تاہم موجودہ کشیدہ سیاسی ماحول میں اصلاحاتی ایجنڈے میں کوتاہیوں سے انکار نہیں کیا جاسکتا۔ ایسا لگتا ہے کہ حکومت نے IMF کی شرائط پر عمل درآمد کو اپنی معاشی پالیسی کا سنگ بنیاد بنا لیا ہے۔ تاہم پنجاب میں بجلی کے حالیہ ریلیف پیکیج IMF کی سفارشات کی کھلم کھلا خلاف ورزی ہے اور ہمیں بدستور دیکھنا ہو گا کہ اس کے کیا اثرات مرتب ہوتے ہیں۔

اگرچہ اسٹاف لیول ایگریمنٹ پر جولائی میں بہت دھوم دھام مچی تھی، لیکن EFF ابھی تک IMF بورڈ سے منظور نہیں ہوئی، اور ابتدائی خوشی بورڈ کے ایجنڈے میں شامل کرنے میں تاخیر کی وجہ سے کم ہو گئی ہے۔ اگلے پانچ سالوں میں بیرونی فنانشنگ کی کافی ضروریات کے پیش نظر EFF بہت اہم ہے۔ اگرچہ زر مبادلہ کے ذخائر پچھلے سالوں کے مقابلے میں کہیں بہتر ہیں، لیکن وہ دو ماہ سے بھی کم درآمدی کو پر ہیں۔ IMF بورڈ کی منظوری سے قرض کی شرائط میں مزید نرمی آئے گی اور جولائی میں فچ کی اپ گریڈ کے بعد بین الاقوامی ریٹنگ میں بھی بہتری آئے گی۔ اس سے بین الاقوامی فنڈنگ تک رسائی آسان بنانے میں مدد ملنی چاہیے، جو گزشتہ دو سالوں میں کم رہی ہے۔

افراط زر کے دباؤ میں کمی آئی ہے اور توقع ہے کہ مالی سال 25 میں CPI اوسطاً 11% سے 12% فیصد رہے گا۔ مالی سال 24 میں مضبوط نمو کے بعد، زراعت کی رفتار سست ہونے کی توقع ہے۔ اس کی تلافی کی شرح اور زیادہ ترقیاتی اخراجات کی وجہ سے مضبوط صنعتی اور خدمات میں نمو سے کی جانی چاہیے جس میں حقیقی GDP کی شرح نمو قدرے بڑھ کر 2.5% سے 3.0% تک پہنچ گئی ہے۔ توقع ہے کہ SBP ایک دانشمندانہ مانیٹری پالیسی برقرار رکھے گا اور حقیقی شرح سود نمایاں طور پر مثبت رکھے گا۔ امریکی ڈالر / پاکستانی روپے کی برابری بے ضرر کرنٹ اکاؤنٹ کے ساتھ ساتھ سرمائے کے بیرونی بہاؤ پر مسلسل کنٹرول سے سنبھلی رہے گی۔

کلیاتی استحکام کی جاری کوششوں نے حقیقی معیشت پر مضر اثرات مرتب کیے ہیں، گزشتہ دو سالوں کے دوران صنعتی اور خدمات کی اشیاء کی طلب میں تیزی سے کمی واقع ہوئی ہے۔ مالی سال 25 کے دوران طلب بتدریج بحال ہوگی۔ بیرونی فنانشنگ کی ضروریات میں اضافہ اور محصولات پر مبنی بجٹ درمیانی مدت میں معاشی ترقی کو اس کی کارکردگی سے کم پر رکھے گا۔ یہ دائرے توڑنے اور ترقی کو سہارا دینے کے لیے ناگزیر مالی گنجائش پیدا کرنے کی غرض سے حکومت کو فوری طور پر ڈھانچہ جاتی اصلاحات کرنے کی ضرورت ہے جیسا کہ IMF کے ساتھ طے کیا گیا ہے۔ (1) SOEs کی نجکاری میں تیزی لانا۔ (2) توانائی کے شعبے میں فیصلہ کن اصلاحات۔ (3) برآمدی مسابقت میں اضافہ اور پہلے سے ٹیکس لگانے والوں پر ٹیکس لگانے کے بجائے ٹیکس بیس وسیع کرنا۔

HBL نے ایک مخالف ماحول میں بہترین نتائج جاری رکھے ہیں اور کسٹمر تک مالی رسائی کو وسعت دے رہا ہے۔ ہم قابل تجدید توانائی سے سائبر سیکیورٹی کی آگاہی تک، ہر شعبے میں حکومت کی معاونت کر کے فکراگیز قیادت میں اپنی برتری برقرار رکھیں گے۔ FATF گرے لسٹ سے نکلنے میں پاکستان کی مدد کے بعد ہم کوشاں ہیں کہ یہی عمل ہمارے اپنے ادارے اور پالیسی کا حصہ بنایا جائے۔ HBL کا ڈیجیٹل سفر تمام بزنسز میں جاری ہے اور ان کا حجم تیزی سے بڑھ رہا ہے۔ HBL موبائل اور انٹرنیٹ بینکنگ کے 42 لاکھ سے زائد صارفین نے 2024 کی پہلی ششماہی میں 3.5 ٹریلین روپے سے زائد ٹرانزیکشن کیں جبکہ Kconnect کا حجم 0.5 ٹریلین کانسٹیکٹ میبل عبور کر گیا۔ Kconnect پاکستان کے ای اسپورٹ ایکوسٹم کی ترقی میں اہم ہے جس نے حال ہی میں تیسرا "اور کھیلو" ٹورنامنٹ منعقد کیا جس سے پرجوش اسپورٹس گیمنگ کمیونٹی کو فروغ ملا۔ HBL اپنے ESG اصولوں کے عزم پر قائم ہے۔ حال ہی میں ہم نے اپنے دفاتر سے ایک بار استعمال ہونے والی پلاسٹک کی اشیاء کا استعمال ختم کر دیا ہے۔ باعزت اور شمولیت پر مبنی دفاتر کے لیے HBL نے مختلف صلاحیتوں کے حامل افراد کے لیے پروگرام مخصوص کیے ہیں، جس کا آغاز اعلیٰ سطح سے ہوا ہے۔ ایپلائی وائٹنیرزم ہماری اخلاقیات کا حصہ ہے، مفت بلڈ کیمپس سے شجر کاری مہم، اور پسماندہ افراد کی مدد تک HBL ایپلائی نے 2000 رضاکارانہ گھنٹے مکمل کیے۔

اظہارِ تشکر

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

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

آخر میں، مگر صرف یہی نہیں، ہم اپنے تمام ملازمین اور ان کے اہل خانہ، بالخصوص کسٹمر کا سامنا کرنے والے یونٹس اور برانچوں میں موجود عملے کے شکر گزار ہیں، جو اپنی پرواہ کیے بغیر مسلسل اپنے فرائض سے بڑھ کر کام کرتے ہوئے ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنا رہے ہیں۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم ان کے عزم اور انتھک محنت کے لیے انھیں خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ

معین احمد جمال
ڈائریکٹر

محمد ناصر سلیم
صدر اور چیف ایگزیکٹو افسر

26 اگست 2024ء

Independent Auditor's Review Report

To the members of Habib Bank Limited

Report on review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Habib Bank Limited ("the Bank") as at 30 June 2024 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matter

The figures for the quarter ended 30 June 2024 in the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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

Date: 26 August 2024

Karachi

UDIN: RR202410201K08BtbSdo

KPMG Taseer Hadi & Co.
Chartered Accountants



CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

Note (Unaudited) (Audited)
June 30, December 31,
2024 2023
(Rupees in '000)

ASSETS

Cash and balances with treasury banks	5	563,543,259	505,181,227
Balances with other banks	6	58,605,888	43,012,856
Lendings to financial institutions	7	133,255,245	88,598,160
Investments	8	3,092,726,383	2,499,929,784
Advances	9	1,601,335,797	1,664,016,203
Property and equipment	10	119,378,218	114,023,722
Right-of-use assets	11	21,532,632	21,648,036
Intangible assets	12	15,195,754	14,988,816
Deferred tax assets	13	22,060,987	11,405,839
Other assets	14	269,408,998	238,866,520
		5,897,043,161	5,201,671,163

LIABILITIES

Bills payable	15	71,127,674	51,228,670
Borrowings	16	579,551,120	659,342,821
Deposits and other accounts	17	4,584,169,653	3,870,179,912
Lease liabilities	18	28,096,356	26,864,447
Subordinated debt	19	18,874,000	18,874,000
Deferred tax liabilities		-	-
Other liabilities	20	273,636,082	241,401,905
		5,555,454,885	4,867,891,755

NET ASSETS

341,588,276 **333,779,408**

REPRESENTED BY

Shareholders' equity

Share capital		14,668,525	14,668,525
Reserves		85,962,921	86,239,700
Surplus on revaluation of assets - net of tax	21	33,009,032	26,379,538
Unappropriated profit		207,947,798	206,491,645
		341,588,276	333,779,408

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

Muhammad Nassir Salim
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Raza
Director

Shaffiq Dharamshi
Director



CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Note	January 01 to June 30, 2024	January 01 to June 30, 2023	April 01 to June 30, 2024	April 01 to June 30, 2023
----- (Rupees in '000) -----					
Mark-up / return / profit / interest earned	24	384,629,238	300,184,172	198,191,742	159,899,622
Mark-up / return / profit / interest expensed	25	271,701,522	194,970,848	141,122,626	106,262,438
Net mark-up / return / profit / interest income		112,927,716	105,213,324	57,069,116	53,637,184
Non mark-up / interest income					
Fee and commission income	26	21,268,960	17,418,755	10,738,142	9,174,745
Dividend income		2,882,282	2,801,904	1,228,391	1,585,651
Foreign exchange income		5,414,239	1,059,905	1,601,294	676,762
Income / (loss) from derivatives		3,468,076	(5,151,560)	1,050,235	1,008,856
Gain / (loss) on securities - net	27	1,570,195	(212,709)	1,857,302	866,295
Other income	28	351,392	9,657,371	311,280	88,439
Total non mark-up / interest income		34,955,144	25,573,666	16,786,644	13,400,748
Total income		147,882,860	130,786,990	73,855,760	67,037,932
Non mark-up / interest expenses					
Operating expenses	29	82,015,322	71,031,722	40,456,236	35,828,061
Workers' Welfare Fund		1,158,981	1,064,278	579,876	556,111
Other charges	30	158,837	76,480	341	60,715
Total non mark-up / interest expenses		83,333,140	72,172,480	41,036,453	36,444,887
Profit before credit loss allowance and taxation		64,549,720	58,614,510	32,819,307	30,593,045
Credit loss allowance and write offs - net	31	6,602,915	5,319,021	4,564,318	2,639,233
Profit before taxation		57,946,805	53,295,489	28,254,989	27,953,812
Taxation	32	29,296,260	25,584,156	14,199,421	15,542,365
Profit after taxation		28,650,545	27,711,333	14,055,568	12,411,447
----- (Rupees) -----					
Basic and diluted earnings per share	33	19.53	18.89	9.58	8.46

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

Muhammad Nassir Salim
President and
Chief Executive Officer

Raymond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Raza
Director

Shaffiq Dharamshi
Director



CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	January 01 to June 30, 2024	January 01 to June 30, 2023	April 01 to June 30, 2024	April 01 to June 30, 2023
	----- (Rupees in '000) -----			
Profit after taxation for the period	28,650,545	27,711,333	14,055,568	12,411,447
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	(3,141,834)	9,969,446	(901,044)	(1,864,613)
Movement in surplus / deficit on revaluation of debt investments designated at Fair Value Through Other Comprehensive Income (FVOCI) - net of tax	7,185,915	-	3,959,081	-
Movement in surplus / deficit on revaluation of available for sale investments - net of tax	-	(6,900,995)	-	8,233,331
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods</i>				
Movement in surplus / deficit on revaluation of equity investments designated at FVOCI - net of tax	737,227	-	671,052	-
Movement in surplus / deficit on revaluation of property and equipment - net of tax	-	15,627,549	-	15,627,549
Total comprehensive income	<u>33,431,853</u>	<u>46,407,333</u>	<u>17,784,657</u>	<u>34,407,714</u>

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

Muhammad Nassir Salim
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Raza
Director

