



HABIB BANK
حبیب بینک

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

April 28, 2023

Dear Sir,

Subject: Transmission of Quarterly Report for the first quarter ended March 31, 2023

We have to inform you that the Quarterly Report of Habib Bank Limited for the first quarter ended March 31, 2023, has been transmitted through PUCARS and has also been made available on the Bank's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours faithfully,

Uzman Naveed Chaudhary
Company Secretary

Copy to:

1. Executive Director/HOD, Offsite-II, Supervision Division, Securities & Exchange Commission of Pakistan, NIC Building, 63 Jinnah Avenue, Islamabad (with 3 printed copies of the Quarterly Report of the Bank for the period ended March 31, 2023)
2. The Registrar, Company Registration Office, State Life Building 7, Jinnah Avenue, Blue Area, Islamabad (with 3 printed copies of the Quarterly Report of the Bank for the period ended March 31, 2023)
3. The Director, Banking Policy & Regulation Department, State Bank of Pakistan, I.I. Chundrigar Road, Karachi (with 3 printed copies of the Quarterly Report of the Bank for the period ended March 31, 2023)

Habib Bank Limited
(Registered Office)
9th Floor,
Habib Bank Tower,
Jinnah Avenue, Blue
Area, Islamabad

Phone 051-2270856
051-2821183
Fax 051-2872205
www.hbl.com

111-111-425

www.hbl.com

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QUARTERLY REPORT
MARCH 31, 2023

CORPORATE INFORMATION

Board of Directors

Mr. Sultan Ali Allana
Chairman

Mr. Shaffiq Dharamshi
Director

Mr. Moez Ahamed Jamal
Director

Mr. Salim Raza
Director

Dr. Najeeb Samie
Director

Mr. Khaleel Ahmed
Director

Ms. Saba Kamal
Director

Mr. Muhammad Aurangzeb
President & CEO

Chief Operating Officer
Mr. Sagheer Mufti

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

HBL Corporate Secretariat

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

Principal Office

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

Registered Office

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

Corporate Website

www.hbl.com

Internet Banking

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

Konnect

www.hbl.com/konnect

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



**CONDENSED INTERIM
CONSOLIDATED FINANCIAL
STATEMENTS**



Directors' Review

On behalf of the Board of Directors, we are pleased to present the Consolidated Financial Statements for the quarter ended March 31, 2023.

Macroeconomic Review

Pakistan's economy continues to face headwinds with rolling delays in the IMF program, low reserves and exceedingly high inflation. The World Bank expects GDP growth for FY'23 to remain nearly flat at 0.4%, impacted by a contractionary monetary policy, flood induced slowdowns, and inflationary pressures. This is further corroborated by a 5.6% decline in the Large-Scale Manufacturing index for 8MFY'23 compared to the same period in the prior year.

Headline inflation surged to its highest ever recorded level of 35.4% in Mar'23, led by an increase in food and energy prices, with food inflation soaring to 47%. The increase in price levels is partly due to Ramadan and partly due to the lagged effects of the devaluing Rupee and fuel price increases. Average inflation for 9MFY'23 was recorded at 27.3% vs 10.8% in 9MFY'22. Consequently, the SBP has further revised its average inflation expectations for FY'23 from 21%-23% to 27%-29%.

The current account posted a surplus of USD 654 million in Mar'23, the first time since Nov'20, led by elevated remittances, and a lower trade deficit. For 9MFY'23, administrative measures and import restrictions led to a 21% contraction in the import bill. Exports also slowed by 11% in this period due to the global economic slowdown, but the substantial decline in imports narrowed the trade deficit to USD 20.4 billion, 30% lower than in 9MFY'22. Despite a Ramadan-related rebound in remittances in Mar'23, overall inflows declined by 11% in 9MFY'23, due to the significant gap between the interbank and kerb rates. However, the containment of the trade deficit has led to a sizable contraction in the current account deficit, which reduced to USD 3.4 billion in 9MFY'23, 74% lower YoY.

Policy measures such as exchange rate caps and administrative import controls, along with uncertainty around financing gaps, have delayed the IMF Staff Level Agreement. Despite a number of measures taken by the government and the central bank, this still remains elusive and has impeded the build-up of stable reserves. Fitch and Moody's have both lowered Pakistan's sovereign credit rating by 2 notches citing the Government's liquidity and external vulnerability risks as the key drivers. Rollovers from Chinese banks have provided some support to reserves which nevertheless remain at low levels. The Rupee has seen a major adjustment, devaluing by over ~20% (Rs 57.4/\$) in Q1'23, outstripping the downward movement of Rs 48.3/\$ in the whole of 2022.

The equity market remained lackluster. Uncertainty prevailed, led by additional taxes in the Finance Supplementary Bill, constant increases in the policy rate, rapid and sharp currency depreciation and record high inflation. The lack of clarity on the political and economic fronts, further exacerbated by the delay in the IMF review, kept the KSE-100 index in check. However, possibly heralding a new trend, cheaper valuations and subdued market prices led major corporates to announce buybacks, providing support to the equity market which fell by only 1.0% in 1Q'23 to close at the 40,000 level.

Monetary tightening continued; the SBP raised rates by 400 bps during the quarter, including an above-expectations 300bps hike in early Mar'23. In its April MPC meeting, the SBP again raised the policy rate by 100bps to 21%. The central bank highlighted the surge in inflation and that, although expectations appeared to be plateauing, they were at elevated levels; hence the MPC action was necessary to anchor inflation expectations and help achieve the medium-term target over time. The MPC also noted the deceleration in demand and in private sector credit offtake, which has resulted in a 0.9% decline in banking sector advances from Dec'22 levels. After an anomalous Q4'22, industry deposits have increased by 4.9% in Mar'23. The spread between lending and deposit rates has increased by 259 bps during 1Q'23 compared to the same period last year.

Financial Performance

HBL has delivered another record quarter in Q1'23 with a profit before tax of Rs 21.5 billion, 47% higher than the PBT of Rs 14.6 billion last year. This strong performance was driven by excellent results across all domestic businesses and sustainable operating profit from the international franchise. The Bank's profit after tax rose by 54% to Rs 13.3 billion with earnings per share improving from Rs 5.78 in Q1'22 to Rs 9.00 in Q1'23.

The Bank's balance sheet grew by 7% to Rs 4.96 trillion with domestic deposits increasing to nearly Rs 3.0 trillion and total deposits to Rs 3.6 trillion. Average domestic deposits increased by Rs 287 billion; 90% of the increase came from low-cost deposits, enabling HBL to contain the rise in deposit cost. The record policy rate of 21% has resulted in muted credit demand with a net reversal in private sector credit growth. Consequently, domestic advances declined by Rs 54 billion to Rs 1.36 trillion with total advances flat to December 2022 levels at Rs 1.8 trillion.

In the rapidly rising rate environment, the net interest margin improved by 187bps. The average domestic balance sheet grew by 13%, leading to a 53% growth in net interest income. With monetary tightening and spread expansion in key overseas locations, interest income in the international business also rose by 46%. Consequently, HBL's total net interest income increased by 54%, to Rs 55.8 billion.

HBL continues to lead the market in fees, with another robust growth of 27% to Rs 9.3 billion. The flagship Cards business continued to deliver stellar results, accounting for two-thirds of the fee increase. Trade income grew by 31% to Rs 1.2 billion while cash management fees rose by more than 50% to Rs 0.4 billion. The Bank's total revenue for Q1'23 thus increased by 38% over Q1'22, to Rs 64.4 billion.

In Q1'23, unprecedented inflation levels and Rupee devaluation further impacted administrative expenses which increased by 29% to Rs 39.2 billion. However, with the strong revenue growth, the cost/income ratio improved from 65.1% in Q1'22 to 60.8% in Q1'23. Total provisions of the Bank stood at Rs 3.2 billion compared to Rs 1.2 billion in Q1'22; the increase is entirely due to additional provisions taken in international locations as result of Pakistan's rating downgrade. With the slowdown in loan growth, the infection ratio has increased to 5.4% but remains below industry levels; the Bank's total coverage remained above 100%.

Movement in Reserves

Rupees in million

Unappropriated profit brought forward	178,468
Profit attributable to equity holders of the Bank	13,201
Re-measurement gain on defined benefit obligations of associates – net of tax	9
Transferred from surplus on revaluation of assets – net of tax	83
Acquisition of additional interest in subsidiary	234
Derecognition of Joint Venture arrangement	1,441
	14,968
Profit available for appropriation	193,436
Appropriations:	
Transferred to statutory reserves	(1,654)
Cash dividend – Final 2022	(2,200)
Total appropriations	(3,854)
Unappropriated profit carried forward	189,582
Earnings per share (Rupees)	9.00

Capital Ratios

Internal capital generated by the strong results added 79 bps to the Bank's Tier 1 Capital Adequacy Ratio (CAR). However, macroeconomic factors – the Rupee devaluation and spiraling interest rates – had a significant negative impact of 232bps on CAR. The Consolidated Tier 1 CAR was 10.69% compared to 11.81% in December 2022, while total CAR was 13.48%.

Dividend

The Board of Directors, in its meeting held on April 27, 2023, has declared an interim cash dividend of Rs 1.50 per share (15%) for the quarter ended March 31, 2023.

Future Outlook

The recent financial sector turmoil in developed markets has injected another bout of risk-aversion into global markets, despite the swift move by regulators to contain the fallout. We are already seeing a tightening of global liquidity and financial conditions indicating that many emerging market countries, including Pakistan, may face further difficulty in accessing international capital markets. In addition, rating downgrades have further added to concerns on the economy and debt sustainability. A number of issues in Pakistan's economy can be resolved by moving towards privatization, institutional capacity development and supply-side measures aimed at providing

long-term benefits to the economy. However, this will require a national consensus of all stakeholders in devising long term policies that move beyond individual governments and towards sustainable development.

The continued inability to conclude the EFF agreement, despite the completion of a number of prior actions is of deep concern. The recent announcement by the government of a petrol cross subsidy scheme – if executed – would derail the progress made so far towards a positive outcome; a repudiation of the EFF would have severe consequences and must be avoided at all costs. The Current Account surplus in March is a positive development and has helped bring about a modicum of stability in the Rupee. However, the recent announcement by OPEC+ to cut further oil output could pose risks to the inflationary outlook of oil importing countries. Keeping this in view, policies aimed at energy conservation may help to sustain the current account surplus and cushion the impact of any impending increase in global oil prices.

HBL continues to invest in its people and its digital infrastructure while ensuring it gives back to the communities in which it operates. HBL has demonstrated resilience in a highly challenging environment, with the strong results a testament to the loyalty of our customers and the agility of our management. The Bank has played a pivotal role in strengthening Pakistan's agricultural sector through its unique interventions which have doubled farmer incomes and are now being expanded from Punjab to KPK. Q1'23 saw the successful conclusion of HBL PSL 8, an event now firmly established on the international cricket calendar, and which has played a crucial role in normalizing cricket in Pakistan. In line with our commitment to supporting those in need, HBL contributed another Rs 68 million for the reconstruction of two villages in Sindh.

HBL is driving Pakistan's e-commerce payments landscape, with its recently launched HBL Digital Invoicing. HBL's Billing Aggregator makes online payments accessible to millions of Pakistanis across the world. During Q1'23, the channel recorded another industry-first by enabling clients of other banks to use their own app to pay education fees for HBL-registered institutions. Konnect has been instrumental in implementing the government's welfare programs and, during the quarter, HBL disbursed Rs 102 billion to over 6.3 million beneficiaries. HBL also collaborated with BISP on the Waseela-e-Taleem Program to promote education and literacy, disbursing Rs 9.4 billion to 4.8 million beneficiaries in Q1'23.

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 unprecedented and 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 Aurangzeb
President & Chief Executive Officer

Moez Ahamed Jamal
Director

April 27, 2023

ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2023 کو ختم ہونے والی پہلی سہ ماہی کے مختصر عبوری مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

IMF پروگرام میں تاخیر، کم ذخائر اور افراط زر میں اضافے کی وجہ سے پاکستان کی معیشت مسلسل مشکلات سے دوچار ہے۔ عالمی بینک کو توقع ہے کہ مالی سال 23 کے لیے GDP کی شرح نمو تقریباً 0.4% پر مستحکم رہے گی، جس کی وجہ مانیٹری پالیسی میں تنگی، سیلاب کے سبب سست روی اور افراط زر کا دباؤ ہیں۔ اس بات کی مزید تصدیق گزشتہ سال اسی عرصے کے مقابلے میں مالی سال 23 کے 8 ماہ کے لیے بڑے پیمانے پر مینوفیکچرنگ انڈیکس میں 5.6% کمی سے ہوتی ہے۔

خوراک اور توانائی کی قیمتوں میں اضافے کی وجہ سے مارچ 23 میں عمومی افراط زر اپنی تاریخ کی بلند ترین سطح 35.4% تک پہنچ گئی جبکہ اشیائے خور دو نوش کے حوالے سے افراط زر 47% تک پہنچ گئی۔ قیمتوں میں اضافہ جزوی طور پر روپے کی قدر میں کمی کے تاخیری منفی اثرات اور جزوی طور پر ایندھن کی قیمتوں میں اضافے اور رمضان کی وجہ سے ہوا ہے۔ مالی سال 23 کے 9 ماہ کی اوسط افراط زر 27.3% ریکارڈ کی گئی جو مالی سال 22 کے 9 ماہ میں 10.8% تھی۔ نتیجتاً SBP نے مالی سال 23 کے لیے اوسط افراط زر کی توقعات 23%-21% سے بڑھا کر 29%-27% کر دی ہیں۔

مارچ 23 میں کرنٹ اکاؤنٹ میں 654 ملین امریکی ڈالر کا سرپلس ریکارڈ کیا گیا، جو نومبر 20 کے بعد پہلی بار ہوا ہے، جس کی وجہ ترسیلات زر میں اضافہ اور تجارتی خسارے میں کمی ہے۔ مالی سال 23 کے ماہ کے دوران انتظامی اقدامات اور درآمدی پابندیوں کی وجہ سے درآمدی بل 21% گھٹ گیا ہے۔ عالمی معاشی سست روی کی وجہ سے اس عرصے میں برآمدات میں بھی 11% کمی واقع ہوئی تاہم درآمدات میں نمایاں کمی سے تجارتی خسارہ کم ہو کر 20.4 ارب ڈالر رہ گیا جو مالی سال 22 کے 9 ماہ کے مقابلے میں 30% کم ہے۔ مارچ 23 میں رمضان المبارک سے متعلق ترسیلات زر میں اضافے کے باوجود مالی سال 23 کے 9 ماہ میں ترسیلات زر میں مجموعی طور پر 11% کمی واقع ہوئی جس کی وجہ انٹر بینک اور کرب ریٹ کے درمیان نمایاں فرق ہے۔ تاہم تجارتی خسارے پر قابو پانے سے کرنٹ اکاؤنٹ خسارے میں نمایاں کمی واقع ہوئی ہے۔ مالی سال 23 کے 9 ماہ میں کرنٹ اکاؤنٹ خسارہ 3.4 ارب ڈالر سال بہ سال کی بنیاد پر 74% تک کم ہوا۔

شرح مبادلہ کی حد اور انتظامی درآمدی کنٹرول جیسے پالیسی اقدامات کے ساتھ ساتھ مالیاتی خلا کے حوالے سے غیر یقینی صورتحال سے IMF اسٹاف لیول معاہدہ التوا کا شکار ہوا ہے۔ حکومت اور سینٹرل بینک کی جانب سے کیے گئے متعدد اقدامات کے باوجود، یہ اب تک بدستور مبہم اور مستحکم ذخائر کی تعمیر میں رکاوٹ ہے۔ فچ اور موڈیز دونوں نے حکومت کی لیکویڈٹی اور بیرونی خطرات کو کلیدی محرک قرار دیتے ہوئے پاکستان کی خودمختار کریڈٹ ریٹنگ میں 2 درجے کمی کی ہے۔ چینی بینکوں کے رول اوورز نے ذخائر کو کچھ مدد فراہم کی ہے جو اب بھی کم سطح پر ہیں۔ روپے کی قدر میں بڑی تبدیلی دیکھنے میں آئی ہے اور سال 23 کی پہلی سہ ماہی میں اس کی قدر میں 20% (\$57.4) سے زیادہ کمی واقع ہوئی ہے جو پورے سال 2022 کی \$48.3 روپے نیچے جانے کی حرکت کو تیزی سے پیچھے چھوڑ گئی۔

ایکوئیٹی مارکیٹ بدستور سست روی کا شکار رہی۔ فنانس سیلیمنٹری بل میں اضافی ٹیکسوں، پالیسی ریٹ میں مسلسل اضافہ، کرنسی کی قدر میں تیز اور شدید کمی اور ریکارڈ بلند افراط زر کی وجہ سے غیر یقینی صورتحال برقرار رہی۔ سیاسی اور معاشی میدانوں کی غیر یقینی صورتحال میں IMF کے جائزے میں تاخیر کے سبب مزید ابتری آئی، جس سے KSE-100 انڈیکس دباؤ کا شکار رہا۔ تاہم، ممکنہ طور پر ایک نئے رجحان، سستی ویلیو ایشن اور مارکیٹ کی قیمتوں میں کمی کے نتیجے میں بڑے کارپوریٹس نے بائی بیک کا اعلان کیا، جس سے ایکویٹی مارکیٹ کو مدد ملی جو سال 23 کی پہلی سہ ماہی میں صرف 1.0% گر کر 40,000 کی سطح پر بند ہوئی۔

100% سے اوپر رہی۔

ذخائر میں اتار چڑھاؤ

ملین روپے میں	
178,468	افتتاحی غیر تخصیص شدہ منافع
13,201	بینک ایکویٹی کے حامل افراد کے لیے قابل ادائیگی منافع
9	ایسوسی ایٹس کے متعین کردہ بنیفٹس کی ذمہ داریوں پر دوبارہ تشخیص سے حاصل شدہ منافع - محصول کا خالص
83	اثاثہ جات کی دوبارہ تشخیص پر سرپلس سے منتقل شدہ - محصول کا خالص
234	سبسٹری میں اضافی منافع کا حصول
1,441	جوئنٹ وینچر ایگریمنٹ سے دستبرداری
14,968	
193,436	مناسب کارروائی کے لیے دستیاب منافع

مختلف مدوں میں رکھی گئی رقم:

(1,654)	قانونی ذخائر میں منتقل شدہ
(2,200)	نقد منافع منقسمہ - حتمی 2022ء
(3,854)	کل تخصیص
189,582	اختتامی غیر تخصیص شدہ منافع
9.00	فی حصص (شیر) آمدنی (روپے)

سرمائے کا تناسب

مضبوط نتائج سے پیدا ہونے والے اندرونی سرمائے نے بینک کے Tier 1 کیپٹل ایڈیکوسی ریشو (CAR) میں 79 bps کا اضافہ کیا۔ تاہم کلیاتی اقتصادی حالات، روپے کی قدر میں کمی اور منافع جات کی شرح میں عدم استحکام کی وجہ سے بینک کا CAR 232 bps سے منفی طور پر شدید متاثر ہوا۔ نتیجتاً مجموعی Tier 1 CAR، 11.81% سے دسمبر 2022 کے مقابلے میں 10.69% رہ گیا۔ جبکہ کل CAR 13.48% ہو گیا۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 27 اپریل 2023 کو منعقد ہونے والے اجلاس میں 31 مارچ 2023 کو اختتام پذیر ہونے والی سہ ماہی کے لیے 1.50 روپے فی حصص (15%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

مالی تنگی جاری رہی۔ SBP نے سہ ماہی کے دوران شرح سود میں 400 bps کا اضافہ کیا، جس میں مارچ کے اوائل میں توقع سے زائد 300bps کا اضافہ بھی شامل ہے۔ اپریل میں ہونے والے MPC اجلاس میں SBP نے پالیسی ریٹ ایک بار پھر 100bps بڑھا کر 21% کر دیا تھا۔ سینٹرل بینک نے افراط زر میں اضافے پر روشنی ڈالی اور کہا کہ اگرچہ توقعات کم ہوتی دکھائی دے رہی تھیں، لیکن وہ بلند سطح پر تھیں۔ لہذا MPC کا اقدام افراط زر کی توقعات پوری کرنے اور وقت کے ساتھ درمیانی مدت کا ہدف حاصل کرنے میں سہولت کے لیے ضروری تھا۔ MPC نے طلب میں کمی اور نجی شعبے کے قرضوں کی وصولی میں بھی کمی کا بھی نوٹس لیا، جس کے نتیجے میں بینکنگ سیکٹر کے قرضوں میں دسمبر 22 کی سطح سے 0.9% کمی واقع ہوئی ہے۔ سال 22 کی بے ہنگم چوتھی سہ ماہی کے بعد مارچ 23 میں صنعتی ذخائر میں 4.9% اضافہ ہوا۔ قرضوں اور ڈپازٹ کی شرح کے درمیان پھیلاؤ میں گزشتہ سال کے اسی عرصے کے مقابلے میں سال 23 کی پہلی سہ ماہی کے دوران 259 bps کا اضافہ ہوا ہے۔

مالیاتی کارکردگی

HBL نے سال 23 کی پہلی سہ ماہی میں 21.5 ارب روپے کے قبل از ٹیکس منافع کے ساتھ ایک اور ریکارڈ کارکردگی کا مظاہرہ کیا ہے جو گزشتہ سال کے 14.6 ارب روپے کے SPBT کے مقابلے میں 47% زیادہ ہے۔ یہ مضبوط کارکردگی تمام مقامی کاروباروں میں بہترین نتائج اور بین الاقوامی فرنچائز سے پائیدار انتظامی منافع کی وجہ سے تھی۔ بینک کا بعد از ٹیکس منافع 54% اضافے کے ساتھ 13.3 ارب روپے تک پہنچ گیا جس کی فی حصص آمدنی سال 22 کی پہلی سہ ماہی میں 5.78 روپے سے بڑھ کر سال 23 کی پہلی سہ ماہی میں 9.00 روپے ہو گئی۔

بینک کی بیلنس شیٹ 7% اضافے کے ساتھ 4.96 ٹریلین روپے ہو گئی جس میں مقامی ڈپازٹس تقریباً 3.0 ٹریلین روپے اور کل ڈپازٹس 3.6 ٹریلین روپے تک پہنچ گئے۔ اوسط ملکی ڈپازٹس میں 287 ارب روپے کا اضافہ ہوا۔ 90% اضافہ کم لاگت کے ڈپازٹس سے آیا، جس سے HBL ڈپازٹ کی لاگت میں اضافے پر قابو پانے میں کامیاب رہا۔ 21% کے ریکارڈ پالیسی ریٹ کے نتیجے میں نجی شعبے کے قرضوں کی نمو میں خالص واپسی کے ساتھ قرض کی طلب میں کمی واقع ہوئی ہے۔ نتیجتاً ملکی قرضے 54 ارب روپے کم ہو کر 1.36 ٹریلین روپے رہ گئے جبکہ مجموعی قرضے دسمبر 2022 کی سطح 1.8 ٹریلین روپے پر مستحکم رہے۔

تیزی سے بڑھتی ہوئی شرح کے ماحول میں، خالص سود کے مارجن میں 187 bps کی بہتری آئی ہے۔ اوسط مقامی بیلنس شیٹ میں 13% اضافہ ہوا جس کے نتیجے میں خالص سودی آمدنی میں 53% اضافہ ہوا۔ اہم غیر ملکی مقامات پر مالیاتی سختی اور اسپریڈ میں توسیع کے ساتھ، بین الاقوامی کاروبار میں سودی آمدنی میں بھی 46% اضافہ ہوا۔ اس کے نتیجے میں HBL کی مجموعی خالص سودی آمدنی 54% اضافے کے ساتھ 55.8 ارب روپے تک پہنچ گئی۔

HBL فیسوں کے حوالے سے مارکیٹ میں بدستور سرفہرست ہے اور 27% اضافے کے ساتھ 9.3 ارب روپے تک پہنچ گیا ہے۔ کارڈز کے فلیگ شپ کاروبار نے شاندار نتائج جاری رکھے، جو فیس میں دو تہائی اضافے کا حصہ ہیں۔ تجارتی آمدنی 31% اضافے سے 1.2 ارب روپے جبکہ کیش مینجمنٹ فیس 50% سے زائد اضافے سے 0.4 ارب روپے ہو گئی۔ اس طرح سال 23 کی پہلی سہ ماہی میں بینک کی مجموعی آمدنی سال 22 کی پہلی سہ ماہی کے مقابلے میں 38% اضافے کے ساتھ 64.4 ارب روپے رہی۔

سال 23 کی پہلی سہ ماہی میں افراط زر کی غیر معمولی سطح اور روپے کی قدر میں کمی نے انتظامی اخراجات کو مزید متاثر کیا جو 29% اضافے سے 39.2 ارب روپے تک پہنچ گئے۔ تاہم، محصولی آمدنی میں مضبوط اضافے کے ساتھ، لاگت / آمدنی کا تناسب سال 22 کی پہلی سہ ماہی میں 65.1% سے بہتر ہو کر سال 23 کی پہلی سہ ماہی میں 60.8% ہو گیا۔ بینک کے مجموعی پرووژن 3.2 ارب روپے رہے جو سال 22 کی پہلی سہ ماہی میں 1.2 ارب روپے تھے۔ یہ اضافہ مکمل طور پر پاکستان کی درجہ بندی میں کمی کے نتیجے میں بین الاقوامی مقامات پر اضافی پرووژن کی وجہ سے ہے۔ قرضوں کی شرح نمو میں سست روی کے ساتھ انفیکشن کا تناسب بڑھ کر 5.4% ہو گیا ہے لیکن یہ صنعت کی سطح سے نیچے ہے۔ بینک کی کل کوریج

انہوں 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 بینکاری کر رہے ہیں اور اپنے کاروبار اور اعتماد کے حوالے سے ہم پر بھروسا 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 پُر عزم ہے اور ہم اپنے اسٹیک ہولڈرز کو یقین دلاتے ہیں کہ اس خطے میں ہم اپنی کاروباری صنعت میں عروج پر ہوں گے۔

آخر میں، ہم اپنے تمام ملازمین اور اُن کے اہل خانہ، بالخصوص کسٹمر کا سامنا کرنے والے 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 اُن کے عزم اور انتھک محنت کے لیے انہیں خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ

معیز احمد جمال
ڈائریکٹر

محمد اورنگزیب
صدر اور چیف ایگزیکٹو افسر

27 اپریل 2023

مستقبل کی صورتِ حال

باوجود اس کے کہ ریگولیٹرز کی جانب سے اس کے اثرات پر قابو پانے کے لیے تیزی سے اقدامات کیے جا رہے ہیں، ترقی یافتہ مارکیٹوں میں مالیاتی شعبے کے حالیہ بحران نے عالمی منڈیوں میں خطرے سے بچاؤ کی ایک اور لہر پیدا کر دی ہے۔ ہم پہلے ہی عالمی لیکویڈیٹی اور مالیاتی حالات میں سختی دیکھ رہے ہیں جس سے اشارہ ملتا ہے کہ پاکستان سمیت بہت سی ابھرتی ہوئی مارکیٹوں کو بین الاقوامی کیپیٹل مارکیٹوں تک رسائی میں مزید مشکلات کا سامنا کرنا پڑ سکتا ہے۔ اس کے علاوہ ریٹنگ میں گراؤٹ نے معیشت اور قرضوں کی پائیداری کے حوالے سے خدشات میں مزید اضافہ کر دیا ہے۔ پاکستان کی معیشت میں بہت سے مسائل نجکاری، ادارہ جاتی استعداد کار میں اضافے اور سیلابی سائیڈ اقدامات کی جانب پیش رفت سے حل کیے جاسکتے ہیں جن کا مقصد معیشت کے لیے طویل المیعاد فوائد ہے۔ تاہم، اس ضمن میں طویل المیعاد پالیسی سازی کے لیے تمام اسٹیک ہولڈرز کی قومی اتفاق رائے کی ضرورت ہوگی جو انفرادی حکومتوں سے آگے پائیدار ترقی کی جانب بڑھیں۔

