



HABIB BANK  
حیب بینک

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

August 15, 2023

Dear Sir,

**Subject: Transmission of Half Yearly Report for the Period Ended June 30, 2023**

We have to inform you that the Half Yearly Report of Habib Bank Limited for the period ended June 30, 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 Chaudhry**  
Company Secretary

CC:

1. The Executive Directors/HOD, Offsite-II, Supervision Division, Securities & Exchange Commission of Pakistan, NIC Building, 63 Jinnah Avenue, Islamabad (with 3 printed copies of the Half Yearly Report of the Bank for the period ended June 30, 2023)
2. The Registrar, Company Registration Office, State Life Building 7, Jinnah Avenue, Blue Area, Islamabad (with 3 printed copies of the Half Yearly Report of the Bank for the period ended June 30, 2023)
3. The Director, Banking Policy & Regulation Department, State Bank of Pakistan, I.I. Chundrigar Road, Karachi (with 3 printed copies of the Half Yearly Report of the Bank for the period ended June 30, 2023)

# HBL



**DIGITALLY  
PROGRESSING TOGETHER**

**HALF YEARLY REPORT  
JUNE 30, 2023**



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# CORPORATE INFORMATION

## Board of Directors

**Mr. Sultan Ali Allana**  
Chairman

**Mr. Shaffiq Dharamshi**  
Director

**Mr. Moez Ahamed Jamal**  
Director

**Mr. Salim Raza**  
Director

**Dr. Najeeb Samie**  
Director

**Mr. Khaleel Ahmed**  
Director

**Ms. Saba Kamal**  
Director

**Mr. Muhammad Aurangzeb**  
President & CEO

**Chief Operating Officer**  
Mr. Sagheer Mufti

**Chief Financial Officer**  
Mr. Rayomond Kotwal

**Company Secretary**  
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](http://www.hbl.com)

## Internet Banking

[www.hbl.com/personal/digital-banking/hbl-internetbanking](http://www.hbl.com/personal/digital-banking/hbl-internetbanking)

## Konnect

[www.hbl.com/konnect](http://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 six months ended June 30, 2023.

## Macroeconomic Review

The outgoing fiscal year has been one of the most difficult in recent times. Historic inflation and interest rate levels, a highly contractionary monetary policy and import rationing all combined in a perfect storm; the resulting stagflationary environment, with many businesses shutting down, leading to increased unemployment and poverty. GDP is expected to remain nearly flat with growth at a meager 0.3% for FY23; the large-scale manufacturing index for 11MFY'23 declined by nearly 10% compared to the same period in the prior year. Inflation in FY'23 peaked at 38% in May'23, a hitherto unseen reading. In Jun'23, as the high base effect kicked in, headline inflation tapered to 29.4%. Average inflation for FY'23 was 29.2% vs 12.2% in FY'22.

Pakistan posted its fourth consecutive Current Account surplus in Jun'23, the first June-month surplus since 2011. The weakening external account position and protracted uncertainty around the IMF programme resulted in strict import prioritization, resulting in a 29% contraction during FY'23. Exports, already affected by slowdowns in global markets, were further compressed as import restrictions eventually impacted export businesses; the country's total exports in FY'23 declined by 11% over FY'22. The ever-widening gap between the interbank and kerb markets increasingly diverted remittances to informal channels, with a 14% reduction in official flows, to USD 27 billion. However, the import drop was sufficient to reduce the Current Account deficit by 85% over FY'22, to USD 2.6 billion, the lowest deficit in the last 10 years.

Despite the Government fulfilling a number of conditionalities, the IMF Staff Level Agreement (SLA) remained elusive; however, on the last day of the fiscal year, the IMF announced an SLA for a new 9-month Stand-by Arrangement (SBA) of ~USD 3 billion. The first tranche of USD 1.2 billion was released immediately on approval by the IMF Board in mid-July and the remaining instalments are contingent on quarterly reviews in September and December. The SLA was preceded by a number of prior actions including amendment of the Federal Budget, withdrawal of import prioritization instructions, a more market-determined exchange rate and further monetary tightening. The SBA extends just beyond the expected electoral dates, covering the upcoming caretaker setup as well as the initial period of any new government. Pakistan will have to meet a number of structural benchmarks relating to SOEs and the energy sector, particularly containment of the circular debt; fiscal reform including increasing the number of income tax payers and bringing retailers into the tax net; and a continued tight monetary policy along with a cap on the differential between the kerb and interbank exchange rates.

Foreign exchange reserves remained the single largest concern during FY'23, depleting to under USD 4 billion by May'23. With placements from China in June, the disbursement of the \$1.2 billion IMF tranche and placements of a combined USD 3 billion from Saudi and UAE, reserves have recovered to USD 8.7 billion in mid-July. In Jan'23, with SBP's reserves at their lowest level of USD 3.1 billion, the Rupee saw a major adjustment of Rs 57.4/\$, outstripping the movement of Rs 48.3/\$ during the whole of 2022. While the currency slide since then has been more gradual, the Rupee has lost 20.8% of its value over the first half of 2023. Subsequent to the IMF SLA, the Rupee strengthened by 4%, but has already reverted to above Jun'23 levels as the backlog of foreign currency payments is cleared. The signing of the SBA has also had a positive impact on Pakistan's international bonds which have seen a major rally; bond yields have declined ranging from 4% – 42%, with the largest improvements in the 2024 maturity issue. Subsequently, Fitch has also upgraded its country rating for Pakistan from CCC- to CCC, partially reversing its Feb'23 downgrade, attributing this to improved external liquidity and funding conditions.

Tax collection is expected to surpass Rs 7.0 trillion in FY'23, but will be short of the budgeted amounts. In the Federal Budget announced in June, the Government has enhanced the tax burden on the already-taxed, with no attempt at any meaningful widening of the taxpayer base. Subsequently, as part of the prior actions for the SBA, the initial tax collection target for FY'24 has been revised upwards, to PKR 9.4 trillion. The Government has also targeted a primary surplus of 0.4%. The budget deficit is expected to decline slightly from the previous year to 7.6% of GDP in FY'23 and is projected to further slow down to 7.2% in FY'24.

Lackluster activity was observed in the equity market during H1'23 with political noise and lack of positive IMF-related news both having a significant dampening impact on the market. Corporate announcements of bonus issues and buybacks supported the index which registered a marginal increase of 2.6% in the first half of the calendar year. However, following the IMF agreement, the markets have rallied, with the index gaining 9.3% in just 10 sessions.



Monetary tightening and demand management has continued throughout the year. In an emergency meeting at the end of Jun'23, the SBP raised the Policy Rate by another 100 bps to 22%, bringing the cumulative increase to 600 bps since the start of the year. The SBP cited that this was necessary to ensure positive real interest rates on a forward-looking basis. The SBP highlighted that there are increased upside risks to the inflation outlook emanating from enhanced revenue generation measures included in the Finance Act as well as from the withdrawal of import prioritization guidance. Credit demand has stagnated; private sector credit in 11MFY'23 has marginally fallen compared to a 20.5% growth in 11MFY'22, reflecting the slowdown caused by the extremely high cost of borrowing and import constraints. Industry advances increased by 2.4% over Dec'22 levels, while deposits rebounded from their abnormally low Dec'22 base, growing by 13.5% during the same period. Banking spreads have increased by 280 bps during H1'23 compared to the same period last year, as lending portfolios repriced up, while banks were able to contain the cost of deposits.

## Financial Performance

HBL has delivered a consolidated profit before tax of Rs 51.5 billion for the first half of 2023, nearly 50% higher than the PBT for H1'22. The PBT of Rs 30 billion for Q2'23 is a new quarterly record. This excellent performance was driven by its market-leading domestic franchise which grew profits by 63%; the international business is now delivering sustainable and improved operating performance, making a positive contribution to the Bank's bottom line. Despite excessive and unfair taxation introduced in the Federal Budget, the Bank's profit after tax doubled to Rs 26.3 billion over the corresponding period last year which was also marred by excessive and retrospective tax measures. Earnings per share for the half year were Rs 17.86 compared to Rs 8.10 for H1'22.

The Bank's balance sheet grew by 7% to Rs 4.9 trillion; domestic deposits grew by 5.2% over Dec'22 to Rs 3.1 trillion and total deposits reached Rs 3.7 trillion. Average domestic deposits for H1'23 rose by Rs 309 billion with 90% of the growth from low-cost deposits, enabling HBL to keep its cost of deposits in check. Consequently, the CA mix remained steady at 41.3% and the CASA mix at 86.6%. Private sector credit fell by 7% in the first 5 months of 2023 as borrowing costs reached unprecedented levels. HBL's total advances declined by 3.8% to Rs 1.7 trillion with domestic advances at Rs 1.3 trillion. Most of the domestic lending contraction was in corporate and commercial loans; the Bank's consumer portfolio remained steady at Rs 122 billion in the face of headwinds, while agriculture lending maintained its Rs 50 billion level. HBL's microfinance segment continued to lend prudently; while the pace slowed, advances rose 7.4% to Rs 92 billion.

As assets continued to reprice upwards, albeit with a lag, HBL's net interest margin improved by 192bps. Coupled with a growth of Rs 460 billion in the average domestic balance sheet, domestic net interest income increased by 53%. Interest income in the international business also rose substantially, with HBL's total net interest income growing by 54%, to Rs 114 billion. HBL maintains a dominant market position in fees which again delivered stellar growth of 31% to nearly Rs 20 billion. Its flagship Cards business outperforms each year and delivered more than 60% of the fee growth; these results were also supported by strong contributions from trade, consumer finance and cash management, with the Bank's total revenue growing by 41%, to Rs 138 billion.

Stubbornly high inflation and rupee devaluation had a significant impact on costs. However, proactive cost management efforts enabled HBL to contain its expense growth to only 2.5% over the previous quarter. This, coupled with the strong revenue growth, improved the cost to income ratio from 60.8% in Q1'23 to 54.5% in Q2'23. Total provisions of the Bank stood at Rs 6.0 billion compared to Rs 2.8 billion in H1'22. The higher provision is mostly due to additional provisions taken in international locations as a consequence of Pakistan's rating downgrade earlier in the year. The Bank's NPLs reduced both domestically and in international locations, but with the decline in loans there was a slight uptick in the infection ratio. As a result of prudent provisioning, the total coverage remains above 100%, while the specific coverage has been maintained at Dec'22 levels of 86%.



## Movement in Reserves

Rupees in  
million

Unappropriated profit brought forward	178,468
Profit attributable to equity holders of the Bank	26,193
Re-measurement gain on defined benefit obligations of associates – net of tax	9
Transferred from surplus on revaluation of assets – net of tax	89
Acquisition of additional interest in subsidiary	234
Derecognition of Joint Venture arrangement	1,441
	27,966
Profit available for appropriation	206,434
<b>Appropriations:</b>	
Transferred to statutory reserves	(3,010)
Cash dividend – Final 2022	(2,200)
Cash dividend – 1st Interim 2023	(2,200)
Total appropriations	(7,410)
<b>Unappropriated profit carried forward</b>	<b>199,024</b>
<b>Earnings per share (Rupees)</b>	<b>17.86</b>

## Capital Ratios

Internal capital generated by the strong results added 54 bps to the Bank's Tier 1 Capital Adequacy Ratio (CAR) during the quarter. The triennial valuation of properties turned the net revaluation deficit in Mar'23 to a surplus, improving the capital position. With a relatively more stable Rupee and interest rates, Tier 1 CAR reverted to more normalized levels. The Consolidated Tier 1 CAR was 11.88% compared to 11.81% in December 2022, while total CAR was 15.19%.

## Credit Ratings

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

## Dividend

The Board of Directors, in its meeting held on July 26, 2023, has declared an interim cash dividend of Rs 2.00 per share (20%) for the quarter ended June 30, 2023.

## Future Outlook

Since the start of the Ukraine war and the sharp uptick in global inflation, the risks of financial distress in global markets have intensified with continuous increases in global interest rates; the spillover effects on emerging markets have been considerably higher. The World Bank expects global economic growth to slow from 3.1% in 2022 to 2.1% in 2023. However, the global economy may be entering a more benign phase from H2'23 as a consequence of a tight monetary policy and the consistent downtrend in commodity prices over the past few months. With inflation peaking, most notably in the US, where headline CPI is 3%, down from double-digit highs at its peak, this should encourage capital investment and growth and also have a positive impact on cross border investment flows.

Pakistan was negatively affected by the pullback in global risk capital flows; a more favourable investment climate should bring about a resumption in risk appetite. Inflation is expected to average 21% in FY'24. Domestic pressures are expected to remain elevated for the next few months, led by expected increases in energy prices, additional taxation measures in the Budget and the recent removal of import prioritization guidelines; Q1'24 may potentially see the start of an easing cycle.

The SBA has come at a crucial juncture, averting talks of default – for now. While it comes with a number of conditionalities, these appear to be more palatable than the EFF, which lapsed without conclusion. The government has already taken tough measures to comply with the IMF prior actions. The authorities have committed to bring energy reforms, improve governance of loss-making state-owned enterprises and widen the tax base, in particular bringing retailers into the taxation base, all of which are critical in lowering the fiscal burden, but which no previous government has successfully tackled. Pakistan is at a crossroads and cannot afford any further policy slippages if its debt is to remain sustainable. Steadfast implementation of structural reforms is critical to ensure economic sustainability beyond the SBA and pave the way towards a successor programme.

HBL has made further strides in its digital journey, with external validation received from Asiamoney who has awarded us the Best Bank for Digital Solutions in Pakistan. HBL Mobile continues to command a leading market share, with 3.4 million users and in H1'23, processed over Rs 2 trillion in transactions. During the quarter, in our efforts to expand financial services across Pakistan, an Urdu option was introduced for the Mobile App. This year, digitally disbursed Personal Loans reached a milestone of Rs 20 billion covering 100,000 clients. HBL also became the first bank in Pakistan to launch a dedicated client care Twitter handle “@HBLCare”.

After being named the Most Inclusive Organization in Pakistan, we are delighted that our efforts at promoting diversity have been recognized by the SBP; HBL is ranked #1 among large banks on their Banking on Equality initiative, while HBL MfB is ranked #2 among microfinance banks. Recently, HBL launched its second Impact and Sustainability Report, showcasing its plethora of initiatives under the ESG umbrella and its contributions to a brighter Pakistan for all Pakistanis. Our commitment to the environment remains absolute and we remain resolute in our journey to Net Zero, to leave a better planet for our future generations.