Shaffiq Dharamshi
Director



CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Reserves		Surplus / (deficit) on revaluation of			Unappropriated profit	Total	
	Share capital	Statutory	Capital		Investments			Property & Equipment / Non-banking assets
			Exchange Translation	Non-distributable				
(Rupees in '000)								
Balance as at December 31, 2022	14,668,525	43,130,076	28,058,506	547,115	(25,021,142)	27,005,916	165,386,520	253,775,516
Comprehensive income for the six months ended June 30, 2023								
Profit after taxation for the six months ended June 30, 2023	-	-	-	-	-	-	27,711,333	27,711,333
Other comprehensive income / (loss)								
Effect of translation of net investment in foreign branches - net of tax	-	-	9,969,446	-	-	-	-	9,969,446
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(6,900,995)	15,627,549	-	8,726,554
	-	-	9,969,446	-	(6,900,995)	15,627,549	27,711,333	46,407,333
Transferred to statutory reserve	-	2,771,133	-	-	-	-	(2,771,133)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(75,996)	75,996	-
Transactions with owners, recorded directly in equity								
Final cash dividend - Rs 1.50 per share declared subsequent to the year ended December 31, 2022	-	-	-	-	-	-	(2,200,279)	(2,200,279)
1st interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	(2,200,279)	(2,200,279)
	-	-	-	-	-	-	(4,400,558)	(4,400,558)
Balance as at June 30, 2023	14,668,525	45,901,209	38,027,952	547,115	(31,922,137)	42,557,469	186,002,158	295,782,291
Comprehensive income for the six months ended December 31, 2023								
Profit after taxation for six months ended December 31, 2023	-	-	-	-	-	-	29,144,662	29,144,662
Other comprehensive income / (loss)								
Effect of translation of net investment in foreign branches - net of tax	-	-	(1,151,043)	-	-	-	-	(1,151,043)
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	451,982	451,982
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	15,770,136	15,503	-	15,785,639
	-	-	(1,151,043)	-	15,770,136	15,503	29,596,644	44,231,240
Transferred to statutory reserve	-	2,914,467	-	-	-	-	(2,914,467)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(41,433)	41,433	-
Transactions with owners, recorded directly in equity								
2nd interim cash dividend - Rs 2.00 per share	-	-	-	-	-	-	(2,933,705)	(2,933,705)
3rd interim cash dividend - Rs 2.25 per share	-	-	-	-	-	-	(3,300,418)	(3,300,418)
	-	-	-	-	-	-	(6,234,123)	(6,234,123)
Balance as at December 31, 2023 - as reported	14,668,525	48,815,676	36,876,909	547,115	(16,152,001)	42,531,539	206,491,645	333,779,408
Change in accounting policy as at January 01, 2024 - note 3.3	-	-	-	-	(954,905)	-	(12,933,260)	(13,888,165)
Balance as at January 01, 2024 - as restated	14,668,525	48,815,676	36,876,909	547,115	(17,106,906)	42,531,539	193,558,385	319,891,243
Comprehensive income for the six months ended June 30, 2024								
Profit after taxation for the six months ended June 30, 2024	-	-	-	-	-	-	28,650,545	28,650,545
Other comprehensive income / (loss)								
Effect of translation of net investment in foreign branches - net of tax	-	-	(3,141,834)	-	-	-	-	(3,141,834)
Movement in surplus / deficit on revaluation of equity investments - net of tax	-	-	-	-	737,227	-	-	737,227
Movement in surplus / deficit on revaluation of debt investments - net of tax	-	-	-	-	7,185,915	-	-	7,185,915
	-	-	(3,141,834)	-	7,923,142	-	28,650,545	33,431,853
Transferred to statutory reserve	-	2,865,055	-	-	-	-	(2,865,055)	-
Net realised gain on equity investments designated at FVOCI - net of tax	-	-	-	-	(295,957)	-	295,957	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(42,786)	42,786	-
Transactions with owners, recorded directly in equity								
Final cash dividend - Rs 4.00 per share declared subsequent to the year ended December 31, 2023	-	-	-	-	-	-	(5,867,410)	(5,867,410)
1st interim cash dividend - Rs 4.00 per share	-	-	-	-	-	-	(5,867,410)	(5,867,410)
	-	-	-	-	-	-	(11,734,820)	(11,734,820)
Balance as at June 30, 2024	14,668,525	51,680,731	33,735,075	547,115	(9,479,721)	42,488,753	207,947,798	341,588,276

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

Muhammad Nassir Salim
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Raza
Director

Shaffiq Dharamshi
Director



CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

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

June 30, 2024 June 30, 2023
(Rupees in '000)

Adjustments:

Depreciation
Amortisation
Depreciation on right-of-use assets
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets
(Reversal) / charge of credit loss allowance against investments
Credit loss allowance against loans and advances
Provision / credit loss allowance against other assets
Charge / (reversal) of credit loss allowance against off-balance sheet obligations
Unrealised gain on Fair Value Through Profit and Loss (FVTPL) securities
Unrealised loss on held-for-trading securities
Gain on derecognition of joint venture
Gain on sale of property and equipment - net
Workers' Welfare Fund

57,946,805	53,295,489
(2,882,282)	(2,801,904)
2,196,194	1,978,849
<u>57,260,717</u>	<u>52,472,434</u>

4,967,763	4,349,386
1,284,947	970,808
1,901,464	1,809,655
1,619,010	1,702,418
(1,426,560)	1,728,150
6,962,313	3,416,380
200,062	727,830
936,932	(237,925)
(1,227,421)	-
-	128,317
-	(9,333,221)
(25,808)	(108,063)
1,158,981	1,064,278
<u>16,351,683</u>	<u>6,218,013</u>
<u>73,612,400</u>	<u>58,690,447</u>

(Increase) / decrease in operating assets

Lendings to financial institutions
Net investment in securities carried at FVTPL
Net investment in held-for-trading securities
Advances
Other assets (excluding advance taxation)

(44,657,093)	201,609,823
16,654,995	-
-	(52,772,984)
30,702,331	95,885,877
(27,454,859)	(50,959,794)
<u>(24,754,626)</u>	<u>193,762,922</u>

Increase / (decrease) in operating liabilities

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

19,899,004	15,965,849
(79,791,701)	(23,496,009)
713,989,741	200,159,697
30,726,607	34,402,731
<u>684,823,651</u>	<u>227,032,268</u>

Income tax paid

Net cash flows generated from operating activities

733,681,425	479,485,637
(37,878,686)	(22,182,482)
<u>695,802,739</u>	<u>457,303,155</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net investment in securities carried at FVOCI
Net investment in securities carried at Amortised Cost
Net investment in available-for-sale securities
Net investment in held-to-maturity securities
Net investment in subsidiaries
Net investment in associates
Dividend received
Investments in property and equipment
Investments in intangible assets
Proceeds from sale of property and equipment
Effect of translation of net investment in foreign branches - net of tax

(532,695,916)	-
(51,134,595)	-
-	(218,941,455)
-	63,439,174
(7,894,415)	(1,000,000)
(6,701)	30,210
2,873,304	2,360,647
(10,447,094)	(7,533,738)
(1,499,436)	(1,557,773)
62,353	144,613
(3,141,834)	9,969,446
<u>(603,884,334)</u>	<u>(153,088,876)</u>

Net cash flows used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

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

(2,305,489)	(1,994,036)
(2,106,617)	(1,198,118)
(13,551,235)	(5,743,726)
<u>(17,963,341)</u>	<u>(8,935,880)</u>

Net cash flows used in financing activities

Increase in cash and cash equivalents during the period

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

73,955,064	295,278,399
<u>568,868,330</u>	<u>285,179,381</u>
<u>(20,674,247)</u>	<u>3,507,844</u>
<u>548,194,083</u>	<u>288,687,225</u>

Cash and cash equivalents at the end of the period

<u>622,149,147</u>	<u>583,965,624</u>
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The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

Muhammad Nassir Salim
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Raza
Director

Shaffiq Dharamshi
Director



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

1 STATUS AND NATURE OF BUSINESS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Blue Area, Islamabad, Pakistan and its principal office is at HBL Tower, Plot # G-4, KDA Scheme 5, Block 7, Clifton, Karachi, Pakistan. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,728 (December 31, 2023: 1,728) branches inside Pakistan including 408 (December 31, 2023: 408) Islamic Banking Branches and 30 (December 31, 2023: 30) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A. (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

- 1.1 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.
- 1.2 The Bank has entered into an agreement to sell its operations in Mauritius, and will be transferring the business to its new owners in due course, subject to requisite regulatory approvals.
- 1.3 The Bank has commenced an orderly wind-down of its Lebanon operations. Formalities for completion of the wind-down are underway.
- 1.4 After obtaining approval from the Central Bank of Oman for the deregistration of its Oman operations, the Bank had commenced an orderly and phase wise exit. Banking operations were ceased on August 02, 2023 and the remaining formalities required for closure are in progress.
- 1.5 HBL Zarai Services Limited (HZSL) is an unlisted public limited company, incorporated in Pakistan with its registered office at 4th floor, Habib Bank Tower, Jinnah Avenue, Blue Area, Islamabad, Pakistan. The objective of the company is to promote economic development by supporting the agricultural sector through establishing hubs for providing agricultural services. The company commenced operations on March 14, 2024.

During the period, the Bank has subscribed to 200 million shares issued by HZSL, amounting to Rs 2 billion.

- 1.6 During the period, the Bank has subscribed to 600 million Right shares issued by HBL Microfinance Bank Limited (HBL MfB). Post acquisition, the Bank's shareholding in HBL MfB has increased from 79.92% to 89.38%.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

- 2.2 The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 2 dated February 09, 2023 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, 2023.



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

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

As directed by SBP via BPRD Circular letter no. 7 of 2023 IFRS 9, Financial Instruments is effective in Pakistan for periods beginning on or after January 1, 2024. IFRS 9 has been applicable in several overseas jurisdictions at various effective dates starting from January 1, 2018. The requirements of this standard are already incorporated in the Bank's financial statements for the jurisdictions where IFRS 9 has been adopted. The results of those overseas operations where IFRS 9 is not applicable will be directly incorporated in the Bank's financial statements as per the respective host country's regulations, for the year ending December 31, 2024.

SBP via BPRD circular letter no 16 of 2024 has extended the timeline for compliance with the following requirements of IFRS 9 to accounting periods beginning October 01, 2024:

- a- Recognition of interest income / expense under the effective interest rate method;
- b- Measurement of staff loans at fair value;
- c- Accounting for modified loans.

Additionally, the same circular allows banks to continue measuring unlisted equity securities at the lower of cost or breakup value up to December 31, 2024.

Except for the implementation of IFRS 9 in Pakistan, as discussed in note 3.1, the Bank expects that amendments to existing accounting and reporting standards will not affect its financial statements in the period of initial application.

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

There are various standards and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective. Except for the relaxations given by SBP as mentioned in note 2.3 above, these are not likely to have a material effect on the Bank's financial statements.

2.5 Critical accounting estimates and judgements

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2023, except for changes as discussed in note 3.2.

3 MATERIAL ACCOUNTING POLICY INFORMATION

Except as disclosed in note 3.1, the material 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, 2023.

3.1 IFRS 9 Financial Instruments

The key changes to the Bank's accounting policies resulting from its adoption of IFRS 9 are summarized below:

3.1.1 Classification of Financial Assets

The Bank classifies its financial assets, other than its investments in subsidiaries and associates, into the following categories:

- at Fair Value through Profit and Loss (FVTPL);
- at Fair Value through Other Comprehensive Income (FVOCI);
- at Amortised Cost.

Classification of Equity Instruments

Equity securities that are traded in an active market and are held for trading purposes will be classified as FVTPL. Equity securities that are not held for trading purposes will be classified as FVOCI; however, gains and losses realised on disposal of securities classified as FVOCI will not be recycled through the profit and loss account. The classification decision is made on a case by case basis at the time of purchase, is documented, and is irrevocable.

Classification of other Financial Assets

Financial Assets other than equity will be classified based on their cash flow characteristics and business model assessment:

- **Amortised Cost:** These will be classified as amortised cost if the objective is to hold the asset only for collecting contractual cash flows (principal and interest).



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

- **FVOCI:** These will be classified at FVOCI when the objective is to collect contractual cash flows (principal and interest) and also to potentially sell the same depending on market conditions. Any unrealized profit or loss on debt instruments classified as FVOCI is reflected in other comprehensive income and is recycled through the profit and loss account when the investment is sold.
- **FVTPL:** This includes financial assets:
 - a. which do not have fixed maturity; or
 - b. which are not classified as either at amortised cost or at FVOCI.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent Measurement

Equity and debt securities classified as FVTPL

These securities, other than unlisted equity securities, are subsequently measured at fair value. Changes in the fair value of these securities are taken to the profit and loss account.

Changes in the value of unlisted equity securities, carried at lower of cost or breakup value are taken to the profit and loss account.

Equity and debt securities classified as FVOCI

These securities, other than unlisted equity securities, are subsequently measured at fair value. Changes in the fair value of these securities are recorded in OCI. When a debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account. When an equity security is derecognised, gains and losses previously recognised in OCI are not recycled through the profit and loss account but are transferred directly to retained earnings.

Changes in the value of unlisted equity securities, carried out at lower of cost or breakup value, are recorded in OCI. When these are derecognised, gains and losses are not recycled through the profit and loss account but are transferred directly to retained earnings.

Other financial assets classified at amortised cost

Other financial assets initially classified at amortised cost continue to be subsequently measured at amortised cost.