متعدد پیشگی اقدامات کی تکمیل کے باوجود EFF معاہدے کو حتمی شکل دینے میں مسلسل ناکامی گہری تشویش کا باعث ہے۔ حکومت کی جانب سے پٹرول کراس سبسڈی اسکیم کے حالیہ اعلان پر اگر عمل درآمد کیا جاتا ہے تو اس سے مثبت نتائج کی جانب اب تک ہونے والی پیش رفت متاثر ہوگی۔ EFF سے رد کیے جانے کے سنگین نتائج ہوں گے اور ہر قیمت پر اس سے گریز کیا جانا چاہیئے۔ مارچ میں کرنٹ اکاؤنٹ سرپلس ایک مثبت تبدیلی ہے اور اس سے روپے کے استحکام میں معمولی مدد ملی ہے۔ تاہم OPEC+ کی جانب سے تیل کی پیداوار میں مزید کمی کے حالیہ اعلان سے تیل درآمد کرنے والے ممالک کے افراتفر کے منظر نامے کو خطرات لاحق ہوسکتے ہیں۔ اس بات کے مدنظر توانائی کے تحفظ سے متعلق پالیسیاں کرنٹ اکاؤنٹ سرپلس برقرار رکھنے اور تیل کی عالمی قیمت میں کسی بھی ممکنہ اضافے کے اثرات کم کرنے میں مدد دے سکتی ہیں۔

HBL اپنے لوگوں اور ڈیجیٹل انفراسٹرکچر میں سرمایہ کاری جاری رکھے ہوئے ہے جبکہ اس بات کو یقینی بناتا ہے کہ یہ ان کمیونٹیز کو واپس دے جن میں وہ کام کرتا ہے۔ HBL نے انتہائی چیلنجنگ ماحول میں ابھرنے کا مظاہرہ کیا ہے، مضبوط نتائج ہمارے صارفین کی وفاداری اور انتظامیہ کی تیز رفتاری کا ثبوت ہیں۔ بینک نے اپنی منفرد پیش رفت کے ذریعے پاکستان کے زرعی شعبے کو مضبوط بنانے میں اہم کردار ادا کیا ہے جس نے کسانوں کی آمدنی دوگنی کر دی ہے اور اب اسے پنجاب سے خیبر پختون خواہ تک بڑھایا جا رہا ہے۔ سال 23 کی پہلی سہ ماہی میں HBLPSL8 کا کامیاب اختتام دیکھا گیا، جو اب بین الاقوامی کرکٹ کیلنڈر پر پکا چھپ چکا ہے، اور جس نے پاکستان میں کرکٹ کے کھیل کو معمول پر لانے میں اہم کردار ادا کیا ہے۔ ضرورت مندوں کی مدد کے عزم پیروی میں HBL نے سندھ میں دو دیہاتوں کی تعمیر نو کے لیے مزید 68 ملین روپے دیے ہیں۔

HBL حال ہی میں متعارف کروائے گئے HBL ڈیجیٹل انوائسنگ کے ساتھ پاکستان کی ای کامرس ادائیگیوں کو آگے بڑھا رہا ہے۔ HBL کا بلنگ ایگریگیٹر دنیا بھر میں لاکھوں پاکستانیوں کو آن لائن ادائیگیوں کے قابل بناتا ہے۔ سال 23 کی پہلی سہ ماہی کے دوران چینل نے دوسرے بینکوں کے صارفین کو اپنی ایپ استعمال کرتے ہوئے HBL میں رجسٹرڈ اداروں کی تعلیمی فیس ادا کرانے سے ایک اور صنعتی پہل کا ریکارڈ قائم کیا۔ Kconnect نے حکومت کے فلاحی پروگراموں پر عملدرآمد میں اہم کردار ادا کیا ہے اور سال 23 کی پہلی سہ ماہی کے دوران HBL نے 6.3 ملین سے زائد مستحقین میں 102 ارب روپے تقسیم کیے۔ HBL نے تعلیم اور خواندگی کے فروغ کے لیے BISP سے وسیلہ تعلیم پروگرام کے لیے تعاون کیا اور سال 23 کی پہلی سہ ماہی میں 4.8 ملین مستحقین میں 9.4 ارب روپے تقسیم 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 غیر معمولی اور مشکل وقت میں،

Habib Bank Limited
Condensed Interim Consolidated Statement of Financial Position
As at March 31, 2023

	Note	(Unaudited) March 31, 2023 (Rupees in '000)	(Audited) December 31, 2022
ASSETS			
Cash and balances with treasury banks	5	445,168,490	296,015,386
Balances with other banks	6	64,022,875	41,513,022
Lendings to financial institutions	7	168,741,884	254,593,287
Investments	8	2,110,460,908	1,948,801,042
Advances	9	1,781,098,424	1,782,497,923
Fixed assets	10	118,916,212	113,871,657
Intangible assets	11	19,556,072	18,422,200
Deferred tax assets	12	18,125,580	5,797,045
Other assets	13	232,101,497	177,294,549
		<u>4,958,191,942</u>	<u>4,638,806,111</u>
LIABILITIES			
Bills payable	14	46,221,905	52,001,577
Borrowings	15	689,063,900	583,771,399
Deposits and other accounts	16	3,614,223,477	3,469,342,252
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	18,874,000	18,874,000
Deferred tax liabilities		-	-
Other liabilities	18	295,432,579	229,795,069
		<u>4,663,815,861</u>	<u>4,353,784,297</u>
NET ASSETS		<u>294,376,081</u>	<u>285,021,814</u>
REPRESENTED BY			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		101,655,562	87,771,332
Surplus on revaluation of assets - net of tax	19	(14,216,005)	1,235,369
Unappropriated profit		189,582,010	178,467,639
Total equity attributable to the equity holders of the Bank		291,690,092	282,142,865
Non-controlling interest		2,685,989	2,878,949
		<u>294,376,081</u>	<u>285,021,814</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 38 form an integral part of these condensed interim consolidated financial statements.

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Saba Kamal
Director

Salim Raza
Director

Habib Bank Limited
Condensed Interim Consolidated Profit and Loss Account (Unaudited)
For the three months ended March 31, 2023

	Note	January 01 to March 31, 2023	January 01 to March 31, 2022
(Rupees in '000)			
Mark-up / return / profit / interest earned	22	148,550,841	86,553,799
Mark-up / return / profit / interest expensed	23	92,707,815	50,287,871
Net mark-up / return / profit / interest income		<u>55,843,026</u>	<u>36,265,928</u>
Non mark-up / interest income			
Fee and commission income	24	9,343,721	7,341,564
Dividend income		851,300	254,927
Share of profit of associates and joint venture		809,741	93,407
Foreign exchange (loss) / income - domestic		(5,583,959)	1,563,560
Foreign exchange income - international		10,837	466,066
Foreign exchange income - unrealised gain related to derivatives		6,331,818	497,629
Loss from derivatives		(6,160,416)	(151,640)
(Loss) / gain on securities - net	25	(1,081,291)	193,673
Other income	26	4,054,415	101,869
Total non mark-up / interest income		<u>8,576,166</u>	<u>10,361,055</u>
Total income		<u>64,419,192</u>	<u>46,626,983</u>
Non mark-up / interest expenses			
Operating expenses	27	39,195,727	30,357,187
Workers' Welfare Fund		528,186	286,757
Other charges	28	15,765	159,367
Total non mark-up / interest expenses		<u>39,739,678</u>	<u>30,803,311</u>
Profit before provisions and taxation		<u>24,679,514</u>	<u>15,823,672</u>
Provisions and write offs - net	29	3,177,377	1,242,888
Profit before taxation		<u>21,502,137</u>	<u>14,580,784</u>
Taxation	30	8,245,438	5,966,610
Profit after taxation		<u>13,256,699</u>	<u>8,614,174</u>
Attributable to:			
Equity holders of the Bank		13,201,051	8,478,826
Non-controlling interest		55,648	135,348
		<u>13,256,699</u>	<u>8,614,174</u>
-----Rupees-----			
Basic and diluted earnings per share	31	<u>9.00</u>	<u>5.78</u>

The annexed notes 1 to 38 form an integral part of these condensed interim consolidated financial statements.

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Saba Kamal
Director

Salim Raza
Director

Habib Bank Limited
Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)
For the three months ended March 31, 2023

	January 01 to March 31, 2023	January 01 to March 31, 2022
	(Rupees in '000)	
Profit after taxation for the period attributable to:		
Equity holders of the Bank	13,201,051	8,478,826
Non-controlling interest	55,648	135,348
	13,256,699	8,614,174
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, attributable to:		
Equity holders of the Bank	15,760,961	(18,073)
Non-controlling interest	-	10,822
	15,760,961	(7,251)
Increase in share of exchange translation reserve of associates- net of tax	95,134	43,387
Movement in surplus / deficit on revaluation of investments - net of tax, attributable to:		
Equity holders of the Bank	(15,090,097)	(8,595,076)
Non-controlling interest	(18,885)	(26,072)
	(15,108,982)	(8,621,148)
Movement in share of surplus / deficit on revaluation of investments of associates - net of tax	(294,677)	(61,003)
Items that are not to be reclassified to the profit and loss account in subsequent periods:		
Movement in share of surplus on revaluation of fixed assets of associates - net of tax	17,853	126,090
Share of remeasurement gain on defined benefit obligations of associates - net of tax	8,720	1,069
Total comprehensive income	13,735,708	95,318
Total comprehensive income attributable to:		
Equity holders of the Bank	13,698,945	(24,780)
Non-controlling interest	36,763	120,098
	13,735,708	95,318

The annexed notes 1 to 38 form an integral part of these condensed interim consolidated financial statements.

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Habib Bank Limited
Condensed Interim Consolidated Statement of Changes In Equity (Unaudited)
For the three months ended March 31, 2023

	Attributable to shareholders of the Bank										Non-controlling interest	Total
	Share capital	Reserves					Surplus / (deficit) on revaluation of		Unappropriated profit	Sub Total		
		Statutory	Bank	Exchange translation	Capital	On acquisition of common control entity	Investments	Fixed assets / Non Banking Assets				
	Joint venture and subsidiary			Non-distributable								
(Rupees in '000)												
Balance as at December 31, 2021	14,668,525	2,115,664	40,043,376	38,826,070	547,115	(156,706)	(2,254,093)	27,413,464	158,441,418	279,644,833	4,040,969	283,685,802
Comprehensive income for the three months ended March 31, 2022												
Profit after taxation for the three months ended March 31, 2022	-	-	-	-	-	-	-	-	8,478,826	8,478,826	135,348	8,614,174
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	(18,073)	-	-	-	-	-	(18,073)	10,822	(7,251)
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	43,387	-	-	-	-	-	43,387	-	43,387
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	-	-	1,069	1,069	-	1,069
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	(8,595,076)	-	-	(8,595,076)	(26,072)	(8,621,148)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	(61,003)	126,090	-	65,087	-	65,087
Transferred to statutory reserves	-	115,497	829,502	25,314	-	-	(8,656,079)	126,090	(944,999)	(24,780)	120,098	95,318
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(19,151)	19,523	372	(372)	-
Transactions with owners, recorded directly in equity												
Final cash dividend - Rs 2.25 per share declared subsequent to the year ended December 31, 2021	-	-	-	-	-	-	-	-	(3,300,418)	(3,300,418)	-	(3,300,418)
Balance as at March 31, 2022	14,668,525	2,231,161	40,872,878	38,851,384	547,115	(156,706)	(10,910,172)	27,520,403	162,695,419	276,320,007	4,160,695	280,480,702
Comprehensive income for the nine months ended December 31, 2022												
Profit after taxation for the nine months ended December 31, 2022	-	-	-	-	-	-	-	-	25,591,261	25,591,261	192,895	25,784,156
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	2,048,139	-	-	-	-	-	2,048,139	33,318	2,081,457
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	184,759	-	-	-	-	-	184,759	-	184,759
Remeasurement gain / (loss) on defined benefit obligations of associates - net of tax	-	-	-	-	-	-	-	-	94,733	94,733	(18,656)	76,077
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	-	-	2,688	2,688	-	2,688
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	(14,646,748)	(170,412)	-	(14,817,160)	(36,358)	(14,853,518)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	(450,604)	(929)	-	(451,533)	-	(451,533)
Transferred to statutory reserves	-	292,663	2,257,198	2,232,898	-	-	(15,097,352)	(171,341)	(2,549,861)	12,652,887	171,199	12,824,086
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(52,828)	53,447	619	(619)	-
Acquisition of additional interest in subsidiary	-	-	-	642,741	-	-	(57,067)	3,726	280,928	870,328	(1,452,326)	(581,998)
Transactions with owners, recorded directly in equity												
1st interim cash dividend - Rs 2.25 per share	-	-	-	-	-	-	-	-	(3,300,418)	(3,300,418)	-	(3,300,418)
2nd interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	-	-	(2,200,279)	(2,200,279)	-	(2,200,279)
3rd interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	-	-	(2,200,279)	(2,200,279)	-	(2,200,279)
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 three months ended March 31, 2023												
Profit after taxation for the three months ended March 31, 2023	-	-	-	-	-	-	-	-	13,201,051	13,201,051	55,648	13,256,699
Other comprehensive income / (loss)												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	15,760,961	-	-	-	-	-	15,760,961	-	15,760,961
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	95,134	-	-	-	-	-	95,134	-	95,134
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	-	-	8,720	8,720	-	8,720
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	(15,090,097)	-	-	(15,090,097)	(18,885)	(15,108,982)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	(294,677)	17,853	-	(276,824)	-	(276,824)
Transferred to statutory reserves	-	123,564	1,529,989	15,856,095	-	-	(15,384,774)	17,853	(1,653,553)	13,209,771	13,698,945	36,763
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(82,744)	82,744	-	-	-
Derecognition of joint venture	-	(1,444,256)	-	(2,181,162)	-	-	2,993	2,395	1,441,263	(2,181,162)	-	(2,181,162)
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 1.5 per share declared subsequent to the year ended December 31, 2022	-	-	-	-	-	-	-	-	(2,200,279)	(2,200,279)	-	(2,200,279)
Balance as at March 31, 2023	14,668,525	1,203,132	44,660,065	55,401,956	547,115	(156,706)	(41,453,469)	27,237,464	189,582,010	291,690,092	2,685,989	294,376,081

The annexed notes 1 to 38 form an integral part of these condensed interim consolidated financial statements.

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President and
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Director

Habib Bank Limited
Condensed Interim Consolidated Cash Flow Statement (Unaudited)
For the three months ended March 31, 2023

	January 01 to March 31, 2023	January 01 to March 31, 2022
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	21,502,137	14,580,784
Dividend income	(851,300)	(254,927)
Share of profit of associates and joint venture	(809,741)	(93,407)
Mark-up / return / profit / interest expensed on subordinated debt	885,926	368,454
	(775,115)	20,120
	20,727,022	14,600,904
Adjustments:		
Depreciation	2,313,052	1,775,328
Amortisation	504,592	389,662
Depreciation on right-of-use assets	1,118,813	924,248
Mark-up / return / profit / interest expensed on lease liabilities	879,808	711,419
Provision for / (reversal of) diminution in value of investments	1,579,290	(261,033)
Provision against loans and advances	1,218,993	2,452,347
Provision against other assets	796,200	173,163
Reversal of provision against off-balance sheet obligations	(255,051)	(952,541)
Unrealised loss on held-for-trading securities	372,523	200,608
Exchange (gain) / loss on goodwill	(969,896)	33,952
Gain on derecognition of joint venture	(3,731,399)	-
Gain on sale of property and equipment - net	(78,595)	(19,805)
Workers' Welfare Fund	528,186	286,757
	4,276,516	5,714,105
	25,003,538	20,315,009
(Increase) / decrease in operating assets		
Lendings to financial institutions	85,851,403	847,082
Held-for-trading securities	(73,426,685)	(111,127,816)
Advances	180,506	(59,912,918)
Other assets (excluding advance taxation)	(62,257,961)	(16,148,420)
	(49,652,737)	(186,342,072)
Increase / (decrease) in operating liabilities		
Bills payable	(5,779,672)	22,182,793
Borrowings from financial institutions	105,292,501	360,221,458
Deposits and other accounts	144,881,225	(188,087,384)
Other liabilities	62,289,622	27,544,218
	306,683,676	221,861,085
	282,034,477	55,834,022
Income tax paid	(6,309,160)	(6,075,456)
Net cash flows generated from operating activities	275,725,317	49,758,566
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(146,580,833)	(155,639,807)
Net investment in held-to-maturity securities	36,378,178	16,901,865
Net investment in associates	(3,947,384)	(672,099)
Dividend received	585,958	87,708
Investments in fixed assets	(3,932,714)	(3,730,893)
Investments in intangible assets	(536,957)	(946,916)
Proceeds from sale of fixed assets	181,497	23,946
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	15,856,095	25,314
Net cash flows used in investing activities	(101,996,160)	(143,950,882)
CASH FLOWS FROM FINANCING ACTIVITIES		
Effect of translation of net investment by non-controlling interest in subsidiary	-	10,822
Payment of mark-up on subordinated debt	(891,174)	(365,220)
Payment of lease liability against right-of-use assets	(1,170,601)	(1,596,977)
Dividend paid	(4,425)	(1,179,837)
Net cash flows used in financing activities	(2,066,200)	(3,131,212)
Increase / (decrease) in cash and cash equivalents during the period	171,662,957	(97,323,528)
Cash and cash equivalents at the beginning of the period	322,350,781	502,942,738
Effect of exchange rate changes on cash and cash equivalents	15,177,627	2,747,583
	337,528,408	505,690,321
Cash and cash equivalents at the end of the period	509,191,365	408,366,793

The annexed notes 1 to 38 form an integral part of these condensed interim consolidated financial statements.

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Director

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Director

HABIB BANK LIMITED

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2023

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 – 79.92% shareholding
- Habib Bank Financial Services (Private) Limited – 100% shareholding

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Blue Area, Islamabad and its principal office is at HBL Tower, Plot # G-4, KDA Scheme 5, Block 7, Clifton, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,722 (December 31, 2022: 1,714) branches inside Pakistan including 302 (December 31, 2022: 294) Islamic Banking Branches and 32 (December 31, 2022: 32) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A. (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

- 1.1 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.
- 1.2 The Bank has decided to exit its operations in Mauritius and is considering various options regarding the same.
- 1.3 The Bank has commenced an orderly wind-down of its Lebanon operations. Formalities for completion of the wind-down are underway.
- 1.4 After obtaining approval from the Central Bank of Oman for the deregistration of its Oman operations, the Bank has commenced an orderly and phase wise exit.
- 1.5 Himalayan Bank Limited, Nepal (HBLN), which was previously recognized as a Joint Venture, has acquired Civil Bank Limited, Nepal with effect from February 24, 2023, by issuing new shares as consideration. As a result, the shareholding of the Bank in HBLN has been diluted from 20.00% to 12.93%. Accordingly, HBLN is now classified as an "Available for Sale" investment.

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 three months ended March 31, 2023**

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. 05 dated March 22, 2019 and IAS 34. These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 01, 2023. These are considered either to not be relevant or to not have any significant impact on these condensed interim consolidated financial statements.

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

As per the SBP's BPRD Circular Letter No. 07 dated April 13, 2023, the applicability of IFRS 9, Financial Instruments has been deferred to accounting periods beginning on or after January 01, 2024. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

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

2.5 Critical accounting estimates and judgements

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements is same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2022, except the following:

During the period, the Bank has reviewed the useful life of vehicles used in UAE branches from 10 years to 5 years. This revision has been accounted for as a change in accounting estimate in accordance with the requirements of IAS 8 and accordingly, has been recognised prospectively in the consolidated profit and loss account.

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

	January 01 to March 31, 2024	January 01 to March 31, 2023
	(Rupees in '000)	
Increase in other operating expenses - depreciation	<u>6,714</u>	<u>6,714</u>

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2022.

4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2022.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
5 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	66,132,929	74,268,200
Foreign currencies	12,494,215	7,583,546
	<u>78,627,144</u>	<u>81,851,746</u>
With State Bank of Pakistan in		
Local currency current accounts	102,710,644	118,025,638
Foreign currency current accounts	12,702,809	292,436
Foreign currency deposit accounts	25,394,776	655,439
	<u>140,808,229</u>	<u>118,973,513</u>
With other Central Banks in		
Foreign currency current accounts	79,145,770	57,271,642
Foreign currency deposit accounts	51,303,496	35,609,011
	<u>130,449,266</u>	<u>92,880,653</u>
With National Bank of Pakistan in		
Local currency current accounts	94,262,006	1,757,957
Local currency deposit account	810,977	389,942
	<u>95,072,983</u>	<u>2,147,899</u>
National Prize Bonds	210,868	161,575
	<u>445,168,490</u>	<u>296,015,386</u>
6 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	639,731	764,679
In deposit accounts	2,321,532	412,037
	<u>2,961,263</u>	<u>1,176,716</u>
Outside Pakistan		
In current accounts	28,654,453	25,939,811
In deposit accounts	32,407,159	14,396,495
	<u>61,061,612</u>	<u>40,336,306</u>
	<u>64,022,875</u>	<u>41,513,022</u>
7 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	200,000	-
Repurchase agreement lendings (reverse repo)	168,541,884	254,593,287
	<u>168,741,884</u>	<u>254,593,287</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

8	INVESTMENTS	Note	March 31, 2023 (Unaudited)				December 31, 2022 (Audited)			
			Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1	Investments by type		----- (Rupees in '000) -----							
	Held-for-trading (HFT) securities									
	Federal Government securities									
	- Market Treasury Bills		27,939,696	-	(57,302)	27,882,394	5,885,581	-	(7,865)	5,877,716
	- Pakistan Investment Bonds		101,564,798	-	(238,197)	101,326,601	52,471,296	-	(85,104)	52,386,192
	Shares									
	- Listed companies		122,778	-	(4,350)	118,428	132	-	(41)	91
	Foreign securities									
	- Government debt securities		5,350,808	-	(72,674)	5,278,134	3,278,776	-	8,620	3,287,396
			134,978,080	-	(372,523)	134,605,557	61,635,785	-	(84,390)	61,551,395
	Available-for-sale (AFS) securities									
	Federal Government securities									
	- Market Treasury Bills		195,192,813	-	(295,256)	194,897,557	222,762,973	-	(396,299)	222,366,674
	- Pakistan Investment Bonds		1,078,393,159	-	(51,402,827)	1,026,990,332	936,341,475	-	(29,604,154)	906,737,321
	- Ijarah Sukuks		137,073,071	-	(3,942,055)	133,131,016	125,360,260	-	(2,772,531)	122,587,729
	- Government of Pakistan US Dollar Bonds		23,702,266	(4,277,912)	(9,524,925)	9,899,429	18,895,230	(2,213,447)	(8,221,230)	8,460,553
	- Other Federal Government securities		7,115,054	-	-	7,115,054	4,686,060	-	-	4,686,060
	Shares									
	- Listed companies		16,211,042	(1,671,680)	(2,291,535)	12,247,827	6,329,024	(2,097,873)	(242,961)	3,988,190
	- Unlisted companies		5,372,888	(122,587)	-	5,250,301	5,372,888	(119,718)	-	5,253,170
	Non-Government debt securities									
	- Listed		53,156,999	(1,254,346)	(2,414,647)	49,488,006	52,253,137	(602,689)	(2,566,098)	49,084,350
	- Unlisted		2,664,233	(413,232)	7,359	2,258,360	2,664,233	(413,232)	16,321	2,267,322
	Foreign securities									
	- Government debt securities		146,698,772	(1,915,106)	(1,134,871)	143,648,795	126,975,290	(1,672,462)	(739,952)	124,562,876
	- Non-Government debt securities									
	- Listed		9,596,559	(1,438,303)	(123,441)	8,034,815	9,364,897	(1,124,713)	(132,840)	8,107,344
	- Unlisted		-	-	-	-	5,461,354	-	593	5,461,947
	- Equity securities - Unlisted		9,623	(197)	-	9,426	7,762	(197)	-	7,565
	National Investment Unit Trust units		11,113	-	23,427	34,540	11,113	-	27,057	38,170
	Real Estate Investment Trust units									
	- Listed		55,000	-	13,150	68,150	55,000	-	13,200	68,200
	- Unlisted		1,575,000	-	-	1,575,000	1,575,000	-	-	1,575,000
	Preference shares									
	- Listed		744,400	-	138,600	883,000	744,400	-	172,200	916,600
	- Unlisted		354,985	(285,793)	-	69,192	354,985	(285,793)	-	69,192
			1,677,926,977	(11,379,156)	(70,947,021)	1,595,600,800	1,519,215,081	(8,530,124)	(44,446,694)	1,466,238,263
	Held-to-maturity (HTM) securities	8.2								
	Federal Government securities									
	- Market Treasury Bills		62,011,700	-	-	62,011,700	109,068,345	-	-	109,068,345
	- Pakistan Investment Bonds		232,957,201	-	-	232,957,201	232,170,109	-	-	232,170,109
	- Government of Pakistan US Dollar Bonds		6,574,685	(827,095)	-	5,747,590	5,265,790	(379,077)	-	4,886,713
	Non-Government debt securities									
	- Listed		1,733,392	-	-	1,733,392	1,733,442	-	-	1,733,442
	- Unlisted		22,328,128	-	-	22,328,128	18,301,991	-	-	18,301,991
	Foreign Securities									
	- Government debt securities		18,822,023	-	-	18,822,023	14,365,073	-	-	14,365,073
	- Non-Government debt securities									
	- Listed		135,669	(34,393)	-	101,276	161,426	(15,712)	-	145,714
	- Unlisted		433,300	(4,571)	-	428,729	308,100	-	-	308,100
			344,996,098	(866,059)	-	344,130,039	381,374,276	(394,789)	-	380,979,487
	Investments in associates		37,650,251	-	(1,525,739)	36,124,512	41,033,458	-	(1,001,561)	40,031,897
	Total Investments		<u>2,195,551,406</u>	<u>(12,245,215)</u>	<u>(72,845,283)</u>	<u>2,110,460,908</u>	<u>2,003,258,600</u>	<u>(8,924,913)</u>	<u>(45,532,645)</u>	<u>1,948,801,042</u>

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
	(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	41,730,931	76,758,133
- Pakistan Investment Bonds	283,793,827	165,214,633
- Sukuks	57,709,600	25,479,600
Foreign securities		
- Government debt securities	17,216,839	15,216,156
	<u>400,451,197</u>	<u>282,668,522</u>

8.2 The market value of investments classified as held-to-maturity amounted to Rs 302,544.231 million (December 31, 2022: Rs 349,626.342 million).