## 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**

July 26, 2023

23 کی پہلی ششماہی کے دوران ایکویٹی مارکیٹ میں غیر معمولی سرگرمی دیکھی گئی جس میں سیاسی شور شرابا اور IMF سے متعلق مثبت خبروں کی کمی دونوں نے مارکیٹ پر نمایاں منفی اثر ڈالا۔ بونس کے مسائل اور بانکی بیک کے کارپوریٹ اعلانات نے انڈیکس کو سہارا دیا جس نے تقویمی سال کی پہلی ششماہی میں 2.6 فیصد کا معمولی اضافہ درج کیا۔ تاہم، IMF معاہدے کے بعد، مارکیٹوں میں تیزی آئی ہے، صرف 10 سینٹسز میں انڈیکس میں 9.3 فیصد اضافہ ہوا ہے۔

پورے سال مالی سنجی اور طلب کا بندوبست جاری رہا ہے۔ جون 23 کے آخر میں ایک ہنگامی اجلاس میں اسٹیٹ بینک نے پالیسی ریٹ میں مزید 100 بی پی ایس کا اضافہ کر کے 22 فیصد کر دیا جس سے سال کے آغاز سے اب تک مجموعی اضافہ 600 بی پی ایس تک پہنچ گیا ہے۔ اسٹیٹ بینک نے کہا کہ یہ مستقبل کی بنیاد پر مثبت حقیقی شرح سود یقینی بنانے کے لیے ضروری تھا۔ اسٹیٹ بینک نے اس بات پر روشنی ڈالی کہ مالیاتی ایکٹ میں شامل ریونیو جزیشن کے بڑھے ہوئے اقدامات کے ساتھ ساتھ درآمدی ترجیحی رہنمائی سے دستبرداری سے الٹا فراطرز کی صورت حال کے خطرات بڑھ گئے ہیں۔ قرضوں کی طلب جمود کا شکار ہے۔ مالی سال 23 کے 11 ماہ میں نجی شعبے کے قرضوں میں مالی سال 22 کے 11 ماہ کے مقابلے میں معمولی کمی آئی ہے، جو قرض لینے کی انتہائی زیادہ لاگت اور درآمدی پابندیوں کی وجہ سے سست روی کی عکاسی کرتی ہے۔ دسمبر 22 کی سطح کے مقابلے میں صنعتی قرضوں میں 2.4 فیصد اضافہ ہوا جبکہ ڈپازٹس دسمبر 22 کی غیر معمولی کم سطح سے بحال ہوئے اور اسی عرصے کے دوران 13.5 فیصد اضافہ ہوا۔ بینکنگ اسپریڈ میں گزشتہ سال کی اسی مدت کے مقابلے میں 23 کی پہلی ششماہی کے دوران 280 بی پی ایس اضافہ ہوا ہے، کیونکہ قرض دینے والے پورٹ فولیو کی دوبارہ قیمت میں اضافہ ہوا ہے، جبکہ بینک ڈپازٹس کی لاگت روکنے میں کامیاب رہے ہیں۔

## مالیاتی کارکردگی

HBL نے 2023ء کی پہلی ششماہی میں 51.5 ارب روپے کا قبل از ٹیکس منافع حاصل کیا ہے جو 22 کی پہلی ششماہی کے PBT کے مقابلے میں تقریباً 50 فیصد زیادہ ہے۔ دوسری سہ ماہی میں 30 ارب روپے کا PBT ایک نیا سہ ماہی ریکارڈ ہے۔ یہ عمدہ کارکردگی اس کی مارکیٹ کی معروف ڈومیسٹک فرنیچر کی وجہ سے تھی جس نے منافع میں 63 فیصد اضافہ کیا۔ بین الاقوامی کاروبار اب پائیدار اور بہتر انتظامی کارکردگی دکھا رہا ہے، جو بینک کی آمدن میں مثبت کردار ادا کر رہا ہے۔ وفاقی بجٹ میں حد سے زیادہ اور غیر منصفانہ ٹیکس متعارف کروائے جانے کے باوجود بینک کا بعد از ٹیکس منافع گزشتہ سال کے اسی عرصے کے مقابلے میں دگنا ہو کر 26.3 ارب روپے تک پہنچ گیا۔ نصف سال کے لیے فی حصص آمدنی 17.86 روپے رہی جو 22 کی پہلی ششماہی میں 8.10 روپے تھی۔

بینک کی بیلنس شیٹ 7 فیصد اضافے سے 4.9 ٹریلین روپے تک پہنچ گئی۔ دسمبر 22 کے مقابلے میں مقامی ڈپازٹس 5.2 فیصد اضافے سے 3.1 ٹریلین روپے اور مجموعی ڈپازٹس 3.7 ٹریلین روپے تک پہنچ گئے۔ 23 کی پہلی ششماہی میں اوسط مقامی ڈپازٹس میں 309 ارب روپے اضافہ ہوا جس میں 90 فیصد اضافہ کم لاگت کے ڈپازٹس سے ہوا جس سے HBL کو ڈپازٹس کی لاگت قابو میں رکھنے میں مدد ملی۔ نتیجتاً، CA کس 41.3 فیصد اور CASA کس 86.6 فیصد پر مستحکم رہا۔ سال 2023ء کے پہلے 5 ماہ میں نجی شعبے کے قرضوں میں 7 فیصد کمی واقع ہوئی ہے کیونکہ قرض لینے کی لاگت غیر متوقع سطح پر پہنچ گئی ہے۔ HBL کے مجموعی قرضے 3.8 فیصد کم ہو کر 1.7 ٹریلین روپے رہ گئے جبکہ مقامی قرضے 1.3 ٹریلین روپے رہے۔ زیادہ تر مقامی قرضوں میں کمی کارپوریٹ اور تجارتی قرضوں میں تھی۔ باوجود بینک کا کنزیومر پورٹ فولیو 122 ارب روپے پر مستحکم رہا جبکہ زرعی قرضے 50 ارب روپے کی سطح پر برقرار رہے۔ HBL کے مائیکرو فنانس سیگمنٹ نے محتاط انداز میں قرضے دینے کا سلسلہ جاری رکھا۔ رفتار سست پڑنے سے، قرضے 7.4 فیصد اضافے سے 92 ارب روپے تک پہنچ گئے۔

جیسے جیسے اثاثوں کی قیمتوں میں اضافہ ہوتا رہا، HBL کے خالص سود کے مارجن میں 192 بی پی ایس اضافہ ہوا۔ اوسط مقامی بیلنس شیٹ میں 460 ارب روپے اضافے کے ساتھ ساتھ مقامی خالص سود کی آمدنی میں 53 فیصد اضافہ ہوا۔ بین الاقوامی کاروبار میں سود کی آمدنی میں بھی خاطر خواہ اضافہ ہوا، HBL کی کل خالص سود آمدنی 54 فیصد اضافے سے 114 ارب روپے تک پہنچ گئی۔ HBL فیسوں کے حوالے سے مارکیٹ میں غالب پوزیشن برقرار رکھے ہوئے ہے جس نے ایک بار پھر 31 فیصد اضافے کے ساتھ تقریباً 20 ارب روپے کا بزنس کیا۔ اس کا فلگ شپ کارڈز کا کاروبار ہر سال زیادہ بہتر کارکردگی کا مظاہرہ کرتا ہے اور فیس میں 60 فیصد سے زیادہ نمو کر چکا ہے۔ ان نتائج کو ٹریڈ، کنزیومر فنانس اور کیش مینجمنٹ کی مضبوط شراکت سے بھی مدد ملی، جس سے بینک کی مجموعی آمدنی 41 فیصد اضافے کے ساتھ 138 ارب روپے تک پہنچ گئی۔

افراط زر میں اضافے اور روپے کی قدر میں کمی کا نمایاں اثر اخراجات پر پڑا۔ تاہم، لاگت کے انتظام کی فعال کوششوں نے HBL کو پچھلی سہ ماہی کے مقابلے میں اپنے اخراجات میں صرف 2.5 فیصد اضافہ برقرار رکھنے کے قابل بنایا۔ اس کے ساتھ ساتھ آمدنی میں زبردست اضافے سے لاگت اور آمدنی کا تناسب 23 کی پہلی سہ ماہی میں 60.8 فیصد سے بہتر ہو کر دوسری سہ ماہی میں 54.5 فیصد ہو گیا۔ بینک کے کل پرووٹن 22 کی پہلی ششماہی میں 2.8 ارب روپے کے مقابلے میں 6.0 ارب روپے رہے۔ اس سال کے اوائل میں پاکستان کی درجہ بندی میں کمی کے نتیجے میں بین الاقوامی مقامات پر اضافی پرووٹن کی وجہ سے زیادہ تر یہ پرووٹن کیا گیا ہے۔ بینک کے این پی ایل میں مقامی اور بین الاقوامی سطح پر کمی واقع ہوئی، لیکن قرضوں میں کمی کے ساتھ انفیکشن کے تناسب میں تھوڑا سا اضافہ ہوا۔ محتاط فراہمی کے نتیجے میں، کل کوریج 100 فیصد سے اوپر رہی، جبکہ مخصوص کوریج دسمبر 22 کی سطح 86 فیصد پر برقرار رہی۔

## ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2023ء کو ختم ہونے والے نصف سال کے مختصر عبوری مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

### کلیاتی اقتصادیات کا جائزہ

حالیہ دنوں میں گزشتہ مالی سال سب سے زیادہ مشکل رہا ہے۔ افراطِ زر اور شرحِ سود کی تاریخی سطح، انتہائی تنگ مانیٹری پالیسی اور درآمدی حد سب ایک مکمل طوفان کی شکل اختیار کر گئے۔ نتیجتاً ماحول پر جمود طاری ہوا، کئی کاروبار بند ہو گئے، جس کی وجہ سے بے روزگاری اور غربت میں اضافہ ہوا۔ توقع ہے کہ مالی سال 23 کے لیے جی ڈی پی تقریباً یکساں اور معمولی شرح نمو 0.3 فیصد رہے گی۔ مالی سال 23 کے 11 ماہ کے لیے بڑے پیمانے پر مینوفیکچرنگ انڈیکس میں پچھلے سال اسی عرصے کے مقابلے میں تقریباً 10 فیصد کمی واقع ہوئی ہے۔ مالی سال 23 میں افراطِ زر کی شرح مئی 23 میں 38 فیصد تک پہنچ گئی تھی۔ جون 23 میں جب ہائی میس اثرات کا آغاز ہوا تو عمومی افراطِ زر کی شرح کم ہو کر 29.4 فیصد رہ گئی۔ مالی سال 23 کے لیے اوسط افراطِ زر 29.2 فیصد تھی جو مالی سال 22 میں 12.2 فیصد تھی۔

پاکستان نے جون 23 میں مسلسل چوتھی بار کرنٹ اکاؤنٹ سرپلس حاصل کیا، جو 2011ء کے بعد جون کے مہینے میں پہلا سرپلس ہے۔ بیرونی کھاتوں کی کمزور حالت اور IMF پروگرام کے بارے میں طویل غیر یقینی صورتحال کے نتیجے میں درآمدی ترجیحات سخت کر دی گئیں، نتیجتاً ان میں مالی سال 23 کے دوران 29 فیصد کمی واقع ہوئی۔ عالمی منڈیوں میں سست روی کی وجہ سے پہلے ہی متاثرہ برآمدات مزید دب گئیں کیونکہ درآمدی پابندیوں نے بالآخر برآمدی کاروبار کو بھی متاثر کیا۔ مالی سال 23 میں ملکی برآمدات میں مالی سال 22 کے مقابلے میں 11 فیصد کمی واقع ہوئی۔ انٹر بینک اور KERB مارکیٹوں کے درمیان بڑھتے ہوئے فرق کی وجہ سے ترسیلاتِ زر تیزی سے غیر رسمی ذرائع پر منتقل ہوئیں اور سرکاری ترسیلاتِ زر میں 14 فیصد کمی واقع ہوئی جو 27 ارب ڈالر تک پہنچ گئی۔ تاہم درآمدات میں کمی مالی سال 22 کے مقابلے میں کرنٹ اکاؤنٹ خسارے کو 85 فیصد کم کر کے 12.6 ارب ڈالر تک لانے کے لیے کافی تھی جو گزشتہ 10 سالوں میں سب سے کم خسارہ ہے۔

حکومت کی جانب سے متعدد شرائط پوری کرنے کے باوجود IMF اسٹاف لیول ایگریمنٹ (SLA) ابھی تک ممکن نہیں ہو سکا۔ تاہم، مالی سال کے آخری دن، IMF نے 3 بلین امریکی ڈالر کے نئے 9 ماہ کے اسٹیڈ بانی انتظامات (SBA) کے لیے SLA کا اعلان کیا۔ 1.2 ارب ڈالر کی پہلی قسط جولائی کے وسط میں IMF بورڈ کی منظوری کے بعد فوری طور پر جاری کی گئی تھی اور ترقیہ اقساط ستمبر اور دسمبر میں سہ ماہی جائزے پر منحصر ہیں۔ SLA سے قبل وفاقی بجٹ میں ترمیم، درآمدات کی ترجیحات کی ہدایات واپس لینے، مارکیٹ کے تعین کردہ شرح تبادلہ اور مزید مالیاتی سختی سمیت متعدد پیشگی اقدامات کیے گئے تھے۔ SBA متوقع انتخابی تاریخوں سے کہیں زیادہ ہے، جس میں آنے والے نگران سیٹ اپ کے ساتھ ساتھ کسی بھی نئی حکومت کی ابتدائی مدت کا احاطہ کیا گیا ہے۔ پاکستان کو ایس او ایس اور توانائی کے شعبے سے متعلق متعدد ساختی معیارات پر پورا اترنا ہوگا، خاص طور پر گردش قرضوں کی روک تھام، مالی اصلاحات بشمول انکم ٹیکس دہندگان کی تعداد میں اضافہ اور ریٹیلرز کو ٹیکس نیٹ میں لانا۔ اس کے ساتھ ساتھ KERB اور انٹر بینک ایکسیج ریٹ کے درمیان فرق کی حد سمیت مسلسل سخت مانیٹری پالیسی اپنانی ہوگی۔

مالی سال 23 کے دوران زر مبادلہ کے ذخائر سب سے زیادہ تشریش کا باعث رہے جو مئی 2023ء تک کم ہو کر 4 ارب ڈالر سے بھی کم رہ گئے۔ جون میں چین کی جانب سے 1.2 ارب ڈالر کی IMF قسط کی تقسیم اور سعودی عرب اور متحدہ عرب امارات کی جانب سے مجموعی طور پر 3 ارب ڈالر کی سرمایہ کاری کے بعد جولائی کے وسط میں زر مبادلہ کے ذخائر 8.7 ارب ڈالر تک پہنچ گئے ہیں۔ جنوری 23 میں اسٹیٹ بینک کے ذخائر 3.1 ارب ڈالر کی کم ترین سطح پر تھے، روپے کی قدر میں 57.4 روپے فی ڈالر کی بڑی ایڈجسٹمنٹ دیکھی گئی، جس نے پورے 2022ء کے دوران 48.3 روپے فی ڈالر کی نقل و حرکت کو پیچھے چھوڑ دیا۔ اگرچہ اس کے بعد سے کرنسی کی قدر میں بتدریج گراوٹ آئی ہے، لیکن 2023ء کی پہلی ششماہی میں روپے کی قدر میں 20.8 فیصد کمی واقع ہوئی ہے۔ IMF کے SLA کے بعد روپے کی قدر میں 4 فیصد اضافہ ہوا لیکن غیر ملکی کرنسی کی ادائیگیوں کے بعد یہ جون 23 کی سطح سے اوپر آچکا ہے۔ SBA پر دستخط سے پاکستان کے بین الاقوامی بانڈز پر بھی مثبت اثرات مرتب ہوئے ہیں جن میں بڑی تیزی دیکھنے میں آئی ہے۔ بانڈز کے منافع میں 4 فیصد سے 42 فیصد تک کمی آئی ہے جس میں سب سے زیادہ بہتری 2024ء کی میچورٹی میں آئی ہے۔ اس کے بعد فنانس نے پاکستان کے لیے اپنی کنٹری ریٹنگ کو CCC سے CCC اپ گریڈ کر دیا ہے۔ فروری 23 کی درجہ بندی میں جزوی تبدیلی کر دی ہے اور اس کی وجہ بیرونی لیکویڈٹی اور فنڈنگ کی بہتر صورتحال کو قرار دیا ہے۔

مالی سال 23 میں ٹیکس وصولی 7.0 ٹریلین روپے سے تجاوز کرنے کی توقع ہے، لیکن یہ بجٹ کی رقم سے کم ہوگی۔ جون میں اعلان کردہ وفاقی بجٹ میں، حکومت نے پہلے سے ٹیکس دہندگان پر ٹیکس کا بوجھ بڑھا دیا ہے، ٹیکس دہندگان کی بنیاد بمعنی طور پر وسیع کرنے کی کوئی کوشش نہیں کی گئی۔ اس کے بعد، SBA کے لیے پیشگی اقدامات کے حصے کے طور پر، مالی سال 24 کے لیے ابتدائی ٹیکس وصولی کے ہدف پر نظر ثانی کی گئی ہے، جو 9.4 ٹریلین روپے تک بڑھا دیا گیا ہے۔ حکومت نے 0.4 فیصد پرائمری سرپلس کا ہدف بھی مقرر کیا ہے۔ توقع ہے کہ مالی سال 23 میں بجٹ خسارہ گزشتہ سال کے مقابلے میں قدرے کم ہو کر جی ڈی پی کا 7.6 فیصد رہ جائے گا اور مالی سال 24 میں مزید کم ہو کر 7.2 فیصد رہ جائے گا امکان ہے۔



ہو سکتی ہے۔ افراط زر کے عروج پر ہونے کے ساتھ، خاص طور پر امریکہ میں، جہاں ہیڈ لائن سی پی آئی 3 فیصد ہے، اپنے عروج پر دہرے ہندسے کی بلند ترین سطح سے نیچے ہے، اس سے سرمائے کی سرمایہ کاری اور ترقی کی حوصلہ افزائی ہونی چاہیے اور سرحد پار سرمایہ کاری کے بہاؤ پر بھی مثبت اثر پڑنا چاہیے۔

عالمی خطرے کے سرمائے کے بہاؤ میں کمی سے پاکستان پر منفی اثر پڑا۔ زیادہ سازگار سرمایہ کاری کے ماحول سے خطرے سے دوبارہ بحالی ہونی چاہیے۔ مالی سال 24 میں افراط زر اوسطاً 21 فیصد رہنے کی توقع ہے۔ توانائی کی قیمتوں میں متوقع اضافے، بجٹ میں اضافی ٹیکس کے اقدامات اور درآمدی ترجیحات کے رہنما اصولوں کو حال ہی میں ختم کرنے کی وجہ سے اگلے چند ماہ تک مقامی دباؤ میں اضافے کی توقع ہے۔ Q1'24 ممکنہ طور پر ایک آسان سائیکل کا آغاز دیکھ سکتی ہے۔