3.1.2 Classification of Financial Liabilities

Financial liabilities are either classified at FVTPL, when they are held for trading purposes, or at amortised cost. Financial liabilities classified as FVTPL are measured at fair value.

Financial liabilities classified at amortised cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

3.1.3 Impairment

An ECL provision will be calculated on financial assets designated at FVOCI or at Amortised cost in accordance with the requirements of IFRS 9 and the guidelines issued by the SBP. Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of the ECL Framework.

Equity securities are not subject to impairment.

3.1.4 Transitional Impact

The Bank has elected to follow the modified retrospective approach for restatement i.e. comparative figures have not been restated on the initial application of IFRS 9. Instead, the cumulative impact has been recorded as an adjustment to equity as of January 01, 2024. Accordingly, the information presented as of December 31, 2023 and for the period ended June 30, 2023 does not reflect the requirements of IFRS 9.

The following table reconciles the original measurement and carrying amounts of financial instruments in accordance with the previous financial reporting framework with the new measurement categories for the Bank.



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

Financial Assets / Liabilities	Previous classification	Classification under IFRS 9	Carrying amount as of December 31, 2023	Change in classification	ECL	Carrying amount as of January 01, 2024
Cash and balances with treasury banks	Cost	Amortised Cost	505,181,227	-	-	505,181,227
Balances with other banks	Cost	Amortised Cost	43,012,856	-	(991)	43,011,865
Lendings to financial institutions	Cost	Amortised Cost	88,598,160	-	(8)	88,598,152
Investments						
Held for trading	HFT	FVTPL	233,455,128	15,911,835	-	249,366,963
Available for sale	AFS	FVOCI	1,777,376,128	(15,911,835)	(458,275)	1,761,006,018
Held to maturity	HTM	Amortised Cost	452,866,850	-	(11,312)	452,855,538
Associates and subsidiaries	Associates and subsidiaries	Associates and subsidiaries	36,231,678	-	-	36,231,678
Advances	Cost	Amortised Cost	1,664,016,203	-	(25,015,762)	1,639,000,441
Other assets	Cost	Amortised Cost	226,843,375	-	(53,536)	226,789,839
Derivatives and forward foreign exchange contracts	Fair value	FVTPL	2,337,050	-	-	2,337,050
Total Financial Assets			5,029,918,655	-	(25,539,884)	5,004,378,771
Bills payable	Cost	Amortised Cost	51,228,670	-	-	51,228,670
Borrowings	Cost	Amortised Cost	659,342,821	-	-	659,342,821
Deposits and other accounts	Cost	Amortised Cost	3,870,179,912	-	-	3,870,179,912
Subordinated debt	Cost	Amortised Cost	18,874,000	-	-	18,874,000
Other liabilities	Cost	Amortised Cost	212,234,375	-	1,691,810	213,926,185
Derivatives, forward foreign exchange contracts and liabilities against trading of securities	Fair value	FVTPL	30,513,878	-	-	30,513,878
Total Financial Liabilities			4,842,373,656	-	1,691,810	4,844,065,466
Net Financial Assets			187,544,999	-	(27,231,694)	160,313,305
Net Non Financial Assets			146,234,409	-	13,343,529	159,577,938
Total Net Assets			333,779,408	-	(13,888,165)	319,891,243

3.2 Measurement of the expected credit loss allowance

The measurement of the ECL allowance for financial assets measured at amortised cost and at FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purpose of measuring ECL;
- Establishing the number and relative weightages of forward-looking macroeconomic scenarios for each segment; and
- Determining whether an asset shows a significant increase in credit risk.

3.3 Reconciliation of retained earnings and surplus on revaluation of investments

The impact of transition to IFRS 9 on the retained earnings and the surplus on revaluation of investments as at January 01, 2024 is as follows:

	(Rupees in '000)
Closing balance as at December 31, 2023 - as reported	206,491,645
Recognition of IFRS 9 ECL	(27,231,694)
Transfer out - impact of impairment of equity securities	1,872,360
Deferred tax in relation to the above	12,426,074
	<u>(12,933,260)</u>
Closing balance as at January 01, 2024 under IFRS 9 - as restated	<u>193,558,385</u>

Surplus on revaluation of investments

Closing balance as at December 31, 2023 - as reported	(16,152,001)
Transfer in - impact of impairment of equity securities	(1,872,360)
Deferred tax in relation to the above	917,455
	<u>(954,905)</u>
Closing balance as at January 01, 2024 under IFRS 9 - as restated	<u>(17,106,906)</u>



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

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, 2023.

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	(Unaudited) June 30, 2024	(Audited) December 31, 2023
(Rupees in '000)			
In hand			
Local currency		62,008,490	59,791,328
Foreign currencies		8,464,089	11,079,805
		<u>70,472,579</u>	<u>70,871,133</u>
With State Bank of Pakistan in			
Local currency current accounts		222,011,822	173,022,678
Foreign currency current accounts		12,974,485	12,284,194
Foreign currency deposit accounts		26,171,429	25,275,511
		<u>261,157,736</u>	<u>210,582,383</u>
With other Central Banks in			
Foreign currency current accounts		41,591,825	44,773,670
Foreign currency deposit accounts		54,920,716	32,466,191
		<u>96,512,541</u>	<u>77,239,861</u>
With National Bank of Pakistan in local currency current accounts		135,186,376	146,169,430
National Prize Bonds		214,027	318,420
		<u>563,543,259</u>	<u>505,181,227</u>

6 BALANCES WITH OTHER BANKS

In Pakistan			
In current accounts		14,617	17,161
Outside Pakistan			
In current accounts		23,983,712	25,493,889
In deposit accounts		34,608,205	17,501,806
		58,591,917	42,995,695
Less: credit loss allowance	6.1	(646)	-
Balances with other banks - net of credit loss allowance		<u>58,605,888</u>	<u>43,012,856</u>

6.1 Balances with other banks are all classified as Stage 1.

7 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings		10,100,000	17,000,000
Repurchase agreement lendings (reverse repo)		123,164,168	71,598,160
		133,264,168	88,598,160
Less: credit loss allowance	7.1	(8,923)	-
Lendings to financial institutions - net of credit loss allowance		<u>133,255,245</u>	<u>88,598,160</u>

7.1 Lendings to financial institutions are all classified as Stage 1.



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

8 INVESTMENTS

	June 30, 2024 (Unaudited)				December 31, 2023 (Audited)			
	Cost / amortised cost	Provision / credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1 Investments by type (Rupees in '000)								
Fair value through profit or loss (FVTPL)								
Federal Government securities								
- Market Treasury Bills	83,958,336	-	74,866	84,033,202	-	-	-	-
- Pakistan Investment Bonds	109,208,892	-	36,580	109,245,472	-	-	-	-
- Ijarah Sukuk	5,666,463	-	106,749	5,773,212	-	-	-	-
- Other Federal Government securities	2,705,124	-	-	2,705,124	-	-	-	-
Shares								
- Listed companies	997,766	-	(1,829)	995,937	-	-	-	-
- Unlisted companies	4,353,939	-	-	4,353,939	-	-	-	-
Non-Government debt securities								
- Listed	1,891,233	-	4,280	1,895,513	-	-	-	-
- Unlisted	1,632,625	-	(20)	1,632,605	-	-	-	-
Foreign securities								
- Government debt securities	4,207,640	-	(57,255)	4,150,385	-	-	-	-
Preference shares								
- Listed	877,400	-	(41,300)	836,100	-	-	-	-
- Unlisted	38,481	-	-	38,481	-	-	-	-
Real Estate Investment Trust units - Listed	2,210,700	-	1,105,350	3,316,050	-	-	-	-
	217,748,599	-	1,227,421	218,976,020	-	-	-	-
Held for trading (HFT) securities								
Federal Government securities								
- Market Treasury Bills	-	-	-	-	83,148,921	-	(31,591)	83,117,330
- Pakistan Investment Bonds	-	-	-	-	139,454,335	-	96,035	139,550,370
- Ijarah Sukuk	-	-	-	-	7,497,896	-	296,498	7,794,394
Shares								
- Listed companies	-	-	-	-	109,681	-	(1,994)	107,687
Foreign securities								
- Government debt securities	-	-	-	-	2,965,340	-	(79,993)	2,885,347
	-	-	-	-	233,176,173	-	278,955	233,455,128
Fair value through other comprehensive income (FVOCI)								
Federal Government securities								
- Market Treasury Bills	595,236,130	-	1,545,576	596,781,706	-	-	-	-
- Pakistan Investment Bonds	1,225,261,933	-	(20,077,546)	1,205,184,387	-	-	-	-
- Ijarah Sukuk	281,224,723	-	(130,598)	281,094,125	-	-	-	-
- Government of Pakistan US Dollar Bonds	12,477,671	(2,367,500)	1,348,818	11,458,989	-	-	-	-
Shares								
- Listed companies	18,622,002	-	(1,400,893)	17,221,109	-	-	-	-
- Unlisted companies	1,018,684	-	(137,414)	881,270	-	-	-	-
Non-Government debt securities								
- Listed	49,735,383	(1,451,230)	143,723	48,427,876	-	-	-	-
- Unlisted	991,989	(398,973)	6,984	600,000	-	-	-	-
Foreign securities								
- Government debt securities	150,006,259	(1,440,244)	70,403	148,636,418	-	-	-	-
- Non-Government debt securities - Listed	15,173,295	(2,405)	(29,665)	15,141,225	-	-	-	-
- Equity securities - Unlisted	9,451	-	(239)	9,212	-	-	-	-
National Investment Unit Trust units	11,113	-	45,916	57,029	-	-	-	-
Real Estate Investment Trust units - Listed	55,000	-	27,250	82,250	-	-	-	-
	2,349,823,633	(5,660,352)	(18,587,685)	2,325,575,596	-	-	-	-



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

8.1 Investments by type - continued

	June 30, 2024 (Unaudited)				December 31, 2023 (Audited)			
	Cost / amortised cost	Provision / credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----								
Available for sale (AFS) securities								
Federal Government securities								
- Market Treasury Bills	-	-	-	-	220,034,947	-	143,767	220,178,714
- Pakistan Investment Bonds	-	-	-	-	1,129,055,695	-	(28,446,005)	1,100,609,690
- Ijarah Sukuk	-	-	-	-	214,469,251	-	(992,900)	213,476,351
- Government of Pakistan US Dollar Bonds	-	-	-	-	20,607,015	(3,015,329)	(307,522)	17,284,164
- Other Federal Government securities	-	-	-	-	5,543,158	-	-	5,543,158
Shares								
- Listed companies	-	-	-	-	18,346,143	(1,355,890)	(573,899)	16,416,354
- Unlisted companies	-	-	-	-	5,372,623	(137,414)	-	5,235,209
Non-Government debt securities								
- Listed	-	-	-	-	52,313,888	(1,288,294)	(1,410,827)	49,614,767
- Unlisted	-	-	-	-	2,654,051	(403,050)	(16,875)	2,234,126
Foreign securities								
- Government debt securities	-	-	-	-	142,118,151	(1,920,274)	(241,068)	139,956,809
- Non-Government debt securities - Listed	-	-	-	-	4,243,558	(24,966)	(11,593)	4,206,999
- Equity securities - Unlisted	-	-	-	-	9,701	(239)	-	9,462
National Investment Unit Trust units								
- Unlisted	-	-	-	-	11,113	-	39,632	50,745
Real Estate Investment Trust units								
- Listed	-	-	-	-	55,000	-	13,700	68,700
- Unlisted	-	-	-	-	1,575,000	-	-	1,575,000
Preference shares								
- Listed	-	-	-	-	744,400	-	133,000	877,400
- Unlisted	-	-	-	-	354,985	(316,505)	-	38,480
	-	-	-	-	1,817,508,679	(8,461,961)	(31,670,590)	1,777,376,128
Amortised cost								
Federal Government securities								
- Market Treasury Bills	157,384,160	-	-	157,384,160	-	-	-	-
- Pakistan Investment Bonds	303,189,287	-	-	303,189,287	-	-	-	-
- Ijarah Sukuk	5,000,000	-	-	5,000,000	-	-	-	-
Non-Government debt securities								
- Listed	899,290	(3,375)	-	895,915	-	-	-	-
- Unlisted	24,277,755	(344,842)	-	23,932,913	-	-	-	-
Foreign Securities								
- Government debt securities	13,673,782	(15,283)	-	13,658,499	-	-	-	-
	504,424,274	(363,500)	-	504,060,774	-	-	-	-
Held to maturity (HTM) securities								
Federal Government securities								
- Market Treasury Bills	-	-	-	-	111,622,170	-	-	111,622,170
- Pakistan Investment Bonds	-	-	-	-	297,803,454	-	-	297,803,454
- Government of Pakistan US Dollar Bonds	-	-	-	-	5,247,920	(408,218)	-	4,839,702
Non-Government debt securities								
- Listed	-	-	-	-	1,899,450	-	-	1,899,450
- Unlisted	-	-	-	-	23,419,101	-	-	23,419,101
Foreign securities								
- Government debt securities	-	-	-	-	13,123,544	-	-	13,123,544
- Non-Government debt securities - Unlisted	-	-	-	-	174,040	(14,611)	-	159,429
	-	-	-	-	453,289,679	(422,829)	-	452,866,850
Investment in associates	7,143,310	(96,655)	-	7,046,655	7,136,609	(77,854)	-	7,058,755
Investment in subsidiary companies	37,067,338	-	-	37,067,338	29,172,923	-	-	29,172,923
Total Investments	3,116,207,154	(6,120,507)	(17,360,264)	3,092,726,383	2,540,284,063	(8,962,644)	(31,391,635)	2,499,929,784