8.3 Particulars of provision held against diminution in value of investments

Opening balance	8,924,913	4,158,401
Exchange adjustments	1,741,012	740,034
Charge / (reversal)		
Charge for the period / year	2,077,314	4,565,152
Reversal for the period / year	(23,086)	(24,044)
Reversal on disposal during the period / year	(474,938)	(689,400)
Net charge	1,579,290	3,851,708
Transferred in	-	67,880
Other movement	-	106,890
Closing balance	<u>12,245,215</u>	<u>8,924,913</u>

8.4 Particulars of provision against debt securities

Category of classification	(Unaudited) March 31, 2023		(Audited) December 31, 2022	
	Non- Performing Investments	Provision	Non- Performing Investments	Provision
	(Rupees in '000)			
Domestic				
Loss	413,232	413,232	413,232	413,232
Overseas				
Overdue by:				
91 to 180 days	-	-	452,912	452,912
181 days to 365 days	1,420,830	1,420,830	679,188	500,742
> 365	1,371,919	1,371,919	1,065,339	1,065,339
	<u>2,792,749</u>	<u>2,792,749</u>	<u>2,197,439</u>	<u>2,018,993</u>
Total	<u>3,205,981</u>	<u>3,205,981</u>	<u>2,610,671</u>	<u>2,432,225</u>

8.4.1 In addition to the above, overseas branches hold a provision of Rs 6,958.977 million (December 31, 2022: Rs 3,989.107 million) against investments in accordance with the ECL requirements of IFRS 9.

Note	Performing		Non - performing		Total	
	(Unaudited) March 31, 2023	(Audited) December 31, 2022	(Unaudited) March 31, 2023	(Audited) December 31, 2022	(Unaudited) March 31, 2023	(Audited) December 31, 2022
	(Rupees in '000)					
9 ADVANCES						
Loans, cash credits, running finances, etc.	1,461,210,907	1,458,309,880	86,740,284	78,669,633	1,547,951,191	1,536,979,513
Islamic financing and related assets	202,516,235	222,982,477	3,011,904	3,465,365	205,528,139	226,447,842
Bills discounted and purchased	117,813,235	102,480,599	11,280,190	8,760,951	129,093,425	111,241,550
Advances - gross	<u>1,781,540,377</u>	<u>1,783,772,956</u>	<u>101,032,378</u>	<u>90,895,949</u>	<u>1,882,572,755</u>	<u>1,874,668,905</u>
Provision against advances						
- Specific	-	-	(85,814,288)	(78,259,477)	(85,814,288)	(78,259,477)
- General	(15,660,043)	(13,911,505)	-	-	(15,660,043)	(13,911,505)
	<u>(15,660,043)</u>	<u>(13,911,505)</u>	<u>(85,814,288)</u>	<u>(78,259,477)</u>	<u>(101,474,331)</u>	<u>(92,170,982)</u>
Advances - net of provision	<u>1,765,880,334</u>	<u>1,769,861,451</u>	<u>15,218,090</u>	<u>12,636,472</u>	<u>1,781,098,424</u>	<u>1,782,497,923</u>

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
9.1 Particulars of advances (gross)		
In local currency	1,438,235,718	1,488,734,283
In foreign currencies	444,337,037	385,934,622
	<u>1,882,572,755</u>	<u>1,874,668,905</u>

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
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9.2 Advances include Rs 101,032.378 million (December 31, 2022: Rs 90,895.949 million) which have been placed under non-performing status as detailed below:

Category of classification	(Unaudited) March 31, 2023		(Audited) December 31, 2022	
	Non-performing advances	Provision	Non-performing advances	Provision
----- (Rupees in '000) -----				
Domestic				
Other assets especially mentioned	1,782,577	22,254	1,100,155	16,962
Substandard	8,179,433	2,073,186	7,126,275	1,804,524
Doubtful	3,128,129	1,567,944	3,096,265	1,467,672
Loss	41,176,175	40,318,680	42,212,390	41,504,116
	54,266,314	43,982,064	53,535,085	44,793,274
Overseas				
Not past due but impaired	281,329	78,982	114,816	65,731
Overdue by:				
Upto 90 days	218,428	96,034	46,595	12,056
91 to 180 days	1,337,855	371,672	1,180,167	295,610
181 to 365 days	4,739,771	3,316,842	31,666	13,555
> 365 days	40,188,681	37,968,694	35,987,620	33,079,251
	46,766,064	41,832,224	37,360,864	33,466,203
	101,032,378	85,814,288	90,895,949	78,259,477

9.3 Particulars of provision against advances

	(Unaudited) March 31, 2023			(Audited) December 31, 2022		
	Specific	General	Total	Specific	General	Total
Opening balance	78,259,477	13,911,505	92,170,982	72,845,186	11,008,308	83,853,494
Exchange adjustment	8,464,260	893,564	9,357,824	7,453,225	691,606	8,144,831
Charge for the period / year	2,848,176	928,439	3,776,615	10,153,742	3,341,192	13,494,934
Reversal for the period / year	(2,484,158)	(73,465)	(2,557,623)	(6,421,672)	(1,129,601)	(7,551,273)
Net charge against advances	364,018	854,974	1,218,992	3,732,070	2,211,591	5,943,661
Charged off during the period / year -						
agriculture financing	(52,056)	-	(52,056)	(582,438)	-	(582,438)
Written off during the period / year	(1,221,411)	-	(1,221,411)	(5,333,549)	-	(5,333,549)
Transferred out	-	-	-	(67,880)	-	(67,880)
Other movement	-	-	-	212,863	-	212,863
Closing balance	85,814,288	15,660,043	101,474,331	78,259,477	13,911,505	92,170,982

9.4 General provision includes provision amounting to Rs 3,375.051 million (December 31, 2022: Rs 3,307.203 million) against consumer finance portfolio and Rs 892.582 million (December 31, 2022: Rs 852.560 million) against advances to microenterprises as required by the Prudential Regulations. General provision also includes Rs 4,858.036 million (December 31, 2022: Rs 3,717.337 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Group operates. General provision also includes Rs 6,534.374 million (December 31, 2022: Rs 6,034.405 million) carried as a matter of prudence, on account of borrowers impacted by the currently stressed economic conditions.

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

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

	Note	(Unaudited) March 31, 2023	(Audited) December 31, 2022
10 FIXED ASSETS			
Capital work-in-progress	10.1	9,664,037	7,875,227
Property and equipment		<u>109,252,175</u>	<u>105,996,430</u>
		<u>118,916,212</u>	<u>113,871,657</u>
10.1 Capital work-in-progress			
Civil works		3,663,559	2,485,167
Equipment		1,532,112	1,211,929
Advances to suppliers and contractors		<u>4,468,366</u>	<u>4,178,131</u>
		<u>9,664,037</u>	<u>7,875,227</u>
10.2 Additions to fixed assets			
		(Unaudited)	
		For the three months ended	
		March 31,	March 31,
		2023	2022
		(Rupees in '000)	
The following additions have been made to fixed assets during the period:			
Capital work-in-progress - net		1,788,810	1,551,892
Property and equipment			
Leasehold land		2,500	-
Building on leasehold land		44,685	76,980
Machinery		24,252	5,374
Leasehold improvements		280,601	218,159
Furniture and fixtures		438,584	325,484
Electrical, office and computer equipment		1,323,233	1,479,499
Vehicles		30,049	73,505
		<u>2,143,904</u>	<u>2,179,001</u>
Right-of-use assets - net		2,617,231	1,469,517
		<u>6,549,945</u>	<u>5,200,410</u>
10.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Property and equipment			
Building on freehold land		102,515	-
Machinery		-	4
Leasehold improvements		-	138
Furniture and fixtures		220	585
Electrical, office and computer equipment		167	3,414
		<u>102,902</u>	<u>4,141</u>
11 INTANGIBLE ASSETS			
Capital work-in-progress - computer software		5,486,200	5,209,404
Intangible assets		<u>14,069,872</u>	<u>13,212,796</u>
		<u>19,556,072</u>	<u>18,422,200</u>

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

Note	(Unaudited)	
	For the three months ended	
	March 31, 2023	March 31, 2022
	(Rupees in '000)	
11.1	Additions to intangible assets	
	The following additions have been made to intangible assets during the period:	
	Capital work-in-progress - net	276,796 (1,005,255)
	Computer software	260,161 1,952,171
	<u>536,957</u>	<u>946,916</u>
	(Unaudited)	(Audited)
12	DEFERRED TAX ASSETS / (LIABILITIES)	March 31, 2023
		December 31, 2022
		(Rupees in '000)
	Deductible temporary differences on	
	- Tax losses of subsidiary	1,754,107 1,365,221
	- Provision against investments	825,503 978,286
	- Provision against doubtful debts and off-balance sheet obligations	4,079,814 3,980,486
	- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001	2,503,474 2,720,200
	- Deficit on revaluation of investments	30,303,619 18,905,177
	- Deficit on revaluation of investments of associates	656,068 430,671
	- Provision against other assets	5,855 5,855
	- Ijarah financing	215,083 187,390
	- Others	239,826 199,558
		<u>40,583,349 28,772,844</u>
	Taxable temporary differences on	
	- Accelerated tax depreciation	(1,878,288) (2,026,082)
	- Surplus on revaluation of fixed assets	(1,864,675) (1,927,095)
	- Surplus on revaluation of fixed assets of associates	(174,428) (160,960)
	- Management rights and goodwill	(293,300) (336,761)
	- Share of profit of associates	(6,793,354) (9,015,553)
	- Exchange translation reserve	(11,453,724) (9,509,348)
		<u>(22,457,769) (22,975,799)</u>
	Net deferred tax assets	<u>18,125,580 5,797,045</u>
13	OTHER ASSETS	
	Mark-up / return / profit / interest accrued in local currency - net of provision	100,268,505 83,907,812
	Mark-up / return / profit / interest accrued in foreign currency - net of provision	8,239,073 6,637,047
	Advances, deposits, advance rent and other prepayments	4,455,008 4,886,327
	Advance taxation	7,867,411 11,978,523
	Advance against subscription of securities	728,514 228,514
	Stationery and stamps on hand	260,157 167,574
	Accrued fees and commissions	512,407 459,334
	Due from Government of Pakistan / SBP	5,622,058 4,600,810
	Mark to market gain on forward foreign exchange contracts	31,476,856 3,639,004
	Mark to market gain on derivative instruments	- 546
	Non-banking assets acquired in satisfaction of claims	250,316 232,109
	Acceptances	52,775,698 55,013,374
	Clearing and settlement accounts	18,193,704 4,352,389
	Dividend receivable	269,225 3,883
	Claims receivable against fraud and forgeries	1,583,382 694,460
	Others	1,891,549 2,109,609
		<u>234,393,863 178,911,315</u>
	Provision held against other assets	(2,467,491) (1,791,891)
	Other assets - net of provision	231,926,372 177,119,424
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	175,125 175,125
	Other assets - total	<u>232,101,497 177,294,549</u>

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

	Note	(Unaudited) March 31, 2023 (Rupees in '000)	(Audited) December 31, 2022
13.1 Provision held against other assets			
Claims receivable against fraud and forgeries		1,583,382	694,460
Suit filed cases		4,979	4,979
Others		879,130	1,092,452
		<u>2,467,491</u>	<u>1,791,891</u>
13.1.1 Movement in provision against other assets			
Opening balance		1,791,891	1,243,645
Exchange adjustment		11,575	(7,806)
Charge for the period / year		896,367	661,462
Reversal for the period / year		(100,167)	(37,218)
Net charge		796,200	624,244
Written off during the period / year		(10,234)	(67,820)
Transferred out		(121,941)	-
Other movement		-	(372)
Closing balance		<u>2,467,491</u>	<u>1,791,891</u>
14 BILLS PAYABLE			
In Pakistan		42,936,058	50,221,548
Outside Pakistan		3,285,847	1,780,029
		<u>46,221,905</u>	<u>52,001,577</u>
15 BORROWINGS			
Secured			
Borrowings from the SBP under			
- Export refinance scheme		46,522,231	69,820,144
- Export refinance scheme for bill discounting		13,166,317	8,867,548
- Long term financing facility		40,781,530	42,068,296
- Financing facility for renewable energy power plants		7,113,668	7,168,301
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)		317,914	312,545
- Refinance and credit guarantee scheme for women entrepreneurs		54,092	69,658
- Financing facility for storage of agricultural produce		745,134	601,918
- Refinance scheme for payment of wages and salaries		-	1,227,812
- Refinance facility for combating COVID-19		1,976,508	1,793,800
- Temporary economic refinance facility		34,935,404	34,998,333
- Refinance facility for SME Asaan Finance (SAAF)		1,908,624	2,272,423
		147,521,422	169,200,778
Repurchase agreement borrowings		405,703,788	284,971,485
		553,225,210	454,172,263
Unsecured			
- Call money borrowings		13,000,000	19,000,000
- Overdrawn nostro accounts		2,690,242	354,731
- Borrowings of overseas branches and subsidiaries		36,744,878	42,992,282
- Other long-term borrowings	15.1	83,403,570	67,252,123
		<u>135,838,690</u>	<u>129,599,136</u>
		<u>689,063,900</u>	<u>583,771,399</u>

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

15.1 This includes the following:

15.1.1 A loan from the International Finance Corporation amounting to US\$ 99.990 million (December 31, 2022: US\$ 99.990 million). The principal amount is payable in six equal semi-annual installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi-annually.

15.1.2 A long-term financing facility arrangement of US\$ 300 million with China Development Bank, utilized for on-lending to projects of the Bank's customers. Under this facility, US\$ 190 million has been utilized by the Bank, with the initial drawdown having occurred on January 31, 2019 and the amount outstanding under this facility is US\$ 189.05 million (December 31, 2022: US\$ 190 million). Drawn amounts are payable in semi-annual installments from January 31, 2023 to January 31, 2033. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.

15.1.3 Mortgage refinancing facilities from PMRC, amounting to Rs 1,376.359 million (December 31, 2022: Rs 1,421.174 million), utilised by HBL Microfinance Bank Limited to extend mortgage finance to low income groups. The principal amount is payable in quarterly installments from June 2020 to June 2031. Mark-up on these facilities ranges from 6.50% to 15.19% per annum (December 31, 2022: 6.50% to 15.19% per annum) and is payable quarterly.

16 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2023 (Unaudited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	1,127,750,276	295,149,274	1,422,899,550	1,141,355,935	244,789,722	1,386,145,657
Savings deposits	1,203,288,913	167,034,316	1,370,323,229	1,175,587,462	150,133,207	1,325,720,669
Term deposits	395,105,556	328,682,462	723,788,018	390,089,817	238,210,929	628,300,746
	2,726,144,745	790,866,052	3,517,010,797	2,707,033,214	633,133,858	3,340,167,072
Financial institutions						
Current deposits	6,939,333	2,634,352	9,573,685	7,546,037	3,335,737	10,881,774
Savings deposits	70,615,019	1,763,557	72,378,576	103,171,941	2,181,262	105,353,203
Term deposits	6,611,920	8,648,499	15,260,419	7,863,263	5,076,940	12,940,203
	84,166,272	13,046,408	97,212,680	118,581,241	10,593,939	129,175,180
	2,810,311,017	803,912,460	3,614,223,477	2,825,614,455	643,727,797	3,469,342,252

17 SUBORDINATED DEBT

		(Unaudited) March 31, 2023	(Audited) December 31, 2022
(Rupees in '000)			
Additional Tier I Term Finance Certificates	17.1	12,374,000	12,374,000
Additional Tier I Term Finance Certificates	17.2	6,500,000	6,500,000
		18,874,000	18,874,000

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

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
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The key features of the issue are as follows:

Issue Date	September 26, 2019
Issue amount	Rs 12.374 billion
Rating	AA+ (Double A plus) [December 31, 2022: 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".

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

The key features of the issue are as follows:

Issue Date	December 28, 2022
Issue amount	Rs 6.500 billion
Rating	AA+ (Double A plus) [December 31, 2022: 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 three months ended March 31, 2023

	(Unaudited)	(Audited)
	March 31,	December 31,
	2023	2022
18 OTHER LIABILITIES		
Mark-up / return / profit / interest payable in local currency	43,168,194	17,933,842
Mark-up / return / profit / interest payable in foreign currency	10,922,056	5,930,381
Security deposits	1,873,855	1,567,333
Accrued expenses	25,435,918	24,050,020
Mark to market loss on forward foreign exchange contracts	6,977,259	2,489,440
Mark to market loss on derivative instruments	13,373,705	6,882,438
Unclaimed dividends	762,107	751,907
Dividends payable	5,997,330	3,811,676
Provision for post retirement medical benefits	3,595,548	3,522,518
Provision for employees' compensated absences	752,852	762,192
Provision against off-balance sheet obligations	18.1 1,674,012	1,633,326
Acceptances	52,775,698	55,013,374
Branch adjustment account	7,828,169	3,035,551
Provision for staff retirement benefits	1,688,813	1,563,256
Payable to defined benefit plans	756,835	841,326
Provision for Workers' Welfare Fund	9,677,644	9,151,021
Unearned income	5,220,143	4,780,489
Qarza-e-Hasna Fund	338,409	338,409
Levies and taxes payable	5,973,488	13,362,266
Insurance payable	1,079,321	1,067,263
Provision for rewards program expenses	2,444,368	2,384,689
Liability against trading of securities	41,541,122	22,768,986
Clearing and settlement accounts	13,250,445	12,068,106
Payable to HBL Foundation	200,255	515,961
Contingent consideration payable	500,000	500,000
Charity fund	41,002	25,121
Unclaimed deposits	630,588	528,656
Liability against right-of-use assets	30,150,165	27,079,479
Others	6,803,278	5,436,043
	<u>295,432,579</u>	<u>229,795,069</u>

18.1 Provision against off-balance sheet obligations

Opening balance	1,633,326	2,687,054
Exchange adjustment	295,737	283,115
Charge for the period / year	39,140	150,910
Reversal for the period / year	(294,191)	(1,482,495)
Net reversal	(255,051)	(1,331,585)
Transferred in	-	(5,258)
Closing balance	<u>1,674,012</u>	<u>1,633,326</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

19 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Note	March 31, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Attributable to		Total	Attributable to		Total
Equity holders	Non-controlling interest	Equity holders		Non-controlling interest		
----- (Rupees in '000) -----						
Surplus / (deficit) arising on revaluation of:						
- Fixed assets	28,695,795	13,742	28,709,537	28,838,565	16,137	28,854,702
- Fixed assets of associates	405,647	-	405,647	374,325	-	374,325
- Available-for-sale securities	(70,858,060)	(88,961)	(70,947,021)	(44,375,327)	(71,367)	(44,446,694)
- Available-for-sale securities held by associates	(1,525,739)	-	(1,525,739)	(1,001,561)	-	(1,001,561)
- Non-banking assets acquired in satisfaction of claims	175,125	-	175,125	175,125	-	175,125
	(43,107,232)	(75,219)	(43,182,451)	(15,988,873)	(55,230)	(16,044,103)
Deferred tax liability / (asset) on surplus / (deficit) on revaluation of:						
- Fixed assets	1,864,675	-	1,864,675	1,927,095	-	1,927,095
- Fixed assets of associates	174,428	-	174,428	160,960	-	160,960
- Available-for-sale securities	(30,274,262)	(29,357)	(30,303,619)	(18,881,626)	(23,551)	(18,905,177)
- Available-for-sale securities held by associates	(656,068)	-	(656,068)	(430,671)	-	(430,671)
- Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-
	(28,891,227)	(29,357)	(28,920,584)	(17,224,242)	(23,551)	(17,247,793)
Surplus on revaluation of assets - net of tax	(14,216,005)	(45,862)	(14,261,867)	1,235,369	(31,679)	1,203,690

Note	(Unaudited)		(Audited)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
----- (Rupees in '000) -----				
20 CONTINGENCIES AND COMMITMENTS				
- Guarantees	20.1	281,347,746	262,493,102	
- Commitments	20.2	1,009,878,765	942,909,348	
- Other contingent liabilities	20.3	23,405,998	23,215,134	
		<u>1,314,632,509</u>	<u>1,228,617,584</u>	
20.1 Guarantees:				
Financial guarantees		52,677,678	54,186,950	
Performance guarantees		219,903,272	201,579,675	
Other guarantees		8,766,796	6,726,477	
		<u>281,347,746</u>	<u>262,493,102</u>	
20.2 Commitments:				
Trade-related contingent liabilities		327,483,343	280,869,037	
Commitments in respect of:				
- forward foreign exchange contracts	20.2.1	532,659,865	434,583,053	
- forward Government securities transactions	20.2.2	58,642,359	132,295,940	
- derivatives	20.2.3	56,233,832	57,305,018	
- forward lending	20.2.4	19,709,934	21,948,516	
		667,245,990	646,132,527	
Commitments for acquisition of:				
- fixed assets		10,162,564	10,436,315	
- intangible assets		4,986,868	5,471,469	
		15,149,432	15,907,784	
		<u>1,009,878,765</u>	<u>942,909,348</u>	
20.2.1 Commitments in respect of forward foreign exchange contracts				
Purchase		340,114,855	284,366,183	
Sale		192,545,010	150,216,870	
		<u>532,659,865</u>	<u>434,583,053</u>	

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
20.2.2 Commitments in respect of forward Government securities transactions		
Purchase	56,415,695	117,020,407
Sale	2,226,664	15,275,533
	<u>58,642,359</u>	<u>132,295,940</u>
20.2.3 Commitments in respect of derivatives		
Cross Currency swaps		
Purchase	21,515,911	23,863,687
Sale	32,142,921	30,407,998
	<u>53,658,832</u>	<u>54,271,685</u>
Interest rate swaps		
Purchase	-	-
Sale	2,575,000	3,033,333
	<u>2,575,000</u>	<u>3,033,333</u>
20.2.4 Commitments in respect of forward lending		
Undrawn formal standby facilities, credit lines and other commitments to extend credit	<u>19,709,934</u>	<u>21,948,516</u>

These represent commitments that are irrevocable because they can not be withdrawn at the discretion of the Group without the risk of incurring a significant penalty or expense.

20.3 Other contingent liabilities

20.3.1 Claims against the Group not acknowledged as debts	<u>23,405,998</u>	<u>23,215,134</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.

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

21 DERIVATIVE INSTRUMENTS

Product Analysis	March 31, 2023 (Unaudited)			
	Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
Hedging	-	-	-	-
Market Making	53,658,832	(13,090,981)	2,575,000	(282,724)
Product Analysis	December 31, 2022 (Unaudited)			
	Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
Hedging	-	-	-	-
Market Making	54,271,685	(6,635,205)	3,033,333	(246,687)

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

		(Unaudited)		
		For the three months ended		
22	MARK-UP / RETURN / PROFIT / INTEREST EARNED	Note	March 31, 2023	March 31, 2022
		(Rupees in '000)		
	On:			
	Loans and advances		65,478,714	37,108,186
	Investments		73,066,711	45,769,835
	Lendings to financial institutions		8,904,093	2,272,341
	Balances with banks		1,101,323	1,403,437
			<u>148,550,841</u>	<u>86,553,799</u>
	23 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED			
	On:			
	Deposits		67,009,280	35,476,712
	Securities sold under repurchase agreement borrowings		18,804,245	9,456,170
	Borrowings		5,403,285	3,048,639
	Subordinated debt		885,926	368,454
	Cost of foreign currency swaps against foreign currency deposits / borrowings		(274,729)	1,226,477
	Lease liability against right-of-use assets		879,808	711,419
			<u>92,707,815</u>	<u>50,287,871</u>
	24 FEE AND COMMISSION INCOME			
	Branch banking customer fees		1,108,909	988,944
	Branchless banking customer fees		156,339	262,341
	Consumer finance related fees		595,587	536,409
	Card related fees (debit and credit cards)		2,988,205	2,065,764
	Credit related fees		657,213	596,591
	Investment banking fees		239,380	252,150
	Commission on trade related products and guarantees		1,769,752	1,256,151
	Commission on cash management		412,084	272,482
	Commission on remittances (including home remittances)		152,563	162,367
	Commission on bancassurance		88,656	154,930
	Commission on Government to Person (G2P) payments		371,552	259,902
	Management fee		268,222	144,901
	Merchant discount and interchange fees		1,623,213	1,165,448
	Wealth management fee		91,919	126,660
	Others		60,215	35,861
			<u>10,583,809</u>	<u>8,280,901</u>
	Less: Sales tax / Federal Excise Duty on fee and commission income		(1,240,088)	(939,337)
			<u>9,343,721</u>	<u>7,341,564</u>
	25 GAIN / (LOSS) ON SECURITIES - NET			
	Realised	25.1	(708,768)	394,281
	Unrealised - held-for-trading	8.1	(372,523)	(200,608)
			<u>(1,081,291)</u>	<u>193,673</u>
	25.1 Gain / (loss) on securities - realised			
	On:			
	Federal Government securities			
	- Market Treasury Bills		104,000	223,890
	- Pakistan Investment Bonds		(679,188)	145,304
	- Ijarah Sukuks		4,485	-
	Shares		(544,329)	(181,788)
	Non-Government debt securities		406,264	206,875
			<u>(708,768)</u>	<u>394,281</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

		(Unaudited)	
		For the three months ended	
		March 31,	March 31,
		2023	2022
		(Rupees in '000)	
26	OTHER INCOME		
	Incidental charges	239,300	78,202
	Gain on derecognition of joint venture	3,731,399	-
	Gain on sale of fixed assets - net	78,595	19,805
	Rent on properties	5,121	3,862
		<u>4,054,415</u>	<u>101,869</u>
27	OPERATING EXPENSES		
	Total compensation expense	14,266,124	13,528,951
	Property expense		
	Rent and taxes	343,258	291,777
	Insurance	77,074	47,872
	Utilities cost	1,223,547	654,529
	Security (including guards)	713,605	591,213
	Repair and maintenance (including janitorial charges)	1,023,171	794,106
	Depreciation on owned fixed assets	1,299,574	928,771
	Depreciation on right-of-use assets	1,118,813	924,248
		5,799,042	4,232,516
	Information technology expenses		
	Software maintenance	2,015,601	1,119,997
	Hardware maintenance	437,666	282,595
	Depreciation	790,103	612,774
	Amortisation	504,592	389,662
	Network charges	491,768	366,612
	Consultancy charges	206,496	206,241
		4,446,226	2,977,881
	Other operating expenses		
	Legal and professional charges	2,246,762	171,791
	Outsourced services costs	738,393	527,961
	Travelling and conveyance	525,493	314,309
	Insurance	442,870	274,557
	Remittance charges	199,407	151,596
	Cash transportation and sorting charges	751,837	549,009
	Repairs and maintenance	501,364	396,958
	Depreciation	223,375	233,783
	Training and development	146,104	79,782
	Postage and courier charges	210,245	214,260
	Communication	577,527	362,504
	Stationery and printing	661,005	574,962
	Marketing, advertisement and publicity	2,296,076	2,071,642
	Donations	273,263	132,040
	Auditors' remuneration	118,674	85,705
	Brokerage and commission	222,598	186,700
	Subscription	157,608	78,617
	Documentation and processing charges	2,131,067	1,122,340
	Entertainment	207,064	145,783
	Consultancy charges	365,563	265,970
	Deposit insurance premium expense	777,350	675,604
	Product feature cost	611,599	654,909
	Others	299,091	347,057
		14,684,335	9,617,839
		<u>39,195,727</u>	<u>30,357,187</u>

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

		(Unaudited)	
		<u>For the three months ended</u>	
	Note	March 31, 2023	March 31, 2022
		(Rupees in '000)	
28	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	15,369	137,168
	Penalties imposed by other regulatory bodies	396	22,199
		<u>15,765</u>	<u>159,367</u>
29	PROVISIONS / (REVERSALS) AND WRITE OFFS - NET		
	Provision for / (reversal of) diminution in value of investments	8.3 1,579,290	(261,033)
	Provision against loans and advances	9.3 1,218,993	2,452,347
	Provision against other assets	13.1.1 796,200	173,163
	Reversal of provision against off-balance sheet obligations	18.1 (255,051)	(952,541)
	Recoveries against written off / charged off bad debts	(228,372)	(207,685)
	Recoveries against other assets written off	-	(1,028)
	Other write offs and operational losses	66,317	39,665
		<u>3,177,377</u>	<u>1,242,888</u>
30	TAXATION		
	- Current	10,420,272	5,913,399
	- Deferred	(2,174,834)	53,211
		<u>8,245,438</u>	<u>5,966,610</u>
31	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period attributable to equity holders of the Bank	<u>13,201,051</u>	<u>8,478,826</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>9.00</u>	<u>5.78</u>
31.1	Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.		