SBA ایک اہم موڑ پر آیا ہے، جس نے ڈیفالٹ کی بات چیت فی الحال ٹال دی ہے۔ اگرچہ یہ متعدد شرائط کے ساتھ آتا ہے، لیکن یہ ای ایف ایف کے مقابلے میں زیادہ بہتر معلوم ہوتا ہے، جو نتیجہ خیز نہیں رہا۔ حکومت پہلے ہی IMF کے پیشگی اقدامات کی تعمیل کے لیے سخت اقدامات کر چکی ہے۔ حکام نے توانائی اصلاحات، خسارے میں چلنے والے سرکاری اداروں کی انتظامی بہتری اور ٹیکس میں کی وسعت، خاص طور پر ریٹیل کو ٹیکس میں لانے کا عہد کیا ہے، یہ سب مالی بوجھ کم کرنے میں اہم ہیں، لیکن کسی بھی سابقہ حکومت نے اب تک اس سے کامیابی سے نہیں نمٹا۔ پاکستان ایک چوراہے پر کھڑا ہے جو مستحکم قرضے کے لیے مزید کسی پالیسی غلطی کا متحمل نہیں ہو سکتا۔ SBA سے باہر معاشی استحکام یقینی بنانے اور جائیداد پر وگرام کی راہ ہموار کرنے کے لیے ساختی اصلاحات کا مستقل نفاذ ضروری ہے۔

HBL نے اپنے ڈیجیٹل سفر میں مزید پیش رفت کی ہے اور ایشیائی منی سے بیرونی توثیق حاصل کی ہے جس نے ہمیں پاکستان میں ڈیجیٹل سلوشنز کے لیے بہترین بینک کا ایوارڈ دیا ہے۔ HBL موبائل 3.4 ملین صارفین کے ساتھ سرفہرست مارکیٹ شیئر رکھتا ہے جس نے 23 کی پہلی ششماہی میں 2 ٹریلین روپے سے زائد ٹرانزیکشن کی۔ سہ ماہی کے دوران، پاکستان بھر میں مالیاتی خدمات کو وسعت دینے کی کوششوں میں، موبائل ایپ کے لیے ایک اردو آپشن متعارف کروایا گیا تھا۔ اس سال ڈیجیٹل تقسیم کردہ پرسنل لونز 20 ارب روپے کے سنگ میل تک پہنچ گئے جس میں ایک لاکھ صارفین شامل ہیں۔ HBL پاکستان کا پہلا بینک بن گیا ہے جس نے کلائنٹ کیئر ٹویٹر ہینڈل "@HBLCare" متعارف کیا ہے۔

پاکستان میں سب سے زیادہ شمولیت والا ادارہ قرار دیے جانے کے بعد ہمیں خوشی ہے کہ ہماری تنوع کے فروغ کی کوششوں کو اسٹیٹ بینک نے تسلیم کیا ہے۔ HBL اپنے بینکاری برائے مساوات اقدام پر بڑے بینکوں میں پہلے نمبر پر ہے جبکہ HBL MfB مائیکرو فنانس بینکوں میں دوسرے نمبر پر ہے۔ حال ہی میں HBL نے اپنی دوسری Impact and Sustainability Report جاری کی ہے جس میں ای ایس جی کی چھتری تلے اقدامات اور تمام پاکستانیوں کے لیے روشن پاکستان میں اس کے کردار کو اجاگر کیا گیا ہے۔ ماحولیات سے ہماری وابستگی اٹل ہے اور ہم اپنی آنے والی نسلوں کے لیے ایک بہتر خطہ ارضی چھوڑنے کے لیے نیٹ زیرو کے سفر میں پرعزم ہیں۔

## اظہار تشکر

بورڈ اور انتظامیہ کی جانب سے ہم اپنے ریگولیٹرز اور حکومت پاکستان، بالخصوص اسٹیٹ بینک آف پاکستان، وزارت مالیات اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی کوششوں کا اعتراف کرتے ہیں۔ اس غیر معمولی وقت میں، انھوں نے ایسی پالیسیاں بنائیں اور اقدامات کیے جو مصلحت پر مبنی، 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 جن میں سے کئی نسلوں سے ہمارے ساتھ منسلک ہیں اور جو اپنے کاروبار اور اعتماد کے ذریعے اپنا بھروسہ جاری رکھے ہوئے ہیں۔ ہمارے شیئر ہولڈرز نے ثابت قدمی سے ہمارا ساتھ دیا اور ان کے ساتھ ہم تمام اسٹیک ہولڈرز کے بھی انتہائی شکر گزار ہیں۔ بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پرعزم ہے اور ہم اپنے اسٹیک ہولڈرز کو یقین دلاتے ہیں کہ اس خطے میں ہم اپنی کاروباری صنعت میں عروج پر ہوں گے۔

آخر میں، لیکن یقینی طور پر کسی سے کم نہیں، ہم اپنے تمام ملازمین اور ان کے اہل خانہ، بالخصوص کسٹمر کا سامنا کرنے والے یونٹس اور برانچوں میں موجود عملے کے شکر گزار ہیں، جنہوں نے ان دوسلوں میں خطرناک وبائی حالات میں بہادری کا مظاہرہ کرتے ہوئے بحران کے اس وقت میں ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنائی۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم ان کے عزم اور انتھک محنت کے لیے انھیں خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ

محمد اورنگزیب

صدر اور چیف ایگزیکٹو آفیسر

معین احمد جمال  
ڈائریکٹر

26 جولائی 2023ء

## ذخائر میں اتار چڑھاؤ

ملین روپے

178,468

26,193
9
89
234
1,441

27,966

206,434

(3,010)
(2,200)
(2,200)
(7,410)
199,024

17.86

افتتاحی غیر تخصیص شدہ منافع

بینک ایکویٹی کے حامل افراد کے لیے قابل ادائیگی منافع ایسوسی ایٹس کے متعین کردہ مینٹنس کی ذمہ داریوں پر دوبارہ تخصیص سے حاصل شدہ۔ محصول کا خالص اثاثہ جات کی دوبارہ تخصیص پر سرپلس سے منتقل شدہ۔ محصول کا خالص سبسڈری میں اضافی منافع کا حصول جو اینٹ وینچر اینگریمنٹ سے دستبرداری

مناسب کارروائی کے لیے دستیاب منافع

مختلف مدوں میں رکھی گئی رقم:

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ۔ حتمی 2022ء

نقد منافع منقسمہ۔ پہلا عبوری 2023ء

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

فی حصص (شیر) آمدنی (روپے)

سرمائے کا تناسب

سہ ماہی میں شاندار نتائج نے بہترین اندرونی سرمایہ پیدا کیا اور بینک کے Tier 1 کیپٹل ایڈیکویسی ریشو میں 54 بی پی ایس شامل کیا ہے۔ جائیدادوں کی سہ سالہ تخصیص نے مارچ 23 میں خالص ری ویلیو ایشن خسارے کو سرپلس میں تبدیل کر دیا، جس سے سرمائے کی پوزیشن میں بہتری آئی۔ روپے اور منافع کی شرح میں مقابلہ استیکام سے Tier 1 CAR زیادہ معمول کی سطح پر لوٹ آئے ہیں۔ HBL کا مجموعی Tier 1 CAR دسمبر 2022ء تک 11.81% کے مقابلے میں 11.88% ہے جبکہ کل CAR 15.19% رہا۔

کریڈٹ ریٹنگ

سہ ماہی کے دوران بینک کی کریڈٹ ریٹنگ کی، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ سے AAA/A-1+ پر بالترتیب طویل المیعاد اور قلیل المیعاد کے لیے دوبارہ تصدیق کی گئی۔ ایڈیشنل Tier 1 کیپٹل کے طور پر جاری کردہ اس کے TFCs کی درجہ بندی AA+ پر برقرار رہی۔ تمام درجہ بندیوں پر آؤٹ لک مستحکم ہے۔ ریٹنگز میں کمرشل بینک کی حیثیت سے HBL کو ملک کا سب سے بڑا بینک قرار دیا گیا۔ اس کی پوزیشن، مضبوط مقامی فریچائز اور متنوع آپریشنز کے ساتھ بہترین لیکویڈٹی، اس کے ٹھوس اثاثہ جات کے معیار اور خاص اہمیت کی عکاسی کرتی ہے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 26 جولائی 2023ء کو منعقد ہونے والے اجلاس میں 30 جون 2023ء کو اختتام پذیر ہونے والی سہ ماہی کے لیے 2.00 روپے فی حصص (20%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

مستقبل کی صورت حال

یوکرین جنگ کے آغاز اور عالمی افراط زر میں تیزی سے اضافے کے بعد سے، عالمی شرح سود میں مسلسل اضافے کے ساتھ عالمی منڈیوں میں مالی بحران کے خطرات میں اضافہ ہوا ہے۔ ابھرتی ہوئی مارکیٹوں پر بھرمار کے اثرات کافی زیادہ رہے ہیں۔ عالمی بینک کو توقع ہے کہ عالمی اقتصادی ترقی 2022ء میں 3.1 فیصد سے کم ہو کر 2023ء میں 2.1 فیصد ہو جائے گی۔ تاہم سخت مانیٹری پالیسی اور گزشتہ چند ماہ کے دوران اجناس کی قیمتوں میں مسلسل کمی کے نتیجے میں عالمی معیشت دوسری ششماہی سے زیادہ بہتر مرحلے میں داخل

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	(Unaudited) June 30, 2023 (Rupees in '000)	(Audited) December 31, 2022
<b>ASSETS</b>			
Cash and balances with treasury banks	5	582,244,164	296,015,386
Balances with other banks	6	62,491,957	41,513,022
Lendings to financial institutions	7	52,983,464	254,593,287
Investments	8	2,136,451,713	1,948,801,042
Advances	9	1,714,432,244	1,782,497,923
Fixed assets	10	137,947,784	113,871,657
Intangible assets	11	20,250,593	18,422,200
Deferred tax assets	12	14,472,809	5,797,045
Other assets	13	224,005,457	177,294,549
		<b>4,945,280,185</b>	<b>4,638,806,111</b>
<b>LIABILITIES</b>			
Bills payable	14	68,078,866	52,001,577
Borrowings	15	564,143,789	583,771,399
Deposits and other accounts	16	3,693,357,255	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	274,206,828	229,795,069
		<b>4,618,660,738</b>	<b>4,353,784,297</b>
		<b>326,619,447</b>	<b>285,021,814</b>
<b>NET ASSETS</b>			
<b>REPRESENTED BY</b>			
<b>Shareholders' equity</b>			
Share capital		14,668,525	14,668,525
Reserves		100,179,304	87,771,332
Surplus on revaluation of assets - net of tax	19	9,897,550	1,235,369
Unappropriated profit		199,023,654	178,467,639
Total equity attributable to the equity holders of the Bank		<b>323,769,033</b>	<b>282,142,865</b>
Non-controlling interest		<b>2,850,414</b>	<b>2,878,949</b>
		<b>326,619,447</b>	<b>285,021,814</b>

## CONTINGENCIES AND COMMITMENTS

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

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Moez Ahamed Jamal  
Director

Shaffiq Dharamshi  
Director

Dr. Najeeb Samie  
Director



# CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Note	January 01 to June 30, 2023	January 01 to June 30, 2022	April 01 to June 30, 2023	April 01 to June 30, 2022
		(Rupees in '000)			
Mark-up / return / profit / interest earned	22	319,196,989	187,634,306	170,646,148	101,080,507
Mark-up / return / profit / interest expensed	23	205,242,241	113,738,181	112,534,426	63,450,310
Net mark-up / return / profit / interest income		113,954,748	73,896,125	58,111,722	37,630,197
<b>Non mark-up / interest income</b>					
Fee and commission income	24	19,778,761	15,057,386	10,435,040	7,715,822
Dividend income		1,826,891	410,139	975,591	155,212
Share of profit of associates and joint venture		2,174,577	816,212	1,364,836	722,805
Foreign exchange (loss) / income - domestic		(5,246,740)	3,343,298	337,219	1,779,738
Foreign exchange income - international		976,818	1,902,742	965,981	1,436,676
Foreign exchange income - unrealised gain related to derivatives		5,784,036	2,599,435	(547,782)	2,101,806
(Loss) / income from derivatives		(5,151,560)	(1,094,276)	1,008,856	(942,636)
(Loss) / gain on securities - net	25	(227,339)	403,228	853,952	209,555
Other income	26	4,165,093	236,537	110,678	134,668
Total non mark-up / interest income		24,080,537	23,674,701	15,504,371	13,313,646
Total income		138,035,285	97,570,826	73,616,093	50,943,843
<b>Non mark-up / interest expenses</b>					
Operating expenses	27	79,348,461	59,047,026	40,152,734	28,689,839
Workers' Welfare Fund		1,102,188	686,889	574,002	400,132
Other charges	28	76,480	442,313	60,715	282,946
Total non mark-up / interest expenses		80,527,129	60,176,228	40,787,451	29,372,917
<b>Profit before provisions and taxation</b>		57,508,156	37,394,598	32,828,642	21,570,926
Provisions / (reversals) and write offs - net	29	5,999,014	2,803,115	2,821,637	1,560,227
<b>Profit before taxation</b>		51,509,142	34,591,483	30,007,005	20,010,699
<b>Taxation</b>	30	25,169,164	22,483,698	16,923,726	16,517,088
<b>Profit after taxation</b>		26,339,978	12,107,785	13,083,279	3,493,611
<b>Attributable to:</b>					
Equity holders of the Bank		26,193,357	11,885,830	12,992,306	3,407,004
Non-controlling interest		146,621	221,955	90,973	86,607
		26,339,978	12,107,785	13,083,279	3,493,611
-----Rupees-----					
<b>Basic and diluted earnings per share</b>	31	17.86	8.10	8.86	2.32

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

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Moez Ahamed Jamal  
Director

Shaffiq Dharamshi  
Director

Dr. Najeeb Samie  
Director

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	January 01 to June 30, 2023	January 01 to June 30, 2022	April 01 to June 30, 2023	April 01 to June 30, 2022
	(Rupees in '000)			
<b>Profit after taxation for the period attributable to:</b>				
Equity holders of the Bank	26,193,357	11,885,830	12,992,306	3,407,004
Non-controlling interest	146,621	221,955	90,973	86,607
	26,339,978	12,107,785	13,083,279	3,493,611
<b>Other comprehensive income / (loss)</b>				
<i>Items that may be reclassified to the profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax, attributable to:				
Equity holders of the Bank	12,588,055	1,907,920	(3,172,906)	1,925,993
Non-controlling interest	-	44,140	-	33,318
	12,588,055	1,952,060	(3,172,906)	1,959,311
Increase in share of exchange translation reserve of associates - net of tax	206,026	74,066	110,892	30,679
Movement in surplus / deficit on revaluation of investments - net of tax, attributable to:				
Equity holders of the Bank	(7,002,424)	(16,755,510)	8,087,673	(8,160,434)
Non-controlling interest	1,763	(54,307)	20,648	(28,235)
	(7,000,661)	(16,809,817)	8,108,321	(8,188,669)
Movement in share of surplus / deficit on revaluation of investments of associates - net of tax	(194,682)	(135,751)	99,995	(74,748)
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods:</i>				
Movement in surplus / deficit on revaluation of fixed assets / non banking assets - net of tax, attributable to:				
Equity holders of the Bank	15,955,803	(201,262)	15,955,803	(201,262)
Non-controlling interest	52,804	(3,081)	52,804	(3,081)
	16,008,607	(204,343)	16,008,607	(204,343)
Movement in share of surplus / deficit on revaluation of fixed assets of associates - net of tax	(6,198)	116,293	(24,051)	(9,797)
Remeasurement gain on defined benefit obligations - net of tax	-	209,435	-	209,435
Share of remeasurement gain / (loss) on defined benefit obligations of associates - net of tax	8,633	1,786	(87)	717
<b>Total comprehensive income / (loss)</b>	<b>47,949,758</b>	<b>(2,688,486)</b>	<b>34,214,050</b>	<b>(2,783,804)</b>
<b>Total comprehensive income / (loss) attributable to:</b>				
Equity holders of the Bank	47,748,570	(2,897,193)	34,049,625	(2,872,413)
Non-controlling interest	201,188	208,707	164,425	88,609
	47,949,758	(2,688,486)	34,214,050	(2,783,804)