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FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Unaudited) June 30, 2024
(Audited) December 31, 2023
(Rupees in '000)

8.1.1 Investments given as collateral

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

Federal Government securities

- Market Treasury Bills	20,899,406	30,947,292
- Pakistan Investment Bonds	274,960,300	336,459,407

Foreign securities

- Government debt securities	168,387	-
	<u>296,028,093</u>	<u>367,406,699</u>

8.2 Provision / credit loss allowance for diminution in value of investments

Opening balance	8,962,644	7,859,575
Impact of adoption of IFRS 9	(1,340,461)	-
Exchange adjustment	(75,116)	1,209,319
Charge / (reversal)		
Charge for the period / year	396,134	2,424,752
Reversal for the period / year	(218,700)	(1,658,491)
Reversal on disposal during the period / year	(1,603,994)	(1,094,619)
Net reversal	(1,426,560)	(328,358)
Transferred in	-	222,108
Closing balance	<u>6,120,507</u>	<u>8,962,644</u>

8.3 Particulars of credit loss allowance against debt securities

Category of classification	(Unaudited) June 30, 2024	
	Outstanding amount	Credit loss allowance held
	(Rupees in '000)	
Domestic		
Performing	2,821,688,214	218,014
Underperforming	1,662,500	20,070
Non-performing		
Substandard	612,000	153,000
Doubtful	-	-
Loss	391,989	391,989
	<u>2,824,354,703</u>	<u>783,073</u>
Overseas		
Performing	171,764,912	121,272
Underperforming	30,029,499	4,423,756
Non-performing		
Substandard	-	-
Doubtful	-	-
Loss	695,751	695,751
	<u>202,490,162</u>	<u>5,240,779</u>
Total	<u>3,026,844,865</u>	<u>6,023,852</u>



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

9	ADVANCES	Note	Performing		Non - performing		Total	
			(Unaudited) June 30, 2024	(Audited) December 31, 2023	(Unaudited) June 30, 2024	(Audited) December 31, 2023	(Unaudited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----								
	Loans, cash credits, running finances, etc.		1,297,678,485	1,313,235,990	81,124,443	73,208,971	1,378,802,928	1,386,444,961
	Islamic financing and related assets	38.3	195,740,870	208,404,435	10,632,263	11,309,850	206,373,133	219,714,285
	Bills discounted and purchased		132,618,274	144,388,017	9,739,042	9,753,378	142,357,316	154,141,395
	Advances - gross		1,626,037,629	1,666,028,442	101,495,748	94,272,199	1,727,533,377	1,760,300,641
	Credit loss allowance							
	- Stage 1		(10,290,254)	-	-	-	(10,290,254)	-
	- Stage 2		(22,058,423)	-	-	-	(22,058,423)	-
	- Stage 3		-	-	(92,744,440)	-	(92,744,440)	-
	Specific	9.3	-	-	(1,010,578)	(80,251,974)	(1,010,578)	(80,251,974)
	General		(93,885)	(16,032,464)	-	-	(93,885)	(16,032,464)
			(32,442,562)	(16,032,464)	(93,755,018)	(80,251,974)	(126,197,580)	(96,284,438)
	Advances - net of credit loss allowance		1,593,595,067	1,649,995,978	7,740,730	14,020,225	1,601,335,797	1,664,016,203

9.1	Particulars of advances (Gross)	(Unaudited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
	In local currency	1,329,458,290	1,350,385,836
	In foreign currencies	398,075,087	409,914,805
		1,727,533,377	1,760,300,641

9.2 Advances include Rs 101,495.748 million (December 31, 2023: Rs 94,272.199 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Unaudited) June 30, 2024		(Audited) December 31, 2023	
	Non - performing advances	Credit loss allowance / Provision	Non - performing advances	Provision
----- (Rupees in '000) -----				
Domestic				
Other assets especially mentioned	-	-	700,185	-
Substandard	14,601,210	10,308,775	6,608,336	1,519,520
Doubtful	4,081,413	3,606,358	10,695,635	5,347,817
Loss	51,889,454	50,811,027	42,990,993	42,309,472
	70,572,077	64,726,160	60,995,149	49,176,809
Overseas				
Substandard	57,194	23,284	69,615	23,650
Doubtful	1,237,905	632,091	1,287,364	640,576
Loss	29,628,572	28,373,483	31,920,071	30,410,939
	30,923,671	29,028,858	33,277,050	31,075,165
Total	101,495,748	93,755,018	94,272,199	80,251,974



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	(Unaudited) June 30, 2024					Total
	Stage 1	Stage 2	Stage 3	Specific	General	
	----- (Rupees in '000) -----					
Opening balance - as reported	-	-	-	80,251,974	16,032,464	96,284,438
Impact of adoption of IFRS 9	10,835,556	24,027,266	85,326,975	(79,243,853)	(15,930,182)	25,015,762
Opening balance - as restated	10,835,556	24,027,266	85,326,975	1,008,121	102,282	121,300,200
Transfer to stage 1	128,862	(128,862)	-	-	-	-
Transfer to stage 2	(1,051,412)	1,086,447	(35,035)	-	-	-
Transfer to stage 3	-	(1,911,548)	1,911,548	-	-	-
Exchange adjustment	(52,535)	(13,635)	(470,298)	(64,236)	(10,440)	(611,144)
Charge for the period	5,861,377	6,592,249	10,644,287	66,693	15,708	23,180,314
Reversal for the period	(5,431,594)	(7,593,494)	(3,179,248)	-	(13,665)	(16,218,001)
Net charge / (reversal) against advances	429,783	(1,001,245)	7,465,039	66,693	2,043	6,962,313
Charged off during the period - agriculture financing	-	-	(111,369)	-	-	(111,369)
Written off during the period	-	-	(1,342,420)	-	-	(1,342,420)
Closing balance	10,290,254	22,058,423	92,744,440	1,010,578	93,885	126,197,580

	(Audited) December 31, 2023					Total
	Stage 1	Stage 2	Stage 3	Specific	General	
	----- (Rupees in '000) -----					
Opening balance	-	-	-	74,638,423	12,175,445	86,813,868
Exchange adjustment	-	-	-	7,357,277	774,217	8,131,494
Charge for the year	-	-	-	12,972,930	3,692,583	16,665,513
Reversal for the year	-	-	-	(5,385,938)	(609,781)	(5,995,719)
Net charge against advances	-	-	-	7,586,992	3,082,802	10,669,794
Charged off during the year - agriculture financing	-	-	-	(503,799)	-	(503,799)
Written off during the year	-	-	-	(8,826,919)	-	(8,826,919)
Closing balance	-	-	-	80,251,974	16,032,464	96,284,438

9.3.1 A management overlay of Rs. 4,205.086 million (January 01, 2024: Rs. 7,383.274 million) is held for specific borrowers to cover any additional risk that may arise due to these borrowers being impacted by a deterioration in the macroeconomic environment. The Bank will continue to assess the appropriateness of this overlay at each reporting period.

9.3.2 General provision represents Rs 93.885 million (January 01, 2024: Rs 102.280 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of those countries in which the Bank operates where IFRS 9 is not applicable.

9.4 Advances - Category of classification

	(Unaudited) June 30, 2024	
	Outstanding amount	Credit loss allowance / Provision held
	----- (Rupees in '000) -----	
Domestic		
Performing	979,430,580	7,193,443
Underperforming	390,127,663	19,811,475
Non-performing	70,572,077	64,726,160
	1,440,130,320	91,731,078
Overseas		
Performing	220,235,056	3,190,696
Underperforming	36,244,330	2,246,948
Non-performing	30,923,671	29,028,858
	287,403,057	34,466,502
Total	1,727,533,377	126,197,580



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FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Note	(Unaudited) June 30, 2024 (Rupees in '000)	(Audited) December 31, 2023
10 PROPERTY AND EQUIPMENT			
Capital work-in-progress	10.1	11,990,884	6,900,469
Property and equipment		107,387,334	107,123,253
		<u>119,378,218</u>	<u>114,023,722</u>
10.1 Capital work-in-progress			
Civil works		3,030,972	919,737
Equipment		1,765,732	930,756
Advances to suppliers and contractors		7,194,180	5,049,976
		<u>11,990,884</u>	<u>6,900,469</u>
10.2 Additions to property and equipment			
		(Unaudited) For the six months ended	
		June 30, 2024	June 30, 2023
		(Rupees in '000)	
The following additions have been made to property and equipment during the period:			
Capital work-in-progress - net		5,090,415	(46,278)
Property and equipment			
Leasehold land		1,136,408	1,747,513
Building on leasehold land		146,281	371,242
Machinery		1,890	24,252
Leasehold improvements		512,802	1,785,123
Furniture and fixtures		434,759	827,892
Electrical, office and computer equipment		3,035,321	2,733,340
Vehicles		89,218	90,654
		<u>5,356,679</u>	<u>7,580,016</u>
		<u>10,447,094</u>	<u>7,533,738</u>
10.3 Disposal of property and equipment			
The net book value of property and equipment disposed off during the period is as follows:			
Property and equipment			
Building on freehold land		-	10,079
Building on leasehold land		13,512	21,904
Leasehold improvements		6	691
Furniture and fixtures		1,830	1,388
Electrical, office and computer equipment		402	1,968
Vehicles		20,795	520
		<u>36,545</u>	<u>36,550</u>
11 RIGHT-OF-USE ASSETS			
		(Unaudited) June 30, 2024 (Rupees in '000)	(Audited) December 31, 2023
At January 1,			
Cost		34,140,237	30,360,152
Accumulated Depreciation		(12,492,201)	(9,921,472)
Net Carrying amount at January 1,		<u>21,648,036</u>	<u>20,438,680</u>
Exchange adjustment		(105,105)	382,848
Additions during the period / year		1,891,165	4,663,585
Deletions during the period / year		-	(128,537)
Depreciation charge for the period / year		(1,901,464)	(3,683,074)
Other adjustments		-	(25,466)
Net carrying amount at period / year		<u>21,532,632</u>	<u>21,648,036</u>



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Note	(Unaudited) June 30, 2024	(Audited) December 31, 2023
12 INTANGIBLE ASSETS			
Capital work-in-progress - computer software		7,829,444	6,570,613
Computer software		7,366,310	8,418,203
		<u>15,195,754</u>	<u>14,988,816</u>
		(Rupees in '000)	
		(Unaudited)	
		For the six months ended	
		June 30, 2024	June 30, 2023
		(Rupees in '000)	
12.1 Additions to intangibles assets			
The following additions have been made to intangible assets during the period:			
Capital work-in-progress - net		1,258,831	1,016,156
Computer software		240,605	541,617
		<u>1,499,436</u>	<u>1,557,773</u>
		(Unaudited)	
		(Audited)	
		June 30, December 31, 2024 2023	
		(Rupees in '000)	
13 DEFERRED TAX ASSETS / (LIABILITIES)			
Deductible temporary differences on			
- Credit loss allowance against investments		248,411	638,780
- Credit loss allowance against doubtful debts & Off-balance sheet obligations		23,442,612	5,526,165
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		2,719,657	2,847,597
- Deficit on revaluation of investments	21	9,107,964	15,518,589
- Ijarah financing		444,346	332,429
		<u>35,962,990</u>	<u>24,863,560</u>
Taxable temporary differences on			
- Accelerated tax depreciation		(3,178,720)	(3,209,476)
- Surplus on revaluation of property and equipment	21	(3,638,328)	(3,679,435)
- Exchange translation reserve		(7,084,955)	(6,568,810)
		<u>(13,902,003)</u>	<u>(13,457,721)</u>
		<u>22,060,987</u>	<u>11,405,839</u>
Net deferred tax assets			
14 OTHER ASSETS			
Mark-up / return / profit / interest accrued in local currency - net of provision		122,864,900	119,691,426
Mark-up / return / profit / interest accrued in foreign currency - net of provision		8,081,855	8,499,414
Advances, deposits, advance rent and other prepayments		6,180,468	3,928,788
Advance taxation		8,486,773	5,107,654
Advance against subscription of securities		228,514	903,514
Stationery and stamps on hand		237,422	215,745
Accrued fees and commissions		364,308	430,308
Due from Government of Pakistan / SBP		10,029,306	6,622,630
Mark to market gain on forward foreign exchange contracts		3,098,867	2,263,654
Mark to market gain on derivative instruments		-	73,396
Non-banking assets acquired in satisfaction of claims		239,682	242,317
Receivable from defined benefit plan		845,404	845,404
Acceptances		61,481,080	53,823,454
Clearing and settlement accounts		43,045,612	37,268,393
Dividend receivable		18,071	9,093
Claims receivable against fraud and forgeries		599,904	634,106
Deferred fair value loss	14.1	5,059,049	-
Others		1,146,018	693,274
		<u>272,007,233</u>	<u>241,252,570</u>
Provision / credit loss allowance held against other assets	14.2	(2,789,826)	(2,577,641)
Other assets - net of credit loss allowance		269,217,407	238,674,929
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	191,591	191,591
Other assets - total		<u>269,408,998</u>	<u>238,866,520</u>



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- 14.1 This represents the deferred fair value loss arising from the restructuring of the exposure to Pakistan International Airlines Corporation Limited (PIACL). The Bank has amortized 5% of the loss in the current year as allowed by the SBP, through letter no BPRD/BRD/PIAHCL/733688-2024 dated August 01, 2024.