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

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

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

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

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

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

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

32.1 Fair value of financial assets

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

	As at March 31, 2023 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,494,127,329	-	1,494,127,329	-	1,494,127,329
- Shares - listed companies	12,366,255	4,206,201	8,160,054	-	12,366,255
- Non-Government debt securities					
- Listed	49,488,006	40,000,000	9,488,016	-	49,488,016
- Unlisted	614,359	-	614,359	-	614,359
- Foreign securities					
- Government debt securities	148,926,929	-	148,926,929	-	148,926,929
- Non-Government debt securities					
- Listed	8,034,815	-	8,034,815	-	8,034,815
- National Investment Unit Trust units	34,540	-	34,540	-	34,540
- Real Estate Investment Trust units	68,150	68,150	-	-	68,150
- Preference Shares - Listed	883,000	883,000	-	-	883,000
	1,714,543,383	45,157,351	1,669,386,042	-	1,714,543,393
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	300,716,491	-	259,427,836	-	259,427,836
- Non-Government debt securities					
- Listed	1,733,392	-	1,733,532	-	1,733,532
- Unlisted	22,328,128	-	22,328,128	-	22,328,128
- Foreign securities					
Government debt securities	18,822,023	-	18,524,730	-	18,524,730
Non-Government debt securities					
- Listed	101,276	-	101,276	-	101,276
- Unlisted	428,729	-	428,729	-	428,729
	344,130,039	-	302,544,231	-	302,544,231
	2,058,673,422	45,157,351	1,971,930,273	-	2,017,087,624

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

As at March 31, 2023 (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	532,659,865	-	24,499,597	24,499,597
- Forward Government securities transactions	58,642,359	-	(68,096)	(68,096)
- Derivative instruments	56,233,832	-	(13,373,705)	(13,373,705)

As at December 31, 2022 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				

On balance sheet financial instruments
Financial assets - measured at fair value

As at December 31, 2022 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
Investments				
- Federal Government securities	1,318,416,185	-	1,318,416,185	1,318,416,185
- Shares - listed companies	3,988,281	3,988,281	-	3,988,281
- Non-Government debt securities				
- Listed	49,084,350	40,000,000	9,084,350	49,084,350
- Unlisted	616,321	-	616,321	616,321
- Foreign securities				
Government debt securities	127,850,272	-	127,850,272	127,850,272
Non-Government debt securities				
- Listed	8,107,344	-	8,107,344	8,107,344
- Unlisted	5,461,947	-	5,461,947	5,461,947
- National Investment Unit Trust units	38,170	-	38,170	38,170
- Real Estate Investment Trust units	68,200	68,200	-	68,200
- Preference Shares - Listed	872,200	872,200	-	872,200
	1,514,503,270	44,928,681	1,469,574,589	1,514,503,270

Financial assets - disclosed but not measured at fair value

Investments				
- Federal Government securities	346,125,167	-	315,021,272	315,021,272
- Non-Government debt securities				
- Listed	1,733,442	-	1,739,778	1,739,778
- Unlisted	18,301,991	-	18,301,991	18,301,991
- Foreign securities				
Government debt securities	14,365,073	-	14,109,487	14,109,487
Non-Government debt securities				
- Listed	145,714	-	145,714	145,714
- Unlisted	308,100	-	308,100	308,100
	380,979,487	-	349,626,342	349,626,342
	1,895,482,757	44,928,681	1,819,200,931	1,864,129,612

Off-balance sheet financial instruments - measured at fair value

Commitments				
- Forward foreign exchange contracts	434,583,053	-	1,149,564	1,149,564
- Forward Government securities transactions	132,295,940	-	(38,938)	(38,938)
- Derivative instruments	57,305,018	-	(6,881,892)	(6,881,892)

32.2 Fair value of non-financial assets

As at March 31, 2023 (Unaudited)				
Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
- Land and building	58,824,451	-	58,824,451	58,824,451
- Non-banking assets acquired in satisfaction of claims	425,441	-	425,441	425,441
	59,249,892	-	59,249,892	59,249,892
----- (Rupees in '000) -----				
As at December 31, 2022 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
- Land and building	58,446,722	-	58,446,722	58,446,722
- Non-banking assets acquired in satisfaction of claims	407,234	-	407,234	407,234
	58,853,956	-	58,853,956	58,853,956

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

33 SEGMENT INFORMATION

33.1 Segment details with respect to Business Activities

For the three months ended March 31, 2023 (Unaudited)

	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
----- (Rupees in million) -----										
Profit and loss account										
Net mark-up / return / profit / interest income	(43,541)	11,778	5,802	21,322	53,304	6,407	(5)	2,702	(1,926)	55,843
Inter segment revenue / (expense) - net	69,628	(7,651)	-	(10,908)	(51,769)	(751)	-	-	1,451	-
Non mark-up / interest income	920	4,181	686	1,123	22	1,718	285	547	(906)	8,576
Total Income	27,007	8,308	6,488	11,537	1,557	7,374	280	3,249	(1,381)	64,419
Segment direct expenses	7,454	4,038	1,866	1,092	283	5,629	140	2,225	17,013	39,740
Inter segment expense allocation	7,877	2,705	315	3,430	446	451	-	-	(15,224)	-
Total expenses	15,331	6,743	2,181	4,522	729	6,080	140	2,225	1,789	39,740
Provisions - charge / (reversal)	575	555	(425)	(227)	(423)	2,320	-	606	196	3,177
Profit / (loss) before tax	11,101	1,010	4,732	7,242	1,251	(1,026)	140	418	(3,366)	21,502

As at March 31, 2023 (Unaudited)

	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
----- (Rupees in million) -----										
Statement of financial position										
Cash and bank balances	160,553	-	22,311	666	123,127	190,255	2	10,494	1,783	509,191
Lendings to financial institutions	-	-	-	-	168,742	-	-	-	-	168,742
Inter segment lending	1,883,599	-	1,568	-	-	4,977	-	-	200,178	2,090,322
Investments	-	-	198,063	10,578	1,623,050	201,588	394	24,245	52,543	2,110,461
Advances - performing	-	224,149	201,414	849,974	-	369,632	-	87,570	33,141	1,765,880
Advances - non-performing	-	2,580	2,065	3,720	-	4,934	-	1,919	-	15,218
Others	17,603	7,780	31,696	71,215	114,116	28,695	3,342	12,640	101,612	388,699
Total assets	2,061,755	234,509	457,117	936,153	2,029,035	800,081	3,738	136,868	389,257	7,048,513
Borrowings	-	5,883	90,292	114,455	341,028	131,529	-	5,877	-	689,064
Subordinated debt	-	-	-	-	-	-	-	-	18,874	18,874
Deposits and other accounts	2,018,786	743	314,941	570,629	-	554,095	-	110,531	44,498	3,614,223
Inter segment borrowing	-	211,953	-	200,073	1,651,480	26,816	-	-	-	2,090,322
Others	42,969	15,930	17,835	50,996	66,806	26,556	722	7,044	112,796	341,654
Total liabilities	2,061,755	234,509	423,068	936,153	2,059,314	738,996	722	123,452	176,168	6,754,137
Equity	-	-	34,049	-	(30,279)	61,085	3,016	13,416	213,089	294,376
Total equity and liabilities	2,061,755	234,509	457,117	936,153	2,029,035	800,081	3,738	136,868	389,257	7,048,513
Contingencies and commitments	297,591	-	33,513	231,966	490,091	224,008	-	-	37,464	1,314,633

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

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

	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
----- (Rupees in million) -----										
Profit and loss account										
Net mark-up / return / profit / interest income	(21,483)	8,618	3,167	11,792	31,256	812	(35)	2,674	(535)	36,266
Inter segment revenue / (expense) - net	35,988	(4,464)	-	(6,621)	(28,368)	1,771	-	-	1,694	-
Non mark-up / interest income	919	2,998	398	914	2,763	1,598	147	420	204	10,361
Total Income	15,424	7,152	3,565	6,085	5,651	4,181	112	3,094	1,363	46,627
Segment direct expenses	5,841	3,076	1,212	797	323	4,129	146	1,886	13,393	30,803
Inter segment expense allocation	5,849	2,142	321	3,032	427	407	-	-	(12,178)	-
Total expenses	11,690	5,218	1,533	3,829	750	4,536	146	1,886	1,215	30,803
Provisions - charge / (reversal)	-	348	698	(514)	(290)	248	-	456	297	1,243
Profit / (loss) before tax	3,734	1,586	1,334	2,770	5,191	(603)	(34)	752	(149)	14,581

As at December 31, 2022 (Audited)

	Branch banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
----- (Rupees in million) -----										
Statement of financial position										
Cash and bank balances	72,736	-	17,948	1,678	99,301	131,089	2	13,723	1,051	337,528
Lendings to financial institutions	-	-	-	-	254,593	-	-	-	-	254,593
Inter segment lending	1,950,230	-	257	-	-	3,586	-	-	201,897	2,155,970
Investments	-	-	183,655	9,460	1,496,496	178,785	409	31,396	48,600	1,948,801
Advances - performing	-	231,909	221,885	875,294	-	325,465	-	84,150	31,158	1,769,861
Advances - non-performing	-	1,993	2,089	3,433	-	3,895	-	1,226	-	12,636
Others	4,725	7,948	16,342	70,783	59,889	24,437	3,245	11,871	116,146	315,386
Total assets	2,027,691	241,850	442,176	960,648	1,910,279	667,257	3,656	142,366	398,852	6,794,775
Borrowings	-	5,841	74,694	132,506	245,413	118,745	-	6,572	-	583,771
Subordinated debt	-	-	-	-	-	-	-	-	18,874	18,874
Deposits and other accounts	1,999,352	691	319,884	508,589	-	466,414	-	116,063	58,349	3,469,342
Inter segment borrowing	-	218,253	-	264,154	1,648,566	24,997	-	-	-	2,155,970
Others	28,339	17,065	15,714	55,399	34,606	15,467	753	6,506	107,948	281,797
Total liabilities	2,027,691	241,850	410,292	960,648	1,928,585	625,623	753	129,141	185,171	6,509,754
Equity	-	-	31,884	-	(18,306)	41,634	2,903	13,225	213,681	285,021
Total equity and liabilities	2,027,691	241,850	442,176	960,648	1,910,279	667,257	3,656	142,366	398,852	6,794,775
Contingencies and commitments	73,024	-	34,569	404,198	449,835	228,876	-	-	38,116	1,228,618

34 RELATED PARTY TRANSACTIONS

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

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

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
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Details of transactions and balances with related parties as at the period / year end are as follows:

As at March 31, 2023 (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	-	-	14,188	-	-	158
Investments						
Opening balance	-	-	-	31,882,845	8,149,052	9,705,368
Investment made during the year	-	-	-	296,873	-	-
Investment redeemed / disposed off during the period	-	-	-	(326,796)	-	-
Share of profit - net of tax	-	-	-	495,323	313,829	-
Equity method adjustments	-	-	-	4,562,669	1,302,051	-
Dividend received during the period	-	-	-	(169,672)	(203,366)	-
Provision for diminution in the value of investments	-	-	-	-	-	(2,870)
Transfer (out) / in - net	-	-	-	-	(9,564,088)	9,564,088
Revaluation of fixed assets during the period	-	-	-	31,322	-	-
Revaluation of investments during the period	-	-	-	(526,700)	2,522	(2,271,216)
Exchange adjustment	-	-	-	-	-	867,182
Closing balance	-	-	-	36,245,864	-	17,862,551
Provision for diminution in the value of investments	-	-	-	-	-	45,813
Advances						
Opening balance	1,412	1,009,459	4,547,709	625,000	-	11,738,739
Addition during the period	3,862	69,377	7,819,686	-	-	2,674,533
Repaid during the period	(5,016)	(84,246)	(7,728,935)	-	-	(2,537,823)
Exchange adjustment	-	135,841	964,371	-	-	11,622
Closing balance	258	1,130,431	5,602,831	625,000	-	11,887,071
Other assets						
Interest / mark-up accrued	-	40,786	69,611	20,711	-	674,860
Advance to suppliers	-	-	1,545	-	-	-
Other receivables	-	1,650	-	74,865	-	1,238
	-	42,436	71,156	95,576	-	676,098
Borrowings						
Opening balance	-	-	3,982,280	12,950,894	2,717,171	1,589,426
Borrowings during the period	-	-	4,565,725	5,462,515	2,348,700	-
Settled during the period	-	-	(4,619,717)	(14,934,730)	(3,131,600)	(213,067)
Transfer (out) / in - net	-	-	-	-	(2,554,127)	2,554,127
Exchange adjustment	-	-	1,117,877	2,484,474	619,856	-
Closing balance	-	-	5,046,165	5,963,153	-	3,930,486
Deposits and other accounts						
Opening balance	164,865	523,637	26,213,964	18,870,625	4,204	2,126,163
Received during the period	197,113	2,312,206	91,625,657	267,693,475	3,996	54,668,306
Withdrawn during the period	(168,959)	(1,891,250)	(87,619,797)	(281,899,261)	(7,583)	(50,659,321)
Transfer (out) / in - net	-	-	-	-	(1,412)	1,412
Exchange adjustment	8,876	22,812	199,264	41,747	795	29,420
Closing balance	201,895	967,405	30,419,088	4,706,586	-	6,165,980
Other liabilities						
Interest / mark-up payable	540	5,972	264,400	10,500	-	45,072
Payable to Defined Benefit Plan	-	-	-	-	-	756,835
Other payables	-	-	51,305	207,024	-	324,579
	540	5,972	315,705	217,524	-	1,126,486
Contingencies and commitments						
Letters of credit	-	-	959,766	-	-	33,005
Guarantees	-	-	172,060	-	-	3,535,727
Forward purchase of Government securities	-	-	-	-	-	65,098
Interest rate swaps	-	-	-	625,000	-	-
	-	-	1,131,826	625,000	-	3,633,830
Others						
Securities held as custodian	-	339,130	25,035,415	148,390,000	-	21,040,080

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

For the three months ended March 31, 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	148	17,780	185,032	27,623	-	540,605
Fee and commission income	274	3,102	70,826	89,319	-	303
Share of profit	-	-	-	495,322	313,829	-
Dividend income	-	-	-	-	-	681,485
Unrealised loss on derivatives	-	-	-	(66,060)	-	-
Expenses						
Mark-up / return / profit / interest expensed	5,329	6,549	414,564	152,173	-	194,566
Operating expenses						
Total compensation expense	-	1,542,748	-	-	-	542,381
Non-Executive Directors' fees	19,200	-	-	-	-	-
Insurance premium expense	-	-	-	556,970	-	-
Product feature cost	-	-	39,328	-	-	-
Travelling	-	-	1,796	-	-	-
Subscription	-	-	-	-	-	4,275
Donations	-	-	-	-	-	200,255
Brokerage and Commission	-	-	-	-	-	25,258
Other Expenses	-	-	30,087	16,031	-	50,411
Provision for diminution in the value of investments	-	-	-	-	-	2,870
Others						
Purchase of Government securities	2,498	15,927	42,052,749	25,558,785	-	33,552,249
Sale of Government securities	-	22,739	49,865,285	29,854,799	-	36,333,539
Purchase of foreign currencies	-	5,410	902,334	-	-	-
Sale of foreign currencies	5,700	121,026	1,647,193	-	-	9,593
Insurance claims settled	-	-	-	63,702	-	-

As at December 31, 2022 (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	-	-	1,592	-	122	-
Investments						
Opening balance	-	-	-	28,790,446	6,297,914	7,713,055
Investment made during the year	-	-	-	1,953,309	-	2,000,000
Investment redeemed / disposed off during the year	-	-	-	(3,921,300)	-	-
Share of profit - net of tax	-	-	-	2,175,235	853,218	-
Equity method adjustments	-	-	-	4,263,051	1,009,089	-
Dividend received during the year	-	-	-	(714,419)	-	-
Provision for diminution in the value of investments	-	-	-	-	-	(36,974)
Transfer in - net	-	-	-	-	-	29,287
Revaluation of investment during the year	-	-	-	(893,206)	(11,169)	-
Revaluation of fixed assets during the year	-	-	-	229,729	-	-
Closing balance	-	-	-	31,882,845	8,149,052	9,705,368
Provision for diminution in the value of investments	-	-	-	-	-	42,943
Advances						
Opening balance	527	837,259	4,001,392	3,348,613	-	11,166,809
Addition during the year	30,557	445,438	23,281,985	-	-	13,996,551
Repaid during the year	(29,672)	(400,569)	(23,534,128)	(2,964,170)	-	(13,433,197)
Transfer in - net	-	30,988	-	-	-	-
Exchange adjustment	-	96,343	798,460	240,557	-	8,576
Closing balance	1,412	1,009,459	4,547,709	625,000	-	11,738,739
Other assets						
Interest / mark-up accrued	-	29,028	44,798	19,286	-	268,993
Advance to suppliers	-	-	21,382	-	-	-
Other receivable	-	2,475	-	161,005	-	1,962
	-	31,503	66,180	180,291	-	270,955

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
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As at December 31, 2022 (Audited)						
Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties	
----- (Rupees in '000) -----						
Borrowings						
Opening balance	-	3,177,871	3,969,060	-	-	1,264,962
Borrowings during the year	-	7,519,611	22,569,599	11,050,690	-	500,000
Settled during the year	-	(6,953,154)	(16,014,977)	(8,594,981)	-	(175,536)
Exchange adjustment	-	237,952	2,427,212	261,462	-	-
Closing balance	-	3,982,280	12,950,894	2,717,171	-	1,589,426
Deposits and other accounts						
Opening balance	155,051	546,158	19,836,563	50,630,080	-	3,504,348
Received during the year	1,063,923	4,131,411	423,245,046	1,018,289,986	13,607	73,419,048
Withdrawn during the year	(1,061,773)	(4,197,717)	(417,146,676)	(1,050,062,333)	(15,287)	(74,910,152)
Transfer out - net	-	(30,270)	-	-	-	-
Exchange adjustment	7,664	74,055	279,031	12,892	5,884	112,919
Closing balance	164,865	523,637	26,213,964	18,870,625	4,204	2,126,163
Other liabilities						
Interest / mark-up payable	434	1,340	246,677	46,016	28,530	5,943
Payable to Defined Benefit Plan	-	-	-	-	-	607,424
Other payables	-	-	34,384	136,748	-	649,286
	434	1,340	281,061	182,764	28,530	1,262,653
Contingencies and Commitments						
Letter of credit	-	-	693,802	-	-	440,141
Guarantee	-	-	159,480	-	-	3,535,727
Forward purchase of Government securities	-	-	-	-	-	2,452,570
Forward purchase of foreign exchange contracts	-	-	-	1,500	-	-
Interest rate swaps	-	-	-	625,000	-	-
	-	-	853,282	626,500	-	6,428,438
Others						
Securities held as custodians	2,500	94,830	24,812,555	134,281,000	-	18,455,830
For the three months ended March 31, 2022 (Unaudited)						
Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties	
----- (Rupees in '000) -----						
Profit and loss account						
Income						
Mark-up / return / profit / interest earned	-	6,167	111,621	29,121	-	355,670
Fee and commission income	259	761	41,460	166,650	-	315
Share of profit	-	-	-	6,280	87,127	-
Dividend income	-	-	-	-	-	53,249
Loss from derivatives	-	-	-	(44,314)	-	-
Expense						
Mark-up / return / profit / interest expensed	3,484	4,750	324,420	556,180	129	67,149
Operating expenses	-	-	-	-	-	-
Total compensation expense	-	1,100,250	-	-	-	313,450
Non-Executive Directors' fees	20,400	-	-	-	-	-
Insurance premium expense	-	-	-	583,741	-	-
Advertisement and publicity	-	-	14,822	-	-	-
Travelling	-	-	3,739	-	-	-
Subscription	-	-	-	-	-	3,221
Donations	-	-	-	-	-	129,840
Brokerage and Commission	-	-	-	-	-	58,373
Other Expenses	-	-	10,322	-	-	11,102
Others						
Purchase of Government securities	-	-	77,126,771	9,923,005	-	11,010,675
Sale of Government securities	-	14,057	79,151,310	26,582,163	-	5,878,535
Purchase of foreign currencies	-	-	181,000	-	-	4,676
Sale of foreign currencies	1,493	96,233	514,427	41,500	-	1,362,132
Insurance claims settled	-	-	-	21,469	-	-

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,668,525	14,668,525
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	188,144,370	203,251,762
Eligible Additional Tier 1 (ADT 1) Capital	19,067,455	19,093,425
Total Eligible Tier 1 Capital	207,211,825	222,345,187
Eligible Tier 2 Capital	54,157,885	56,977,624
Total Eligible Capital (Tier 1 + Tier 2)	261,369,710	279,322,811
Risk Weighted Assets (RWAs):		
Credit Risk	1,588,355,270	1,511,840,742
Market Risk	84,229,513	105,217,738
Operational Risk	266,263,405	266,263,405
Total	1,938,848,188	1,883,321,885
Common Equity Tier 1 Capital Adequacy ratio	9.70%	10.79%
Tier 1 Capital Adequacy Ratio	10.69%	11.81%
Total Capital Adequacy Ratio	13.48%	14.83%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	9.00%	9.00%
of which: capital conservation buffer requirement	1.50%	1.50%
of which: countercyclical buffer requirement	-	-
of which: D-SIB buffer requirement	1.50%	1.50%
CET1 available to meet buffers (as a percentage of risk weighted assets)	3.70%	4.79%
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%
Leverage Ratio (LR)		
Eligible Tier-1 Capital	207,211,825	222,345,187
Total Exposures	5,671,746,984	5,292,442,000
Leverage Ratio (%)	3.65%	4.20%
Minimum Requirement (%)	3.00%	3.00%
Liquidity Coverage Ratio (LCR)		
	Total Adjusted Value (Rupees in '000)	
Average High Quality Liquid Assets	1,669,445,055	1,609,446,790
Average Net Cash Outflow	656,456,482	632,560,916
Liquidity Coverage Ratio (%)	254.31%	254.43%
Minimum Requirement (%)	100.00%	100.00%
Net Stable Funding Ratio (NSFR)		
	Total Weighted Value (Rupees in '000)	
Total Available Stable Funding	3,279,043,104	3,225,111,950
Total Required Stable Funding	2,232,631,627	2,171,559,048
Net Stable Funding Ratio (%)	146.87%	148.52%
Minimum Requirement (%)	100.00%	100.00%

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2023

36 **ISLAMIC BANKING BUSINESS**

The Bank operates 302 (December 31, 2022: 294) Islamic Banking branches and 573 (December 31, 2022: 573) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited)	(Audited)
		March 31, 2023	December 31, 2022
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		19,617,681	17,497,223
Balances with other banks		2,693,385	451,114
Due from financial institutions		-	-
Investments	36.1	198,063,039	183,654,832
Islamic financing and related assets - net	36.3	203,479,086	223,974,766
Fixed assets		8,431,579	6,497,224
Intangible assets		28,133	30,066
Due from Head Office		1,486,536	257,428
Deferred tax assets		1,555,898	1,160,304
Other assets		21,761,687	8,653,602
		457,117,024	442,176,559
LIABILITIES			
Bills payable		28,067	20,267
Due to financial institutions	36.4	90,291,800	74,694,404
Deposits and other accounts	36.5	314,940,938	319,883,948
Due to Head Office		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities		17,806,692	15,693,460
		423,067,497	410,292,079
NET ASSETS			
		34,049,527	31,884,480
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Surplus on revaluation of investments - net of tax		(2,062,469)	(1,538,078)
Unappropriated profit	36.6	35,611,996	32,922,558
		34,049,527	31,884,480
Contingencies and commitments			
	36.7		
(Unaudited)			
For the three months ended			
		March 31, 2023	March 31, 2022
PROFIT AND LOSS ACCOUNT			
(Rupees in '000)			
Profit / return earned	36.8	14,681,770	8,683,355
Profit / return expensed	36.9	8,879,084	5,516,911
Net profit / return		5,802,686	3,166,444
Other income / (loss)			
Fee and commission income		308,391	271,689
Dividend income		-	-
Foreign exchange income		372,769	106,094
Income from derivatives		-	-
Gain on securities- net		4,484	20,236
Others		-	52
Total other income		685,644	398,071
Total income		6,488,330	3,564,515
Other expenses			
Operating expenses		2,086,683	1,504,780
Workers' Welfare Fund		94,639	27,785
Other charges		120	-
Total other expenses		2,181,442	1,532,565
Profit before provisions		4,306,888	2,031,950
(Reversal) / provisions and write offs - net		(425,084)	698,256
Profit before taxation		4,731,972	1,333,694
Taxation		2,034,748	520,141
Profit after taxation		2,697,224	813,553

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

36.1 **Investments by type**

		March 31, 2023 (Unaudited)			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		----- (Rupees in '000) -----			
Available-for-sale (AFS) securities					
Federal Government securities					
- Ijarah Sukuks		137,073,071	-	(3,942,055)	133,131,016
- Other Federal Government securities		7,115,054	-	-	7,115,054
Non-Government debt securities					
- Listed		45,693,545	-	309,329	46,002,874
- Unlisted		1,401,000	-	14,358	1,415,358
		191,282,670	-	(3,618,368)	187,664,302
Held-to-maturity (HTM) securities					
Non-Government debt securities					
- Unlisted		10,398,737	-	-	10,398,737
Total Investments		201,681,407	-	(3,618,368)	198,063,039
		December 31, 2022 (Audited)			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		----- (Rupees in '000) -----			
Available-for-sale (AFS) securities					
Federal Government securities					
- Ijarah Sukuks		125,360,260	-	(2,772,531)	122,587,729
- Other Federal Government securities		4,686,060	-	-	4,686,060
Non-Government debt securities					
- Listed		45,943,545	-	57,829	46,001,374
- Unlisted		1,401,000	-	16,320	1,417,320
		177,390,865	-	(2,698,382)	174,692,483
Held-to-maturity (HTM) securities					
Non-Government debt securities					
- Unlisted		8,962,349	-	-	8,962,349
Total Investments		186,353,214	-	(2,698,382)	183,654,832
		(Unaudited) March 31, 2023			(Audited) December 31, 2022
		(Rupees in '000)			
36.3 Islamic financing and related assets - net					
Diminishing Musharakah				94,560,362	94,643,200
Running Musharakah				44,368,521	57,261,410
Wakalah				14,810,431	14,541,328
Ijarah				2,822,892	2,294,057
Murabaha				1,811,770	3,791,439
Currency Salam				78,827	-
Tijarah				3,926,757	2,887,334
Istisna				2,496,619	1,994,354
Musawamah				901,601	777,472
Advance for Diminishing Musharakah				3,881,130	5,364,119
Advance for Ijarah				3,412,111	3,599,862
Advance for Murabaha				5,724,515	5,546,361
Advance for Salam				2,196,066	2,029,702
Advance for Istisna				14,496,110	13,169,142
Advance for Musawamah				265,630	3,856,574
Inventories against Murabaha				1,248,319	5,410,563
Inventories against Salam				2,400,000	-
Inventories against Tijarah				3,020,086	5,427,552
Inventories against Istisna				3,106,392	3,853,373
Islamic financing and related assets - gross				205,528,139	226,447,842
Provision against Islamic financing and related assets					
- Specific				(946,359)	(1,376,081)
- General				(1,102,694)	(1,096,995)
				(2,049,053)	(2,473,076)
Islamic financing and related assets - net of provision				203,479,086	223,974,766