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Director

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Attributable to shareholders of the Bank										Non-controlling interest	Total
	Share capital	Statutory		Reserves			Surplus / (deficit) on revaluation of		Unappropriated profit	Sub Total		
		Joint venture and subsidiary	Bank	Exchange translation	Capital	On acquisition of common control entity	Investments	Fixed / Non Banking Assets				
	(Rupees in '000)											
<b>Balance as at December 31, 2021</b>	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
<b>Comprehensive income for the six months ended June 30, 2022</b>												
Profit after taxation for the six months ended June 30, 2022	-	-	-	-	-	-	-	-	11,885,830	11,885,830	221,955	12,107,785
<b>Other comprehensive income / (loss)</b>												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	1,907,920	-	-	-	-	-	-	1,907,920	44,140	1,952,060
Increase in share of exchange translation reserve of associates - net of tax	-	-	74,066	-	-	-	-	-	-	74,066	-	74,066
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	209,435	209,435	-	209,435
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	-	-	1,786	1,786	-	1,786
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	(16,755,510)	(201,262)	-	(16,956,772)	(57,388)	(17,014,160)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	(135,751)	116,293	-	(19,458)	-	(19,458)
Transferred to statutory reserves	-	204,036	1,151,237	-	-	-	(16,891,261)	(84,969)	12,097,051	(2,897,193)	208,707	(2,688,486)
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(35,495)	36,486	991	(991)	-
Acquisition of additional interest in subsidiary	-	-	-	642,741	-	-	(48,015)	312	(33,276)	561,762	(1,143,760)	(581,998)
<b>Transactions with owners, recorded directly in equity</b>												
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)
1st interim cash dividend - Rs 2.25 per share	-	-	-	-	-	-	-	-	(3,300,418)	(3,300,418)	-	(3,300,418)
	-	-	-	-	-	-	-	-	(6,600,836)	(6,600,836)	-	(6,600,836)
<b>Balance as at June 30, 2022</b>	14,668,525	2,319,700	41,194,613	41,450,797	547,115	(156,706)	(19,193,369)	27,293,312	162,585,570	270,709,557	3,104,925	273,814,482
<b>Comprehensive income for the six months ended December 31, 2022</b>												
Profit after taxation for the six months ended December 31, 2022	-	-	-	-	-	-	-	-	22,184,257	22,184,257	106,288	22,290,545
<b>Other comprehensive income / (loss)</b>												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	122,146	-	-	-	-	-	-	122,146	-	122,146
Increase in share of exchange translation reserve of associates - net of tax	-	-	154,080	-	-	-	-	-	-	154,080	-	154,080
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(114,702)	(114,702)	(18,656)	(133,358)
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	-	-	1,971	1,971	-	1,971
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	(6,486,314)	30,850	-	(6,455,464)	(5,042)	(6,460,506)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	(375,856)	8,868	-	(366,988)	-	(366,988)
Transferred to statutory reserves	-	204,124	1,935,463	-	-	-	(6,862,170)	39,718	22,071,526	15,525,300	82,590	15,607,890
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(36,484)	36,484	-	-	-
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	(9,052)	3,414	314,204	308,566	(308,566)	-
<b>Transactions with owners, recorded directly in equity</b>												
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)
	-	-	-	-	-	-	-	-	(4,400,558)	(4,400,558)	-	(4,400,558)
<b>Balance as at December 31, 2022</b>	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
<b>Comprehensive income for the six months ended June 30, 2023</b>												
Profit after taxation for the six months ended June 30, 2023	-	-	-	-	-	-	-	-	26,193,357	26,193,357	146,621	26,339,978
<b>Other comprehensive income / (loss)</b>												
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	12,588,055	-	-	-	-	-	-	12,588,055	-	12,588,055
Increase in share of exchange translation reserve of associates - net of tax	-	-	206,026	-	-	-	-	-	-	206,026	-	206,026
Share of remeasurement gain on defined benefit obligations of associates - net	-	-	-	-	-	-	-	-	8,633	8,633	-	8,633
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	(7,002,424)	15,955,803	-	8,953,379	54,567	9,007,946
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	(194,682)	(6,198)	-	(200,880)	-	(200,880)
Transferred to statutory reserves	-	238,581	2,771,133	-	-	-	(7,197,106)	15,949,605	26,201,990	47,748,570	201,188	47,949,758
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(88,609)	(3,009,714)	-	-	-
Derecognition of joint venture	-	(1,444,256)	-	(1,951,567)	-	-	2,993	-	1,441,263	(1,951,567)	-	(1,951,567)
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	(7,097)	2,395	234,425	229,723	(229,723)	-
<b>Transactions with owners, recorded directly in equity</b>												
Final cash dividend - Rs 1.50 per share declared subsequent to the year ended December 31, 2022	-	-	-	-	-	-	-	-	(2,200,279)	(2,200,279)	-	(2,200,279)
1st interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	-	-	(2,200,279)	(2,200,279)	-	(2,200,279)
	-	-	-	-	-	-	-	-	(4,400,558)	(4,400,558)	-	(4,400,558)
<b>Balance as at June 30, 2023</b>	14,668,525	1,318,149	45,901,209	52,569,537	547,115	(156,706)	(33,265,801)	43,163,351	199,023,654	323,769,033	2,850,414	326,619,447

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

**Muhammad Aurangzeb**  
President and  
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Director

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Director

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Director

# CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	January 01 to June 30, 2023	January 01 to June 30, 2022
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	51,509,142	34,591,483
Dividend income	(1,826,891)	(410,139)
Share of profit of associates and joint venture	(2,174,577)	(816,212)
Mark-up / return / profit / interest expensed on subordinated debt	1,978,849	791,733
	<u>(2,022,619)</u>	<u>(434,618)</u>
	49,486,523	34,156,865
<b>Adjustments:</b>		
Depreciation	4,640,763	3,705,836
Amortisation	1,038,239	833,695
Depreciation on right-of-use assets	2,201,677	1,883,844
Mark-up / return / profit / interest expensed on lease liabilities	1,826,797	1,465,030
Provision for diminution in value of investments	1,720,364	699,193
Provision against loans and advances	4,262,459	3,586,223
Provision against other assets	627,663	346,549
Reversal of provision against off-balance sheet obligations	(237,925)	(1,547,750)
Unrealised loss / (gain) on held-for-trading securities	133,121	(13,613)
Exchange gain on goodwill	(1,123,883)	(125,822)
Gain on derecognition of joint venture	(3,731,399)	-
Gain on sale of fixed assets - net	(108,085)	(25,494)
Workers' Welfare Fund	1,102,188	686,889
	<u>12,351,979</u>	<u>11,494,580</u>
	61,838,502	45,651,445
<b>Decrease / (increase) in operating assets</b>		
Lendings to financial institutions	201,609,823	(234,953,850)
Held-for-trading securities	(56,893,765)	(7,666,765)
Advances	63,803,220	(149,467,917)
Other assets (excluding advance taxation)	(52,626,275)	(37,586,807)
	<u>155,893,003</u>	<u>(429,675,339)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	16,077,289	2,924,117
Borrowings from financial institutions	(19,627,610)	283,326,532
Deposits and other accounts	224,015,003	368,759,415
Other liabilities	43,275,277	43,824,367
	<u>263,739,959</u>	<u>698,834,431</u>
	481,471,464	314,810,537
Income tax paid	(22,981,367)	(12,834,982)
<b>Net cash flows generated from operating activities</b>	<u>458,490,097</u>	<u>301,975,555</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	(206,264,781)	(290,570,263)
Net investment in held-to-maturity securities	63,083,887	(5,183,767)
Net investment in associates	(2,725,744)	(3,045,228)
Dividend received	1,385,634	521,103
Investments in fixed assets	(7,929,403)	(8,427,620)
Investments in intangible assets	(1,625,486)	(4,741,846)
Proceeds from sale of fixed assets	154,283	32,878
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	12,794,081	1,981,986
<b>Net cash flows used in investing activities</b>	<u>(141,127,529)</u>	<u>(309,432,757)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Effect of translation of net investment by non-controlling interest in subsidiary	-	44,140
Payment of mark-up on subordinated debt	(1,994,036)	(788,146)
Payment of lease liability against right-of-use assets	(2,417,093)	(2,384,977)
Dividend paid	(5,743,726)	(6,206,061)
<b>Net cash flows used in financing activities</b>	<u>(10,154,855)</u>	<u>(9,335,044)</u>
<b>Increase / (decrease) in cash and cash equivalents during the period</b>	<u>307,207,713</u>	<u>(16,792,246)</u>
Cash and cash equivalents at the beginning of the period	322,210,726	493,896,900
Effect of exchange rate changes on cash and cash equivalents	15,317,682	11,793,421
	<u>337,528,408</u>	<u>505,690,321</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>644,736,121</u>	<u>488,898,075</u>

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

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Director

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 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 (HBL MfB) – 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 1,726 (December 31, 2022: 1,714) branches inside Pakistan including 307 (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. During the period, AKFED has purchased 43,656,626 shares of the Bank from the market. As a result, its shareholding in the Bank has increased from 51.00% to 53.98%.

- 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.
- 1.6 During the period, the Bank has subscribed to 100 million Rights shares issued by HBL MfB. Post acquisition, the Bank's shareholding in HBL MfB has increased from 76.42% to 79.92%.

### 2 BASIS OF PRESENTATION

#### 2.1 STATEMENT OF COMPLIANCE

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

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

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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

2.2 The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 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 revised its estimate of 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 June 30, 2024	January 01 to June 30, 2023
	(Rupees in '000)	
Increase in other operating expenses - depreciation	7,685	7,685

## 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 SIX MONTHS ENDED JUNE 30, 2023

	(Unaudited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand		
Local currency	69,356,924	74,268,200
Foreign currencies	11,761,123	7,583,546
	<u>81,118,047</u>	<u>81,851,746</u>
With State Bank of Pakistan in		
Local currency current accounts	166,664,622	118,025,638
Foreign currency current accounts	12,044,633	292,436
Foreign currency deposit accounts	24,304,877	655,439
	<u>203,014,132</u>	<u>118,973,513</u>
With other Central Banks in		
Foreign currency current accounts	77,555,396	57,271,642
Foreign currency deposit accounts	53,311,133	35,609,011
	<u>130,866,529</u>	<u>92,880,653</u>
With National Bank of Pakistan in		
Local currency current accounts	165,622,130	1,757,957
Local currency deposit account	1,412,462	389,942
	<u>167,034,592</u>	<u>2,147,899</u>
National Prize Bonds	210,864	161,575
	<u>582,244,164</u>	<u>296,015,386</u>
<b>6 BALANCES WITH OTHER BANKS</b>		
In Pakistan		
In current accounts	319,765	764,679
In deposit accounts	3,666,118	412,037
	<u>3,985,883</u>	<u>1,176,716</u>
Outside Pakistan		
In current accounts	32,715,019	25,939,811
In deposit accounts	25,791,055	14,396,495
	<u>58,506,074</u>	<u>40,336,306</u>
	<u>62,491,957</u>	<u>41,513,022</u>
<b>7 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call money lendings	200,000	-
Repurchase agreement lendings (reverse repo)	52,783,464	254,593,287
	<u>52,983,464</u>	<u>254,593,287</u>



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

8	INVESTMENTS	Note	June 30, 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) -----							
	<b>Held-for-trading (HFT) securities</b>									
	<b>Federal Government securities</b>									
	- Market Treasury Bills		43,402,258	-	(85,420)	43,316,838	5,885,581	-	(7,865)	5,877,716
	- Pakistan Investment Bonds		70,319,226	-	60,590	70,379,816	52,471,296	-	(85,104)	52,386,192
	- Ijarah Sukuks		3,504	-	64	3,568	-	-	-	-
	<b>Shares</b>									
	- Listed companies		383,658	-	(24,760)	358,898	132	-	(41)	91
	<b>Foreign securities</b>									
	- Government debt securities		4,336,514	-	(83,595)	4,252,919	3,278,776	-	8,620	3,287,396
			118,445,160	-	(133,121)	118,312,039	61,635,785	-	(84,390)	61,551,395
	<b>Available-for-sale (AFS) securities</b>									
	<b>Federal Government securities</b>									
	- Market Treasury Bills		311,375,767	-	(780,431)	310,595,336	222,762,973	-	(396,299)	222,366,674
	- Pakistan Investment Bonds		1,032,835,187	-	(47,402,894)	985,432,293	936,341,475	-	(29,604,154)	906,737,321
	- Ijarah Sukuks		135,693,514	-	(3,920,220)	131,773,294	125,360,260	-	(2,772,531)	122,587,729
	- Government of Pakistan US Dollar Bonds		23,898,051	(4,112,340)	(5,522,130)	14,263,581	18,895,230	(2,213,447)	(8,221,230)	8,460,553
	- Other Federal Government securities		7,375,740	-	-	7,375,740	4,686,060	-	-	4,686,060
	<b>Shares</b>									
	- Listed companies		16,876,139	(1,698,504)	(2,690,854)	12,486,781	6,329,024	(2,097,873)	(242,961)	3,988,190
	- Unlisted companies		5,372,888	(134,966)	-	5,237,922	5,372,888	(119,718)	-	5,253,170
	<b>Non-Government debt securities</b>									
	- Listed		52,951,934	(1,262,598)	(1,983,633)	49,705,703	52,253,137	(602,689)	(2,566,098)	49,084,350
	- Unlisted		2,664,233	(413,232)	(12,294)	2,238,707	2,664,233	(413,232)	16,321	2,267,322
	<b>Foreign securities</b>									
	- Government debt securities		139,382,964	(2,126,619)	(889,680)	136,366,665	126,975,290	(1,672,462)	(739,952)	124,562,876
	- Non-Government debt securities									
	- Listed		7,937,157	(1,483,500)	(123,420)	6,330,237	9,364,897	(1,124,713)	(132,840)	8,107,344
	- Unlisted		-	-	-	-	5,461,354	-	593	5,461,947
	- Equity securities - Unlisted		9,762	(239)	-	9,523	7,762	(197)	-	7,565
	<b>National Investment Unit Trust units</b>		11,113	-	22,800	33,913	11,113	-	27,057	38,170
	<b>Real Estate Investment Trust units</b>									
	- Listed		55,000	-	13,400	68,400	55,000	-	13,200	68,200
	- Unlisted		1,575,000	-	-	1,575,000	1,575,000	-	-	1,575,000
	<b>Preference shares</b>									
	- Listed		744,400	-	140,000	884,400	744,400	-	172,200	916,600
	- Unlisted		354,985	(285,793)	-	69,192	354,985	(285,793)	-	69,192
			1,739,113,834	(11,517,791)	(63,149,356)	1,664,446,687	1,519,215,081	(8,530,124)	(44,446,694)	1,466,238,263
	<b>Held-to-maturity (HTM) securities</b>									
	<b>Federal Government securities</b>									
	- Market Treasury Bills		41,335,800	-	-	41,335,800	109,068,345	-	-	109,068,345
	- Pakistan Investment Bonds		233,151,354	-	-	233,151,354	232,170,109	-	-	232,170,109
	- Government of Pakistan US Dollar Bonds		6,598,149	(833,502)	-	5,764,647	5,265,790	(379,077)	-	4,886,713
	<b>Non-Government debt securities</b>									
	- Listed		1,733,295	-	-	1,733,295	1,733,442	-	-	1,733,442
	- Unlisted		19,383,139	-	-	19,383,139	18,301,991	-	-	18,301,991
	<b>Foreign Securities</b>									
	- Government debt securities		15,557,841	-	-	15,557,841	14,365,073	-	-	14,365,073
	- Non-Government debt securities									
	- Listed		68,761	(34,659)	-	34,102	161,426	(15,712)	-	145,714
	- Unlisted		462,050	(12,846)	-	449,204	308,100	-	-	308,100
			318,290,389	(881,007)	-	317,409,382	381,374,276	(394,789)	-	380,979,487
	<b>Investments in associates</b>		37,784,727	-	(1,501,122)	36,283,605	41,033,458	-	(1,001,561)	40,031,897
	<b>Total Investments</b>		2,213,634,110	(12,398,798)	(64,783,599)	2,136,451,713	2,003,258,600	(8,924,913)	(45,532,645)	1,948,801,042

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	(Unaudited) June 30, 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:		
<b>Federal Government securities</b>		
- Market Treasury Bills	100,265,424	76,758,133
- Pakistan Investment Bonds	109,095,370	165,214,633
- Sukuks	19,942,000	25,479,600
<b>Foreign securities</b>		
- Government debt securities	19,554,834	15,216,156
	<b>248,857,628</b>	<b>282,668,522</b>

8.2 The market value of investments classified as held-to-maturity amounted to Rs 274,822.546 million (December 31, 2022: Rs 349,626.342 million).