	Note	(Unaudited) June 30, 2024	(Audited) December 31, 2023
(Rupees in '000)			
14.2	Provision / credit loss allowance held against other assets		
	Claims receivable against fraud and forgeries	599,904	634,106
	Suit filed cases	4,979	4,979
	Others	2,184,943	1,938,556
		2,789,826	2,577,641
14.2.1	Movement in provision / credit loss allowance against other assets		
	Opening balance	2,577,641	1,791,891
	Impact of adoption of IFRS 9	53,536	-
	Exchange adjustment	(3,664)	10,045
	Charge for the period / year	210,694	1,240,885
	Reversal for the period / year	(10,632)	-
	Net charge	200,062	1,240,885
	Written off during the period / year	(37,749)	(243,072)
	Transferred out	-	(222,108)
	Closing balance	2,789,826	2,577,641
15	BILLS PAYABLE		
	In Pakistan	69,948,105	49,433,022
	Outside Pakistan	1,179,569	1,795,648
		71,127,674	51,228,670
16	BORROWINGS		
	Secured		
	Borrowings from the SBP under		
	- Export refinance scheme	44,841,786	64,648,651
	- Export refinance scheme for bill discounting	22,467,181	22,637,751
	- Long term financing facility	34,070,374	37,066,139
	- Financing facility for renewable energy power plants	7,202,187	7,216,949
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	691,778	607,955
	- Refinance and credit guarantee scheme for women entrepreneurs	25,969	38,046
	- Financing facility for storage of agricultural produce	516,605	597,743
	- Refinance facility for combating COVID-19	1,348,052	1,567,557
	- Temporary economic refinance facility	30,414,149	32,214,444
	- Refinance facility for SME Asaan Finance (SAAF)	8,059,544	3,884,689
		149,637,625	170,479,924
	Repurchase agreement borrowings	306,746,897	379,043,704
		456,384,522	549,523,628
	Unsecured		
	- Call money borrowings	7,900,000	320,000
	- Overdrawn nostro accounts	2,098,350	470,727
	- Borrowings of overseas branches	55,768,886	41,743,891
	- Other long-term borrowings	57,399,362	67,284,575
		123,166,598	109,819,193
		579,551,120	659,342,821



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FOR THE SIX MONTHS ENDED JUNE 30, 2024

16.1 This includes the following:

16.1.1 A loan from the International Finance Corporation amounting to US\$ 24.975 million (December 31, 2023: US\$ 49.980 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.

16.1.2 A long-term financing facility arrangement from China Development Bank, utilized for on-lending to projects of the Bank's customers. The current amount outstanding is US\$ 174.059 million (December 31, 2023: US\$ 181.640 million). The principal amount is payable in semi-annual installments from January 2023 to January 2033. Interest at a fixed spread over LIBOR is payable semi-annually.

16.1.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 2 billion (December 31, 2023: Rs 2 billion) for on-lending to customers. The principal amount is payable in semi-annual installments from April 2025 to October 2026. Profit at a rate of 16.61% per annum (December 31, 2023: 16.61% per annum) is payable semi-annually.

17 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2024 (Unaudited)			December 31, 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	1,263,660,986	198,471,800	1,462,132,786	1,080,853,309	195,260,092	1,276,113,401
Savings deposits	1,855,689,045	144,839,762	2,000,528,807	1,561,063,491	150,303,167	1,711,366,658
Term deposits	451,377,322	366,001,949	817,379,271	414,510,599	321,198,865	735,709,464
	3,570,727,353	709,313,511	4,280,040,864	3,056,427,399	666,762,124	3,723,189,523
Financial institutions						
Current deposits	10,082,093	1,929,475	12,011,568	9,785,450	2,312,605	12,098,055
Savings deposits	277,507,003	133,277	277,640,280	120,168,627	711,626	120,880,253
Term deposits	4,474,046	10,002,895	14,476,941	4,482,843	9,529,238	14,012,081
	292,063,142	12,065,647	304,128,789	134,436,920	12,553,469	146,990,389
	3,862,790,495	721,379,158	4,584,169,653	3,190,864,319	679,315,593	3,870,179,912

	Note	(Unaudited)	(Audited)
		June 30, 2024	December 31, 2023
(Rupees in '000)			
Opening balance		26,864,447	24,293,255
Exchange adjustment		(96,888)	725,696
Additions during the period / year		1,816,000	3,929,038
Interest expense		1,619,414	2,938,166
Lease payments including interest		(2,106,617)	(4,981,733)
Others		-	(39,975)
Closing balance		28,096,356	26,864,447

18.1 Liabilities outstanding at the end of the period / year

Not later than one year	1,719,934	1,586,901
Later than one year and upto five years	7,093,232	6,154,396
Over five years	19,283,190	19,123,150
Total	28,096,356	26,864,447

19 SUBORDINATED DEBT

Additional Tier I Term Finance Certificates	19.1.1	12,374,000	12,374,000
Additional Tier I Term Finance Certificates	19.1.2	6,500,000	6,500,000
		18,874,000	18,874,000



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

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

The key feature of these issues are as follows:

19.1.1	Issue date	September 26, 2019
	Issue amount	Rs 12.374 billion
	Rating	AA+ (Double A plus) [December 31, 2023: AA+ (Double A plus)]
	Original Tenor	Perpetual
	Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors, but 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".

19.1.2	Issue date	December 28, 2022
	Issue amount	Rs 6.500 billion
	Rating	AA+ (Double A plus) [December 31, 2023: AA+ (Double A plus)]
	Original Tenor	Perpetual
	Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors, but 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 + 2.00%. 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 SIX MONTHS ENDED JUNE 30, 2024

20 OTHER LIABILITIES	Note	(Unaudited) June 30, 2024	(Audited) December 31, 2023
(Rupees in '000)			
Mark-up / return / profit / interest payable in local currency		46,752,896	39,885,124
Mark-up / return / profit / interest payable in foreign currency		9,561,503	9,462,487
Security deposits		1,638,789	1,597,855
Accrued expenses		33,285,246	31,647,978
Mark to market loss on forward foreign exchange contracts		5,982,696	4,229,670
Mark to market loss on derivative instruments		7,932,990	10,321,082
Unclaimed dividends		799,478	764,376
Dividends payable		224,162	2,075,679
Provision for post retirement medical benefits		4,166,057	3,966,429
Provision for employees' compensated absences		700,333	746,630
Credit loss allowance against off-balance sheet obligations	20.1	4,522,006	1,927,866
Acceptances		61,481,080	53,823,454
Branch adjustment account		2,268,117	2,766,198
Provision for staff retirement benefits		1,748,365	1,646,076
Payable to defined benefit plans		793,932	851,133
Provision for Workers' Welfare Fund		12,327,642	11,168,661
Unearned income		6,144,637	5,680,169
Qarz-e-Hasna Fund		338,409	338,409
Levies and taxes payable		14,197,845	14,349,438
Insurance payable		696,883	669,442
Provision for rewards program expenses		3,200,382	2,699,951
Liability against trading of securities		9,956,565	15,963,126
Clearing and settlement accounts		36,626,204	18,094,169
Payable to HBL Foundation		436,437	866,494
Contingent consideration payable		500,000	500,000
Charity fund		40,922	10,578
Unclaimed deposits		1,790,822	2,030,722
Others		5,521,684	3,318,709
		<u>273,636,082</u>	<u>241,401,905</u>

20.1 Credit loss allowance against off-balance sheet obligations

Opening balance	1,927,866	1,633,326
Impact of adoption of IFRS 9	1,691,809	-
Exchange adjustment	(34,601)	388,430
Charge for the period / year	966,767	191,387
Reversal for the period / year	(29,835)	(285,277)
Net charge / (reversal)	936,932	(93,890)
Closing balance	<u>4,522,006</u>	<u>1,927,866</u>



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Note	(Unaudited) June 30, 2024 (Rupees in '000)	(Audited) December 31, 2023
21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus arising on revaluation of:			
- Property and equipment		45,935,490	46,019,383
- FVOCI securities - debt		(17,122,305)	-
- FVOCI securities - equity	8.1	(1,465,380)	-
- Available-for-sale securities		-	(31,670,590)
- Non-banking assets acquired in satisfaction of claims	14	191,591	191,591
		27,539,396	14,540,384
Deferred tax on surplus on revaluation of:			
- Property and equipment		3,638,328	3,679,435
- FVOCI securities - debt		(8,389,928)	-
- FVOCI securities - equity		(718,036)	-
- Available-for-sale securities		-	(15,518,589)
- Non-banking assets acquired in satisfaction of claims		-	-
		(5,469,636)	(11,839,154)
Surplus on revaluation of assets - net of tax		33,009,032	26,379,538
22 CONTINGENCIES AND COMMITMENTS			
- Guarantees	22.1	352,673,817	287,242,149
- Commitments	22.2	1,038,636,152	910,401,292
- Other contingent liabilities	22.3	22,791,235	22,969,646
		1,414,101,204	1,220,613,087
22.1 Guarantees:			
Financial guarantees		69,108,141	48,697,946
Performance guarantees		273,099,562	227,128,552
Other guarantees		10,466,114	11,415,651
		352,673,817	287,242,149
22.2 Commitments:			
Trade-related contingent liabilities		319,583,470	330,830,539
Commitments in respect of:			
- Forward foreign exchange contracts	22.2.1	628,599,782	474,521,265
- Forward Government securities transactions	22.2.2	4,595,717	24,383,498
- Derivatives	22.2.3	46,318,408	53,095,033
- Forward lending	22.2.4	27,674,435	15,480,187
		707,188,342	567,479,983
Commitments for acquisition of:			
- Property and equipment		6,542,593	4,675,879
- Intangible assets		5,321,747	7,414,891
		11,864,340	12,090,770
		1,038,636,152	910,401,292
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		379,093,390	290,314,260
Sale		249,506,392	184,207,005
		628,599,782	474,521,265
22.2.2 Commitments in respect of forward Government securities transactions			
Purchase		1,966,176	21,450,842
Sale		2,629,541	2,932,656
		4,595,717	24,383,498



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	(Unaudited) June 30, 2024 (Rupees in '000)	(Audited) December 31, 2023
22.2.3 Commitments in respect of derivatives		
Foreign currency options		
Purchase	-	2,289,956
Sale	-	2,289,956
	<u>-</u>	<u>4,579,912</u>
Cross currency swaps		
Purchase	18,359,938	18,112,623
Sale	27,008,470	28,827,498
	<u>45,368,408</u>	<u>46,940,121</u>
Interest rate swaps		
Purchase	-	-
Sale	950,000	1,575,000
	<u>950,000</u>	<u>1,575,000</u>

22.2.4 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to extend credit

<u>27,674,435</u>	<u>15,480,187</u>
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These represent commitments that are irrevocable because they can not be withdrawn at the discretion of the Bank without the risk of incurring a significant penalty or expense.

(Unaudited) June 30, 2024 (Rupees in '000)	(Audited) December 31, 2023
<u>22,791,235</u>	<u>22,969,646</u>

22.3 Other contingent liabilities

22.3.1 Claims against the Bank not acknowledged as debts

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 unlikely. Accordingly, no provision has been made in these condensed interim unconsolidated financial statements.

22.3.2 There were no tax related contingencies as at the period end except for those disclosed in the unconsolidated financial statements for the year ended December 31, 2023.