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
36.4 Due to financial institutions		
Unsecured acceptances of funds	7,700,000	19,000,000
Acceptances from the SBP under:		
- Islamic export refinance scheme	16,100,291	19,931,491
- Islamic long term financing facility	7,013,669	7,183,674
- Islamic financing facility for renewable energy power plants	717,604	693,399
- Islamic refinance facility for modernization of Small & Medium Enterprises (SMEs)	323,881	129,838
- Islamic refinance and credit guarantee scheme for women entrepreneurs	2,938	5,720
- Islamic refinance facility for combating COVID-19	358,488	143,564
- Islamic temporary economic refinance facility	2,666,635	2,749,061
- Secured Mudarbah Agreement	55,408,294	24,689,405
Acceptances from Pakistan Mortgage Refinance Company	-	168,252
	<u>90,291,800</u>	<u>74,694,404</u>
36.5 Deposits and other accounts		
Customers		
Current deposits	88,445,435	85,498,743
Savings deposits	174,954,280	161,990,175
Term deposits	25,701,763	24,836,049
	<u>289,101,478</u>	<u>272,324,967</u>
Financial Institutions		
Current deposits	71,532	414,372
Savings deposits	25,204,282	47,142,963
Term deposits	563,646	1,646
	<u>25,839,460</u>	<u>47,558,981</u>
	<u>314,940,938</u>	<u>319,883,948</u>
36.6 Islamic Banking business unappropriated profit		
Opening Balance	32,922,558	27,194,762
Add: Islamic Banking profit for the period / year	4,731,972	11,236,017
Less: Taxation	(2,034,748)	(5,505,648)
Less: Transferred / Remitted to Head Office	(7,786)	(2,573)
Closing Balance	<u>35,611,996</u>	<u>32,922,558</u>
36.7 Contingencies and commitments		
- Guarantees	36.7.1 11,546,331	2,862,623
- Commitments	36.7.2 21,967,011	31,705,993
	<u>33,513,342</u>	<u>34,568,616</u>
36.7.1 Guarantees:		
Performance guarantees	11,522,517	2,862,623
Other guarantees	23,814	-
	<u>11,546,331</u>	<u>2,862,623</u>
36.7.2 Commitments:		
Trade-related contingent liabilities	18,017,088	26,704,850
Commitments in respect of forward foreign exchange contracts	36.7.2.1 3,949,923	5,001,143
	<u>21,967,011</u>	<u>31,705,993</u>
36.7.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	1,087,286	2,405,370
Sale	2,862,636	2,595,773
	<u>3,949,923</u>	<u>5,001,143</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

		(Unaudited)	
		For the three months ended	
36.8	Profit / return earned	March 31, 2023	March 31, 2022
		(Rupees in '000)	
	On:		
	Financing	7,438,007	4,013,355
	Investments	7,094,626	4,453,081
	Amounts due from financial institutions	149,137	216,919
		<u>14,681,770</u>	<u>8,683,355</u>
36.9	Profit / return expensed		
	On:		
	Deposits and other accounts	5,899,374	3,867,211
	Amounts due to financial institutions	2,766,338	1,510,775
	Foreign currency deposits for Wa'ad based transactions	4,842	-
	Lease liability against right-of-use assets	208,530	138,925
		<u>8,879,084</u>	<u>5,516,911</u>

37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

37.1 The Board of Directors, in its meeting held on April 27, 2023, has declared a cash dividend of Rs 1.50 per share in respect of the quarter ended March 31, 2023 (March 31, 2022: Rs 2.25 per share). These condensed interim consolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

38 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue in the Board of Directors meeting held on April 27, 2023.

39 GENERAL

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Saba Kamal
Director

Salim Raza
Director



CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS



Directors' Review

On behalf of the Board of Directors, we are pleased to present the Unconsolidated Financial Statements for the quarter ended March 31, 2023.

Macroeconomic Review

Pakistan's economy continues to face headwinds with rolling delays in the IMF program, low reserves and exceedingly high inflation. The World Bank expects GDP growth for FY'23 to remain nearly flat at 0.4%, impacted by a contractionary monetary policy, flood induced slowdowns, and inflationary pressures. This is further corroborated by a 5.6% decline in the Large-Scale Manufacturing index for 8MFY'23 compared to the same period in the prior year.

Headline inflation surged to its highest ever recorded level of 35.4% in Mar'23, led by an increase in food and energy prices, with food inflation soaring to 47%. The increase in price levels is partly due to Ramadan and partly due to the lagged effects of the devaluing Rupee and fuel price increases. Average inflation for 9MFY'23 was recorded at 27.3% vs 10.8% in 9MFY'22. Consequently, the SBP has further revised its average inflation expectations for FY'23 from 21%-23% to 27%-29%.

The current account posted a surplus of USD 654 million in Mar'23, the first time since Nov'20, led by elevated remittances, and a lower trade deficit. For 9MFY'23, administrative measures and import restrictions led to a 21% contraction in the import bill. Exports also slowed by 11% in this period due to the global economic slowdown, but the substantial decline in imports narrowed the trade deficit to USD 20.4 billion, 30% lower than in 9MFY'22. Despite a Ramadan-related rebound in remittances in Mar'23, overall inflows declined by 11% in 9MFY'23, due to the significant gap between the interbank and kerb rates. However, the containment of the trade deficit has led to a sizable contraction in the current account deficit, which reduced to USD 3.4 billion in 9MFY'23, 74% lower YoY.

Policy measures such as exchange rate caps and administrative import controls, along with uncertainty around financing gaps, have delayed the IMF Staff Level Agreement. Despite a number of measures taken by the government and the central bank, this still remains elusive and has impeded the build-up of stable reserves. Fitch and Moody's have both lowered Pakistan's sovereign credit rating by 2 notches citing the Government's liquidity and external vulnerability risks as the key drivers. Rollovers from Chinese banks have provided some support to reserves which nevertheless remain at low levels. The Rupee has seen a major adjustment, devaluing by over ~20% (Rs 57.4/\$) in Q1'23, outstripping the downward movement of Rs 48.3/\$ in the whole of 2022.

The equity market remained lackluster. Uncertainty prevailed, led by additional taxes in the Finance Supplementary Bill, constant increases in the policy rate, rapid and sharp currency depreciation and record high inflation. The lack of clarity on the political and economic fronts, further exacerbated by the delay in the IMF review, kept the KSE-100 index in check. However, possibly heralding a new trend, cheaper valuations and subdued market prices led major corporates to announce buybacks, providing support to the equity market which fell by only 1.0% in 1Q'23 to close at the 40,000 level.

Monetary tightening continued; the SBP raised rates by 400 bps during the quarter, including an above-expectations 300bps hike in early Mar'23. In its April MPC meeting, the SBP again raised the policy rate by 100bps to 21%. The central bank highlighted the surge in inflation and that, although expectations appeared to be plateauing, they were at elevated levels; hence the MPC action was necessary to anchor inflation expectations and help achieve the medium-term target over time. The MPC also noted the deceleration in demand and in private sector credit offtake, which has resulted in a 0.9% decline in banking sector advances from Dec'22 levels. After an anomalous Q4'22, industry deposits have increased by 4.9% in Mar'23. The spread between lending and deposit rates has increased by 259 bps during 1Q'23 compared to the same period last year.

Financial Performance

HBL has delivered another record quarter in Q1'23 with a profit before tax of Rs 25.3 billion, 80% higher than the PBT of Rs 14.1 billion last year. This strong performance was driven by excellent results across all domestic businesses and sustainable operating profit from the international franchise. The Bank's profit after tax rose by 84% to Rs 15.3 billion with earnings per share improving from Rs 5.65 in Q1'22 to Rs 10.43 in Q1'23.

The Bank's balance sheet grew by 7% to Rs 4.64 trillion with domestic deposits increasing to nearly Rs 3.0 trillion and total deposits to Rs 3.36 trillion. Average domestic deposits increased by Rs 287 billion; 90% of the increase came from low-cost deposits, enabling HBL to contain the rise in deposit cost. The record policy rate of 21% has resulted in muted credit demand with a net reversal in private sector credit growth. Consequently, domestic advances declined by Rs 54 billion to Rs 1.36 trillion with total advances flat to December 2022 levels at Rs 1.6 trillion.

In the rapidly rising rate environment, the net interest margin improved by 187bps. The average domestic balance sheet grew by 13%, leading to a 53% growth in net interest income. With monetary tightening and spread expansion in key overseas locations, interest income in the international business also rose by 28%. Consequently, HBL's total net interest income increased by 56%, to Rs 51.6 billion.

HBL continues to lead the market in fees, with another robust growth of 28% to Rs 8.2 billion. The flagship Cards business continued to deliver stellar results, accounting for two-thirds of the fee increase. Trade income grew by 31% to Rs 1.2 billion while cash management fees rose by more than 50% to Rs 0.4 billion. The Bank's total revenue for Q1'23 thus increased by 50% over Q1'22, to Rs 63.7 billion.

In Q1'23, unprecedented inflation levels and Rupee devaluation further impacted administrative expenses which increased by 30% to Rs 35.2 billion. However, with the strong revenue growth, the cost/income ratio improved from 63.9% in Q1'22 to 55.2% in Q1'23. Total provisions of the Bank stood at Rs 2.7 billion compared to Rs 0.8 billion in Q1'22; the increase is entirely due to additional provisions taken in international locations as result of Pakistan's rating downgrade. With the slowdown in loan growth, the infection ratio has increased to 5.5% but remains below industry levels; the Bank's total coverage remained above 100%.

Movement in Reserves

	Rupees in million
Unappropriated profit brought forward	165,386
Profit attributable to equity holders of the Bank	15,300
Transferred from surplus on revaluation of assets – net of tax	71
	<u>15,371</u>
Profit available for appropriation	180,757
Appropriations:	
Transferred to statutory reserves	(1,530)
Cash dividend – Final 2022	(2,200)
Total appropriations	<u>(3,730)</u>
Unappropriated profit carried forward	<u>177,027</u>
Earnings per share (Rupees)	<u>10.43</u>

Capital Ratios

Internal capital generated by the strong results added 67 bps to the Bank's Tier 1 Capital Adequacy Ratio (CAR). However, macroeconomic factors – the Rupee devaluation and spiraling interest rates – had a significant negative impact of 230bps on CAR. The unconsolidated Tier 1 CAR was 11.38% compared to 12.78% in December 2022, while total CAR was 14.21%.

Dividend

The Board of Directors, in its meeting held on April 27, 2023, has declared an interim cash dividend of Rs 1.50 per share (15%) for the quarter ended March 31, 2023.

Future Outlook

The recent financial sector turmoil in developed markets has injected another bout of risk-aversion into global markets, despite the swift move by regulators to contain the fallout. We are already seeing a tightening of global liquidity and financial conditions indicating that many emerging market countries, including Pakistan, may face further difficulty in accessing international capital markets. In addition, rating downgrades have further added to concerns on the economy and debt sustainability. A number of issues in Pakistan's economy can be resolved by moving towards privatization, institutional capacity development and supply-side measures aimed at providing long-term benefits to the economy. However, this will require a national consensus of all

stakeholders in devising long term policies that move beyond individual governments and towards sustainable development.

The continued inability to conclude the EFF agreement, despite the completion of a number of prior actions is of deep concern. The recent announcement by the government of a petrol cross subsidy scheme – if executed – would derail the progress made so far towards a positive outcome; a repudiation of the EFF would have severe consequences and must be avoided at all costs. The Current Account surplus in March is a positive development and has helped bring about a modicum of stability in the Rupee. However, the recent announcement by OPEC+ to cut further oil output could pose risks to the inflationary outlook of oil importing countries. Keeping this in view, policies aimed at energy conservation may help to sustain the current account surplus and cushion the impact of any impending increase in global oil prices.

HBL continues to invest in its people and its digital infrastructure while ensuring it gives back to the communities in which it operates. HBL has demonstrated resilience in a highly challenging environment, with the strong results a testament to the loyalty of our customers and the agility of our management. The Bank has played a pivotal role in strengthening Pakistan's agricultural sector through its unique interventions which have doubled farmer incomes and are now being expanded from Punjab to KPK. Q1'23 saw the successful conclusion of HBL PSL 8, an event now firmly established on the international cricket calendar, and which has played a crucial role in normalizing cricket in Pakistan. In line with our commitment to supporting those in need, HBL contributed another Rs 68 million for the reconstruction of two villages in Sindh.

HBL is driving Pakistan's e-commerce payments landscape, with its recently launched HBL Digital Invoicing. HBL's Billing Aggregator makes online payments accessible to millions of Pakistanis across the world. During Q1'23, the channel recorded another industry-first by enabling clients of other banks to use their own app to pay education fees for HBL-registered institutions. Konnect has been instrumental in implementing the government's welfare programs and, during the quarter, HBL disbursed Rs 102 billion to over 6.3 million beneficiaries. HBL also collaborated with BISP on the Waseela-e-Taleem Program to promote education and literacy, disbursing Rs 9.4 billion to 4.8 million beneficiaries in Q1'23.

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 unprecedented and 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 Aurangzeb
President & Chief Executive Officer

Moez Ahamed Jamal
Director

April 27, 2023

ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2023 کو ختم ہونے والی پہلی سہ ماہی کے مختصر عبوری غیر مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

IMF پروگرام میں تاخیر، کم ذخائر اور افراط زر میں اضافے کی وجہ سے پاکستان کی معیشت مسلسل مشکلات سے دوچار ہے۔ عالمی بینک کو توقع ہے کہ مالی سال 23 کے لیے GDP کی شرح نمو تقریباً % 0.4 پر مستحکم رہے گی، جس کی وجہ مانیٹری پالیسی میں تنگی، سیلاب کے سبب سست روی اور افراط زر کا دباؤ ہیں۔ اس بات کی مزید تصدیق گزشتہ سال اسی عرصے کے مقابلے میں مالی سال 23 کے 8 ماہ کے لیے بڑے پیمانے پر مینوفیکچرنگ انڈیکس میں % 5.6 کمی سے ہوتی ہے۔

خوراک اور توانائی کی قیمتوں میں اضافے کی وجہ سے مارچ 23 میں عمومی افراط زر اپنی تاریخ کی بلند ترین سطح % 35.4 تک پہنچ گئی جبکہ اشیائے خور و نوش کے حوالے سے افراط زر % 47 تک پہنچ گئی۔ قیمتوں میں اضافہ جزوی طور پر روپے کی قدر میں کمی کے تاخیری منفی اثرات اور جزوی طور پر ایندھن کی قیمتوں میں اضافے اور رمضان کی وجہ سے ہوا ہے۔ مالی سال 23 کے 9 ماہ کی اوسط افراط زر % 27.3 ریکارڈ کی گئی جو مالی سال 22 کے 9 ماہ میں % 10.8 تھی۔ نتیجتاً SBP نے مالی سال 23 کے لیے اوسط افراط زر کی توقعات % 23-21 سے بڑھا کر % 29-27 کر دی ہیں۔

مارچ 23 میں کرنٹ اکاؤنٹ میں 654 ملین امریکی ڈالر کا سرپلس ریکارڈ کیا گیا، جو نومبر 20 کے بعد پہلی بار ہوا ہے، جس کی وجہ ترسیلات زر میں اضافہ اور تجارتی خسارے میں کمی ہے۔ مالی سال 23 کے 9 ماہ کے دوران انتظامی اقدامات اور درآمدی پابندیوں کی وجہ سے درآمدی بل % 21 گھٹ گیا ہے۔ عالمی معاشی سست روی کی وجہ سے اس عرصے میں برآمدات میں بھی % 11 کمی واقع ہوئی تاہم درآمدات میں نمایاں کمی سے تجارتی خسارہ کم ہو کر 20.4 ارب ڈالر رہ گیا جو مالی سال 22 کے 9 ماہ کے مقابلے میں % 30 کم ہے۔ مارچ 23 میں رمضان المبارک سے متعلق ترسیلات زر میں اضافے کے باوجود مالی سال 23 کے 9 ماہ میں ترسیلات زر میں مجموعی طور پر % 11 کمی واقع ہوئی جس کی وجہ انٹر بینک اور کرب ریٹ کے درمیان نمایاں فرق ہے۔ تاہم تجارتی خسارے پر قابو پانے سے کرنٹ اکاؤنٹ خسارے میں نمایاں کمی واقع ہوئی ہے۔ مالی سال 23 کے 9 ماہ میں کرنٹ اکاؤنٹ خسارہ 3.4 ارب ڈالر سال بہ سال کی بنیاد پر % 74 تک کم ہوا۔

شرح مبادلہ کی حد اور انتظامی درآمدی کنٹرول جیسے پالیسی اقدامات کے ساتھ ساتھ مالیاتی خلا کے حوالے سے غیر یقینی صورتحال سے IMF اسٹاف لیول معاہدہ التوا کا شکار ہوا ہے۔ حکومت اور سینٹرل بینک کی جانب سے کیے گئے متعدد اقدامات کے باوجود، یہ اب تک بدستور مبہم اور مستحکم ذخائر کی تعمیر میں رکاوٹ ہے۔ فچ اور موڈیز دونوں نے حکومت کی لیکویڈیٹی اور بیرونی خطرات کو کلیدی محرک قرار دیتے ہوئے پاکستان کی خودمختار کریڈٹ ریٹنگ میں 2 درجے کمی کی ہے۔ چینی بینکوں کے رول اوورز نے ذخائر کو کچھ مدد فراہم کی ہے جو اب بھی کم سطح پر ہیں۔ روپے کی قدر میں بڑی تبدیلی دیکھنے میں آئی ہے اور سال 23 کی پہلی سہ ماہی میں اس کی قدر میں % 20 (\$57.4 روپے) سے زیادہ کمی واقع ہوئی ہے جو پورے سال 2022 کی \$48.3 روپے نیچے جانے کی حرکت کو تیزی سے پیچھے چھوڑ گئی۔

ایکوئیٹی مارکیٹ بدستور سست روی کا شکار رہی۔ فنانس سیلیمنٹری بل میں اضافی ٹیکسوں، پالیسی ریٹ میں مسلسل اضافہ، کرنسی کی قدر میں تیز اور شدید کمی اور ریکارڈ بلند افراط زر کی وجہ سے غیر یقینی صورتحال برقرار رہی۔ سیاسی اور معاشی میدانوں کی غیر یقینی صورتحال میں IMF کے جائزے میں تاخیر کے سبب مزید ابتری آئی، جس سے KSE-100 انڈیکس دباؤ کا شکار رہا۔ تاہم، ممکنہ طور پر ایک نئے رجحان، سستی ویلیو ایشن اور مارکیٹ کی قیمتوں میں کمی کے نتیجے میں بڑے کارپوریٹس نے بائی بیک کا اعلان کیا، جس سے ایکویٹی مارکیٹ کو مدد ملی جو سال 23 کی پہلی سہ ماہی میں صرف % 1.0 گر کر 40,000 کی سطح پر بند ہوئی۔

تناسب بڑھ کر 5.5% ہو گیا ہے لیکن یہ صنعت کی سطح سے نیچے ہے۔ بینک کی کل کوریج 100% سے اوپر رہی۔

ذخائر میں اتار چڑھاؤ

ملین روپے میں

165,386
15,300
71
15,371
180,757

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

مناسب کارروائی کے لیے دستیاب منافع

(1,530)
(2,200)
(3,730)
177,027
10.43

مختلف مدوں میں رکھی گئی رقم:

قانونی ذخائر میں منتقل شدہ
نقد منافع منقسمہ - حتمی 2022 ء
کل تخصیص
اختتامی غیر تخصیص شدہ منافع

فی حصص (شیر) آمدنی (روپے)

سرمائے کا تناسب

مضبوط نتائج سے پیدا ہونے والے اندرونی سرمائے نے بینک کے Tier 1 کیپٹل ایڈیکوسی ریشو (CAR) میں 67 bps کا اضافہ کیا۔ تاہم کلیاتی اقتصادی حالات، روپے کی قدر میں کمی اور منافع جات کی شرح میں عدم استحکام کی وجہ سے بینک کا CAR 230 bps سے نمایاں طور پر شدید منفی انداز میں متاثر ہوا۔ غیر مجموعی CAR Tier 1، 12.78% سے دسمبر 2022 کے مقابلے میں 11.38% رہ گیا۔ جبکہ کل CAR 14.21% ہو گیا۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 27 اپریل 2023 کو منعقد ہونے والے اجلاس میں 31 مارچ 2023 کو اختتام پذیر ہونے والی سہ ماہی کے لیے 1.50 روپے فی حصص (15%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

مستقبل کی صورت حال

باوجود اس کے کہ ریگولیٹرز کی جانب سے اس کے اثرات پر قابو پانے کے لیے تیزی سے اقدامات کیے جا رہے ہیں، ترقی یافتہ مارکیٹوں میں مالیاتی شعبے کے حالیہ بحران نے عالمی منڈیوں میں خطرے سے بچاؤ کی ایک اور لہر پیدا کر دی ہے۔ ہم پہلے ہی عالمی لیکویڈیٹی اور مالیاتی حالات میں سختی دیکھ رہے ہیں جس سے اشارہ ملتا ہے کہ پاکستان سمیت بہت سی ابھرتی ہوئی مارکیٹوں کو بین الاقوامی کیپٹل مارکیٹوں تک رسائی

مالی تنگی جاری رہی۔ SBP نے سہ ماہی کے دوران شرح سود میں 400 bps کا اضافہ کیا، جس میں مارچ کے اوائل میں توقع سے زائد 300bps کا اضافہ بھی شامل ہے۔ اپریل میں ہونے والے MPC اجلاس میں SBP نے پالیسی ریٹ ایک بار پھر 100bps بڑھا کر %21 کر دیا تھا۔ سینٹرل بینک نے افراط زر میں اضافے پر روشنی ڈالی اور کہا کہ اگرچہ توقعات کم ہوتی دکھائی دے رہی تھیں، لیکن وہ بلند سطح پر تھیں۔ لہذا MPC کا اقدام افراط زر کی توقعات پوری کرنے اور وقت کے ساتھ درمیانی مدت کا ہدف حاصل کرنے میں سہولت کے لیے ضروری تھا۔ MPC نے طلب میں کمی اور نجی شعبے کے قرضوں کی وصولی میں بھی کمی کا بھی نوٹس لیا، جس کے نتیجے میں بینکنگ سیکٹر کے قرضوں میں دسمبر 22 کی سطح سے %0.9 کمی واقع ہوئی ہے۔ سال 22 کی بے ہنگم چوتھی سہ ماہی کے بعد مارچ 23 میں صنعتی ذخائر میں %4.9 اضافہ ہوا۔ قرضوں اور ڈپازٹ کی شرح کے درمیان پھیلاؤ میں گزشتہ سال کے اسی عرصے کے مقابلے میں سال 23 کی پہلی سہ ماہی کے دوران 259 bps کا اضافہ ہوا ہے۔

مالیاتی کارکردگی

HBL نے سال 23 کی پہلی سہ ماہی میں 25.3 ارب روپے کے قبل از ٹیکس منافع کے ساتھ ایک اور ریکارڈ کارکردگی کا مظاہرہ کیا ہے جو گزشتہ سال کے 14.1 ارب روپے کے PBT کے مقابلے میں %80 زیادہ ہے۔ یہ مضبوط کارکردگی تمام مقامی کاروباروں میں بہترین نتائج اور بین الاقوامی فرنچائز سے پائیدار انتظامی منافع کی وجہ سے تھی۔ بینک کا بعد از ٹیکس منافع %84 اضافے کے ساتھ 15.3 ارب روپے تک پہنچ گیا جس کی فی حصص آمدنی سال 22 کی پہلی سہ ماہی میں 5.65 روپے سے بڑھ کر سال 23 کی پہلی سہ ماہی میں 10.43 روپے ہو گئی۔

بینک کی بیلنس شیٹ %7 اضافے کے ساتھ 4.64 ٹریلین روپے ہو گئی جس میں مقامی ڈپازٹس تقریباً 3.0 ٹریلین روپے اور کل ڈپازٹس 3.36 ٹریلین روپے تک پہنچ گئے۔ اوسط ملکی ڈپازٹس میں 287 ارب روپے کا اضافہ ہوا۔ %90 اضافہ کم لاگت کے ڈپازٹس سے آیا، جس سے HBL ڈپازٹ کی لاگت میں اضافے پر قابو پانے میں کامیاب رہا۔ %21 کے ریکارڈ پالیسی ریٹ کے نتیجے میں نجی شعبے کے قرضوں کی نمو میں خالص واپسی کے ساتھ قرض کی طلب میں کمی واقع ہوئی ہے۔ نتیجتاً ملکی قرضے 54 ارب روپے کم ہو کر 1.36 ٹریلین روپے رہ گئے جبکہ مجموعی قرضے دسمبر 2022 کی سطح 1.6 ٹریلین روپے پر مستحکم رہے۔

تیزی سے بڑھتی ہوئی شرح کے ماحول میں، خالص سود کے مارجن میں 187 bps کی بہتری آئی ہے۔ اوسط مقامی بیلنس شیٹ میں %13 اضافہ ہوا جس کے نتیجے میں خالص سودی آمدنی میں %53 اضافہ ہوا۔ اہم غیر ملکی مقامات پر مالیاتی سختی اور اسپریڈ میں توسیع کے ساتھ، بین الاقوامی کاروبار میں سودی آمدنی میں بھی %28 اضافہ ہوا۔ اس کے نتیجے میں HBL کی مجموعی خالص سودی آمدنی %56 اضافے کے ساتھ 51.6 ارب روپے تک پہنچ گئی۔

HBL فیسوں کے حوالے سے مارکیٹ میں بدستور سرفہرست ہے اور %28 اضافے کے ساتھ 8.2 ارب روپے تک پہنچ گیا ہے۔ کارڈز کے فلیگ شپ کاروبار نے شاندار نتائج جاری رکھے، جو فیس میں دو تہائی اضافے کا حصہ ہیں۔ تجارتی آمدنی %31 اضافے سے 1.2 ارب روپے جبکہ کیش مینجمنٹ فیس %50 سے زائد اضافے سے 0.4 ارب روپے ہو گئی۔ اس طرح سال 23 کی پہلی سہ ماہی میں بینک کی مجموعی آمدنی سال 22 کی پہلی سہ ماہی کے مقابلے میں %50 اضافے کے ساتھ 63.7 ارب روپے رہی۔