	8,924,913	4,158,401
8.3 Particulars of provision held against diminution in value of investments		
Opening balance	8,924,913	4,158,401
Exchange adjustments	1,753,521	740,034
Charge / (reversal)		
Charge for the period / year	2,292,562	4,565,152
Reversal for the period / year	(24,185)	(24,044)
Reversal on disposal during the period / year	(548,013)	(689,400)
Net charge	1,720,364	3,851,708
Transferred in	-	67,880
Other movement	-	106,890
Closing balance	<b>12,398,798</b>	<b>8,924,913</b>

Category of classification	(Unaudited) June 30, 2023		(Audited) December 31, 2022	
	Non- Performing Investments	Provision	Non- Performing Investments	Provision
	(Rupees in '000)			
8.4 Particulars of provision against debt securities				
<b>Domestic</b>				
Loss	413,232	413,232	413,232	413,232
<b>Overseas</b>				
Overdue by:				
91 to 180 days	-	-	452,912	452,912
181 days to 365 days	1,437,317	1,437,317	679,188	500,742
> 365	1,420,593	1,420,593	1,065,339	1,065,339
	<b>2,857,910</b>	<b>2,857,910</b>	2,197,439	2,018,993
Total	<b>3,271,142</b>	<b>3,271,142</b>	2,610,671	2,432,225

8.4.1 In addition to the above, overseas branches hold a provision of Rs 7,008.154 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) June 30, 2023	(Audited) December 31, 2022	(Unaudited) June 30, 2023	(Audited) December 31, 2022	(Unaudited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)					
9 ADVANCES						
Loans, cash credits, running finances, etc.	1,369,650,591	1,458,309,880	86,695,850	78,669,633	1,456,346,441	1,536,979,513
Islamic financing and related assets	204,314,259	222,982,477	2,971,468	3,465,365	207,285,727	226,447,842
Bills discounted and purchased	143,998,447	102,480,599	9,953,491	8,760,951	153,951,938	111,241,550
Advances - gross	<b>1,717,963,297</b>	<b>1,783,772,956</b>	<b>99,620,809</b>	<b>90,895,949</b>	<b>1,817,584,106</b>	<b>1,874,668,905</b>
Provision against advances						
- Specific	-	-	(85,489,093)	(78,259,477)	(85,489,093)	(78,259,477)
- General	(17,662,769)	(13,911,505)	-	-	(17,662,769)	(13,911,505)
	<b>(17,662,769)</b>	<b>(13,911,505)</b>	<b>(85,489,093)</b>	<b>(78,259,477)</b>	<b>(103,151,862)</b>	<b>(92,170,982)</b>
Advances - net of provision	<b>1,700,300,528</b>	<b>1,769,861,451</b>	<b>14,131,716</b>	<b>12,636,472</b>	<b>1,714,432,244</b>	<b>1,782,497,923</b>

	(Unaudited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
9.1 Particulars of advances (gross)		
In local currency	1,373,040,730	1,488,734,283
In foreign currencies	444,543,376	385,934,622
	<b>1,817,584,106</b>	<b>1,874,668,905</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2023

9.2 Advances include Rs 99,620.809 million (December 31, 2022: Rs 90,895.949 million) which have been placed under non-performing status as detailed below:

Category of classification	(Unaudited) June 30, 2023		(Audited) December 31, 2022	
	Non-performing advances	Provision	Non-performing advances	Provision
----- (Rupees in '000) -----				
<b>Domestic</b>				
Other assets especially mentioned	1,496,281	20,927	1,100,155	16,962
Substandard	6,921,646	1,756,713	7,126,275	1,804,524
Doubtful	4,623,063	2,317,440	3,096,265	1,467,672
Loss	41,059,016	40,219,861	42,212,390	41,504,116
	<b>54,100,006</b>	<b>44,314,941</b>	<b>53,535,085</b>	<b>44,793,274</b>
<b>Overseas</b>				
Not past due but impaired	287,379	81,784	114,816	65,731
Overdue by:				
Upto 90 days	79,562	20,422	46,595	12,056
91 to 180 days	1,499,186	457,695	1,180,167	295,610
181 to 365 days	21,836	11,332	31,666	13,555
> 365 days	43,632,840	40,602,919	35,987,620	33,079,251
	<b>45,520,803</b>	<b>41,174,152</b>	<b>37,360,864</b>	<b>33,466,203</b>
	<b>99,620,809</b>	<b>85,489,093</b>	<b>90,895,949</b>	<b>78,259,477</b>

### 9.3 Particulars of provision against advances

	(Unaudited) June 30, 2023			(Audited) December 31, 2022		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	78,259,477	13,911,505	92,170,982	72,845,186	11,008,308	83,853,494
Exchange adjustment	8,705,111	899,713	9,604,824	7,453,225	691,606	8,144,831
Charge for the period / year	5,966,256	3,149,260	9,115,516	10,153,742	3,341,192	13,494,934
Reversal for the period / year	(4,555,348)	(297,709)	(4,853,057)	(6,421,672)	(1,129,601)	(7,551,273)
Net charge against advances	1,410,908	2,851,551	4,262,459	3,732,070	2,211,591	5,943,661
Charged off during the period / year -						
agriculture financing	9.5 (122,156)	-	(122,156)	(582,438)	-	(582,438)
Written off during the period / year	(2,764,246)	-	(2,764,246)	(5,333,549)	-	(5,333,549)
Transferred out	-	-	-	(67,880)	-	(67,880)
Other movement	-	-	-	212,863	-	212,863
Closing balance	<b>85,489,094</b>	<b>17,662,769</b>	<b>103,151,863</b>	<b>78,259,477</b>	<b>13,911,505</b>	<b>92,170,982</b>

9.4 General provision includes provision amounting to Rs 3,419.229 million (December 31, 2022: Rs 3,307.203 million) against consumer finance portfolio and Rs 910.432 million (December 31, 2022: Rs 852.560 million) against advances to microenterprises as required by the Prudential Regulations. General provision also includes Rs 4,955.379 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 8,377.729 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 SIX MONTHS ENDED JUNE 30, 2023

	Note	(Unaudited) June 30, 2023	(Audited) December 31, 2022
		(Rupees in '000)	
<b>10</b>	<b>FIXED ASSETS</b>		
	Capital work-in-progress	10.1 7,496,404	7,875,227
	Property and equipment	10.4 130,451,380	105,996,430
		<u>137,947,784</u>	<u>113,871,657</u>
<b>10.1</b>	<b>Capital work-in-progress</b>		
	Civil works	2,171,069	2,485,167
	Equipment	1,312,383	1,211,929
	Advances to suppliers and contractors	4,012,952	4,178,131
		<u>7,496,404</u>	<u>7,875,227</u>
<b>10.2</b>	<b>Additions to fixed assets</b>		
		(Unaudited)	
		For the six months ended	
		June 30, 2023	June 30, 2022
		(Rupees in '000)	
	The following additions have been made to fixed assets during the period:		
	<b>Capital work-in-progress - net</b>	(378,823)	3,309,789
	<b>Property and equipment</b>		
	Leasehold land	1,747,513	-
	Building on leasehold land	825,194	76,980
	Machinery	24,252	27,391
	Leasehold improvements	1,853,715	1,084,311
	Furniture and fixtures	860,741	555,037
	Electrical, office and computer equipment	2,879,126	3,257,700
	Vehicles	117,685	117,524
		<u>8,308,226</u>	<u>5,118,943</u>
	Right-of-use assets - net	2,817,215	2,481,265
		<u>10,746,618</u>	<u>10,909,997</u>
<b>10.3</b>	<b>Disposal of fixed assets</b>		
	The net book value of fixed assets disposed off during the period is as follows:		
	<b>Property and equipment</b>		
	Building on freehold land	10,079	-
	Building on leasehold land	21,904	-
	Leasehold improvements	1,595	560
	Furniture and fixtures	1,690	716
	Electrical, office and computer equipment	10,410	5,071
	Vehicles	520	1,037
		<u>46,198</u>	<u>7,384</u>
<b>10.4</b>	The properties of the Bank were revalued by independent professional valuers as at June 30, 2023. The revaluation was carried out by M/s Tristar International consultant Pvt Ltd, M/s Joseph Lobo Pvt Ltd, M/s Luckyhiya Associates Pvt Ltd, M/s United Valuers (Pte) Limited (Singapore), M/s Sunil Fernando & Associates (Pvt) Limited (Sri Lanka), M/s J&M Associates Pvt Limited (KEPZ), M/s W.W Engineering Services (Pvt) Ltd (HBL MfB) and AJP Surveyors Ltd (UK) on the basis of an assessment of their present market values. The revaluation has resulted in an increase of Rs 18,210.095 million in the surplus. The total surplus arising against revaluation of fixed assets as at June 30, 2023 amounts to Rs 46,888.813 million.		
		(Unaudited) June 30, 2023	(Audited) December 31, 2022
		(Rupees in '000)	
<b>11</b>	<b>INTANGIBLE ASSETS</b>		
	Capital work-in-progress - computer software	6,229,078	5,209,404
	Intangible assets	14,021,515	13,212,796
		<u>20,250,593</u>	<u>18,422,200</u>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

Note	(Unaudited)		
	For the six months ended		
	June 30, 2023	June 30, 2022	
	(Rupees in '000)		
11.1	<b>Additions to intangible assets</b>		
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress - net	1,019,674	1,496,399
	Computer software	605,812	2,411,806
		<u>1,625,486</u>	<u>3,908,205</u>
12	<b>DEFERRED TAX ASSETS / (LIABILITIES)</b>		
	(Unaudited)	(Audited)	
	June 30, 2023	December 31, 2022	
	(Rupees in '000)		
	<b>Deductible temporary differences on</b>		
	- Tax losses of subsidiary	1,775,346	1,365,221
	- Provision against investments	1,045,001	978,286
	- Provision against doubtful debts and off-balance sheet obligations	4,878,593	3,980,486
	- Liabilities written back	2,849,336	2,720,200
	- Deficit on revaluation of investments	30,610,170	18,905,177
	- Deficit on revaluation of investments of associates	735,550	430,671
	- Provision against other assets	6,672	5,855
	- Ijarah financing	272,066	187,390
	- Others	(159,121)	199,558
		<u>42,013,613</u>	<u>28,772,844</u>
	<b>Taxable temporary differences on</b>		
	- Accelerated tax depreciation	(1,899,236)	(2,026,082)
	- Surplus on revaluation of fixed assets	(4,051,029)	(1,927,095)
	- Surplus on revaluation of fixed assets of associates	(199,043)	(160,960)
	- Management rights and goodwill	(299,093)	(336,761)
	- Share of profit of associates	(8,098,438)	(9,015,553)
	- Exchange translation reserve	(12,993,965)	(9,509,348)
		<u>(27,540,804)</u>	<u>(22,975,799)</u>
		<u>14,472,809</u>	<u>5,797,045</u>
13	<b>OTHER ASSETS</b>		
	Mark-up / return / profit / interest accrued in local currency - net of provision	105,072,070	83,907,812
	Mark-up / return / profit / interest accrued in foreign currency - net of provision	9,641,261	6,637,047
	Advances, deposits, advance rent and other prepayments	4,003,284	4,886,327
	Advance taxation	7,702,584	11,978,523
	Advance against subscription of securities	228,514	228,514
	Stationery and stamps on hand	330,228	167,574
	Accrued fees and commissions	528,315	459,334
	Due from Government of Pakistan / SBP	5,799,235	4,600,810
	Mark to market gain on forward foreign exchange contracts	6,783,696	3,639,004
	Mark to market gain on derivative instruments	-	546
	Non-banking assets acquired in satisfaction of claims	241,363	232,109
	Acceptances	63,621,448	55,013,374
	Clearing and settlement accounts	19,090,986	4,352,389
	Dividend receivable	445,140	3,883
	Claims receivable against fraud and forgeries	820,433	694,460
	Others	1,800,922	2,109,609
		<u>226,109,479</u>	<u>178,911,315</u>
	Provision held against other assets	(2,289,259)	(1,791,891)
	Other assets - net of provision	<u>223,820,220</u>	<u>177,119,424</u>
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	185,237	175,125
	Other assets - total	<u>224,005,457</u>	<u>177,294,549</u>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Note	(Unaudited) June 30, 2023 (Rupees in '000)	(Audited) December 31, 2022
<b>13.1 Provision held against other assets</b>			
Claims receivable against fraud and forgeries		820,433	694,460
Suit filed cases		4,979	4,979
Others		1,463,847	1,092,452
		<b>2,289,259</b>	<b>1,791,891</b>
<b>13.1.1 Movement in provision against other assets</b>			
Opening balance		1,791,891	1,243,645
Exchange adjustment		13,180	(7,806)
Charge for the period / year		727,830	661,462
Reversal for the period / year		(100,167)	(37,218)
Net charge		627,663	624,244
Written off during the period / year		(21,535)	(67,820)
Other movement		(121,940)	(372)
Closing balance		<b>2,289,259</b>	<b>1,791,891</b>
<b>14 BILLS PAYABLE</b>			
In Pakistan		64,442,201	50,221,548
Outside Pakistan		3,636,665	1,780,029
		<b>68,078,866</b>	<b>52,001,577</b>
<b>15 BORROWINGS</b>			
<b>Secured</b>			
Borrowings from the SBP under			
- Export refinance scheme		66,266,028	69,820,144
- Export refinance scheme for bill discounting		19,443,639	8,867,548
- Long term financing facility		39,663,360	42,068,296
- Financing facility for renewable energy power plants		6,914,152	7,168,301
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)		419,813	312,545
- Refinance and credit guarantee scheme for women entrepreneurs		45,228	69,658
- Financing facility for storage of agricultural produce		713,430	601,918
- Refinance scheme for payment of wages and salaries		-	1,227,812
- Refinance facility for combating COVID-19		1,825,168	1,793,800
- Temporary economic refinance facility		33,903,828	34,998,333
- Refinance facility for SME Asaan Finance (SAAF)		3,459,383	2,272,423
		<b>172,654,029</b>	<b>169,200,778</b>
Repurchase agreement borrowings		248,802,764	284,971,485
		<b>421,456,793</b>	<b>454,172,263</b>
<b>Unsecured</b>			
- Call money borrowings		31,800,000	19,000,000
- Overdrawn nostro accounts		39,145	354,731
- Borrowings of overseas branches and subsidiaries		34,006,490	42,992,282
- Other long-term borrowings	15.1	76,841,361	67,252,123
		<b>142,686,996</b>	<b>129,599,136</b>
		<b>564,143,789</b>	<b>583,771,399</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

15.1 This includes the following:

- 15.1.1 A loan from the International Finance Corporation amounting to US\$ 74.985 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 is US\$ 189.05 million (December 31, 2022: US\$ 190 million). Drawn amounts are payable in semi-annual installments from January 2023 to January 2033. Interest at a fixed spread over LIBOR is payable semi-annually.
- 15.1.3 Mortgage refinancing facilities from PMRC, amounting to Rs 1,329.859 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

	June 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
<b>Customers</b>						
Current deposits	1,177,812,405	280,823,577	1,458,635,982	1,141,355,935	244,789,722	1,386,145,657
Savings deposits	1,297,567,018	138,168,502	1,435,735,520	1,175,587,462	150,133,207	1,325,720,669
Term deposits	362,796,555	343,178,384	705,974,939	390,089,817	238,210,929	628,300,746
	2,838,175,978	762,170,463	3,600,346,441	2,707,033,214	633,133,858	3,340,167,072
<b>Financial institutions</b>						
Current deposits	8,296,074	2,480,694	10,776,768	7,546,037	3,335,737	10,881,774
Savings deposits	65,633,866	1,407,737	67,041,603	103,171,941	2,181,262	105,353,203
Term deposits	6,714,912	8,477,531	15,192,443	7,863,263	5,076,940	12,940,203
	80,644,852	12,365,962	93,010,814	118,581,241	10,593,939	129,175,180
	2,918,820,830	774,536,425	3,693,357,255	2,825,614,455	643,727,797	3,469,342,252

		(Unaudited)	(Audited)
		June 30, 2023	December 31, 2022
(Rupees in '000)			
17	<b>SUBORDINATED DEBT</b>		
	Additional Tier I Term Finance Certificates	17.1.1	12,374,000
	Additional Tier I Term Finance Certificates	17.1.2	6,500,000
			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.