23 DERIVATIVE INSTRUMENTS

Product Analysis

	June 30, 2024 (Unaudited)					
	Foreign Currency Options		Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss	Notional principal	Mark to market loss
----- (Rupees in '000) -----						
Hedging	-	-	-	-	-	-
Market Making	-	-	45,368,408	(7,875,401)	950,000	(57,589)
----- (Rupees in '000) -----						
	December 31, 2023 (Audited)					
	Foreign Currency Options		Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market (loss) / gain	Notional principal	Mark to market loss	Notional principal	Mark to market loss
----- (Rupees in '000) -----						
Hedging	2,289,956	(73,396)	-	-	-	-
Market Making	2,289,956	73,396	46,940,121	(10,109,288)	1,575,000	(138,398)



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Note	(Unaudited)	
		For the six months ended	
		June 30, 2024	June 30, 2023
		(Rupees in '000)	
24 MARK-UP / RETURN / PROFIT / INTEREST EARNED			
On:			
Loans and advances		142,033,082	124,338,218
Investments		227,782,410	156,631,911
Lendings to financial institutions		9,268,190	15,576,348
Balances with banks		5,545,556	3,637,695
		384,629,238	300,184,172
24.1 Interest Income Recognized			
On:			
Financial assets measured at amortised cost		187,932,345	-
Financial assets measured at FVOCI		176,859,426	-
Financial assets measured at FVTPL		19,837,467	-
		384,629,238	-
25 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED			
On:			
Deposits		218,484,569	141,562,784
Securities sold under repurchase agreement borrowings		28,678,779	35,588,755
Borrowings		14,925,329	13,223,082
Subordinated debt		2,196,194	1,978,849
Cost of foreign currency swaps against foreign currency deposits / borrowings		5,797,641	914,960
Lease liability against right-of-use assets		1,619,010	1,702,418
		271,701,522	194,970,848
26 FEE AND COMMISSION INCOME			
Branch banking customer fees		2,653,904	2,211,421
Branchless banking customer fees		240,451	223,802
Commission on Government to Person (G2P) payments		614,433	654,738
Consumer finance related fees		1,355,924	1,209,584
Card related fees		7,412,556	6,078,945
Merchant discount and interchange fees		3,978,603	3,344,161
Credit related fees		637,731	533,492
Investment banking fees		529,422	466,052
Commission on trade related products and guarantees		4,238,575	3,283,851
Commission on cash management		803,438	799,307
Commission on remittances (including home remittances)		1,007,792	331,890
Commission on bancassurance		634,193	316,917
Wealth Management Fee		15,133	14,362
Others		108,357	448,702
		24,230,512	19,917,224
Less: Sales tax / Federal Excise Duty on fee and commission income		(2,961,552)	(2,498,469)
		21,268,960	17,418,755
27 GAIN / (LOSS) ON SECURITIES - NET			
Realised	27.1	342,774	(84,392)
Unrealised - measured at FVTPL	8.1	1,227,421	-
Unrealised - held-for-trading		-	(128,317)
		1,570,195	(212,709)
27.1 Gain / (loss) on securities - realised			
On:			
Federal Government securities			
- Market Treasury Bills		535,882	104,104
- Pakistan Investment Bonds		(19,114)	382,279
- Ijarah Sukuk		25,572	11,744
Shares		98,104	(613,931)
Non-Government debt securities		-	74,229
Foreign securities		(318,721)	(45,925)
Associates		21,051	3,108
		342,774	(84,392)



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

		(Unaudited)	
		For the six months ended	
		June 30, 2024	June 30, 2023
		(Rupees in '000)	
27.1.1	Composition of gain / (loss) on securities - realised		
	Net gain on securities measured at FVTPL	372,945	-
	Net loss on debt securities measured at FVOCI	(51,222)	-
	Net gain on sale of Associates	21,051	-
		<u>342,774</u>	<u>-</u>
28	OTHER INCOME		
	Incidental charges	261,577	179,497
	Gain on derecognition of joint venture	-	9,333,221
	Gain on sale of property and equipment - net	25,808	108,063
	Rent on properties	64,007	36,590
		<u>351,392</u>	<u>9,657,371</u>
29	OPERATING EXPENSES		
	Total compensation expense	27,018,397	23,712,359
	Property expense		
	Rent and taxes	604,535	642,513
	Insurance	125,236	127,565
	Utilities cost	2,724,646	2,149,738
	Security (including guards)	1,480,403	1,287,395
	Repair and maintenance (including janitorial charges)	2,551,869	1,996,786
	Depreciation on property and equipment	2,600,797	2,460,256
	Depreciation on right-of-use assets	1,901,464	1,809,655
		<u>11,988,950</u>	<u>10,473,908</u>
	Information technology expenses		
	Software maintenance	5,150,784	3,993,144
	Hardware maintenance	1,227,667	928,859
	Depreciation	2,046,551	1,527,533
	Amortisation	1,284,947	970,808
	Network charges	838,139	878,410
	Consultancy charges	348,256	388,001
		<u>10,896,344</u>	<u>8,686,755</u>
	Other operating expenses		
	Legal and professional charges	3,642,748	5,430,117
	Outsourced services costs	1,349,545	1,434,295
	Travelling and conveyance	1,078,099	870,119
	Insurance	400,706	475,269
	Remittance charges	228,206	316,369
	Cash transportation and sorting charges	1,687,593	1,533,797
	Repairs and maintenance	1,260,235	1,022,707
	Depreciation	320,415	361,597
	Training and development	321,254	237,110
	Postage and courier charges	445,012	398,599
	Communication	2,241,453	1,030,260
	Stationery and printing	1,601,238	1,321,611
	Marketing, advertisement and publicity	4,010,026	2,671,785
	Donations	450,537	539,044
	Auditors' remuneration	195,081	184,370
	Brokerage and commission	454,546	445,530
	Subscription	220,559	211,164
	Documentation and processing charges	5,796,709	4,152,218
	Entertainment	354,372	340,039
	Consultancy charges	1,083,964	1,422,529
	Deposits insurance premium expense	1,818,763	1,554,700
	Product feature cost	2,427,447	1,749,317
	Others	723,123	456,154
		<u>32,111,631</u>	<u>28,158,700</u>
		<u>82,015,322</u>	<u>71,031,722</u>



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Note	(Unaudited)	
		For the six months ended June 30, 2024	June 30, 2023
(Rupees in '000)			
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		146,586	43,432
Penalties imposed by other regulatory bodies		12,251	33,048
		<u>158,837</u>	<u>76,480</u>
31 CREDIT LOSS ALLOWANCE / (REVERSALS) AND WRITE OFFS - NET			
(Reversal) / charge of credit loss allowance against investments	8.2	(1,426,560)	1,728,150
Credit loss allowance against loans and advances	9.3	6,962,313	3,416,380
Provision / credit loss allowance against other assets	14.2.1	200,062	727,830
Charge / (reversal) of credit loss allowance against off-balance sheet obligations	20.1	936,932	(237,925)
Recoveries against written off / charged off bad debts		(397,869)	(401,443)
Recoveries against other assets written off		(1,398)	-
Other write offs and operational losses		329,435	86,029
		<u>6,602,915</u>	<u>5,319,021</u>
32 TAXATION			
- Current			
- For the year		33,892,313	26,544,684
- Prior years		281,116	(86,019)
		<u>34,173,429</u>	<u>26,458,665</u>
- Deferred			
- For the year		(4,607,902)	(232,688)
- Prior years		(269,267)	(641,821)
		<u>(4,877,169)</u>	<u>(874,509)</u>
		<u>29,296,260</u>	<u>25,584,156</u>
33 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the period		<u>28,650,545</u>	<u>27,711,333</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>19.53</u>	<u>18.89</u>

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

34 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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 UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

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

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

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

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

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

Federal Government securities	The fair values of Federal Government securities are determined on the basis of rates / prices sourced from Reuters.
Non-Government debt securities	Non-Government debt securities denominated in Rupees are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP). 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.
Property and equipment 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, required for Level 3 assets, has not been presented in these condensed interim unconsolidated financial statements.



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

34.1 Fair value of financial assets

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

As at June 30, 2024 (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	2,293,571,093	-	2,293,571,093	-	2,293,571,093
- Shares - listed companies	18,217,046	12,120,927	6,096,119	-	18,217,046
- Non-Government debt securities - Listed	50,323,389	40,048,000	10,275,389	-	50,323,389
- Foreign securities					
Government debt securities	152,786,803	-	152,786,803	-	152,786,803
Non-Government debt securities - Listed	15,141,225	-	15,141,225	-	15,141,225
- National Investment Unit Trust units	57,029	-	57,029	-	57,029
- Real Estate Investment Trust units	3,398,300	3,398,300	-	-	3,398,300
- Preference shares - Listed	836,100	836,100	-	-	836,100
	2,534,330,985	56,403,327	2,477,927,658	-	2,534,330,985

Financial assets - disclosed but not measured at fair value

Investments

- Federal Government securities	465,573,447	-	440,779,800	-	440,779,800
- Non-Government debt securities - Listed	895,915	-	873,631	-	873,631
- Foreign securities					
Government debt securities	13,658,499	-	13,801,349	-	13,801,349
- Associates	6,790,424	8,134,911	-	-	8,134,911
	486,918,285	8,134,911	455,454,780	-	463,589,691
	3,021,249,270	64,538,238	2,933,382,438	-	2,997,920,676

As at June 30, 2024 (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	628,599,782	-	(2,883,829)	-	(2,883,829)
- Forward Government securities transactions	4,595,717	-	(1,589)	-	(1,589)
- Derivative instruments	46,318,408	-	(7,932,990)	-	(7,932,990)



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	As at December 31, 2023 (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	1,782,011,013	-	1,782,011,013	-	1,782,011,013
- Shares - listed companies	16,524,041	9,057,018	7,467,023	-	16,524,041
- Non-Government debt securities - Listed	49,614,767	40,000,000	9,614,767	-	49,614,767
- Foreign securities					
Government debt securities	142,842,156	-	142,842,156	-	142,842,156
Non-Government debt securities- Listed	4,206,999	-	4,206,999	-	4,206,999
- National Investment Unit Trust units	50,745	-	50,745	-	50,745
- Real Estate Investment Trust units	68,700	68,700	-	-	68,700
- Preference shares - Listed	877,400	877,400	-	-	877,400
	1,996,195,821	50,003,118	1,946,192,703	-	1,996,195,821

Financial assets - disclosed but not measured at fair value

Investments

- Federal Government securities	414,265,326	-	380,620,887	-	380,620,887
- Non-Government debt securities - Listed	1,899,450	-	1,898,829	-	1,898,829
- Foreign securities					
Government debt securities	13,123,544	-	13,179,876	-	13,179,876
- Associates	6,802,524	6,788,865	-	-	6,788,865
	436,090,844	6,788,865	395,699,592	-	402,488,457
	2,432,286,665	56,791,983	2,341,892,295	-	2,398,684,278

As at December 31, 2023 (Audited)

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

Off-balance sheet financial instruments - measured at fair value

Commitments

- Forward foreign exchange contracts	474,521,265	-	(1,966,016)	-	(1,966,016)
- Forward Government securities transactions	24,383,498	-	(46,908)	-	(46,908)
- Derivative instruments	53,095,033	-	(10,247,686)	-	(10,247,686)

34.2 Fair value of non-financial assets

As at June 30, 2024 (Unaudited)

	Carrying value	Level 1	Level 2	Level 3	Total
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(Rupees in '000)

Land and Buildings	80,580,256	-	-	80,580,256	80,580,256
Non-banking assets acquired in satisfaction of claims	431,273	-	-	431,273	431,273
	81,011,529	-	-	81,011,529	81,011,529

As at December 31, 2023 (Audited)

	Carrying value	Level 1	Level 2	Level 3	Total
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(Rupees in '000)

Land and Buildings	79,629,624	-	-	79,629,624	79,629,624
Non-banking assets acquired in satisfaction of claims	433,908	-	-	433,908	433,908
	80,063,532	-	-	80,063,532	80,063,532



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

35 SEGMENT INFORMATION

35.1 Segment Details with respect to Business Activities

For the six months ended June 30, 2024 (Unaudited)

	Branch banking	Consumer, SME & Agriculture lending	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	(150,478)	29,055	22,702	38,352	167,950	9,422	(4,075)	112,928
Inter segment revenue / (expense) - net	216,640	(21,057)	-	(15,197)	(189,168)	1,272	7,510	-
Non mark-up / interest income	2,926	10,016	1,610	3,242	8,292	5,085	3,784	34,955
Total income	69,088	18,014	24,312	26,397	(12,926)	15,779	7,219	147,883
Segment direct expenses	17,722	11,653	5,399	2,163	339	9,037	37,020	83,333
Inter segment expense allocation	18,569	5,574	695	5,980	963	831	(32,612)	-
Total expenses	36,291	17,227	6,094	8,143	1,302	9,868	4,408	83,333
Provisions - charge / (reversal)	421	797	2,528	7,940	-	(1,306)	(3,777)	6,603
Profit / (loss) before tax	32,376	(10)	15,690	10,314	(14,228)	7,217	6,588	57,947

As at June 30, 2024 (Unaudited)