سال 23 کی پہلی سہ ماہی میں افراط زر کی غیر معمولی سطح اور روپے کی قدر میں کمی نے انتظامی اخراجات کو مزید متاثر کیا جو %30 اضافے سے 35.2 ارب روپے تک پہنچ گئے۔ تاہم، محصولی آمدنی میں مضبوط اضافے کے ساتھ، لاگت / آمدنی کا تناسب سال 22 کی پہلی سہ ماہی میں %63.9 سے بہتر ہو کر سال 23 کی پہلی سہ ماہی میں %55.2 ہو گیا۔ بینک کے مجموعی پرووزن 2.7 ارب روپے رہی جو پہلی سہ ماہی میں 0.8 ارب روپے تھی۔ یہ اضافہ مکمل طور پر پاکستان کی درجہ بندی میں کمی کے نتیجے میں بین الاقوامی مقامات پر اضافی پرووزن کی وجہ سے ہے۔ قرضوں کی شرح نمو میں سست روی کے ساتھ انفیکشن کا

دیا اور ان کے ساتھ ہم تمام اسٹیک ہولڈرز کے بھی انتہائی شکر گزار ہیں۔ بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پُر عزم ہے اور ہم اپنے اسٹیک ہولڈرز کو یقین دلاتے ہیں کہ اس خطے میں ہم اپنی کاروباری صنعت میں عروج پر ہوں گے۔

آخر میں، ہم اپنے تمام ملازمین اور اُن 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 اُن کے عزم اور انتھک محنت کے لیے انہیں خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ

معیز احمد جمال
ڈائریکٹر

محمد اورنگزیب
صدر اور چیف ایگزیکٹو افسر

27 اپریل 2023

میں مزید مشکلات کا سامنا کرنا پڑ سکتا ہے۔ اس کے علاوہ ریٹنگ میں گراؤٹ نے معیشت اور قرضوں کی پائیداری کے حوالے سے خدشات میں مزید اضافہ کر دیا ہے۔ پاکستان کی معیشت میں بہت سے مسائل نجکاری، ادارہ جاتی استعداد کار میں اضافے اور سپلائی سائیڈ اقدامات کی جانب پیش رفت سے حل کیے جاسکتے ہیں جن کا مقصد معیشت کے لیے طویل المیعاد فوائد ہے۔ تاہم، اس ضمن میں طویل المیعاد پالیسی سازی کے لیے تمام اسٹیک ہولڈرز کی قومی اتفاق رائے کی ضرورت ہوگی جو انفرادی حکومتوں سے آگے پائیدار ترقی کی جانب بڑھیں۔

متعدد پیشگی اقدامات کی تکمیل کے باوجود EFF معاہدے کو حتمی شکل دینے میں مسلسل ناکامی گہری تشویش کا باعث ہے۔ حکومت کی جانب سے پٹرول کراس سبسڈی اسکیم کے حالیہ اعلان پر اگر عمل درآمد کیا جاتا ہے تو اس سے مثبت نتائج کی جانب اب تک ہونے والی پیش رفت متاثر ہوگی۔ EFF سے رد کیے جانے کے سنگین نتائج ہوں گے اور ہر قیمت پر اس سے گریز کیا جانا چاہئے۔ مارچ میں کرنٹ اکاؤنٹ سرپلس ایک مثبت تبدیلی ہے اور اس سے روپے کے استحکام میں معمولی مدد ملی ہے۔ تاہم OPEC+ کی جانب سے تیل کی پیداوار میں مزید کمی کے حالیہ اعلان سے تیل درآمد کرنے والے ممالک کے افراط زر کے منظر نامے کو خطرات لاحق ہوسکتے ہیں۔ اس بات کے مدنظر توانائی کے تحفظ سے متعلق پالیسیاں کرنٹ اکاؤنٹ سرپلس برقرار رکھنے اور تیل کی عالمی قیمت میں کسی بھی ممکنہ اضافے کے اثرات کم کرنے میں مدد دے سکتی ہیں۔

HBL اپنے لوگوں اور ڈیجیٹل انفراسٹرکچر میں سرمایہ کاری جاری رکھے ہوئے ہے جبکہ اس بات کو یقینی بناتا ہے کہ یہ ان کمیونٹیز کو واپس دے جن میں وہ کام کرتا ہے۔ HBL نے انتہائی چیلنجنگ ماحول میں ابھرنے کا مظاہرہ کیا ہے، مضبوط نتائج ہمارے صارفین کی وفاداری اور انتظامیہ کی تیز رفتاری کا ثبوت ہیں۔ بینک نے اپنی منفرد پیش رفت کے ذریعے پاکستان کے زرعی شعبے کو مضبوط بنانے میں اہم کردار ادا کیا ہے جس نے کسانوں کی آمدنی دوگنی کر دی ہے اور اب اسے پنجاب سے خیبر پختون خواہ تک بڑھایا جا رہا ہے۔ سال 23 کی پہلی سہ ماہی میں HBLPSL8 کا کامیاب اختتام دیکھا گیا، جو اب بین الاقوامی کرکٹ کیلنڈر پر پکا چھپ چکا ہے، اور جس نے پاکستان میں کرکٹ کے کھیل کو معمول پر لانے میں اہم کردار ادا کیا ہے۔ ضرورت مندوں کی مدد کے عزم پیروی میں HBL نے سندھ میں دو دیہاتوں کی تعمیر نو کے لیے مزید 68 ملین روپے دیے ہیں۔

HBL حال ہی میں متعارف کروائے گئے HBL ڈیجیٹل انوائسنگ کے ساتھ پاکستان کی ای کامرس ادائیگیوں کو آگے بڑھا رہا ہے۔ HBL کا بلنگ ایگریگیٹر دنیا بھر میں لاکھوں پاکستانیوں کو آن لائن ادائیگیوں کے قابل بناتا ہے۔ سال 23 کی پہلی سہ ماہی کے دوران چینل نے دوسرے بینکوں کے صارفین کو اپنی ایپ استعمال کرتے ہوئے HBL میں رجسٹرڈ اداروں کی تعلیمی فیس ادا کرانے سے ایک اور صنعتی پہل کا ریکارڈ قائم کیا۔ Konnect نے حکومت کے فلاحی پروگراموں پر عملدرآمد میں اہم کردار ادا کیا ہے اور سال 23 کی پہلی سہ ماہی کے دوران HBL نے 6.3 ملین سے زائد مستحقین میں 102 ارب روپے تقسیم کیے۔ HBL نے تعلیم اور خواندگی کے فروغ کے لیے BISP سے وسیلہ تعلیم پروگرام کے لیے تعاون کیا اور سال 23 کی پہلی سہ ماہی میں 4.8 ملین مستحقین میں 9.4 ارب روپے تقسیم کیے۔

اظہار تشکر

ہم اپنے ریگولیٹرز اور حکومت پاکستان، بالخصوص اسٹیٹ بینک آف پاکستان، وزارت مالیات اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی کاوشوں کا اعتراف کرتے ہیں۔ اس غیر معمولی اور مشکل وقت میں، انہوں 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 بینکاری کر رہے ہیں اور اپنے کاروبار اور اعتماد کے حوالے سے ہم پر بھروسا قائم رکھے ہوئے ہیں۔ ہمارے شیئر ہولڈرز نے ثابت قدمی سے ہمارا ساتھ

Habib Bank Limited
Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)
For the three months ended March 31, 2023

	Note	January 01 to March 31, 2023	January 01 to March 31, 2022
----- (Rupees in '000) -----			
Mark-up / return / profit / interest earned	22	140,284,550	80,871,586
Mark-up / return / profit / interest expensed	23	88,708,410	47,710,490
Net mark-up / return / profit / interest income		<u>51,576,140</u>	<u>33,161,096</u>
Non mark-up / interest income			
Fee and commission income	24	8,244,010	6,445,618
Dividend income		1,216,253	597,984
Foreign exchange (loss) / income - domestic		(6,091,796)	1,244,260
Foreign exchange income - international		143,121	275,071
Foreign exchange income - unrealised gain related to derivatives		6,331,818	497,629
Loss from derivatives		(6,160,416)	(151,640)
(Loss) / gain on securities - net	25	(1,079,004)	198,314
Other income	26	9,568,932	97,495
Total non mark-up / interest income		<u>12,172,918</u>	<u>9,204,731</u>
Total income		<u>63,749,058</u>	<u>42,365,827</u>
Non mark-up / interest expenses			
Operating expenses	27	35,203,661	27,078,007
Workers' Welfare Fund		508,167	281,761
Other charges	28	15,765	159,367
Total non mark-up / interest expenses		<u>35,727,593</u>	<u>27,519,135</u>
Profit before provisions and taxation		<u>28,021,465</u>	<u>14,846,692</u>
Provisions and write offs - net	29	2,679,788	786,708
Profit before taxation		<u>25,341,677</u>	<u>14,059,984</u>
Taxation	30	10,041,791	5,764,963
Profit after taxation		<u>15,299,886</u>	<u>8,295,021</u>
----- (Rupees) -----			
Basic and diluted earnings per share	31	<u>10.43</u>	<u>5.65</u>

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Saba Kamal
Director

Salim Raza
Director

Habib Bank Limited
 Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)
 For the three months ended March 31, 2023

	January 01 to March 31, 2023	January 01 to March 31, 2022
	----- (Rupees in '000) -----	
Profit after taxation for the period	15,299,886	8,295,021
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	11,834,059	(430,242)
Movement in surplus / deficit on revaluation of investments - net of tax	(15,134,326)	(8,375,378)
Total comprehensive income / (loss)	<u>11,999,619</u>	<u>(510,599)</u>

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

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Salim Raza
 Director

Habib Bank Limited
Condensed Interim Unconsolidated Statement of Changes In Equity (Unaudited)
For the three months ended March 31, 2023

	Reserves			Surplus / (deficit) on revaluation of		Unappropriated profit	Total	
	Share capital	Statutory	Capital		Investments			Fixed / Non-banking assets
			Exchange Translation	Non-distributable				
(Rupees in '000)								
Balance as at December 31, 2021	14,668,525	40,043,376	29,088,178	547,115	(2,045,362)	27,234,607	148,392,471	257,928,910
Comprehensive income for the three months ended March 31, 2022								
Profit after taxation for the three months ended March 31, 2022	-	-	-	-	-	-	8,295,021	8,295,021
Other comprehensive income / (loss)								
Effect of translation of net investment in foreign branches - net of tax	-	-	(430,242)	-	-	-	-	(430,242)
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(8,375,378)	-	-	(8,375,378)
	-	-	(430,242)	-	(8,375,378)	-	8,295,021	(510,599)
Transferred to statutory reserve	-	829,502	-	-	-	-	(829,502)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(15,592)	15,592	-
Transactions with owners, recorded directly in equity								
Final cash dividend - Rs 2.25 per share declared subsequent to the year ended December 31, 2021	-	-	-	-	-	-	(3,300,418)	(3,300,418)
Balance as at March 31, 2022	14,668,525	40,872,878	28,657,936	547,115	(10,420,740)	27,219,015	152,573,164	254,117,893
Comprehensive income for the nine months ended December 31, 2022								
Profit after taxation for the nine months ended December 31, 2022	-	-	-	-	-	-	22,571,982	22,571,982
Other comprehensive income / (loss)								
Effect of translation of net investment in foreign branches - net of tax	-	-	(599,430)	-	-	-	-	(599,430)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	156,861	156,861
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(14,600,402)	(170,412)	-	(14,770,814)
	-	-	(599,430)	-	(14,600,402)	(170,412)	22,728,843	7,358,599
Transferred to statutory reserve	-	2,257,198	-	-	-	-	(2,257,198)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(42,687)	42,687	-
Transactions with owners, recorded directly in equity								
1st interim cash dividend - Rs 2.25 per share	-	-	-	-	-	-	(3,300,418)	(3,300,418)
2nd interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	(2,200,279)	(2,200,279)
3rd interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	(2,200,279)	(2,200,279)
	-	-	-	-	-	-	(7,700,976)	(7,700,976)
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 three months ended March 31, 2023								
Profit after taxation for the three months ended March 31, 2023	-	-	-	-	-	-	15,299,886	15,299,886
Other comprehensive income / (loss)								
Effect of translation of net investment in foreign branches - net of tax	-	-	11,834,059	-	-	-	-	11,834,059
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(15,134,326)	-	-	(15,134,326)
	-	-	11,834,059	-	(15,134,326)	-	15,299,886	11,999,619
Transferred to statutory reserve	-	1,529,989	-	-	-	-	(1,529,989)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(70,689)	70,689	-
Transactions with owners, recorded directly in equity								
Final cash dividend - Rs 1.5 per share declared subsequent to the year ended December 31, 2022	-	-	-	-	-	-	(2,200,279)	(2,200,279)
Balance as at March 31, 2023	14,668,525	44,660,065	39,892,565	547,115	(40,155,468)	26,935,227	177,026,827	263,574,856

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

Muhammad Aurangzeb
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Chief Financial Officer

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Director

Saba Kamal
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Director

Habib Bank Limited
Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)
For the three months ended March 31, 2023

	January 01 to March 31, 2023	January 01 to March 31, 2022
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	25,341,677	14,059,984
Dividend income	(1,216,253)	(597,984)
Mark-up / return / profit / interest expensed on subordinated debt	885,926	368,454
	<u>25,011,350</u>	<u>13,830,454</u>
Adjustments:		
Depreciation	2,174,511	1,637,054
Amortisation	471,464	365,853
Depreciation on right-of-use assets	927,293	765,137
Mark-up / return / profit / interest expensed on lease liabilities	823,636	660,800
Provision for / (reversal of) diminution in value of investments	1,587,076	(261,033)
Provision against loans and advances	536,207	1,930,826
Provision against other assets	896,367	173,163
Reversal of provision against off-balance sheet obligations	(255,051)	(952,541)
Unrealised gain on held-for-trading securities	370,861	196,164
Gain on derecognition of joint venture	(9,333,221)	-
Gain on sale of property and equipment - net	(106,259)	(19,634)
Workers' Welfare Fund	508,167	281,761
	<u>(1,398,949)</u>	<u>4,777,550</u>
	23,612,401	18,608,004
(Increase) / decrease in operating assets		
Lendings to financial institutions	85,851,403	847,082
Held-for-trading securities	(69,711,066)	(96,311,258)
Advances	15,819,362	(56,480,656)
Other assets (excluding advance taxation)	(56,083,522)	(12,260,065)
	<u>(24,123,823)</u>	<u>(164,204,897)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(5,817,965)	22,210,592
Borrowings from financial institutions	103,576,239	358,522,945
Deposits and other accounts	121,032,565	(205,067,377)
Other liabilities	50,777,446	22,875,959
	<u>269,568,285</u>	<u>198,542,119</u>
	269,056,863	52,945,226
Income tax paid	(5,862,566)	(5,858,171)
Net cash flows (used in) / generated from operating activities	<u>263,194,297</u>	<u>47,087,055</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(162,519,684)	(152,772,137)
Net investment in held-to-maturity securities	39,183,914	15,136,085
Net investment in subsidiaries	(1,000,000)	(208,941)
Net investment in associates	5,990	-
Dividend received	950,911	430,765
Investments in fixed assets	(3,826,652)	(3,460,448)
Investments in intangible assets	(475,194)	(839,782)
Proceeds from sale of fixed assets	209,090	23,772
Effect of translation of net investment in foreign branches - net of tax	11,834,059	(430,242)
Net cash flows generated from / (used in) investing activities	<u>(115,637,566)</u>	<u>(142,120,928)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of mark-up on subordinated debt	(891,174)	(365,220)
Payment of lease liability against right-of-use assets	(1,061,405)	(905,136)
Dividend paid	(4,425)	(1,179,837)
Net cash flows used in financing activities	<u>(1,957,004)</u>	<u>(2,450,193)</u>
Decrease in cash and cash equivalents during the period	145,599,727	(97,484,066)
Cash and cash equivalents at the beginning of the period	287,604,092	439,352,451
Effect of exchange rate changes on cash and cash equivalents	1,083,133	2,352,617
	<u>288,687,225</u>	<u>441,705,068</u>
Cash and cash equivalents at the end of the period	<u>434,286,952</u>	<u>344,221,002</u>

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Raymond Kotwal
Chief Financial Officer

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Director

Saba Kamal
Director

Salim Raza
Director

Habib Bank Limited

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months ended March 31, 2023

1 STATUS AND NATURE OF BUSINESS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Blue Area, Islamabad and its principal office is at HBL Tower, Plot # G-4, KDA Scheme 5, Block 7, Clifton, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,722 (December 31, 2022: 1,714) branches inside Pakistan including 302 (December 31, 2022: 294) Islamic Banking Branches and 32 (December 31, 2022: 32) 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 in progress.
- 1.2 The Bank has decided to exit its operations in Mauritius and is considering various options regarding the same.
- 1.3 The Bank has commenced an orderly wind-down of its Lebanon operations. Formalities for completion of the wind-down are underway.
- 1.4 After obtaining approval from the Central Bank of Oman for the deregistration of its Oman operations, the Bank has commenced an orderly and phase wise exit.
- 1.5 Himalayan Bank Limited, Nepal (HBLN), which was previously recognized as a Joint Venture, has acquired Civil Bank Limited, Nepal with effect from February 24, 2023, by issuing new shares as consideration. As a result, the shareholding of the Bank in HBLN has been diluted from 20.00% to 12.93%. Accordingly, HBLN is now classified as an "Available for Sale" investment.

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
- Provisions of and directives issued under the Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) from time to time.

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

- 2.2 The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34. These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.
- 2.3 **Amendments to existing accounting and reporting standards that have become effective in the current year**

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2023. These are considered either to not be relevant or not to have any significant impact on the Bank's financial statements.
- 2.4 **New standards and amendments to existing accounting and reporting standards that are not yet effective.**

As per the SBP's BPRD Circular Letter No. 07 dated April 13, 2023, the applicability of IFRS 9, Financial Instruments has been deferred to accounting periods beginning on or after January 01, 2024. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

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, 2022, except the following:

During the period, the Bank has reviewed the useful life of vehicles used in UAE branches from 10 years to 5 years. This revision has been accounted for as a change in accounting estimate in accordance with the requirements of IAS 8 and accordingly, has been recognised prospectively in the consolidated profit and loss account.

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

January 01 to January 01 to
March 31, 2024 March 31, 2023
(Rupees in '000)

	6,714	6,714
	6,714	6,714

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those followed in the preparation of the unconsolidated financial statements for the year ended December 31, 2022.

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, 2022.

5 CASH AND BALANCES WITH TREASURY BANKS

(Unaudited) (Audited)
March 31, December 31,
2023 2022
(Rupees in '000)

In hand		
Local currency	63,388,230	71,656,001
Foreign currencies	11,966,795	7,193,966
	75,355,025	78,849,967

With State Bank of Pakistan in		
Local currency current accounts	97,582,735	107,551,161
Foreign currency current accounts	12,702,809	292,436
Foreign currency deposit accounts	25,394,776	655,439
	135,680,320	108,499,036

With other Central Banks in		
Foreign currency current accounts	37,600,452	32,490,538
Foreign currency deposit accounts	51,303,496	35,609,011
	88,903,948	68,099,549

With National Bank of Pakistan in local currency current accounts	94,262,006	1,757,957
National Prize Bonds	210,868	161,575
	394,412,167	257,368,084
	394,412,167	257,368,084

6 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	59,390	81,588

Outside Pakistan		
In current accounts	15,085,099	16,458,763
In deposit accounts	24,730,296	14,778,790
	39,815,395	31,237,553
	39,874,785	31,319,141

7 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	200,000	-
Repurchase agreement lendings (reverse repo)	168,541,884	254,593,287
	168,741,884	254,593,287
	168,741,884	254,593,287

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

8	INVESTMENTS	Note	March 31, 2023 (Unaudited)				December 31, 2022 (Audited)			
			Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1	Investments by type		(Rupees in '000)							
	Held-for-trading (HFT) securities									
	Federal Government securities									
	- Market Treasury Bills		24,224,076	-	(55,640)	24,168,436	5,885,581	-	(7,865)	5,877,716
	- Pakistan Investment Bonds		101,564,798	-	(238,197)	101,326,601	52,471,296	-	(85,104)	52,386,192
	Shares									
	- Listed companies		122,778	-	(4,350)	118,428	132	-	(42)	90
	Foreign securities									
	- Government debt securities		5,350,808	-	(72,674)	5,278,134	3,278,776	-	8,620	3,287,396
			131,262,460	-	(370,861)	130,891,599	61,635,785	-	(84,391)	61,551,394
	Available-for-sale (AFS) securities									
	Federal Government securities									
	- Market Treasury Bills		192,021,155	-	(280,727)	191,740,428	206,248,292	-	(363,332)	205,884,960
	- Pakistan Investment Bonds		1,066,269,579	-	(51,020,646)	1,015,248,933	925,726,908	-	(29,334,463)	896,392,445
	- Ijarah Sukuks		137,073,071	-	(3,942,055)	133,131,016	125,360,260	-	(2,772,531)	122,587,729
	- Government of Pakistan US Dollar Bonds		23,702,266	(4,277,912)	(9,524,925)	9,899,429	18,895,230	(2,213,447)	(8,221,230)	8,460,553
	- Other Federal Government securities		7,115,054	-	-	7,115,054	4,686,060	-	-	4,686,060
	Shares									
	- Listed companies		16,211,042	(1,671,680)	(2,291,535)	12,247,827	6,329,024	(2,097,873)	(242,961)	3,988,190
	- Unlisted companies		5,372,623	(122,587)	-	5,250,036	5,372,623	(119,718)	-	5,252,905
	Non-Government debt securities									
	- Listed		53,156,957	(1,254,346)	(2,414,647)	49,487,964	52,253,137	(602,689)	(2,566,098)	49,084,350
	- Unlisted		2,664,233	(413,232)	7,359	2,258,360	2,664,233	(413,232)	16,321	2,267,322
	Foreign securities									
	- Government debt securities		126,318,412	(1,915,106)	(1,135,618)	123,267,688	107,850,716	(1,672,462)	(582,189)	105,596,065
	- Non-Government debt securities - Listed		4,311,726	(66,384)	(20,572)	4,224,770	4,541,314	(59,375)	(42,714)	4,439,225
	- Equity securities - Unlisted		9,623	(197)	-	9,426	7,762	(197)	-	7,565
	National Investment Unit Trust units		11,113	-	23,427	34,540	11,113	-	27,057	38,170
	Real Estate Investment Trust units									
	- Listed		55,000	-	13,150	68,150	55,000	-	13,200	68,200
	- Unlisted		1,575,000	-	-	1,575,000	1,575,000	-	-	1,575,000
	Preference shares									
	- Listed		744,400	-	138,600	883,000	744,400	-	172,200	916,600
	- Unlisted		354,985	(285,793)	-	69,192	354,985	(285,793)	-	69,192
			1,636,966,239	(10,007,237)	(70,448,189)	1,556,510,813	1,462,676,057	(7,464,786)	(43,896,740)	1,411,314,531
	Held-to-maturity (HTM) securities	8.2								
	Federal Government securities									
	- Market Treasury Bills		62,011,700	-	-	62,011,700	108,085,213	-	-	108,085,213
	- Pakistan Investment Bonds		229,648,611	-	-	229,648,611	229,410,921	-	-	229,410,921
	- Government of Pakistan US Dollar Bonds		5,371,309	(827,095)	-	4,544,214	4,307,651	(379,077)	-	3,928,574
	Non-Government debt securities									
	- Listed		1,733,392	-	-	1,733,392	1,733,442	-	-	1,733,442
	- Unlisted		19,829,226	-	-	19,829,226	17,300,182	-	-	17,300,182
	Foreign securities									
	- Government debt securities		17,324,887	-	-	17,324,887	14,365,073	-	-	14,365,073
	- Non-Government debt securities									
	- Listed		135,669	(34,393)	-	101,276	161,426	(15,712)	-	145,714
	- Unlisted		433,300	(4,571)	-	428,729	308,100	-	-	308,100
			336,488,094	(866,059)	-	335,622,035	375,672,008	(394,789)	-	375,277,219
	Investment in associates	8.2	7,280,440	(229,894)	-	7,050,546	7,422,095	-	-	7,422,095
	Investment in subsidiary companies		29,230,859	-	-	29,230,859	26,510,029	-	-	26,510,029
	Total Investments		<u>2,141,228,092</u>	<u>(11,103,190)</u>	<u>(70,819,050)</u>	<u>2,059,305,852</u>	<u>1,933,915,974</u>	<u>(7,859,575)</u>	<u>(43,981,131)</u>	<u>1,882,075,268</u>

8.1.1 Investments given as collateral

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

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
Federal Government securities		
- Market Treasury Bills	41,730,931	76,758,133
- Pakistan Investment Bonds	283,793,827	165,214,633
- Sukuks	57,709,600	25,479,600
Foreign securities		
Government debt securities	17,216,839	15,216,156
	<u>400,451,197</u>	<u>282,668,522</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

8.2 The market value of investments classified as held-to-maturity amounted to Rs 294,042.177 million (December 31, 2022: Rs 343,498.835 million).

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
8.3 Particulars of provision held against diminution in the value of investments	(Rupees in '000)	
Opening balance	7,859,575	3,228,791
Exchange adjustment	1,434,431	604,306
Charge / (reversal)		
Charge for the period / year	2,085,100	4,565,152
Reversal for the period / year	(23,086)	(24,044)
Reversal on disposal during the period / year	(474,938)	(689,400)
Net charge	1,587,076	3,851,708
Transferred in	222,108	67,880
Other movement	-	106,890
Closing balance	<u>11,103,190</u>	<u>7,859,575</u>

8.4 Particulars of provision against debt securities

Category of classification	(Unaudited) March 31, 2023		(Audited) December 31, 2022	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	(Rupees in '000)			
Domestic				
Loss	413,232	413,232	413,232	413,232
Overseas				
Overdue by:				
91 to 180 days	-	-	452,912	452,912
181 days to 365 days	1,420,830	1,420,830	679,188	500,742
	<u>1,420,830</u>	<u>1,420,830</u>	<u>1,132,100</u>	<u>953,654</u>
Total	<u>1,834,062</u>	<u>1,834,062</u>	<u>1,545,332</u>	<u>1,366,886</u>

8.4.1 In addition to the above, overseas branches hold a provision of Rs 6,958.977 million (December 31, 2022: Rs 3,989.107 million) against investment in accordance with the ECL requirements of IFRS 9.