The key features of these issues are as follows:



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

17.1.1	<b>Issue Date</b>	September 26, 2019
	<b>Issue amount</b>	Rs 12.374 billion
	<b>Rating</b>	AA+ (Double A plus) [December 31, 2022: AA+ (Double A plus)]
	<b>Original Tenor</b>	Perpetual
	<b>Security</b>	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors, but superior to the claims of ordinary shareholders.
	<b>Profit payment frequency</b>	Quarterly in arrears
	<b>Redemption</b>	Perpetual, hence not applicable.
	<b>Mark-up</b>	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).
	<b>Call option</b>	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").
	<b>Lock-in clause</b>	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.
	<b>Loss absorbency clause</b>	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

17.1.2	<b>Issue Date</b>	December 28, 2022
	<b>Issue amount</b>	Rs 6.500 billion
	<b>Rating</b>	AA+ (Double A plus) [December 31, 2022: AA+ (Double A plus)]
	<b>Original Tenor</b>	Perpetual
	<b>Security</b>	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors, but superior to the claims of ordinary shareholders.
	<b>Profit payment frequency</b>	Quarterly in arrears
	<b>Redemption</b>	Perpetual, hence not applicable.
	<b>Mark-up</b>	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).
	<b>Call option</b>	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").
	<b>Lock-in clause</b>	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.
	<b>Loss absorbency clause</b>	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

18 OTHER LIABILITIES	(Unaudited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
Mark-up / return / profit / interest payable in local currency	24,731,404	17,933,842
Mark-up / return / profit / interest payable in foreign currency	10,438,172	5,930,381
Security deposits	1,512,199	1,567,333
Accrued expenses	29,743,206	24,050,020
Mark to market loss on forward foreign exchange contracts	1,499,214	2,489,440
Mark to market loss on derivative instruments	12,815,883	6,882,438
Unclaimed dividends	766,089	751,907
Dividends payable	2,454,326	3,811,676
Provision for post retirement medical benefits	3,681,221	3,522,518
Provision for employees' compensated absences	748,591	762,192
Provision against off-balance sheet obligations	18.1 1,707,022	1,633,326
Acceptances	63,621,448	55,013,374
Branch adjustment account	6,737,411	3,035,551
Provision for staff retirement benefits	1,728,256	1,563,256
Payable to defined benefit plans	776,579	841,326
Provision for Workers' Welfare Fund	10,251,726	9,151,021
Unearned income	5,558,492	4,780,489
Qarza-e-Hasna Fund	338,409	338,409
Levies and taxes payable	11,195,840	13,362,266
Insurance payable	978,122	1,067,263
Provision for rewards program expenses	2,745,553	2,384,689
Liability against trading of securities	15,361,384	22,768,986
Clearing and settlement accounts	26,070,247	12,068,106
Provision for donation to HBL Foundation	395,295	515,961
Contingent consideration payable	500,000	500,000
Charity fund	53,162	25,121
Unclaimed deposits	679,618	528,656
Liability against right-of-use assets	31,069,157	27,079,479
Others	6,048,802	5,436,043
	<b>274,206,828</b>	<b>229,795,069</b>

## 18.1 Provision against off-balance sheet obligations

Opening balance	1,633,326	2,687,054
Exchange adjustment	311,621	277,857
Charge for the period / year	48,266	150,910
Reversal for the period / year	(286,191)	(1,482,495)
Net reversal	(237,925)	(1,331,585)
Closing balance	<b>1,707,022</b>	<b>1,633,326</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

## 19 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	June 30, 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		46,779,722	109,091	46,888,813	28,838,565	16,137	28,854,702
- Fixed assets of associates		406,210	-	406,210	374,325	-	374,325
- Available-for-sale securities	8.1	(63,084,876)	(64,480)	(63,149,356)	(44,375,327)	(71,367)	(44,446,694)
- Available-for-sale securities held by associates	8.1	(1,501,122)	-	(1,501,122)	(1,001,561)	-	(1,001,561)
- Non-banking assets acquired in satisfaction of claims		185,237	-	185,237	175,125	-	175,125
		(17,214,829)	44,611	(17,170,218)	(15,988,873)	(55,230)	(16,044,103)
Deferred tax liability / (asset) on surplus / (deficit) on revaluation of:							
- Fixed assets		4,008,775	42,254	4,051,029	1,927,095	-	1,927,095
- Fixed assets of associates		199,043	-	199,043	160,960	-	160,960
- Available-for-sale securities		(30,584,647)	(25,523)	(30,610,170)	(18,881,626)	(23,551)	(18,905,177)
- Available-for-sale securities held by associates		(735,550)	-	(735,550)	(430,671)	-	(430,671)
- Non-banking assets acquired in satisfaction of claims		-	-	-	-	-	-
		(27,112,379)	16,731	(27,095,648)	(17,224,242)	(23,551)	(17,247,793)
Surplus on revaluation of assets - net of tax		9,897,550	27,880	9,925,430	1,235,369	(31,679)	1,203,690

## 20 CONTINGENCIES AND COMMITMENTS

	Note	(Unaudited)	(Audited)
		June 30, 2023	December 31, 2022
(Rupees in '000)			
- Guarantees	20.1	286,903,649	262,493,102
- Commitments	20.2	790,222,730	942,909,348
- Other contingent liabilities	20.3	23,455,400	23,215,134
		1,100,581,779	1,228,617,584
<b>20.1 Guarantees:</b>			
Financial guarantees		50,414,880	54,186,950
Performance guarantees		230,044,629	201,579,675
Other guarantees		6,444,140	6,726,477
		286,903,649	262,493,102
<b>20.2 Commitments:</b>			
Trade-related contingent liabilities		333,568,990	280,869,037
Commitments in respect of:			
- forward foreign exchange contracts	20.2.1	337,769,389	434,583,053
- forward Government securities transactions	20.2.2	29,462,289	132,295,940
- derivatives	20.2.3	56,811,802	57,305,018
- forward lending	20.2.4	19,468,792	21,948,516
		443,512,272	646,132,527
Commitments for acquisition of:			
- fixed assets		8,778,212	10,436,315
- intangible assets		4,363,256	5,471,469
		13,141,468	15,907,784
		790,222,730	942,909,348
<b>20.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		226,829,819	284,366,183
Sale		110,939,570	150,216,870
		337,769,389	434,583,053

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(Unaudited) (Audited)  
June 30, December 31,  
2023 2022  
(Rupees in '000)

## 20.2.2 Commitments in respect of forward Government securities transactions

Purchase	20,735,145	117,020,407
Sale	8,727,144	15,275,533
	<u>29,462,289</u>	<u>132,295,940</u>

## 20.2.3 Commitments in respect of derivatives

### Cross Currency swaps

Purchase	20,738,369	23,863,687
Sale	33,873,433	30,407,998
	<u>54,611,802</u>	<u>54,271,685</u>

### Interest rate swaps

Purchase	-	-
Sale	2,200,000	3,033,333
	<u>2,200,000</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>19,468,792</u>	<u>21,948,516</u>
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These represent commitments that are irrevocable because they can not be withdrawn at the discretion of the Group without the risk of incurring a significant penalty or expense.

## 20.3 Other contingent liabilities

20.3.1 Claims against the Group not acknowledged as debts	<u>23,455,400</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 unlikely. 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

	June 30, 2023 (Unaudited)			
	Cross currency swaps		Interest rate Swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	----- (Rupees in '000) -----			
Hedging	-	-	-	-
Market Making	54,611,802	(12,582,064)	2,200,000	(233,819)

	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) -----			
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 SIX MONTHS ENDED JUNE 30, 2023

	Note	(Unaudited)	
		For the six months ended	
		June 30, 2023	June 30, 2022
		(Rupees in '000)	
<b>22 MARK-UP / RETURN / PROFIT / INTEREST EARNED</b>			
On:			
Loans and advances		139,973,517	80,734,836
Investments		158,836,280	100,809,680
Lendings to financial institutions		15,770,140	5,644,924
Balances with banks		4,617,052	444,866
		<b>319,196,989</b>	<b>187,634,306</b>
<b>23 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED</b>			
On:			
Deposits		151,239,086	79,341,136
Securities sold under repurchase agreement borrowings		35,588,755	24,402,176
Borrowings		13,693,794	3,929,625
Subordinated debt		1,978,849	791,733
Cost of foreign currency swaps against foreign currency deposits / borrowings		914,960	3,808,481
Lease liability against right-of-use assets		1,826,797	1,465,030
		<b>205,242,241</b>	<b>113,738,181</b>
<b>24 FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		2,311,527	1,924,946
Branchless banking customer fees		223,801	482,283
Consumer finance related fees		1,209,584	1,134,189
Card related fees (debit and credit cards)		6,324,752	4,184,107
Credit related fees		1,340,749	1,293,434
Investment banking fees		466,052	556,622
Commission on trade related products and guarantees		3,607,408	2,447,953
Commission on cash management		799,669	582,749
Commission on remittances (including home remittances)		331,890	346,831
Commission on bancassurance		316,917	381,293
Commission on Government to Person (G2P) payments		654,738	408,416
Management fee		612,134	322,957
Merchant discount and interchange fees		3,344,161	2,436,989
Wealth management fee		257,213	310,570
Others		476,635	134,497
		<b>22,277,230</b>	<b>16,947,836</b>
Less: Sales tax / Federal Excise Duty on fee and commission income		(2,498,469)	(1,890,450)
		<b>19,778,761</b>	<b>15,057,386</b>
<b>25 (LOSS) / GAIN ON SECURITIES - NET</b>			
Realised	25.1	(94,218)	389,615
Unrealised - held-for-trading	8.1	(133,121)	13,613
		<b>(227,339)</b>	<b>403,228</b>
<b>25.1 (Loss) / Gain on securities - realised</b>			
On:			
Federal Government securities			
- Market Treasury Bills		99,300	(114,888)
- Pakistan Investment Bonds		336,354	637,768
- Ijarah Sukuks		11,744	44,988
Shares		(613,932)	(140,719)
Non-Government debt securities		72,316	(37,534)
		<b>(94,218)</b>	<b>389,615</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(Unaudited)  
For the six months ended  
June 30, June 30,  
2023 2022  
(Rupees in '000)

## 26 OTHER INCOME

Incidental charges	322,625	202,998
Gain on derecognition of joint venture	3,731,399	-
Gain on sale of fixed assets - net	108,085	25,494
Rent on properties	2,984	8,045
	<u>4,165,093</u>	<u>236,537</u>

## 27 OPERATING EXPENSES

**Total compensation expense** 28,762,096 25,587,002

### Property expense

Rent and taxes	633,515	608,116
Insurance	168,825	105,300
Utilities cost	2,332,998	1,588,790
Security (including guards)	1,454,526	1,164,594
Repair and maintenance (including janitorial charges)	2,086,906	1,705,586
Depreciation on owned fixed assets	2,588,877	1,937,375
Depreciation on right-of-use assets	2,201,677	1,883,844
	<u>11,467,324</u>	<u>8,993,605</u>

### Information technology expenses

Software maintenance	4,236,462	2,318,596
Hardware maintenance	944,372	590,617
Depreciation	1,606,660	1,291,124
Amortisation	1,038,239	833,695
Network charges	1,008,280	751,175
Consultancy charges	404,943	390,390
	<u>9,238,956</u>	<u>6,175,597</u>

### Other operating expenses

Legal and professional charges	5,518,394	505,167
Outsourced services costs	1,434,295	1,047,600
Travelling and conveyance	1,061,298	661,304
Insurance	905,194	612,779
Remittance charges	413,611	327,468
Cash transportation and sorting charges	1,599,963	1,160,909
Repairs and maintenance	1,059,597	810,937
Depreciation	445,226	477,337
Training and development	300,647	209,464
Postage and courier charges	445,454	420,325
Communication	1,065,401	725,397
Stationery and printing	1,451,565	1,183,279
Marketing, advertisement and publicity	2,488,405	2,389,064
Donations	539,044	185,786
Auditors' remuneration	261,133	178,417
Brokerage and commission	445,530	363,234
Subscription	382,285	179,617
Documentation and processing charges	4,215,716	2,445,607
Entertainment	398,703	274,827
Consultancy charges	1,509,343	587,373
Deposit insurance premium expense	1,554,700	1,351,208
Product feature cost	1,749,317	1,580,393
Others	635,264	613,330
	<u>29,880,085</u>	<u>18,290,822</u>
	<u>79,348,461</u>	<u>59,047,026</u>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Note	(Unaudited) For the six months ended	
		June 30, 2023	June 30, 2022
<b>28 OTHER CHARGES</b>		(Rupees in '000)	
Penalties imposed by the State Bank of Pakistan		43,432	420,361
Penalties imposed by other regulatory bodies		33,048	21,952
		<u>76,480</u>	<u>442,313</u>
<b>29 PROVISIONS / (REVERSALS) AND WRITE OFFS - NET</b>			
Provision for diminution in value of investments	8.3	1,720,364	699,193
Provision against loans and advances	9.3	4,262,459	3,586,223
Provision against other assets	13.1.1	627,663	346,549
Reversal of provision against off-balance sheet obligations	18.1	(237,925)	(1,547,750)
Recoveries against written off / charged off bad debts		(459,576)	(336,895)
Recoveries against other assets written off		-	(1,087)
Other write offs and operational losses		86,029	56,882
		<u>5,999,014</u>	<u>2,803,115</u>
<b>30 TAXATION</b>			
- Current			
- For the year		27,301,677	18,825,534
- Prior year		(44,371)	3,345,792
		<u>27,257,306</u>	<u>22,171,326</u>
- Deferred			
- For the year		(2,517,086)	310,757
- Prior year		428,944	1,615
		<u>(2,088,142)</u>	<u>312,372</u>
		<u>25,169,164</u>	<u>22,483,698</u>
<b>31 BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit for the period attributable to equity holders of the Bank		<u>26,193,357</u>	<u>11,885,830</u>
		(Number)	
Weighted average number of ordinary shares		<u>1,466,852,508</u>	<u>1,466,852,508</u>
		(Rupees)	
Basic and diluted earnings per share		<u>17.86</u>	<u>8.10</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 MEASUREMENTS

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 SIX MONTHS ENDED JUNE 30, 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 June 30, 2023 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
- Federal Government securities	1,555,764,726	-	1,555,764,726	-	1,555,764,726
- Shares - listed companies	12,845,679	4,965,718	7,879,961	-	12,845,679
- Non-Government debt securities					
- Listed	49,705,703	40,004,000	9,701,703	-	49,705,703
- Unlisted	603,041	-	603,041	-	603,041
- Foreign securities					
- Government debt securities	140,619,584	-	140,619,584	-	140,619,584
- Non-Government debt securities - Listed	6,330,237	-	6,330,237	-	6,330,237
- National Investment Unit Trust units	33,913	-	33,913	-	33,913
- Real Estate Investment Trust units	68,400	68,400	-	-	68,400
- Preference Shares - Listed	884,400	884,400	-	-	884,400
	1,766,855,683	45,922,518	1,720,933,165	-	1,766,855,683
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government securities	280,251,801	-	237,880,843	-	237,880,843
- Non-Government debt securities					
- Listed	1,733,295	-	1,734,470	-	1,734,470
- Unlisted	19,383,139	-	19,383,139	-	19,383,139
- Foreign securities					
Government debt securities	15,557,841	-	15,340,788	-	15,340,788
Non-Government debt securities					
- Listed	34,102	-	34,102	-	34,102
- Unlisted	449,204	-	449,204	-	449,204
	317,409,382	-	274,822,546	-	274,822,546
	2,084,265,065	45,922,518	1,995,755,711	-	2,041,678,229

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

As at June 30, 2023 (Unaudited)					
Notional value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Commitments					
- Forward foreign exchange contracts	337,769,389	-	5,284,482	-	5,284,482
- Forward Government securities transactions	29,462,289	-	(9,964)	-	(9,964)
- Derivative instruments	56,811,802	-	(12,815,883)	-	(12,815,883)
<b>As at December 31, 2022 (Audited)</b>					
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	1,318,416,185	-	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 June 30, 2023 (Unaudited)					
Carrying value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
- Land and building	79,580,317	-	-	79,580,317	79,580,317
- Non-banking assets acquired in satisfaction of claims	426,600	-	-	426,600	426,600
	80,006,917	-	-	80,006,917	80,006,917
<b>As at December 31, 2022 (Audited)</b>					
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 SIX MONTHS ENDED JUNE 30, 2023

## 33 SEGMENT INFORMATION

### 33.1 Segment details with respect to Business Activities

For the six months ended June 30, 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)										
<b>Profit and loss account</b>										
Net mark-up / return / profit / interest income	(98,626)	24,258	12,183	43,902	116,029	14,376	(12)	5,132	(3,287)	113,955
Inter segment revenue / (expense) - net	157,203	(15,942)	-	(22,143)	(122,001)	(1,925)	-	-	4,808	-
Non mark-up / interest income	2,155	9,006	1,208	2,801	1,890	4,174	658	1,049	1,140	24,081
Total Income	60,732	17,322	13,391	24,560	(4,082)	16,625	646	6,181	2,661	138,036
Segment direct expenses	15,894	8,599	3,557	2,124	429	12,214	291	4,492	32,927	80,527
Inter segment expense allocation	15,373	5,241	648	6,619	913	817	-	-	(29,611)	-
Total expenses	31,267	13,840	4,205	8,743	1,342	13,031	291	4,492	3,316	80,527
Provisions - charge / (reversal)	577	834	(453)	(955)	(395)	2,885	-	788	2,719	6,000
Profit / (loss) before tax	28,888	2,648	9,639	16,772	(5,029)	709	355	901	(3,374)	51,509