	Branch banking	Consumer, SME & Agriculture lending	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
----- (Rupees in million) -----								
Statement of financial position								
Cash and bank balances	186,732	-	37,489	474	241,967	155,001	486	622,149
Lendings to financial institutions	-	-	59,500	-	73,756	-	-	133,256
Inter segment lending	2,369,622	-	-	-	-	217,548	293,775	2,880,945
Investments	-	-	296,252	14,612	2,532,456	217,249	32,157	3,092,726
Advances - performing	-	248,491	189,894	812,244	-	295,912	47,054	1,593,595
Advances - non-performing	-	1,001	920	4,003	-	1,895	(78)	7,741
Others	44,868	5,283	44,707	92,033	140,396	13,707	106,582	447,576
Total assets	2,601,222	254,775	628,762	923,366	2,988,575	901,312	479,976	8,777,988
Borrowings	-	4,437	22,502	124,699	316,577	111,337	-	579,552
Subordinated debt	-	-	-	-	-	-	18,874	18,874
Deposits and other accounts	2,544,731	1,862	523,009	726,611	-	713,982	73,975	4,584,170
Inter segment borrowing	-	207,833	7,409	5,465	2,657,482	2,756	-	2,880,945
Others	56,491	40,643	28,081	66,591	16,826	9,152	155,075	372,859
Total liabilities	2,601,222	254,775	581,001	923,366	2,990,885	837,227	247,924	8,436,400
Equity	-	-	47,761	-	(2,310)	64,085	232,052	341,588
Total equity and liabilities	2,601,222	254,775	628,762	923,366	2,988,575	901,312	479,976	8,777,988
Contingencies and commitments	-	-	78,073	596,382	511,045	194,414	34,187	1,414,101



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

For the six months ended June 30, 2023 (Unaudited)

	Branch banking	Consumer, SME & Agriculture lending	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	(98,626)	24,258	12,183	43,902	116,029	10,894	(3,427)	105,213
Inter segment revenue / (expense) - net	157,203	(15,942)	-	(22,143)	(122,001)	(1,925)	4,808	-
Non mark-up / interest income	2,155	9,006	1,208	2,801	1,890	3,598	4,916	25,574
Total income	60,732	17,322	13,391	24,560	(4,082)	12,567	6,297	130,787
Segment direct expenses	15,894	8,599	3,557	2,124	429	8,838	32,731	72,172
Inter segment expense allocation	15,373	5,241	648	6,619	913	817	(29,611)	-
Total expenses	31,267	13,840	4,205	8,743	1,342	9,655	3,120	72,172
Provisions - charge / (reversal)	577	834	(453)	(955)	(395)	2,885	2,827	5,320
Profit / (loss) before tax	28,888	2,648	9,639	16,772	(5,029)	27	350	53,295

As at December 31, 2023 (Audited)

	Branch banking	Consumer, SME & Agriculture lending	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
----- (Rupees in million) -----								
Statement of financial position								
Cash and bank balances	195,852	-	40,896	590	190,638	120,218	-	548,194
Lendings to financial institutions	-	-	19,500	-	69,098	-	-	88,598
Inter segment lending	2,081,029	-	-	-	-	75,037	215,727	2,371,793
Investments	-	-	226,552	4,417	2,016,021	216,242	36,698	2,499,930
Advances - performing	-	256,677	206,739	844,497	-	304,049	38,034	1,649,996
Advances - non-performing	-	2,072	6,316	3,272	-	2,202	158	14,020
Others	35,158	7,642	39,132	81,020	92,166	23,415	122,400	400,933
Total assets	2,312,039	266,391	539,135	933,796	2,367,923	741,163	413,017	7,573,464
Borrowings	-	6,313	32,119	134,047	379,835	107,029	-	659,343
Subordinated debt	-	-	-	-	-	-	18,874	18,874
Deposits and other accounts	2,258,343	1,465	422,710	604,853	-	553,103	29,706	3,870,180
Inter segment borrowing	-	234,859	7,414	143,314	1,968,233	17,973	-	2,371,793
Others	53,696	23,754	32,967	51,582	32,810	6,785	117,901	319,495
Total liabilities	2,312,039	266,391	495,210	933,796	2,380,878	684,890	166,481	7,239,685
Equity	-	-	43,925	-	(12,955)	56,273	246,536	333,779
Total equity and liabilities	2,312,039	266,391	539,135	933,796	2,367,923	741,163	413,017	7,573,464
Contingencies and commitments	-	-	57,017	538,382	388,637	202,072	34,505	1,220,613



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

36 RELATED PARTY TRANSACTIONS

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

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

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

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

	As at June 30, 2024 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Statement of financial position							
Balances with other banks							
In current accounts	-	-	89,684	717,970	-	-	-
Investments							
Opening balance	-	-	-	29,172,923	7,058,755	-	17,204,695
Impact of adoption of IFRS 9	-	-	-	-	-	-	60,639
Exchange Adjustment	-	-	-	(105,585)	-	-	(168,134)
Investment made during the period	-	-	-	8,000,000	6,701	-	-
Investment redeemed / disposed off during the period	-	-	-	-	-	-	(2,837,500)
Revaluation of investment during the period	-	-	-	-	-	-	(1,156,854)
Provision / credit loss allowance for diminution in the value of investments	-	-	-	-	(18,802)	-	(20,070)
Closing balance	-	-	-	37,067,338	7,046,654	-	13,082,776
Provision / credit loss allowance for diminution in the value of investments	-	-	-	-	96,655	-	20,070
Advances							
Opening balance	1,969	649,863	5,352,719	2,086,003	375,000	-	10,200,880
Exchange adjustment	-	-	(60,504)	-	-	-	-
Addition during the period	6,043	209,365	16,461,338	112,924	-	-	10,715,126
Repaid during the period	(6,871)	(153,496)	(16,692,880)	(124,833)	(125,000)	-	(9,358,473)
Transfer out - net	-	(59,749)	-	-	-	-	-
Closing balance	1,141	645,983	5,060,673	2,074,094	250,000	-	11,557,533
Other Assets							
Interest / mark-up accrued	-	556	77,353	215,001	12,556	-	465,990
Receivable from defined benefit plan	-	-	-	-	-	-	845,404
Other receivables / prepayments	-	1,925	3,260	50,070	114,173	-	10,267
	-	2,481	80,613	265,071	126,729	-	1,321,661
Borrowings							
Opening balance	-	-	5,169,268	1,409,304	16,686,344	-	4,536,746
Exchange adjustment	-	-	-	(17,598)	(246,254)	-	(31,675)
Borrowings during the period	-	-	-	2,799,051	78,756,434	-	5,019,886
Settled during the period	-	-	(5,169,268)	(2,799,051)	(74,543,607)	-	(5,019,886)
Closing balance	-	-	-	1,391,706	20,652,917	-	4,505,071
Deposits and other accounts							
Opening balance	23,411	572,514	23,823,074	3,698,361	33,215,657	-	1,363,336
Exchange adjustment	(69)	(3,988)	(284,786)	-	(6,978)	-	(15,545)
Received during the period	354,655	2,859,659	196,099,417	448,158,493	604,708,319	-	28,040,617
Withdrawn during the period	(299,352)	(2,740,289)	(195,468,563)	(447,266,401)	(595,484,938)	-	(26,363,374)
Transfer (out) / in - net	-	(186,926)	-	-	-	-	35,107
Closing balance	78,645	500,970	24,169,142	4,590,453	42,432,060	-	3,060,141
Other liabilities							
Interest / mark-up payable	189	2,332	206,772	50,714	282,845	-	58,059
Payable to defined benefit plan	-	-	-	-	-	-	793,932
Other payables	-	-	32,158	304,552	14,808	-	436,437
	189	2,332	238,930	355,266	297,653	-	1,288,428
Contingencies and Commitments							
Letter of credit	-	-	803,064	-	-	-	200,222
Letter of guarantee	-	-	187,626	78,149	5	-	3,541,727
Forward purchase of foreign exchange contracts	-	-	-	2,922,583	-	-	-
Interest rate swaps	-	-	-	-	250,000	-	-
	-	-	990,690	3,000,732	250,005	-	3,741,949
Others							
Securities held as custodian	-	164,060	20,086,450	-	189,722,800	-	31,074,410



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	For the six months ended June 30, 2024 (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	13	14,485	217,124	660,518	37,142	-	1,264,995
Fee and commission income	251	4,467	180,024	76,850	504,397	-	8,324
Dividend income	-	-	-	-	1,455,190	-	918,243
Unrealised loss on derivatives	-	-	-	-	(20,643)	-	-
Gain on sale of securities - net	-	-	-	-	517	-	-
Rent on properties	-	-	-	58,390	-	-	-
Gain on disposal of property and equipment	-	-	-	-	5,571	-	-
Other income	-	-	-	54,462	-	-	-
Expense							
Mark-up / return / profit / interest expensed	1,483	26,515	860,337	262,589	1,495,051	-	303,596
Operating expenses							
Total compensation expense	-	2,132,023	-	-	-	-	714,598
Non-Executive Directors' fees	57,600	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	1,188,808	-	-
Product feature cost	-	-	137,873	-	-	-	-
Travelling	-	-	5,592	-	-	-	-
Subscription	-	-	-	-	-	-	3,630
Marketing, advertisement and publicity	-	-	-	375,483	-	-	-
Donation	-	-	-	-	-	-	436,437
Brokerage and Commission	-	-	-	-	-	-	151,996
Other expenses	-	-	25,724	7,010	36,747	-	35,474
Provision / credit loss allowance for diminution in the value of investments	-	-	-	-	18,802	-	20,070
Others							
Purchase of Government securities	-	9,839	85,919,120	104,846,982	75,446,513	-	5,735,149
Sale of Government securities	-	78,753	89,118,879	104,658,606	43,543,357	-	12,665,792
Purchase of foreign currencies	-	-	5,698,227	19,601,744	45,983	-	15,677
Sale of foreign currencies	-	-	3,148,142	14,961,795	589,255	-	796,988
Insurance claims settled	-	-	-	-	182,436	-	-
As at December 31, 2023 (Audited)							
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Statement of financial position							
Balances with other banks							
In current accounts	-	-	24,874	866,164	-	-	-
Investments							
Opening balance	-	-	-	26,510,029	7,286,430	135,665	9,755,368
Exchange Adjustment	-	-	-	1,662,894	-	-	589,066
Investment made during the year	-	-	-	1,000,000	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	(149,821)	-	-
Transfer (out) / in - net	-	-	-	-	-	(135,665)	9,564,089
Revaluation of investment during the year	-	-	-	-	-	-	(2,686,132)
Provision for diminution in value of investments	-	-	-	-	(77,854)	-	(17,696)
Closing balance	-	-	-	29,172,923	7,058,755	-	17,204,695
Provision for diminution in the value of investments	-	-	-	-	77,854	-	60,639
Advances							
Opening balance	1,412	520,240	4,547,709	3,357,440	625,000	-	11,714,938
Exchange adjustment	-	-	908,792	345,755	-	-	-
Addition during the year	9,645	513,599	30,558,900	524,666	-	-	16,335,757
Repaid during the year	(9,088)	(383,976)	(30,662,682)	(2,141,858)	(250,000)	-	(17,849,815)
Closing balance	1,969	649,863	5,352,719	2,086,003	375,000	-	10,200,880
Other Assets							
Interest / mark-up accrued	-	689	68,692	240,265	17,214	-	298,518
Receivable from defined benefit plan	-	-	-	-	-	-	845,404
Other receivables / prepayments	-	2,673	9,779	1,000	477,119	-	13,307
	-	3,362	78,471	241,265	494,333	-	1,157,229