9 ADVANCES	Note	Performing		Non - performing		Total	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
		March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		1,297,671,375	1,314,811,542	80,161,686	72,548,664	1,377,833,061	1,387,360,206
Islamic financing and related assets	36.3	202,516,235	222,982,477	3,011,904	3,465,365	205,528,139	226,447,842
Bills discounted and purchased		108,207,544	86,852,316	9,849,009	8,760,951	118,056,553	95,613,267
Advances - gross		<u>1,608,395,154</u>	<u>1,624,646,335</u>	<u>93,022,599</u>	<u>84,774,980</u>	<u>1,701,417,753</u>	<u>1,709,421,315</u>
Provision against advances							
- Specific		-	-	(81,332,964)	(74,638,423)	(81,332,964)	(74,638,423)
- General	9.3	(13,832,911)	(12,175,445)	-	-	(13,832,911)	(12,175,445)
		<u>(13,832,911)</u>	<u>(12,175,445)</u>	<u>(81,332,964)</u>	<u>(74,638,423)</u>	<u>(95,165,875)</u>	<u>(86,813,868)</u>
Advances - net of provision		<u>1,594,562,243</u>	<u>1,612,470,890</u>	<u>11,689,635</u>	<u>10,136,557</u>	<u>1,606,251,878</u>	<u>1,622,607,447</u>

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
9.1 Particulars of advances (Gross)	(Rupees in '000)	
In local currency	1,348,059,486	1,402,884,074
In foreign currencies	353,358,267	306,537,241
	<u>1,701,417,753</u>	<u>1,709,421,315</u>

**Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

9.2 Advances include Rs 93,022.599 million (December 31, 2022: Rs 84,774.980 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Unaudited) March 31, 2023		(Audited) December 31, 2022	
	Non - performing advances	Provision	Non - performing advances	Provision
----- (Rupees in '000) -----				
Domestic				
Other assets especially mentioned	1,027,355	-	470,336	-
Substandard	7,169,273	1,822,085	6,753,937	1,713,269
Doubtful	2,307,176	1,153,588	2,487,879	1,172,491
Loss	40,755,946	39,918,043	41,681,202	40,992,247
	51,259,750	42,893,716	51,393,354	43,878,007
Overseas				
Not past due but impaired	-	-	114,816	65,731
Overdue by:				
Upto 90 days	218,428	96,034	46,595	12,056
91 to 180 days	1,336,747	371,672	1,180,167	295,610
181 to 365 days	18,993	2,848	30,805	13,555
> 365 days	40,188,681	37,968,694	32,009,243	30,373,464
	41,762,849	38,439,248	33,381,626	30,760,416
Total	93,022,599	81,332,964	84,774,980	74,638,423

9.3 Particulars of provision against advances

Note	(Unaudited) March 31, 2023			(Audited) December 31, 2022		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	74,638,423	12,175,445	86,813,868	69,086,372	9,569,507	78,655,879
Exchange adjustment	7,777,070	842,513	8,619,583	6,837,158	669,003	7,506,161
Charge for the period / year	1,812,403	839,513	2,651,916	6,803,855	2,844,306	9,648,161
Reversal for the period / year	(2,091,148)	(24,561)	(2,115,709)	(4,767,741)	(907,371)	(5,675,112)
Net charge / (reversal) against advances	(278,745)	814,952	536,207	2,036,114	1,936,935	3,973,049
Charged off during the period / year- agriculture financing	9.5 (52,056)	-	(52,056)	(582,438)	-	(582,438)
Written off during the period / year	(751,728)	-	(751,728)	(2,670,903)	-	(2,670,903)
Transferred out	-	-	-	(67,880)	-	(67,880)
Closing balance	81,332,964	13,832,910	95,165,874	74,638,423	12,175,445	86,813,868

9.4 General provision includes provision amounting to Rs 3,375.051 million (December 31, 2022: Rs 3,307.203 million) against consumer finance portfolio. General provision also includes Rs 4,629.585 million (December 31, 2022: Rs 3,539.973 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Bank operates. General provision also includes 5,828.274 (December 31, 2022: 5,328.305 million) carried as a matter of prudence, on account of borrowers impacted by the currently stressed economic conditions.

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

	Note	(Unaudited) March 31, 2023	(Audited) December 31, 2022
10		(Rupees in '000)	
FIXED ASSETS			
Capital work-in-progress	10.1	9,007,383	7,264,167
Property and equipment		104,522,558	102,062,120
		<u>113,529,941</u>	<u>109,326,287</u>
10.1	Capital work-in-progress		
Civil works		3,642,009	2,478,945
Equipment		1,532,112	1,211,929
Advances to suppliers and contractors		3,833,262	3,573,293
		<u>9,007,383</u>	<u>7,264,167</u>
10.2	Additions to fixed assets		
		(Unaudited)	
		For the three months ended	
		March 31,	March 31,
		2023	2022
		(Rupees in '000)	
	The following additions have been made to fixed assets during the period:		
	Capital work-in-progress - net	1,743,216	1,387,943
	Property and equipment		
	Leasehold land	2,500	-
	Building on leasehold land	44,685	76,980
	Machinery	24,252	5,374
	Leasehold improvements	275,056	191,485
	Furniture and fixtures	432,181	323,054
	Electrical, office and computer equipment	1,290,126	1,445,024
	Vehicles	14,636	30,588
		2,083,436	2,072,505
	Right-of-use assets - net	2,387,393	6,184,054
		<u>6,214,045</u>	<u>9,644,502</u>
10.3	Disposal of fixed assets		
	The net book value of fixed assets disposed off during the period is as follows:		
	Property and equipment		
	Building on freehold land	102,515	-
	Machinery	-	4
	Leasehold improvements	-	138
	Furniture and fixtures	-	585
	Electrical, office and computer equipment	316	3,411
		<u>102,831</u>	<u>4,138</u>
11	INTANGIBLE ASSETS		
Capital work-in-progress - computer software		5,459,557	5,183,359
Intangible assets		6,495,024	6,656,846
		<u>11,954,581</u>	<u>11,840,205</u>
11.1	Additions to intangibles assets		
		(Unaudited)	
		For the three months ended	
		March 31,	March 31,
		2023	2022
		(Rupees in '000)	
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress - net	276,198	(1,008,094)
	Computer software	198,996	1,847,876
		<u>475,194</u>	<u>839,782</u>

**Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
12 DEFERRED TAX ASSETS / (LIABILITIES)		
Deductible temporary differences on		
- Provision against investments	696,351	879,614
- Provision against doubtful debts and off-balance sheet obligations	3,193,094	3,164,090
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001	2,498,911	2,717,261
- Deficit on revaluation of investments	30,292,721	18,875,598
- Provision against other assets	5,855	5,855
- Ijarah financing	215,083	187,389
	<u>36,902,015</u>	<u>25,829,807</u>
Taxable temporary differences on		
- Accelerated tax depreciation	(2,224,196)	(2,354,489)
- Surplus on revaluation of fixed assets	(1,852,360)	(1,905,686)
- Exchange translation reserve	(5,704,437)	(4,629,874)
	<u>(9,780,993)</u>	<u>(8,890,049)</u>
Net deferred tax assets	<u>27,121,022</u>	<u>16,939,758</u>
13 OTHER ASSETS		
Mark-up / return / profit / interest accrued in local currency - net of provision	94,367,641	78,399,836
Mark-up / return / profit / interest accrued in foreign currency - net of provision	8,119,964	6,236,421
Advances, deposits, advance rent and other prepayments	3,885,447	4,447,288
Advance taxation	7,972,636	11,990,565
Advances against subscription of securities	728,514	1,228,514
Stationery and stamps on hand	226,119	133,214
Accrued fees and commissions	512,407	459,300
Due from Government of Pakistan / SBP	4,409,065	3,654,276
Mark to market gain on forward foreign exchange contracts	30,974,448	3,067,881
Mark to market gain on derivative instruments	-	546
Non-banking assets acquired in satisfaction of claims	250,316	232,109
Acceptances	51,359,560	54,403,050
Clearing and settlement accounts	18,193,704	4,352,389
Dividend receivable	269,225	3,883
Claims receivable against fraud and forgeries	1,583,382	694,460
Others	1,159,099	1,340,474
	<u>224,011,527</u>	<u>170,644,206</u>
Provision held against other assets	(2,467,491)	(1,791,891)
Other assets- net of provision	<u>221,544,036</u>	<u>168,852,315</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claim	175,125	175,125
Other assets - total	<u>221,719,161</u>	<u>169,027,440</u>
13.1 Provision held against other assets		
Claims receivable against fraud and forgeries	1,583,382	694,460
Suit filed cases	4,979	4,979
Others	879,130	1,092,452
	<u>2,467,491</u>	<u>1,791,891</u>
13.1.1 Movement in provision against other assets		
Opening balance	1,791,891	1,243,645
Exchange adjustment	11,575	(7,806)
Charge for the period / year	896,367	661,462
Reversal for the period / year	-	(37,218)
Net charge	896,367	624,244
Written off during the period / year	(10,234)	(67,820)
Transferred out	(222,108)	-
Other movement	-	(372)
Closing balance	<u>2,467,491</u>	<u>1,791,891</u>

**Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

	Note	(Unaudited) March 31, 2023 (Rupees in '000)	(Audited) December 31, 2022 (Rupees in '000)
14	BILLS PAYABLE		
	In Pakistan	42,846,324	50,109,748
	Outside Pakistan	3,012,231	1,566,772
		<u>45,858,555</u>	<u>51,676,520</u>
15	BORROWINGS		
	Secured		
	Borrowings from the SBP under		
	- Export refinance scheme	46,522,231	69,820,144
	- Export refinance scheme for bill discounting	13,166,317	8,867,548
	- Long term financing facility	40,781,530	42,068,296
	- Financing facility for renewable energy power plants	7,113,668	7,168,301
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	317,914	312,545
	- Refinance and credit guarantee scheme for women entrepreneurs	54,092	69,658
	- Financing facility for storage of agricultural produce	745,134	601,918
	- Refinance scheme for payment of wages and salaries	-	1,227,812
	- Refinance facility for combating COVID-19	1,976,508	1,793,800
	- Temporary economic refinance facility	34,935,404	34,998,333
	- Refinance facility for SME Asaan Finance (SAAF)	1,908,624	2,272,423
		147,521,422	169,200,778
	Repurchase agreement borrowings	405,703,788	284,971,485
		<u>553,225,210</u>	<u>454,172,263</u>
	Unsecured		
	- Call money borrowings	13,000,000	19,000,000
	- Overdrawn nostro accounts	2,651,943	348,674
	- Borrowings of overseas branches	31,676,813	39,653,052
	- Other long-term borrowings	82,027,211	65,830,949
		129,355,967	124,832,675
		<u>682,581,177</u>	<u>579,004,938</u>

15.1 This includes the following:

15.1.1 A loan from the International Finance Corporation amounting to US\$ 99.990 million (December 31, 2022: US\$ 99.990 million). The principal amount is payable in six equal semi - annual installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi annually.

15.1.2 A long-term financing facility arrangement of US\$ 300 million from China Development Bank, utilized for on-lending to projects of the Bank's customers. Under this facility, US\$ 190 million has been utilized by the Bank, with the initial drawdown having occurred on January 31, 2019 and the amount outstanding under this facility is US\$ 189.05 million (December 31, 2022: US\$ 190 million). Drawn amounts are payable in semi-annual installments from January 31, 2023 to January 31, 2033. Interest is being charged at a fixed spread over LIBOR and is payable semi-annually.

16 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2023 (Unaudited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	1,120,648,164	193,851,563	1,314,499,727	1,133,774,070	162,565,484	1,296,339,554
Savings deposits	1,189,909,436	154,807,699	1,344,717,135	1,160,962,009	139,379,848	1,300,341,857
Term deposits	350,694,478	291,684,158	642,378,636	347,383,594	209,952,695	557,336,289
	<u>2,661,252,078</u>	<u>640,343,420</u>	<u>3,301,595,498</u>	<u>2,642,119,673</u>	<u>511,898,027</u>	<u>3,154,017,700</u>
Financial institutions						
Current deposits	8,082,638	2,420,453	10,503,091	8,499,505	3,163,648	11,663,153
Savings deposits	28,788,498	1,763,557	30,552,055	57,909,192	2,181,262	60,090,454
Term deposits	3,909,840	8,648,499	12,558,339	3,328,171	5,076,940	8,405,111
	<u>40,780,976</u>	<u>12,832,509</u>	<u>53,613,485</u>	<u>69,736,868</u>	<u>10,421,850</u>	<u>80,158,718</u>
	<u>2,702,033,054</u>	<u>653,175,929</u>	<u>3,355,208,983</u>	<u>2,711,856,541</u>	<u>522,319,877</u>	<u>3,234,176,418</u>

**Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

		(Unaudited) March 31, 2023	(Audited) December 31, 2022
		(Rupees in '000)	
17 SUBORDINATED DEBT			
Additional Tier I Term Finance Certificates	17.1	12,374,000	12,374,000
Additional Tier I Term Finance Certificates	17.2	6,500,000	6,500,000
		18,874,000	18,874,000

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

The key features of the issue are as follows:

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

- 17.2 During the year, the Bank has issued 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

The key features of the issue are as follows:

Issue date	December 28, 2022
Issue amount	Rs 6.500 billion
Rating	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
Lock-in clause	Mark-up will only be paid from the current year's earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
Loss absorbency clause	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

18	OTHER LIABILITIES	Note	(Unaudited)	(Audited)
			March 31, 2023	December 31, 2022
(Rupees in '000)				
	Mark-up / return / profit / interest payable in local currency		40,555,324	16,143,221
	Mark-up / return / profit / interest payable in foreign currency		10,610,120	5,733,644
	Security deposits		1,873,855	1,567,333
	Accrued expenses		23,991,397	22,174,107
	Mark to market loss on forward foreign exchange contracts		6,637,680	2,218,389
	Mark to market loss on derivative instruments		13,373,705	6,882,438
	Unclaimed dividends		762,107	751,907
	Dividends payable		5,997,330	3,811,676
	Provision for post retirement medical benefits		3,595,548	3,522,518
	Provision for employees' compensated absences		752,852	762,192
	Provision for staff retirement benefits		1,688,813	1,563,256
	Payable to defined benefit plans		756,831	607,424
	Provision against off-balance sheet obligations	18.1	1,674,012	1,633,326
	Acceptances		51,359,560	54,403,050
	Branch adjustment account		3,007,638	1,662,185
	Provision for Workers' Welfare Fund		9,443,049	8,934,881
	Unearned income		5,220,143	4,780,489
	Qarz-e-Hasna Fund		338,409	338,409
	Levies and taxes payable		5,646,622	13,191,257
	Insurance payable		1,043,044	1,030,409
	Provision for rewards program expenses		2,444,368	2,384,689
	Liability against trading of securities		41,541,122	22,768,986
	Clearing and settlement accounts		13,249,494	12,068,102
	Payable to HBL Foundation		200,255	515,961
	Contingent consideration payable		500,000	500,000
	Charity fund		41,002	25,121
	Lease liability against right-of-use assets		26,693,665	24,293,255
	Unclaimed deposits		630,588	528,656
	Others		3,185,167	2,792,644
			<u>276,813,700</u>	<u>217,589,525</u>
18.1	Provision against off-balance sheet obligations			
	Opening balance		1,633,326	2,687,054
	Exchange adjustment		295,737	277,857
	Charge for the period / year		39,140	150,910
	Reversal for the period / year		(294,191)	(1,482,495)
	Net reversal		(255,051)	(1,331,585)
	Closing balance		<u>1,674,012</u>	<u>1,633,326</u>
19	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
	Surplus arising on revaluation of:			
	- Fixed assets		28,612,462	28,736,477
	- Available-for-sale securities	8.1	(70,448,189)	(43,896,740)
	- Non-banking assets acquired in satisfaction of claims	13	175,125	175,125
			(41,660,602)	(14,985,138)
	Deferred tax on surplus on revaluation of:			
	- Fixed assets		1,852,360	1,905,686
	- Available-for-sale securities		(30,292,721)	(18,875,598)
	- Non-banking assets acquired in satisfaction of claims		-	-
			(28,440,361)	(16,969,912)
	Surplus on revaluation of assets - net of tax		<u>(13,220,241)</u>	<u>1,984,774</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

20	CONTINGENCIES AND COMMITMENTS	Note	(Unaudited) March 31, 2023	(Audited) December 31, 2022
			(Rupees in '000)	
	- Guarantees	20.1	280,884,938	262,131,266
	- Commitments	20.2	972,999,808	910,126,139
	- Other contingent liabilities	20.3	22,939,909	22,813,357
			<u>1,276,824,655</u>	<u>1,195,070,762</u>
20.1	Guarantees:			
	Financial guarantees		52,213,896	53,825,190
	Performance guarantees		219,904,246	201,579,599
	Other guarantees		8,766,796	6,726,477
			<u>280,884,938</u>	<u>262,131,266</u>
20.2	Commitments:			
	Trade-related contingent liabilities		325,792,477	279,449,231
	Commitments in respect of:			
	- Forward foreign exchange contracts	20.2.1	504,108,854	403,789,013
	- Forward Government securities transactions	20.2.2	58,642,359	132,295,940
	- Derivatives	20.2.3	56,233,832	57,305,018
	- Forward lending	20.2.4	13,072,854	21,379,153
			632,057,899	614,769,124
	Commitments for acquisition of:			
	- Fixed assets		10,162,564	10,436,315
	- Intangible assets		4,986,868	5,471,469
			15,149,432	15,907,784
			<u>972,999,808</u>	<u>910,126,139</u>
20.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		325,756,954	268,910,504
	Sale		178,351,900	134,878,509
			<u>504,108,854</u>	<u>403,789,013</u>
20.2.2	Commitments in respect of forward Government securities transactions			
	Purchase		56,415,695	117,020,407
	Sale		2,226,664	15,275,533
			<u>58,642,359</u>	<u>132,295,940</u>
20.2.3	Commitments in respect of derivatives			
	Cross currency swaps			
	Purchase		21,515,911	23,863,687
	Sale		32,142,921	30,407,998
			<u>53,658,832</u>	<u>54,271,685</u>
	Interest rate swaps			
	Purchase		-	-
	Sale		2,575,000	3,033,333
			<u>2,575,000</u>	<u>3,033,333</u>
20.2.4	Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines and other commitments to extend credit		13,072,854	21,379,153
			<u>13,072,854</u>	<u>21,379,153</u>
	These represent commitments that are irrevocable because they can not be withdrawn at the discretion of the Bank without the risk of incurring a significant penalty or expense.			
			(Unaudited) March 31, 2023	(Audited) December 31, 2022
			(Rupees in '000)	
20.3	Other contingent liabilities			
20.3.1	Claims against the Bank not acknowledged as debts		22,939,909	22,813,357
			<u>22,939,909</u>	<u>22,813,357</u>
	These mainly represent counter claims by borrowers for damages, claims filed by former employees of the Bank and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these condensed interim unconsolidated financial statements.			

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

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

21 DERIVATIVE INSTRUMENTS

Product Analysis

	March 31, 2023 (Unaudited)			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	----- '(Rupees in '000) -----			
Market Making	53,658,832	(13,090,981)	2,575,000	(282,724)

	December 31, 2022 (Audited)			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	----- '(Rupees in '000) -----			
Market Making	54,271,685	(6,635,205)	3,033,333	(246,687)

	Note	(Unaudited)	
		For the three months ended	
		March 31, 2023	March 31, 2022
		----- '(Rupees in '000) -----	

22 MARK-UP / RETURN / PROFIT / INTEREST EARNED

On:			
Loans and advances		58,229,902	32,493,742
Investments		71,916,544	45,132,665
Lendings to financial institutions		8,815,321	1,886,483
Balances with banks		1,322,783	1,358,696
		<u>140,284,550</u>	<u>80,871,586</u>

23 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED

On:			
Deposits		62,702,718	32,950,988
Securities sold under repurchase agreement borrowings		18,804,245	9,455,971
Borrowings		5,766,614	3,039,849
Subordinated debt		885,926	368,454
Cost of foreign currency swaps against foreign currency deposits / borrowings		(274,729)	1,234,428
Lease liability against right-of-use assets		823,636	660,800
		<u>88,708,410</u>	<u>47,710,490</u>

24 FEE AND COMMISSION INCOME

Branch banking customer fees		1,066,067	940,315
Branchless banking customer fees		156,339	262,341
Consumer finance related fees		595,587	766,797
Card related fees (debit and credit cards)		2,849,206	1,753,866
Credit related fees		259,242	223,311
Investment banking fees		239,380	252,150
Commission on trade related products and guarantees		1,603,520	1,137,006
Commission on cash management		411,897	250,460
Commission on remittances (including home remittances)		152,563	162,367
Commission on bancassurance		88,656	154,930
Commission on Government to Person (G2P) payments		371,552	259,902
Merchant discount and interchange fees		1,623,213	1,165,448
Wealth Management Fee		9,036	-
Others		57,840	56,062
		<u>9,484,098</u>	<u>7,384,955</u>
Less: Sales tax / Federal Excise Duty on fee and commission income		(1,240,088)	(939,337)
		<u>8,244,010</u>	<u>6,445,618</u>

25 (LOSS) / GAIN ON SECURITIES - NET

Realised	25.1	(708,143)	394,478
Unrealised - held-for-trading	8.1	(370,861)	(196,164)
		<u>(1,079,004)</u>	<u>198,314</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

		(Unaudited)	
		For the three months ended	
		March 31, 2023	March 31, 2022
		(Rupees in '000)	
25.1	Gain / (Loss) on securities - realised		
	On:		
	Federal Government securities		
	- Market Treasury Bills	105,662	228,531
	- Pakistan Investment Bonds	(679,188)	145,304
	- Ijarah Sukuks	4,485	-
	Shares	(544,329)	(181,788)
	Non-Government debt securities	404,421	202,431
	Foreign securities	(44,682)	-
	Associates	45,488	-
		<u>(708,143)</u>	<u>394,478</u>
26	OTHER INCOME		
	Incidental charges	111,951	62,681
	Gain on derecognition of joint venture	9,333,221	-
	Gain on sale of fixed assets - net	106,259	19,634
	Rent on properties	17,501	15,180
		<u>9,568,932</u>	<u>97,495</u>
27	OPERATING EXPENSES		
	Total compensation expense	11,831,038	11,698,930
	Property expense		
	Rent and taxes	360,592	283,963
	Insurance	59,005	35,356
	Utilities cost	1,137,944	597,824
	Security (including guards)	628,006	508,262
	Repair and maintenance (including janitorial charges)	978,384	756,849
	Depreciation on owned fixed assets	1,242,140	868,823
	Depreciation on right-of-use assets	927,293	765,137
		5,333,364	3,816,214
	Information technology expenses		
	Software maintenance	1,891,130	1,027,581
	Hardware maintenance	430,741	277,579
	Depreciation	750,168	578,743
	Amortisation	471,464	365,853
	Network charges	433,507	333,440
	Consultancy charges	200,560	206,241
		4,177,570	2,789,437
	Other operating expenses		
	Legal and professional charges	2,206,381	127,316
	Outsourced services costs	738,393	527,961
	Travelling and conveyance	433,386	242,379
	Insurance	230,202	116,983
	Remittance charges	153,988	114,161
	Cash transportation and sorting charges	715,842	508,519
	Repairs and maintenance	485,273	388,716
	Depreciation	182,203	189,488
	Training and development	107,847	62,404
	Postage and courier charges	183,195	189,322
	Communication	558,483	347,587
	Stationery and printing	595,867	530,093
	Marketing, advertisement and publicity	2,396,708	1,962,360
	Donations	273,263	132,040
	Auditors' remuneration	81,484	54,464
	Brokerage and commission	222,598	186,700
	Subscription	88,708	41,135
	Documentation and processing charges	2,097,115	1,066,976
	Entertainment	177,672	118,890
	Consultancy charges	325,954	240,635
	Deposits insurance premium expense	777,350	675,604
	Product feature cost	611,599	654,909
	Others	218,178	294,784
		13,861,689	8,773,426
		<u>35,203,661</u>	<u>27,078,007</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
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	Note	(Unaudited)	
		For the three months ended	
		March 31, 2023	March 31, 2022
		(Rupees in '000)	
28 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		15,369	137,168
Penalties imposed by other regulatory bodies		396	22,199
		<u>15,765</u>	<u>159,367</u>
29 PROVISIONS / (REVERSALS) AND WRITE OFFS - NET			
Provision for / (reversal of) diminution in value of investments	8.3	1,587,076	(261,033)
Provision against loans and advances	9.3	536,207	1,930,826
Provision against other assets	13.1.1	896,367	173,163
Reversal of provision against off-balance sheet obligations	18.1	(255,051)	(952,541)
Recoveries against written off / charged off bad debts		(151,128)	(142,344)
Recoveries against other assets written off		-	(1,028)
Other write offs and operational losses		66,317	39,665
		<u>2,679,788</u>	<u>786,708</u>
30 TAXATION			
- Current		9,880,495	5,690,881
- Deferred		161,296	74,082
		<u>10,041,791</u>	<u>5,764,963</u>
31 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the period		<u>15,299,886</u>	<u>8,295,021</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>10.43</u>	<u>5.65</u>

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

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in these unconsolidated financial statements are categorised within the 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 asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

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

32.1 Fair value of financial assets

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

As at March 31, 2023 (Unaudited)					
	Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,475,514,843	-	1,475,514,843	-	1,475,514,843
- Shares - listed companies	12,366,255	4,206,201	8,160,054	-	12,366,255
- Non-Government debt securities					
- Listed	49,487,964	40,000,000	9,487,964	-	49,487,964
- Unlisted	614,359	-	614,359	-	614,359
- Foreign securities					
Government debt securities	128,545,822	-	128,545,822	-	128,545,822
Non-Government debt securities - Listed	4,224,770	-	4,224,770	-	4,224,770
- National Investment Unit Trust units	34,540	-	34,540	-	34,540
- Real Estate Investment Trust units	68,150	68,150	-	-	68,150
- Preference shares - Listed	883,000	883,000	-	-	883,000
	1,671,739,703	45,157,351	1,626,582,352	-	1,671,739,703
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	296,204,525	-	254,921,820	-	254,921,820
- Non-Government debt securities					
- Listed	1,733,392	-	1,733,532	-	1,733,532
- Unlisted	19,829,226	-	19,829,226	-	19,829,226
- Foreign securities					
Government debt securities	17,324,887	-	17,027,594	-	17,027,594
Non-Government debt securities					
- Listed	101,276	-	101,276	-	101,276
- Unlisted	428,729	-	428,729	-	428,729
- Associates	6,794,315	8,208,128	-	-	8,208,128
	342,416,350	8,208,128	294,042,177	-	302,250,305
	2,014,156,053	53,365,479	1,920,624,529	-	1,973,990,008
Off-balance sheet financial instruments - measured at fair value					
Commitments					
- Forward foreign exchange contracts	504,108,854	-	24,336,768	-	24,336,768
- Forward Government securities transactions	58,642,359	-	(68,096)	-	(68,096)
- Derivative instruments	56,233,832	-	(13,373,705)	-	(13,373,705)

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

	As at December 31, 2022 (Audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,291,589,595	-	1,291,589,595	-	1,291,589,595
- Shares - listed companies	3,988,281	3,988,281	-	-	3,988,281
- Non-Government debt securities					
- Listed	49,084,350	40,000,000	9,084,350	-	49,084,350
- Unlisted	616,321	-	616,321	-	616,321
- Foreign securities					
Government debt securities	108,883,461	-	108,883,461	-	108,883,461
Non-Government debt securities- listed	4,439,225	-	4,439,225	-	4,439,225
- National Investment Unit Trust units	38,170	-	38,170	-	38,170
- Real Estate Investment Trust units	68,200	68,200	-	-	68,200
- Preference shares - Listed	872,200	872,200	-	-	872,200
	<u>1,459,579,803</u>	<u>44,928,681</u>	<u>1,414,651,122</u>	<u>-</u>	<u>1,459,579,803</u>

	As at December 31, 2022 (Audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	341,424,708	-	309,895,574	-	309,895,574
- Non-Government debt securities					
- Listed	1,733,442	-	1,739,778	-	1,739,778
- Unlisted	17,300,182	-	17,300,182	-	17,300,182
- Foreign securities					
Government debt securities	14,365,073	-	14,109,487	-	14,109,487
Non-Government debt securities					
- Listed	145,714	-	145,714	-	145,714
- Unlisted	308,100	-	308,100	-	308,100
- Associates and Joint venture	7,165,864	23,324,728	-	-	23,324,728
	<u>382,443,083</u>	<u>23,324,728</u>	<u>343,498,835</u>	<u>-</u>	<u>366,823,563</u>
	<u>1,842,022,886</u>	<u>68,253,409</u>	<u>1,758,149,957</u>	<u>-</u>	<u>1,826,403,366</u>