As at June 30, 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)										
<b>Statement of financial position</b>										
Cash and bank balances	233,117	-	26,298	725	185,719	185,318	10	12,619	930	644,736
Lendings to financial institutions	-	-	-	-	52,983	-	-	-	-	52,983
Inter segment lending	1,921,422	-	-	-	-	4,741	-	-	217,022	2,143,185
Investments	-	-	195,786	10,331	1,665,081	199,063	601	20,329	45,261	2,136,452
Advances - performing	-	218,945	203,207	779,096	-	374,862	-	90,126	34,065	1,700,301
Advances - non-performing	-	2,408	2,055	3,757	-	4,347	-	1,565	-	14,132
Others	16,749	6,536	32,388	67,133	93,436	29,622	3,374	13,501	133,938	396,677
<b>Total assets</b>	2,171,288	227,889	459,734	861,042	1,997,219	797,953	3,985	138,140	431,216	7,088,466
Borrowings	-	6,869	71,526	136,255	220,390	121,082	-	8,022	-	564,144
Subordinated debt	-	-	-	-	-	-	-	-	18,874	18,874
Deposits and other accounts	2,136,587	1,585	324,201	531,678	-	535,447	-	108,259	55,600	3,693,357
Inter segment borrowing	-	194,723	5,428	135,167	1,770,376	37,491	-	-	-	2,143,185
Others	34,701	24,712	22,215	57,942	33,731	35,645	815	7,508	125,017	342,286
<b>Total liabilities</b>	2,171,288	227,889	423,370	861,042	2,024,497	729,665	815	123,789	199,491	6,761,846
Equity	-	-	36,364	-	(27,278)	68,288	3,170	14,351	231,725	326,620
<b>Total equity and liabilities</b>	2,171,288	227,889	459,734	861,042	1,997,219	797,953	3,985	138,140	431,216	7,088,466
Contingencies and commitments	85,318	-	36,125	460,798	294,331	188,565	-	-	35,445	1,100,582

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

For the six months ended June 30, 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)										
<b>Profit and loss account</b>										
Net mark-up / return / profit / interest income	(48,218)	17,956	7,497	26,088	64,491	1,825	(65)	5,129	(807)	73,896
Inter segment revenue / (expense) - net	80,503	(9,609)	-	(14,434)	(63,256)	3,476	-	-	3,320	-
Non mark-up / interest income	1,912	6,116	769	2,010	7,494	4,272	329	873	(100)	23,675
Total Income	34,197	14,463	8,266	13,664	8,729	9,573	264	6,002	2,413	97,571
Segment direct expenses	11,940	6,458	2,644	1,655	580	8,584	242	3,804	24,269	60,176
Inter segment expense allocation	10,088	3,832	602	5,347	668	750	-	-	(21,287)	-
Total expenses	22,028	10,290	3,246	7,002	1,248	9,334	242	3,804	2,982	60,176
Provisions - charge / (reversal)	-	567	731	(1,184)	157	940	-	975	617	2,803
Profit / (loss) before tax	12,169	3,606	4,289	7,846	7,324	(701)	22	1,223	(1,186)	34,592

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)										
<b>Statement of financial position</b>										
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
<b>Total assets</b>	<b>2,027,691</b>	<b>241,850</b>	<b>442,176</b>	<b>960,648</b>	<b>1,910,279</b>	<b>667,257</b>	<b>3,656</b>	<b>142,366</b>	<b>398,852</b>	<b>6,794,775</b>
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
<b>Total liabilities</b>	<b>2,027,691</b>	<b>241,850</b>	<b>410,292</b>	<b>960,648</b>	<b>1,928,585</b>	<b>625,623</b>	<b>753</b>	<b>129,141</b>	<b>185,171</b>	<b>6,509,754</b>
Equity	-	-	31,884	-	(18,306)	41,634	2,903	13,225	213,681	285,021
<b>Total equity and liabilities</b>	<b>2,027,691</b>	<b>241,850</b>	<b>442,176</b>	<b>960,648</b>	<b>1,910,279</b>	<b>667,257</b>	<b>3,656</b>	<b>142,366</b>	<b>398,852</b>	<b>6,794,775</b>
<b>Contingencies and commitments</b>	<b>73,024</b>	<b>-</b>	<b>34,569</b>	<b>404,198</b>	<b>449,835</b>	<b>228,876</b>	<b>-</b>	<b>-</b>	<b>38,116</b>	<b>1,228,618</b>

## 34 RELATED PARTY TRANSACTIONS

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

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

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

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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

	As at June 30, 2023 (Unaudited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
<b>Statement of financial position</b>						
<b>Balances with other banks</b>						
In current accounts	-	-	43,539	-	-	163
<b>Investments</b>						
Opening balance	-	-	-	31,882,845	8,149,052	9,705,368
Investment made during the year	-	-	-	950,184	-	-
Investment redeemed / disposed off during the period	-	-	-	(804,829)	-	-
Share of profit - net of tax	-	-	-	1,852,373	313,829	-
Equity method adjustments	-	-	-	3,806,016	1,302,051	-
Dividend received during the period	-	-	-	(810,846)	(203,366)	-
Provision for diminution in the value of investments	-	-	-	(121,941)	-	(15,248)
Transfer (out) / in - net	-	-	-	-	(9,564,088)	9,564,088
Revaluation of fixed assets during the period	-	-	-	31,885	-	-
Revaluation of investments during the period	-	-	-	(502,082)	2,522	(2,565,569)
Exchange adjustment	-	-	-	-	-	881,441
Closing balance	-	-	-	36,283,605	-	17,570,080
Provision for diminution in the value of investments	-	-	-	-	-	58,191
<b>Advances</b>						
Opening balance	1,412	1,009,459	4,547,709	625,000	-	11,738,739
Addition during the period	5,809	373,347	14,414,895	-	-	10,616,571
Repaid during the period	(6,622)	(245,334)	(14,255,680)	(125,000)	-	(10,916,069)
Exchange adjustment	-	157,361	975,524	-	-	13,673
Closing balance	599	1,294,833	5,682,448	500,000	-	11,452,914
<b>Other assets</b>						
Interest / mark-up accrued	-	26,490	90,140	20,505	-	381,378
Advance to suppliers	-	-	-	-	-	-
Other receivables	-	825	-	139,664	-	963
	-	27,315	90,140	160,169	-	382,341
<b>Borrowings</b>						
Opening balance	-	-	3,982,280	12,950,894	2,717,171	1,589,426
Borrowings during the period	-	-	9,693,476	10,920,569	2,348,700	4,920,944
Settled during the period	-	-	(9,698,477)	(21,389,410)	(3,131,600)	(6,000,669)
Transfer (out) / in - net	-	-	-	-	(2,554,127)	2,554,127
Exchange adjustment	-	-	1,181,700	2,961,769	619,856	839,946
Closing balance	-	-	5,158,979	5,443,822	-	3,903,774
<b>Deposits and other accounts</b>						
Opening balance	164,865	523,637	26,213,964	18,870,625	4,204	2,126,163
Received during the period	382,895	4,250,527	235,647,207	532,993,126	3,996	94,113,649
Withdrawn during the period	(479,201)	(3,937,076)	(231,295,248)	(529,425,993)	(7,583)	(93,393,292)
Transfer (out) / in - net	-	-	-	-	(1,412)	1,412
Exchange adjustment	12,258	30,574	219,390	12,108	795	32,102
Closing balance	80,817	867,662	30,785,313	22,449,866	-	2,880,034
<b>Other liabilities</b>						
Interest / mark-up payable	0.44	1,271	566,811	11,017	-	67,812
Payable to Defined Benefit Plan	-	-	-	-	-	776,579
Other payables	-	-	49,577	112,525	-	410,488
	0.44	1,271	616,388	123,542	-	1,254,879
<b>Contingencies and commitments</b>						
Letters of credit	-	-	513,540	-	-	275,254
Guarantees	-	-	175,794	-	-	3,535,727
Forward purchase of Government securities	-	-	60,188	-	-	6,026
Forward purchase of Foreign Exchange Contract	-	-	-	-	-	-
Interest rate swaps	-	-	-	500,000	-	-
	-	-	749,522	500,000	-	3,817,007
<b>Others</b>						
Securities held as custodian	84,450	447,236	23,045,651	165,715,000	-	25,767,860

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

For the six months ended June 30, 2023 (Unaudited)						
Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties	
(Rupees in '000)						
<b>Profit and loss account</b>						
<b>Income</b>						
Mark-up / return / profit / interest earned	225	43,408	369,833	84,259	-	1,704,204
Fee and commission income	446	6,215	131,436	311,174	-	51,875
Share of profit	-	-	-	1,852,372	313,829	-
Dividend income	-	-	-	-	-	1,341,978
Unrealised loss on derivatives	-	-	-	(56,707)	-	-
<b>Expenses</b>						
Mark-up / return / profit / interest expensed	11,726	23,743	1,360,328	4,416,071	-	533,781
Operating expenses						
Total compensation expense	-	2,022,557	-	-	-	963,615
Non-Executive Directors' fees	45,000	-	-	-	-	-
Insurance premium expense	-	-	-	1,634,812	-	-
Product feature cost	-	-	120,673	-	-	-
Travelling	-	-	1,883	-	-	-
Subscription	-	-	-	-	-	6,550
Donations	-	-	-	-	-	395,295
Brokerage and Commission	-	-	-	-	-	149,842
Other Expenses	-	-	45,216	32,939	-	50,574
Provision for diminution in the value of investments	-	-	-	-	-	15,248
<b>Others</b>						
Purchase of Government securities	2,498	126,341	72,494,094	52,655,040	-	44,283,197
Sale of Government securities	80,398	226,668	92,563,109	75,117,463	-	57,734,356
Purchase of foreign currencies	-	6,018	2,825,150	-	-	7,037,761
Sale of foreign currencies	52,805	191,023	2,869,297	2,791	-	15,486
Insurance claims settled	-	-	-	93,667	-	-

Balances and transactions with group entities include deposits of Rs. 198.871 million (December 31, 2022: Rs. 0.590 million) from the parent.

As at December 31, 2022 (Audited)						
Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties	
(Rupees in '000)						
<b>Statement of financial position</b>						
<b>Balances with other banks</b>						
In current accounts	-	-	1,592	-	122	-
<b>Investments</b>						
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
<b>Advances</b>						
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
<b>Other assets</b>						
Interest / mark-up accrued	-	29,028	44,798	19,286	-	268,993
Advance to suppliers	-	-	21,382	-	-	-
Other receivables	-	2,475	-	161,005	-	1,962
	-	31,503	66,180	180,291	-	270,955



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	As at December 31, 2022 (Audited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
<b>Borrowings</b>						
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
<b>Deposits and other accounts</b>						
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
<b>Other liabilities</b>						
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
<b>Contingencies and Commitments</b>						
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
<b>Others</b>						
Securities held as custodian	2,500	94,830	24,812,555	134,281,000	-	18,455,830

	For the six months ended June 30, 2022 (Unaudited)					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
<b>Profit and loss account</b>						
<b>Income</b>						
Mark-up / return / profit / interest earned	13	19,597	117,959	56,459	-	766,109
Fee and commission income	542	2,028	96,558	389,510	-	6,308
Share of profit	-	-	-	530,211	286,001	-
Dividend income	-	-	-	-	-	53,249
Unrealised loss on derivatives	-	-	-	(59,872)	-	-
<b>Expense</b>						
Mark-up / return / profit / interest expensed	9,440	9,100	698,199	1,856,325	13,553	146,806
Operating expenses						
Total compensation expense	-	1,520,747	-	-	-	1,784,524
Non-Executive Directors' fees	46,800	-	-	-	-	-
Insurance premium expense	-	-	-	1,254,697	-	-
Product feature cost	-	-	75,607	-	-	-
Travelling	-	-	7,894	-	-	-
Subscription	-	-	-	-	-	8,646
Donations	-	-	-	-	-	182,786
Brokerage and Commission	-	-	-	-	-	99,207
Other Expenses	-	-	24,108	18,895	-	24,261
Provision for diminution in the value of investments	-	-	-	-	-	13,877
<b>Others</b>						
Purchase of Government securities	-	-	122,358,939	42,597,945	-	15,508,066
Sale of Government securities	-	28,090	126,323,090	50,881,254	-	10,783,463
Purchase of foreign currencies	-	-	793,643	-	-	4,869
Sale of foreign currencies	5,847	134,140	834,202	75,900	-	7,407,316
Insurance claims settled	-	-	-	54,209	-	-

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	(Unaudited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
<b>35 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>14,668,525</u>	<u>14,668,525</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>220,737,667</u>	203,251,762
Eligible Additional Tier 1 (ADT 1) Capital	<u>19,085,761</u>	19,093,425
Total Eligible Tier 1 Capital	<u>239,823,428</u>	222,345,187
Eligible Tier 2 Capital	<u>66,741,742</u>	56,977,624
Total Eligible Capital (Tier 1 + Tier 2)	<u>306,565,170</u>	279,322,811
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u>1,608,921,435</u>	1,511,840,742
Market Risk	<u>143,398,075</u>	105,217,738
Operational Risk	<u>266,263,405</u>	266,263,405
Total	<u>2,018,582,915</u>	1,883,321,885
Common Equity Tier 1 Capital Adequacy ratio	<u>10.94%</u>	10.79%
Tier 1 Capital Adequacy Ratio	<u>11.88%</u>	11.81%
Total Capital Adequacy Ratio	<u>15.19%</u>	14.83%
<b>Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)</b>	<u>9.00%</u>	9.00%
of which: capital conservation buffer requirement	<u>1.50%</u>	1.50%
of which: countercyclical buffer requirement	-	-
of which: D-SIB buffer requirement	<u>1.50%</u>	1.50%
CET1 available to meet buffers (as a percentage of risk weighted assets)	<u>4.94%</u>	4.79%
<b>Other information:</b>		
<b>National minimum capital requirements prescribed by the SBP</b>		
CET1 minimum ratio (%)	<u>9.00%</u>	9.00%
Tier 1 minimum ratio (%)	<u>10.50%</u>	10.50%
Total capital minimum ratio (%)	<u>13.00%</u>	13.00%
<b>Leverage Ratio (LR)</b>		
Eligible Tier-1 Capital	<u>239,823,428</u>	222,345,187
Total Exposures	<u>5,707,433,868</u>	5,292,442,000
<b>Leverage Ratio (%)</b>	<u>4.20%</u>	4.20%
<b>Minimum Requirement (%)</b>	<u>3.00%</u>	3.00%
<b>Liquidity Coverage Ratio (LCR)</b>		
	<b>Total Adjusted Value (Rupees in '000)</b>	
Average High Quality Liquid Assets	<u>1,824,087,402</u>	1,609,446,790
Average Net Cash Outflow	<u>642,507,965</u>	632,560,916
<b>Liquidity Coverage Ratio (%)</b>	<u>283.90%</u>	254.43%
<b>Minimum Requirement (%)</b>	<u>100.00%</u>	100.00%
	<b>Total Weighted Value (Rupees in '000)</b>	
<b>Net Stable Funding Ratio (NSFR)</b>		
Total Available Stable Funding	<u>3,323,394,631</u>	3,225,111,950
Total Required Stable Funding	<u>2,283,896,291</u>	2,171,559,048
<b>Net Stable Funding Ratio (%)</b>	<u>145.51%</u>	148.52%
<b>Minimum Requirement (%)</b>	<u>100.00%</u>	100.00%

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

## 36 ISLAMIC BANKING BUSINESS

The Bank operates 307 (December 31, 2022: 294) Islamic Banking branches and 573 (December 31, 2022: 573) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited) June 30, 2023	(Audited) December 31, 2022
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks		24,854,368	17,497,223
Balances with other banks		1,444,088	451,114
Due from financial institutions		-	-
Investments	36.1	195,786,047	183,654,832
Islamic financing and related assets - net	36.2	205,261,702	223,974,766
Fixed assets		10,071,686	6,497,224
Intangible assets		37,407	30,066
Due from Head Office		-	257,428
Deferred tax assets		1,889,268	1,160,304
Other assets		20,390,071	8,653,602
		<b>459,734,637</b>	<b>442,176,559</b>
<b>LIABILITIES</b>			
Bills payable		28,089	20,267
Due to financial institutions	36.3	71,526,223	74,694,404
Deposits and other accounts	36.4	324,201,247	319,883,948
Due to Head Office		5,426,097	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities		22,188,467	15,693,460
		<b>423,370,123</b>	<b>410,292,079</b>
		<b>36,364,514</b>	<b>31,884,480</b>
<b>NET ASSETS</b>			
<b>REPRESENTED BY</b>			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Deficit on revaluation of investments - net of tax		(1,966,381)	(1,538,078)
Unappropriated profit	36.5	37,830,895	32,922,558
		<b>36,364,514</b>	<b>31,884,480</b>
<b>Contingencies and commitments</b>			
	36.6	(Unaudited) For the six months ended	
		June 30, 2023	June 30, 2022
(Rupees in '000)			
<b>PROFIT AND LOSS ACCOUNT</b>			
Profit / return earned	36.7	31,824,096	19,504,531
Profit / return expensed	36.8	19,640,615	12,020,276
Net profit / return		<b>12,183,481</b>	<b>7,484,255</b>
<b>Other income</b>			
Fee and commission income		768,817	503,946
Dividend income		-	-
Foreign exchange income		426,776	232,330
Income from derivatives		-	-
Gain on securities- net		12,186	44,988
Others		-	475
Total other income		<b>1,207,779</b>	<b>781,739</b>
<b>Total income</b>		<b>13,391,260</b>	<b>8,265,994</b>
<b>Other expenses</b>			
Operating expenses		4,011,541	3,156,203
Workers' Welfare Fund		192,789	89,352
Other charges		120	342
Total other expenses		<b>4,204,450</b>	<b>3,245,897</b>
<b>Profit before provisions</b>		<b>9,186,810</b>	<b>5,020,097</b>
(Reversal) / provisions and write offs - net		(452,646)	731,208
<b>Profit before taxation</b>		<b>9,639,456</b>	<b>4,288,889</b>
Taxation		4,723,333	2,101,556
<b>Profit after taxation</b>		<b>4,916,123</b>	<b>2,187,333</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