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	As at December 31, 2023 (Audited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Borrowings							
Opening balance	-	-	3,982,280	2,264,309	12,950,894	2,717,171	168,252
Exchange adjustment	-	-	1,159,109	546,817	3,224,127	619,856	823,712
Borrowings during the year	-	-	20,166,148	9,812,754	83,310,506	2,348,700	19,662,958
Settled during the year	-	-	(20,138,269)	(11,214,576)	(82,799,183)	(3,131,600)	(18,672,303)
Transfer (out) / in - net	-	-	-	-	-	(2,554,127)	2,554,127
Closing balance	-	-	5,169,268	1,409,304	16,686,344	-	4,536,746
Deposits and other accounts							
Opening balance	135,270	504,305	16,086,603	2,461,812	2,817,791	4,204	1,754,471
Exchange adjustment	22,601	43,837	192,882	115,020	37,425	795	17,474
Received during the year	780,596	5,692,787	364,791,560	1,079,990,251	1,418,318,927	3,996	187,434,725
Withdrawn during the year	(915,056)	(5,668,415)	(357,247,971)	(1,078,868,722)	(1,387,958,486)	(7,583)	(187,844,746)
Transfer (out) / in - net	-	-	-	-	-	(1,412)	1,412
Closing balance	23,411	572,514	23,823,074	3,698,361	33,215,657	-	1,363,336
Other liabilities							
Interest / mark-up payable	1	1,508	242,441	13,972	237,842	-	39,339
Payable to Defined Benefit Plan	-	-	-	-	-	-	851,133
Other payables	-	-	7,876	27,730	9,594	-	869,064
	1	1,508	250,317	41,702	247,436	-	1,759,536
Contingencies and Commitments							
Letters of credit	-	-	380,194	-	-	-	924,060
Guarantees	-	-	174,650	1,535	5	-	3,535,727
Forward purchase of Government securities	-	7,116	90,212	-	-	-	334,534
Forward purchase of foreign exchange contracts	-	-	-	1,240,184	-	-	-
Interest rate swaps	-	-	-	-	375,000	-	-
	-	7,116	645,056	1,241,719	375,005	-	4,794,321
Others							
Securities held as custodian	-	152,360	22,460,475	-	214,735,000	-	29,021,560
	For the six months ended June 30, 2023 (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	225	23,513	369,833	1,086,049	84,259	-	1,702,918
Fee and commission income	272	3,015	131,436	37,598	311,174	-	51,772
Dividend income	-	-	-	-	773,556	-	1,545,344
Foreign exchange gain	-	-	-	435,292	-	-	-
Unrealised loss on derivatives	-	-	-	-	(56,707)	-	-
Gain on sale of securities - net	-	-	-	-	3,108,713	-	-
Rent on properties	-	-	-	33,607	-	-	-
Other income	-	-	-	13,462	-	-	-
Expense							
Mark-up / return / profit / interest expensed	8,394	23,727	413,454	91,618	460,661	-	377,931
Operating expenses							
Total compensation expense	-	1,774,291	-	-	-	-	812,109
Non-Executive Directors' fees	45,000	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	1,138,973	-	-
Product feature cost	-	-	120,673	-	-	-	-
Travelling	-	-	1,483	-	-	-	-
Subscription	-	-	-	-	-	-	6,550
Donation	-	-	-	-	-	-	395,295
Brokerage and Commission	-	-	-	-	-	-	149,842
Other expenses	-	-	25,625	15,647	32,939	-	27,795
Provision for diminution in the value of investments	-	-	-	-	-	-	15,248
Others							
Purchase of Government securities	2,498	126,341	72,494,094	94,198,767	52,655,040	-	44,283,197
Sale of Government securities	80,398	226,668	92,563,109	98,083,343	75,117,463	-	57,734,356
Purchase of foreign currencies	-	-	2,825,150	19,166,048	-	-	7,037,761
Sale of foreign currencies	41,555	-	2,869,297	25,056,984	2,791	-	7,489
Insurance claims settled	-	-	-	-	93,397	-	-

36.1 Balances and transactions with group entities include deposits of Rs 0.643 million (December 31, 2023: Rs 0.695 million) from the parent and Rs 1.468 million (June 30, 2023: 2 thousand) as mark-up expense thereon.



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Unaudited) June 30, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>14,668,525</u>	<u>14,668,525</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>252,679,876</u>	<u>244,543,194</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>15,084,388</u>	<u>15,209,811</u>
Total Eligible Tier 1 Capital	<u>267,764,264</u>	<u>259,753,005</u>
Eligible Tier 2 Capital	<u>77,132,070</u>	<u>74,258,880</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>344,896,334</u>	<u>334,011,885</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>1,492,015,924</u>	<u>1,484,105,134</u>
Market Risk	<u>199,572,325</u>	<u>162,338,638</u>
Operational Risk	<u>286,469,768</u>	<u>286,469,768</u>
Total	<u>1,978,058,017</u>	<u>1,932,913,540</u>
CET 1 CAR	<u>12.77%</u>	<u>12.65%</u>
Tier 1 CAR	<u>13.54%</u>	<u>13.44%</u>
Total CAR	<u>17.44%</u>	<u>17.28%</u>
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		
of which: capital conservation buffer requirement	9.00%	9.00%
of which: countercyclical buffer requirement	1.50%	1.50%
of which: D-SIB buffer requirement	1.50%	1.50%
CET1 available to meet buffers (as a percentage of risk weighted assets)	6.77%	6.65%
Other information:		
National minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	9.00%	9.00%
Tier 1 minimum ratio (%)	10.50%	10.50%
Total capital minimum ratio (%)	13.00%	13.00%
	(Unaudited) June 30, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
Leverage Ratio (LR)		
Eligible Tier-1 Capital	267,764,264	259,753,005
Total Exposure	6,204,341,324	5,834,019,080
Leverage Ratio (%)	<u>4.32%</u>	<u>4.45%</u>
Minimum Requirement (%)	<u>3.00%</u>	<u>3.00%</u>
Liquidity Coverage Ratio (LCR)		
Average High Quality Liquid Assets	2,282,710,658	1,879,073,951
Average Net Cash Outflow	857,254,077	693,860,676
Liquidity Coverage Ratio (%)	<u>266.28%</u>	<u>270.81%</u>
Minimum Requirement (%)	<u>100.00%</u>	<u>100.00%</u>
Net Stable Funding Ratio (NSFR)		
Available Stable Funding	4,316,542,700	3,812,112,933
Required Stable Funding	2,390,061,261	2,384,738,674
Net Stable Funding Ratio (%)	<u>180.60%</u>	<u>159.85%</u>
Minimum Requirement (%)	<u>100.00%</u>	<u>100.00%</u>

37.1 The SBP has permitted banks to adopt a transitional approach to phase in the initial impact of the ECL for stage 1 and 2 financial assets over a period of five years. Had there been no such relaxation the Bank's total CAR would have been lower by 116 bps.



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

38

ISLAMIC BANKING BUSINESS

The Bank operates 408 (December 31, 2023: 408) Islamic Banking branches and 570 (December 31, 2023: 553) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited)	(Audited)
		June 30, 2024	December 31, 2023
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		36,077,842	40,418,980
Balances with other banks		1,411,577	476,714
Due from financial institutions	38.1	59,500,000	19,500,000
Investments	38.2	296,252,479	226,552,494
Islamic financing and related assets - net	38.3	190,814,793	213,054,465
Property and equipment		7,224,592	7,392,659
Right-of-use assets		6,610,113	6,526,100
Intangible assets		50,851	48,248
Due from Head Office		-	-
Deferred tax assets		4,230,637	1,270,557
Other assets		26,590,946	23,894,137
		628,763,830	539,134,354
LIABILITIES			
Bills payable		48,111	40,454
Due to financial institutions	38.4	22,502,310	32,119,436
Deposits and other accounts	38.5	523,008,997	422,709,734
Due to Head Office		7,410,836	9,382,906
Lease liabilities		9,124,453	8,572,063
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities		18,908,558	23,443,740
		581,003,265	496,268,333
NET ASSETS			
		47,760,565	42,866,021
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Deficit on revaluation of investments - net of tax		(934,862)	(1,322,417)
Unappropriated profit	38.6	48,195,427	43,688,438
		47,760,565	42,866,021
Contingencies and commitments			
	38.7		
(Unaudited)			
For the six months ended			
		June 30,	June 30,
		2024	2023
(Rupees in '000)			
PROFIT AND LOSS ACCOUNT			
Profit / return earned	38.8	47,103,850	31,824,096
Profit / return expensed	38.9	24,401,673	19,640,615
Net profit / return		22,702,177	12,183,481
Other income			
Fee and commission income		1,162,292	768,817
Dividend income		-	-
Foreign exchange income		421,906	426,776
Income from derivatives		-	-
Gain on securities- net		25,075	12,186
Others		-	-
Total other income		1,609,273	1,207,779
Total income		24,311,450	13,391,260
Other expenses			
Operating expenses		5,779,585	4,011,541
Workers' Welfare Fund		313,798	192,789
Other charges		125	120
Total other expenses		6,093,508	4,204,450
Profit before credit loss allowance		18,217,942	9,186,810
Charge / (reversal) of credit loss allowance and write offs - net		2,528,060	(452,646)
Profit before taxation		15,689,882	9,639,456
Taxation		7,688,042	4,723,333
Profit after taxation		8,001,840	4,916,123



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	(Unaudited) June 30, 2024	(Audited) December 31, 2023
	(Rupees in '000)	
38.3 Islamic financing and related assets - net		
Diminishing Musharakah	92,344,754	93,090,208
Running Musharakah	45,620,380	46,748,573
Wakalah	14,570,724	15,112,848
Ijarah	4,203,508	3,771,372
Murabaha	1,964,803	1,937,342
Currency Salam	-	82,738
Tijarah	3,532,579	2,422,198
Istisna	1,224,397	2,053,597
Musawamah	1,029,567	3,191,914
Advance for Diminishing Musharakah	2,869,149	3,820,249
Advance for Ijarah	3,849,079	3,498,372
Advance for Murabaha	11,447,946	10,561,441
Advance for Salam	199,223	2,032,234
Advance for Istisna	11,389,512	16,079,982
Advance for Musawamah	1,339,665	595,848
Inventories against Murabaha	1,704,496	5,784,149
Inventories against Salam	2,877,011	-
Inventories against Tijarah	3,834,962	5,088,392
Inventories against Istisna	2,371,378	3,842,828
Islamic financing and related assets - gross	<u>206,373,133</u>	<u>219,714,285</u>
Credit loss allowance against Islamic financing and related assets		
- Stage 1	(906,961)	-
- Stage 2	(923,954)	-
- Stage 3	(13,680,750)	-
Specific	-	(5,523,177)
General	(46,675)	(1,136,643)
Islamic financing and related assets - net of credit loss allowance	<u>(15,558,340)</u>	<u>(6,659,820)</u>
	<u>190,814,793</u>	<u>213,054,465</u>
38.4 Due to financial institutions		
Acceptances from the SBP under:		
- Islamic export refinance scheme	10,484,195	19,406,548
- Islamic export refinance scheme for bill discounting	547,876	556,808
- Islamic long term financing facility	6,100,227	6,481,973
- Islamic financing facility for renewable energy power plants	666,336	644,321
- Islamic refinance facility for modernization of Small & Medium Enterprises (SMEs)	251,686	286,208
- Islamic refinance and credit guarantee scheme for women entrepreneurs	775	1,765
- Islamic refinance facility for combating COVID-19	345,259	355,448
- Islamic temporary economic refinance facility	2,105,956	2,386,365
Acceptances from Pakistan Mortgage Refinance Company	2,000,000	2,000,000
	<u>22,502,310</u>	<u>32,119,436</u>
38.5 Deposits and other accounts		
Customers		
Current deposits	114,878,508	109,005,139
Savings deposits	337,122,260	279,911,025
Term deposits	30,495,454	29,238,524
	<u>482,496,222</u>	<u>418,154,688</u>
Financial Institutions		
Current deposits	148,779	92,442
Savings deposits	40,227,350	4,360,958
Term deposits	136,646	101,646
	<u>40,512,775</u>	<u>4,555,046</u>
	<u>523,008,997</u>	<u>422,709,734</u>
38.6 Islamic Banking business unappropriated profit		
Opening Balance	43,688,438	32,922,558
Impact of adoption of IFRS 9	(3,468,455)	-
Add: Islamic Banking profit for the period / year	15,689,882	21,124,836
Less: Taxation	(7,688,042)	(10,351,170)
Less: Transferred / Remitted to Head Office	(26,396)	(7,786)
Closing Balance	<u>48,195,427</u>	<u>43,688,438</u>



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Note	(Unaudited) June 30, 2024 (Rupees in '000)	(Audited) December 31, 2023
38.7	Contingencies and commitments		
	- Performance Guarantees	13,878,789	3,783,771
	- Commitments	64,194,412	53,232,828
		<u>78,073,201</u>	<u>57,016,599</u>
38.7.1	Commitments:		
	Trade-related contingent liabilities	32,524,871	30,703,557
	Commitments in respect of forward foreign exchange contracts	31,669,541	22,529,271
		<u>64,194,412</u>	<u>53,232,828</u>
38.7.1.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	18,397,854	11,450,911
	Sale	13,271,687	11,078,360
		<u>31,669,541</u>	<u>22,529,271</u>
		(Unaudited)	
		For the six months ended	
38.8	Profit / return earned	June 30, 2024	June 30, 2023
		(Rupees in '000)	
	On:		
	Financing	20,441,122	15,358,290
	Investments	25,355,553	15,604,516
	Amounts due from financial institutions	1,307,175	861,290
		<u>47,103,850</u>	<u>31,824,096</u>
38.9	Profit / return expensed		
	On:		
	Deposits and other accounts	20,782,556	13,063,911
	Amounts due to financial institutions	2,634,680	6,086,344
	Foreign currency deposits for Wa'ad based transactions	366,912	4,842
	Lease liability against right-of-use assets	617,525	485,518
		<u>24,401,673</u>	<u>19,640,615</u>
39	NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE		
39.1	The Board of Directors, in its meeting held on August 26, 2024, has declared a cash dividend of Rs 4.00 per share in respect of the quarter ended June 30, 2024 (June 30, 2023: Rs 2.00 per share). These condensed interim unconsolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.		
40	DATE OF AUTHORISATION FOR ISSUE		
	These condensed interim unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on August 26, 2024.		
41	GENERAL		
41.1	Comparative figures have been re-arranged and reclassified for comparison purposes.		

Muhammad Nassir Salim
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Raza
Director

Shaffiq Dharamshi
Director