	As at December 31, 2022 (Audited)				Total
	Notional Value	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					
Off-balance sheet financial instruments - measured at fair value					
Commitments					
- Forward foreign exchange contracts	403,789,013	-	849,492	-	849,492
- Forward Government securities transactions	132,295,940	-	(38,938)	-	(38,938)
- Derivative instruments	57,305,018	-	(6,881,892)	-	(6,881,892)

32.2 Fair value of non-financial assets

	As at March 31, 2023 (Unaudited)				Total
	Carrying value	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					
Land and Buildings	58,562,100	-	-	58,562,100	58,562,100
Non-banking assets acquired in satisfaction of claims	425,441	-	-	425,441	425,441
	<u>58,987,541</u>	<u>-</u>	<u>-</u>	<u>58,987,541</u>	<u>58,987,541</u>

	As at December 31, 2022 (Audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					
Land and Buildings	58,262,450	-	-	58,262,450	58,262,450
Non-banking assets acquired in satisfaction of claims	407,234	-	-	407,234	407,234
	<u>58,669,684</u>	<u>-</u>	<u>-</u>	<u>58,669,684</u>	<u>58,669,684</u>

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

	For the three months ended March 31, 2023 (Unaudited)							Total
	Branch banking	Consumer, SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	
----- (Rupees in million) -----								
Profit and loss account								
Net mark-up / return / profit / interest income	(43,541)	11,778	5,802	21,322	53,304	4,873	(1,962)	51,576
Inter segment revenue / (expense) - net	69,628	(7,651)	-	(10,908)	(51,769)	(751)	1,451	-
Non mark-up / interest income	920	4,181	686	1,123	22	1,430	3,811	12,173
Total income	<u>27,007</u>	<u>8,308</u>	<u>6,488</u>	<u>11,537</u>	<u>1,557</u>	<u>5,552</u>	<u>3,300</u>	<u>63,749</u>
Segment direct expenses	7,454	4,038	1,866	1,092	283	4,062	16,933	35,728
Inter segment expense allocation	7,877	2,705	315	3,430	446	451	(15,224)	-
Total expenses	<u>15,331</u>	<u>6,743</u>	<u>2,181</u>	<u>4,522</u>	<u>729</u>	<u>4,513</u>	<u>1,709</u>	<u>35,728</u>
Provisions - charge / (reversal)	575	555	(425)	(227)	(423)	2,320	305	2,680
Profit / (loss) before tax	<u>11,101</u>	<u>1,010</u>	<u>4,732</u>	<u>7,242</u>	<u>1,251</u>	<u>(1,281)</u>	<u>1,286</u>	<u>25,341</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
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As at March 31, 2023 (Unaudited)

	Branch banking	Consumer,SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
----- (Rupees in million) -----								
Statement of financial position								
Cash and bank balances	160,553	-	22,311	666	123,127	127,061	568	434,286
Lendings to financial institutions	-	-	-	-	168,742	-	-	168,742
Inter segment lending	1,883,599	-	1,568	-	-	4,977	200,178	2,090,322
Investments	-	-	198,063	10,578	1,623,050	188,713	38,902	2,059,306
Advances - performing	-	224,149	201,414	849,974	-	288,085	30,940	1,594,562
Advances - non-performing	-	2,580	2,065	3,720	-	3,324	-	11,689
Others	17,603	7,780	31,696	71,215	114,116	24,959	106,956	374,325
Total assets	2,061,755	234,509	457,117	936,153	2,029,035	637,119	377,544	6,733,232
Borrowings	-	5,883	90,292	114,455	341,028	130,923	-	682,581
Subordinated debt	-	-	-	-	-	-	18,874	18,874
Deposits and other accounts	2,018,786	743	314,941	570,629	-	403,338	46,772	3,355,209
Inter segment borrowing	-	211,953	-	200,073	1,651,480	26,816	-	2,090,322
Others	42,969	15,930	17,835	50,996	66,806	31,848	96,288	322,672
Total liabilities	2,061,755	234,509	423,068	936,153	2,059,314	592,925	161,934	6,469,658
Equity	-	-	34,049	-	(30,279)	44,194	215,610	263,574
Total equity and liabilities	2,061,755	234,509	457,117	936,153	2,029,035	637,119	377,544	6,733,232
Contingencies and commitments	297,674	-	33,513	231,966	490,091	186,117	37,464	1,276,825

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

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

As at December 31, 2022 (Audited)

	Branch banking	Consumer,SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
----- (Rupees in million) -----								
Statement of financial position								
Cash and bank balances	72,736	-	17,948	1,678	99,301	97,024	-	288,687
Lendings to financial institutions	-	-	-	-	254,593	-	-	254,593
Inter segment lending	1,950,230	-	257	-	-	3,587	201,897	2,155,971
Investments	-	-	183,655	9,460	1,496,496	162,025	30,439	1,882,075
Advances - performing	-	231,909	221,885	875,294	-	252,225	31,158	1,612,471
Advances - non-performing	-	1,993	2,089	3,433	-	2,621	-	10,136
Others	4,725	7,948	16,341	70,783	59,889	21,696	125,753	307,135
Total assets	2,027,691	241,850	442,175	960,648	1,910,279	539,178	389,247	6,511,068
Borrowings	-	5,841	74,694	132,506	245,413	120,550	-	579,004
Subordinated debt	-	-	-	-	-	-	18,874	18,874
Deposits and other accounts	1,999,352	691	319,884	508,589	-	344,969	60,691	3,234,176
Inter segment borrowing	-	218,253	-	264,154	1,648,566	24,998	-	2,155,971
Others	28,339	17,065	15,714	55,399	34,606	20,358	97,786	269,267
Total liabilities	2,027,691	241,850	410,292	960,648	1,928,585	510,875	177,351	6,257,292
Equity	-	-	31,883	-	(18,306)	28,303	211,896	253,776
Total equity and liabilities	2,027,691	241,850	442,175	960,648	1,910,279	539,178	389,247	6,511,068
Contingencies and commitments	73,089	-	34,569	404,198	449,835	195,265	38,115	1,195,071

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34 RELATED PARTY TRANSACTIONS

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

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

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

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

	As at March 31, 2023 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
Statement of financial position	(Rupees in '000)						
Balances with other banks							
In current accounts	-	-	14,188	227,488	-	-	-
Investments							
Opening balance	-	-	-	26,510,029	7,286,430	135,665	9,705,368
Investment made during the period	-	-	-	1,000,000	-	-	-
Investment redeemed / disposed off during the period	-	-	-	-	(5,991)	-	-
Provision for diminution in the value of investments	-	-	-	-	-	-	(2,870)
Transfer (out) / in - net	-	-	-	-	-	(135,665)	135,665
Revaluation of investment during the period	-	-	-	1,720,830	-	-	-
Closing balance	-	-	-	29,230,859	7,280,439	-	9,838,163
Provision for diminution in the value of investments	-	-	-	-	-	-	45,813
Advances							
Opening balance	1,412	520,240	4,547,709	3,357,440	625,000	-	11,714,938
Addition during the period	3,862	62,633	7,819,686	155,410	-	-	2,692,722
Repaid during the period	(5,016)	(79,383)	(7,728,935)	(1,636,722)	-	-	(2,554,517)
Exchange adjustment	-	-	964,371	217,283	-	-	-
Closing balance	258	503,490	5,602,831	2,093,411	625,000	-	11,853,143
Other Assets							
Interest / mark-up accrued	-	538	69,611	852,884	20,711	-	670,769
Other receivables	-	1,650	-	-	-	-	-
	-	2,188	69,611	852,884	20,711	-	670,769
Borrowings							
Opening balance	-	-	3,982,280	2,264,309	12,950,894	2,717,171	168,252
Borrowings during the period	-	-	4,565,725	-	5,462,515	2,348,700	-
Settled during the period	-	-	(4,619,717)	(2,609,667)	(14,934,730)	(3,131,600)	(168,252)
Transfer in / (out) - net	-	-	-	-	-	(2,554,127)	2,554,127
Exchange adjustment	-	-	1,117,877	345,358	2,484,474	619,856	-
Closing balance	-	-	5,046,165	-	5,963,153	-	2,554,127
Deposits and other accounts							
Opening balance	135,270	504,305	16,041,313	2,461,812	2,817,791	4,204	1,799,761
Received during the period	159,222	2,239,109	89,646,352	254,470,195	267,693,476	3,996	53,281,550
Withdrawn during the period	(168,959)	(1,827,233)	(86,376,399)	(254,622,109)	(265,902,082)	(7,583)	(50,349,945)
Transfer (out) / in - net	-	-	-	-	-	(1,412)	1,412
Exchange adjustment	8,876	18,204	199,264	113,934	41,747	795	29,420
Closing balance	134,409	934,385	19,510,530	2,423,832	4,650,932	-	4,762,198
Other liabilities							
Interest / mark-up payable	540	5,972	142,777	438	10,500	-	15,255
Payable to defined benefit plan	-	-	-	-	-	-	756,831
Other payables	-	-	50,855	29,253	74,165	-	200,255
	540	5,972	193,632	29,691	84,665	-	972,341
Contingencies and Commitments							
Letter of credit	-	-	959,766	-	-	-	33,005
Guarantees	-	-	172,060	82,617	-	-	3,535,727
Forward purchase of Government securities	-	-	-	-	-	-	65,098
Interest rate swaps	-	-	-	-	625,000	-	-
	-	-	1,131,826	82,617	625,000	-	3,633,830
Others							
Securities held as custodian	-	339,130	25,035,415	-	148,390,000	-	21,040,080

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	For the three months ended March 31, 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	148	8,977	185,032	419,167	27,623	-	539,950
Fee and commission income	191	1,217	70,826	17,723	89,319	-	347
Dividend income	-	-	-	-	161,587	203,366	681,485
Foreign exchange gain	-	-	-	285,681	-	-	-
Unrealised loss on derivatives	-	-	-	-	(66,060)	-	-
Gain on sale of securities - net	-	-	-	-	805,641	-	-
Rent on properties	-	-	-	15,882	-	-	-
Other income	-	-	-	9,547	-	-	-
Expense							
Mark-up / return / profit / interest expensed	3,553	6,549	141,078	36,872	141,690	-	123,459
Operating expenses							
Total compensation expense	-	1,366,490	-	-	-	-	466,593
Non-Executive Directors' fees	19,200	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	515,501	-	-
Product feature cost	-	-	39,328	-	-	-	-
Travelling	-	-	896	-	-	-	-
Subscription	-	-	-	-	-	-	4,275
Donation	-	-	-	-	-	-	162,966
Brokerage and Commission	-	-	-	-	-	-	25,258
Other expenses	-	-	11,949	12,186	16,031	-	12,062
Provision for diminution in the value of investments							2,870
Others							
Purchase of Government securities	2,498	15,927	42,052,749	22,911,873	25,558,785	-	33,552,249
Sale of Government securities	-	22,739	49,865,285	25,884,448	29,854,799	-	36,333,539
Purchase of foreign currencies	-	-	902,334	13,653,244	-	-	-
Sale of foreign currencies	-	-	1,647,193	-	-	-	11,773
Insurance claims settled	-	-	-	-	63,445	-	-
	As at December 31, 2022 (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	-	-	1,592	1,602,967	-	-	-
Investments							
Opening balance	-	-	-	20,091,764	9,465,766	135,665	7,713,055
Investment made during the year	-	-	-	4,920,743	44,188	-	2,000,000
Investment redeemed / disposed off during the year	-	-	-	-	(2,223,524)	-	-
Provision for diminution in the value of investments	-	-	-	-	-	-	(36,974)
Transfer in - net	-	-	-	-	-	-	29,287
Revaluation of investment during the year	-	-	-	1,497,522	-	-	-
Closing balance	-	-	-	26,510,029	7,286,430	135,665	9,705,368
Provision for diminution in the value of investments	-	-	-	-	-	-	42,943
Advances							
Opening balance	527	447,007	4,001,392	2,092,521	1,845,811	-	11,132,886
Addition during the year	30,557	421,195	23,281,985	1,716,370	-	-	14,020,793
Repaid during the year	(29,672)	(378,950)	(23,534,128)	(613,375)	(1,375,527)	-	(13,438,741)
Transfer in - net	-	30,988	-	-	-	-	-
Exchange adjustment	-	-	798,460	161,924	154,716	-	-
Closing balance	1,412	520,240	4,547,709	3,357,440	625,000	-	11,714,938
Other Assets							
Interest / mark-up accrued	-	778	44,798	491,130	19,286	-	266,034
Other receivables	-	2,475	-	-	-	-	-
Advance subscription of shares	-	-	-	1,000,000	-	-	-
	-	3,253	44,798	1,491,130	19,286	-	266,034

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	As at December 31, 2022 (Audited)							
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture		Other related parties
	(Rupees in '000)							
Borrowings								
Opening balance	-	-	3,177,871	475,527	3,969,060	-	181,985	
Borrowings during the year	-	-	7,519,611	2,116,002	22,569,599	11,050,690	-	
Settled during the year	-	-	(6,953,154)	(620,884)	(16,014,977)	(8,594,981)	(13,733)	
Exchange adjustment	-	-	237,952	293,664	2,427,212	261,462	-	
Closing balance	-	-	3,982,280	2,264,309	12,950,894	2,717,171	168,252	
Deposits and other accounts								
Opening balance	42,382	545,067	10,820,031	6,314,465	50,605,027	-	2,960,354	
Received during the year	585,700	4,083,660	349,370,849	734,132,907	938,266,443	13,607	70,881,784	
Withdrawn during the year	(500,475)	(4,162,730)	(344,428,637)	(738,191,795)	(986,066,571)	(15,287)	(72,088,268)	
Transfer out - net	-	(30,270)	-	-	-	-	-	
Exchange adjustment	7,663	68,578	279,070	206,235	12,892	5,884	45,891	
Closing balance	135,270	504,305	16,041,313	2,461,812	2,817,791	4,204	1,799,761	
Other liabilities								
Interest / mark-up payable	434	1,340	116,735	7,570	42,367	28,530	4,022	
Payable to Defined Benefit Plan	-	-	-	-	-	-	607,424	
Other payables	-	-	33,884	22,716	71,748	-	515,961	
	434	1,340	150,619	30,286	114,115	28,530	1,127,407	
Contingencies and Commitments								
Letters of credit	-	-	693,802	-	-	-	440,141	
Guarantees	-	-	159,480	64,435	-	-	3,535,727	
Forward purchase of Government securities	-	-	-	-	-	-	2,452,570	
Forward purchase of foreign exchange contracts	-	-	-	183,409	1,500	-	-	
Interest rate swaps	-	-	-	-	625,000	-	-	
	-	-	853,282	247,844	626,500	-	6,428,438	
Others								
Securities held as custodians	2,500	94,830	24,812,555	-	134,281,000	-	18,455,830	
For the three months ended March 31, 2022 (Unaudited)								
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties	
	(Rupees in '000)							
Profit and loss account								
Income								
Mark-up / return / profit / interest earned	-	6,167	111,621	321,397	25,177	-	355,670	
Fee and commission income	259	761	41,375	6,760	166,650	-	315	
Dividend income	-	-	-	-	344,218	-	53,249	
Foreign exchange gain	-	-	-	185,955	-	-	-	
Loss from derivatives	-	-	-	-	(44,314)	-	-	
Gain on sale of securities - net	-	-	-	-	-	-	-	
Rent on properties	-	-	-	11,318	-	-	-	
Other income	-	-	-	805	-	-	-	
Expense								
Mark-up / return / profit / interest expensed	193	4,750	61,674	23,694	245,135	129	44,015	
Operating expenses								
Total compensation expense	-	1,017,304	-	-	-	-	261,858	
Non-Executive Directors' fees	20,400	-	-	-	-	-	-	
Insurance premium expense	-	-	-	-	403,991	-	-	
Product feature cost	-	-	14,822	-	-	-	-	
Travelling	-	-	2,554	-	-	-	-	
Subscription	-	-	-	-	-	-	3,221	
Donation	-	-	-	-	-	-	129,840	
Brokerage and Commission	-	-	-	-	-	-	58,373	
Other expenses	-	-	7,652	21,403	-	-	4,923	
Others								
Purchase of Government securities	-	-	77,126,771	-	9,923,005	-	11,010,675	
Sale of Government securities	-	14,057	79,151,310	2,988,499	26,582,163	-	5,878,535	
Purchase of foreign currencies	-	-	181,000	414,865	-	-	4,006	
Sale of foreign currencies	-	-	514,427	1,948,380	41,500	-	1,355,018	
Insurance claims settled	-	-	-	-	21,410	-	-	

**Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	(Unaudited) March 31, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,668,525	14,668,525
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	181,106,793	203,364,899
Eligible Additional Tier 1 (ADT 1) Capital	15,157,290	15,901,419
Total Eligible Tier 1 Capital	196,264,083	219,266,318
Eligible Tier 2 Capital	48,811,330	37,987,540
Total Eligible Capital (Tier 1 + Tier 2)	245,075,413	257,253,858
Risk Weighted Assets (RWAs):		
Credit Risk	1,411,442,256	1,387,509,228
Market Risk	61,034,625	75,860,638
Operational Risk	252,065,484	252,065,484
Total	1,724,542,365	1,715,435,350
Common Equity Tier 1 Capital Adequacy ratio	10.50%	11.86%
Tier 1 Capital Adequacy Ratio	11.38%	12.78%
Total Capital Adequacy Ratio	14.21%	15.00%
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)	4.50%	5.86%
Other information:		
Minimum capital requirements prescribed by the SBP		
CET1 ratio (%)	9.00%	9.00%
Tier 1 ratio (%)	10.50%	10.50%
Total capital ratio (%)	13.00%	13.00%
Leverage Ratio (LR)		
Eligible Tier-1 Capital	196,264,083	219,266,318
Total Exposure	5,355,046,417	5,014,549,104
Leverage Ratio (%)	3.67%	4.37%
Minimum Requirement (%)	3.00%	3.00%
Liquidity Coverage Ratio (LCR)		
	Total Adjusted Value (Rupees in '000)	
Average High Quality Liquid Assets	1,669,445,055	1,609,446,790
Average Net Cash Outflow	656,456,482	632,560,916
Liquidity Coverage Ratio (%)	254.31%	254.43%
Minimum Requirement (%)	100.00%	100.00%
Net Stable Funding Ratio (NSFR)		
	Total Weighted Value (Rupees in '000)	
Total Available Stable Funding	3,279,043,104	3,225,111,950
Total Required Stable Funding	2,232,631,627	2,171,559,048
Net Stable Funding Ratio (%)	146.87%	148.52%
Minimum Requirement (%)	100.00%	100.00%

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

36 **ISLAMIC BANKING BUSINESS**

The Bank operates 302 (December 31, 2022: 294) Islamic Banking branches and 573 (December 31, 2022: 573) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited)	(Audited)
		March 31, 2023	December 31, 2022
ASSETS			
(Rupees in '000)			
Cash and balances with treasury banks		19,617,681	17,497,223
Balances with other banks		2,693,385	451,114
Due from financial institutions		-	-
Investments	36.2	198,063,039	183,654,832
Islamic financing and related assets - net	36.3	203,479,086	223,974,766
Fixed assets		8,431,579	6,497,224
Intangible assets		28,133	30,066
Due from Head Office		1,486,536	257,428
Deferred tax assets		1,555,898	1,160,304
Other assets		21,761,687	8,653,602
		457,117,024	442,176,559
LIABILITIES			
Bills payable		28,067	20,267
Due to financial institutions	36.4	90,291,800	74,694,404
Deposits and other accounts	36.5	314,940,938	319,883,948
Due to Head Office		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities		17,806,692	15,693,460
		423,067,497	410,292,079
NET ASSETS			
		34,049,527	31,884,480
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Deficit on revaluation of investments - net of tax		(2,062,469)	(1,538,078)
Unappropriated profit	36.6	35,611,996	32,922,558
		34,049,527	31,884,480
Contingencies and commitments			
	36.7	(Unaudited) For the three months ended	
		March 31, 2023	March 31, 2022
PROFIT AND LOSS ACCOUNT			
(Rupees in '000)			
Profit / return earned	36.8	14,681,770	8,683,355
Profit / return expensed	36.9	8,879,084	5,516,911
Net profit / return		5,802,686	3,166,444
Other income			
Fee and commission income		308,391	271,689
Dividend income		-	-
Foreign exchange income		372,769	106,094
Income from derivatives		-	-
Gain on securities - net		4,484	20,236
Others		-	52
Total other income		685,644	398,071
Total income			
		6,488,330	3,564,515
Other expenses			
Operating expenses		2,086,683	1,504,780
Workers' Welfare Fund - charge		94,639	27,785
Other charges		120	-
Total other expenses		2,181,442	1,532,565
Profit before provisions			
		4,306,888	2,031,950
Provisions / (reversals) and write offs - net		(425,084)	698,256
Profit before taxation			
		4,731,972	1,333,694
Taxation		2,034,748	520,141
Profit after taxation			
		2,697,224	813,553

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

36.2 Investments by type

March 31, 2023 (Unaudited)			
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)			
Available-for-sale (AFS) securities			
Federal Government securities			
- Ijarah Sukuks	-	(3,942,055)	133,131,016
- Other Federal Government securities	-	-	7,115,054
Non-Government debt securities			
-Listed	-	309,329	46,002,874
-Unlisted	-	14,358	1,415,358
191,282,670	-	(3,618,368)	187,664,302
Held-to-maturity (HTM) securities			
Non-Government debt securities			
- Unlisted	-	-	10,398,737
201,681,407	-	(3,618,368)	198,063,039

December 31, 2022 (Audited)			
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)			
Available-for-sale (AFS) securities			
Federal Government securities			
- Ijarah Sukuks	-	(2,772,531)	122,587,729
- Other Federal Government securities	-	-	4,686,060
Non-Government debt securities			
-Listed	-	57,829	46,001,374
-Unlisted	-	16,320	1,417,320
177,390,865	-	(2,698,382)	174,692,483
Held-to-maturity (HTM) securities			
Non-Government debt securities			
- Unlisted	-	-	8,962,349
186,353,214	-	(2,698,382)	183,654,832

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
(Rupees in '000)		
36.3 Islamic financing and related assets - net		
Diminishing Musharakah	94,560,362	94,643,200
Running Musharakah	44,368,521	57,261,410
Wakalah	14,810,431	14,541,328
Ijarah	2,822,892	2,294,057
Murabaha	1,811,770	3,791,439
Currency Salam	78,827	-
Tijarah	3,926,757	2,887,334
Istisna	2,496,619	1,994,354
Musawamah	901,601	777,472
Advance for Diminishing Musharakah	3,881,130	5,364,119
Advance for Ijarah	3,412,111	3,599,862
Advance for Murabaha	5,724,515	5,546,361
Advance for Salam	2,196,066	2,029,702
Advance for Istisna	14,496,110	13,169,142
Advance for Musawamah	265,630	3,856,574
Inventories against Murabaha	1,248,319	5,410,563
Inventories against Salam	2,400,000	-
Inventories against Tijarah	3,020,086	5,427,552
Inventories against Istisna	3,106,392	3,853,373
Islamic financing and related assets - gross	205,528,139	226,447,842
Provision against Islamic financing and related assets		
-Specific	(946,359)	(1,376,081)
-General	(1,102,694)	(1,096,995)
	(2,049,053)	(2,473,076)
Islamic financing and related assets - net of provision	203,479,086	223,974,766

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023

	Note	(Unaudited) March 31, 2023 (Rupees in '000)	(Audited) December 31, 2022
36.4 Due to financial institutions			
Unsecured acceptances of funds		7,700,000	19,000,000
Acceptances from the SBP under:			
- Islamic export refinance scheme		16,100,291	19,931,491
- Islamic long term financing facility		7,013,669	7,183,674
- Islamic financing facility for renewable energy power plants		717,604	693,399
- Islamic refinance facility for modernization of Small & Medium Enterprises (SMEs)		323,881	129,838
- Islamic refinance and credit guarantee scheme for women entrepreneurs		2,938	5,720
- Islamic refinance facility for combating COVID-19		358,488	143,564
- Islamic temporary economic refinance facility		2,666,635	2,749,061
- Secured Mudarbah Agreement		55,408,294	24,689,405
Acceptances from Pakistan Mortgage Refinance Company		-	168,252
		<u>90,291,800</u>	<u>74,694,404</u>
36.5 Deposits and other accounts			
Customers			
Current deposits		88,445,435	85,498,743
Savings deposits		174,954,280	161,990,175
Term deposits		25,701,763	24,836,049
		<u>289,101,478</u>	<u>272,324,967</u>
Financial Institutions			
Current deposits		71,532	414,372
Savings deposits		25,204,282	47,142,963
Term deposits		563,646	1,646
		<u>25,839,460</u>	<u>47,558,981</u>
		<u>314,940,938</u>	<u>319,883,948</u>
36.6 Islamic Banking business unappropriated profit			
Opening Balance		32,922,558	27,194,762
Add: Islamic Banking profit for the period / year		4,731,972	11,236,017
Less: Taxation		(2,034,748)	(5,505,648)
Less: Transferred / Remitted to Head Office		(7,786)	(2,573)
Closing Balance		<u>35,611,996</u>	<u>32,922,558</u>
36.7 Contingencies and commitments			
- Guarantees	36.7.1	11,546,331	2,862,623
- Commitments	36.7.2	21,967,011	31,705,993
		<u>33,513,342</u>	<u>34,568,616</u>
36.7.1 Guarantees:			
Performance guarantees		11,522,517	2,862,623
Other guarantees		23,814	-
		<u>11,546,331</u>	<u>2,862,623</u>
36.7.2 Commitments:			
Trade-related contingent liabilities		18,017,088	26,704,850
Commitments in respect of forward foreign exchange contracts	36.7.2.1	3,949,923	5,001,143
		<u>21,967,011</u>	<u>31,705,993</u>
36.7.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		1,087,286	2,405,370
Sale		2,862,636	2,595,773
		<u>3,949,923</u>	<u>5,001,143</u>
36.8 Profit / return earned			
		(Unaudited)	
		For the three months ended	
		March 31,	March 31,
		2023	2022
		(Rupees in '000)	
On:			
Financing		7,438,007	4,013,355
Investments		7,094,626	4,453,081
Placements		149,137	216,919
		<u>14,681,770</u>	<u>8,683,355</u>

**Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
For the three months ended March 31, 2023**

(Unaudited)
For the three months ended

	March 31, 2023	March 31, 2022
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(Rupees in '000)

36.9 Profit / return expensed

On:

Deposits and other accounts	5,899,374	3,867,211
Amounts due to financial institutions	2,766,338	1,510,775
Foreign currency deposits for Wa'ad based transactions	4,842	-
Lease liability against right-of-use assets	208,530	138,925
	8,879,084	5,516,911

37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

37.1 The Board of Directors, in its meeting held on April 27, 2023, has declared a cash dividend of Rs 1.50 per share in respect of the quarter ended March 31, 2023 (March 31, 2022: Rs 1.75 per share) . These condensed interim unconsolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

38 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on April 27, 2023.

39 GENERAL

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Saba Kamal
Director

Salim Raza
Director