## 36.1 Investments by type

	June 30, 2023 (Unaudited)			Carrying value
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	
----- (Rupees in '000) -----				
<b>Held-for-trading (HFT) securities</b>				
Federal Government securities				
- Ijarah Sukuks	3,504	-	64	3,568
<b>Available-for-sale (AFS) securities</b>				
Federal Government securities				
- Ijarah Sukuks	135,693,514	-	(3,920,220)	131,773,294
- Other Federal Government securities	7,375,740	-	-	7,375,740
Non-Government debt securities				
- Listed	45,443,545	-	61,529	45,505,074
- Unlisted	1,401,000	-	3,041	1,404,041
	189,913,799	-	(3,855,650)	186,058,149
<b>Held-to-maturity (HTM) securities</b>				
Non-Government debt securities				
- Unlisted	9,724,330	-	-	9,724,330
<b>Total Investments</b>	<b>199,641,633</b>	<b>-</b>	<b>(3,855,586)</b>	<b>195,786,047</b>
December 31, 2022 (Audited)				
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----				
<b>Available-for-sale (AFS) securities</b>				
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
<b>Held-to-maturity (HTM) securities</b>				
Non-Government debt securities				
- Unlisted	8,962,349	-	-	8,962,349
<b>Total Investments</b>	<b>186,353,214</b>	<b>-</b>	<b>(2,698,382)</b>	<b>183,654,832</b>

## 36.2 Islamic financing and related assets - net

	(Unaudited) June 30, 2023	(Audited) December 31, 2022
(Rupees in '000)		
Diminishing Musharakah	92,846,362	94,643,200
Running Musharakah	45,265,393	57,261,410
Wakalah	14,538,361	14,541,328
Ijarah	2,932,829	2,294,057
Murabaha	1,603,827	3,791,439
Currency Salam	577,384	-
Tijarah	2,384,112	2,887,334
Istisna	2,205,032	1,994,354
Musawamah	940,775	777,472
Advance for Diminishing Musharakah	4,065,339	5,364,119
Advance for Ijarah	3,697,193	3,599,862
Advance for Murabaha	8,563,483	5,546,361
Advance for Salam	-	2,029,702
Advance for Istisna	12,753,373	13,169,142
Advance for Musawamah	1,106,058	3,856,574
Inventories against Murabaha	3,014,419	5,410,563
Inventories against Salam	4,001,066	-
Inventories against Tijarah	3,069,260	5,427,552
Inventories against Istisna	3,721,461	3,853,373
Islamic financing and related assets - gross	207,285,727	226,447,842
Provision against Islamic financing and related assets		
- Specific	(916,594)	(1,376,081)
- General	(1,107,431)	(1,096,995)
Islamic financing and related assets - net of provision	205,261,702	223,974,766

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	(Unaudited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
<b>36.3 Due to financial institutions</b>		
Unsecured acceptances of funds	22,900,000	19,000,000
Acceptances from the SBP under:		
- Islamic export refinance scheme	18,815,590	19,931,491
- Islamic long term financing facility	6,852,653	7,183,674
- Islamic financing facility for renewable energy power plants	687,871	693,399
- Islamic refinance facility for modernization of Small & Medium Enterprises (SMEs)	318,719	129,838
- Islamic refinance and credit guarantee scheme for women entrepreneurs	2,630	5,720
- Islamic refinance facility for combating COVID-19	337,076	143,564
- Islamic temporary economic refinance facility	2,515,678	2,749,061
- Secured Mudarbah Agreement	19,096,006	24,689,405
Acceptances from Pakistan Mortgage Refinance Company	-	168,252
	<u>71,526,223</u>	<u>74,694,404</u>
<b>36.4 Deposits and other accounts</b>		
<b>Customers</b>		
Current deposits	93,127,501	85,498,743
Savings deposits	185,303,417	161,990,175
Term deposits	25,112,289	24,836,049
	<u>303,543,207</u>	<u>272,324,967</u>
<b>Financial Institutions</b>		
Current deposits	11,678	414,372
Savings deposits	20,232,716	47,142,963
Term deposits	413,646	1,646
	<u>20,658,040</u>	<u>47,558,981</u>
	<u>324,201,247</u>	<u>319,883,948</u>
<b>36.5 Islamic Banking business unappropriated profit</b>		
Opening Balance	32,922,558	27,194,762
Add: Islamic Banking profit for the period / year	9,639,456	11,236,017
Less: Taxation	(4,723,333)	(5,505,648)
Less: Transferred / Remitted to Head Office	(7,786)	(2,573)
Closing Balance	<u>37,830,895</u>	<u>32,922,558</u>
<b>36.6 Contingencies and commitments</b>		
- Guarantees	36.6.1 11,457,019	2,862,623
- Commitments	36.6.2 16,897,088	31,705,993
	<u>28,354,107</u>	<u>34,568,616</u>
<b>36.6.1 Guarantees</b>		
Performance guarantees	11,435,205	2,862,623
Other guarantees	21,814	-
	<u>11,457,019</u>	<u>2,862,623</u>
<b>36.6.2 Commitments</b>		
Trade-related contingent liabilities	16,325,107	26,704,850
Commitments in respect of forward foreign exchange contracts	36.6.2.1 571,981	5,001,143
	<u>16,897,088</u>	<u>31,705,993</u>
<b>36.6.2.1 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	-	2,405,370
Sale	571,981	2,595,773
	<u>571,981</u>	<u>5,001,143</u>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

		(Unaudited) For the six months ended	
		June 30, 2023	June 30, 2022
		(Rupees in '000)	
36.7	<b>Profit / return earned</b>		
	On:		
	Financing	15,358,290	8,962,156
	Investments	15,604,516	10,190,009
	Amounts due from financial institutions	861,290	352,366
		<u>31,824,096</u>	<u>19,504,531</u>
36.8	<b>Profit / return expensed</b>		
	On:		
	Deposits and other accounts	13,063,911	8,575,167
	Amounts due to financial institutions	6,086,344	3,160,289
	Foreign currency deposits for Wa'ad based transactions	4,842	13,062
	Lease liability against right-of-use assets	485,518	271,758
		<u>19,640,615</u>	<u>12,020,276</u>

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

37.1 The Board of Directors, in its meeting held on July 26, 2023, has declared a cash dividend of Rs 2.00 per share in respect of the quarter ended June 30, 2023 (June 30, 2022: Rs 1.50 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 July 26, 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

**Moez Ahamed Jamal**  
Director

**Shaffiq Dharamshi**  
Director

**Dr. Najeeb Samie**  
Director





**CONDENSED INTERIM  
UNCONSOLIDATED FINANCIAL  
STATEMENTS**



# DIRECTORS' REVIEW

**On behalf of the Board of Directors, we are pleased to present the Unconsolidated Financial Statements for the six months ended June 30, 2023.**

## Macroeconomic Review

The outgoing fiscal year has been one of the most difficult in recent times. Historic inflation and interest rate levels, a highly contractionary monetary policy and import rationing all combined in a perfect storm; the resulting stagflationary environment, with many businesses shutting down, leading to increased unemployment and poverty. GDP is expected to remain nearly flat with growth at a meager 0.3% for FY23; the large-scale manufacturing index for 11MFY'23 declined by nearly 10% compared to the same period in the prior year. Inflation in FY'23 peaked at 38% in May'23, a hitherto unseen reading. In Jun'23, as the high base effect kicked in, headline inflation tapered to 29.4%. Average inflation for FY'23 was 29.2% vs 12.2% in FY'22.

Pakistan posted its fourth consecutive Current Account surplus in Jun'23, the first June-month surplus since 2011. The weakening external account position and protracted uncertainty around the IMF programme resulted in strict import prioritization, resulting in a 29% contraction during FY'23. Exports, already affected by slowdowns in global markets, were further compressed as import restrictions eventually impacted export businesses; the country's total exports in FY'23 declined by 11% over FY'22. The ever-widening gap between the interbank and kerb markets increasingly diverted remittances to informal channels, with a 14% reduction in official flows, to USD 27 billion. However, the import drop was sufficient to reduce the Current Account deficit by 85% over FY'22, to USD 2.6 billion, the lowest deficit in the last 10 years.

Despite the Government fulfilling a number of conditionalities, the IMF Staff Level Agreement (SLA) remained elusive; however, on the last day of the fiscal year, the IMF announced an SLA for a new 9-month Stand-by Arrangement (SBA) of ~USD 3 billion. The first tranche of USD 1.2 billion was released immediately on approval by the IMF Board in mid-July and the remaining instalments are contingent on quarterly reviews in September and December. The SLA was preceded by a number of prior actions including amendment of the Federal Budget, withdrawal of import prioritization instructions, a more market-determined exchange rate and further monetary tightening. The SBA extends just beyond the expected electoral dates, covering the upcoming caretaker setup as well as the initial period of any new government. Pakistan will have to meet a number of structural benchmarks relating to SOEs and the energy sector, particularly containment of the circular debt; fiscal reform including increasing the number of income tax payers and bringing retailers into the tax net; and a continued tight monetary policy along with a cap on the differential between the kerb and interbank exchange rates.

Foreign exchange reserves remained the single largest concern during FY'23, depleting to under USD 4 billion by May'23. With placements from China in June, the disbursement of the \$1.2 billion IMF tranche and placements of a combined USD 3 billion from Saudi and UAE, reserves have recovered to USD 8.7 billion in mid-July. In Jan'23, with SBP's reserves at their lowest level of USD 3.1 billion, the Rupee saw a major adjustment of Rs 57.4/\$, outstripping the movement of Rs 48.3/\$ during the whole of 2022. While the currency slide since then has been more gradual, the Rupee has lost 20.8% of its value over the first half of 2023. Subsequent to the IMF SLA, the Rupee strengthened by 4%, but has already reverted to above Jun'23 levels as the backlog of foreign currency payments is cleared. The signing of the SBA has also had a positive impact on Pakistan's international bonds which have seen a major rally; bond yields have declined ranging from 4% – 42%, with the largest improvements in the 2024 maturity issue. Subsequently, Fitch has also upgraded its country rating for Pakistan from CCC- to CCC, partially reversing its Feb'23 downgrade, attributing this to improved external liquidity and funding conditions.

Tax collection is expected to surpass Rs 7.0 trillion in FY'23, but will be short of the budgeted amounts. In the Federal Budget announced in June, the Government has enhanced the tax burden on the already-taxed, with no attempt at any meaningful widening of the taxpayer base. Subsequently, as part of the prior actions for the SBA, the initial tax collection target for FY'24 has been revised upwards, to PKR 9.4 trillion. The Government has also targeted a primary surplus of 0.4%. The budget deficit is expected to decline slightly from the previous year to 7.6% of GDP in FY'23 and is projected to further slow down to 7.2% in FY'24.

Lackluster activity was observed in the equity market during H1'23 with political noise and lack of positive IMF-related news both having a significant dampening impact on the market. Corporate announcements of bonus issues and buybacks supported the index which registered a marginal increase of 2.6% in the first half of the calendar year. However, following the IMF agreement, the markets have rallied, with the index gaining 9.3% in just 10 sessions.

Monetary tightening and demand management has continued throughout the year. In an emergency meeting at the end of Jun'23, the SBP raised the Policy Rate by another 100 bps to 22%, bringing the cumulative increase to 600 bps since the start of the year. The SBP cited that this was necessary to ensure positive real interest rates on a forward-looking basis. The SBP highlighted that there are increased upside risks to the inflation outlook emanating from enhanced revenue generation measures included in the Finance Act as well as from the withdrawal of import prioritization guidance. Credit demand has stagnated; private sector credit in 11MFY'23 has marginally fallen compared to a 20.5% growth in 11MFY'22, reflecting the slowdown caused by the extremely high cost of borrowing and import constraints. Industry advances increased by 2.4% over Dec'22 levels, while deposits rebounded from their abnormally low Dec'22 base, growing by 13.5% during the same period. Banking spreads have increased by 280 bps during H1'23 compared to the same period last year, as lending portfolios repriced up, while banks were able to contain the cost of deposits.

## Financial Performance

HBL has delivered a profit before tax of Rs 53.3 billion for the first half of 2023, nearly 65% higher than the PBT for H1'22. This excellent performance was driven by its market-leading domestic franchise which grew profits by 63%; the international business is now delivering sustainable and improved operating performance, making a positive contribution to the Bank's bottom line. Despite excessive and unfair taxation introduced in the Federal Budget, the Bank's profit after tax doubled to Rs 27.7 billion over the corresponding period last year which was also marred by excessive and retrospective tax measures. Earnings per share for the half year were Rs 18.89 compared to Rs 7.85 for H1'22.

The Bank's balance sheet grew by 6% to Rs 4.6 trillion; domestic deposits grew by 5.2% over Dec'22 to Rs 3.1 trillion and total deposits reached Rs 3.4 trillion. Average domestic deposits for H1'23 rose by Rs 309 billion with 90% of the growth from low-cost deposits, enabling HBL to keep its cost of deposits in check. Consequently, the CA mix remained steady at 41.3% and the CASA mix at 86.6%. Private sector credit fell by 7% in the first 5 months of 2023 as borrowing costs reached unprecedented levels. HBL's total advances declined by 6.1% to Rs 1.5 trillion with domestic advances at Rs 1.3 trillion. Most of the domestic lending contraction was in corporate and commercial loans; the Bank's consumer portfolio remained steady at Rs 122 billion in the face of headwinds, while agriculture lending maintained its Rs 50 billion level.

As assets continued to reprice upwards, albeit with a lag, HBL's net interest margin improved by 192bps. Coupled with a growth of Rs 460 billion in the average domestic balance sheet, domestic net interest income increased by 53%. Interest income in the international business also rose substantially, with HBL's total net interest income growing by 55%, to Rs 105 billion. HBL maintains a dominant market position in fees which again delivered stellar growth of 32% to Rs 17.4 billion. Its flagship Cards business outperforms each year and delivered more than 60% of the fee growth; these results were also supported by strong contributions from trade, consumer finance and cash management, with the Bank's total revenue growing by 49%, to Rs 131 billion.

Stubbornly high inflation and rupee devaluation had a significant impact on costs. However, proactive cost management efforts enabled HBL to contain its expense growth to only 1.8% over the previous quarter. This, coupled with the strong revenue growth, improved the cost to income ratio from 55.2% in Q1'23 to 53.4% in Q2'23. Total provisions of the Bank stood at Rs 5.3 billion compared to Rs 1.8 billion in H1'22. The higher provision is mostly due to additional provisions taken in international locations as a consequence of Pakistan's rating downgrade earlier in the year. The Bank's NPLs reduced both domestically and in international locations, but with the decline in loans there was a slight uptick in the infection ratio. As a result of prudent provisioning, the total coverage remains above 100%, while the specific coverage has been maintained at Dec'22 levels of 88%.

## Movement in Reserves

	Rupees in million
Unappropriated profit brought forward	165,386
Profit after tax	27,711
Transferred from surplus on revaluation of assets – net of tax	76
	27,787
Profit available for appropriation	193,173
<b>Appropriations:</b>	
Transferred to statutory reserves	(2,771)
Cash dividend – Final 2022	(2,200)
Cash dividend – 1st Interim 2023	(2,200)
Total appropriations	(7,171)
<b>Unappropriated profit carried forward</b>	<b>186,002</b>
<b>Earnings per share (Rupees)</b>	<b>18.89</b>

## Capital Ratios

Internal capital generated by the strong results added 56 bps to the Bank's Tier 1 Capital Adequacy Ratio (CAR) during the quarter. The triennial valuation of properties turned the net revaluation deficit in Mar'23 to a surplus, improving the capital position. With a relatively more stable Rupee and interest rates, Tier 1 CAR reverted to more normalized levels. The Unconsolidated Tier 1 CAR was 12.66% compared to 12.78% in December 2022, while total CAR increased to 16.0%.

## Credit Ratings

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

## Dividend

The Board of Directors, in its meeting held on July 26, 2023, has declared an interim cash dividend of Rs 2.00 per share (20%) for the quarter ended June 30, 2023.

## Future Outlook

Since the start of the Ukraine war and the sharp uptick in global inflation, the risks of financial distress in global markets have intensified with continuous increases in global interest rates; the spillover effects on emerging markets have been considerably higher. The World Bank expects global economic growth to slow from 3.1% in 2022 to 2.1% in 2023. However, the global economy may be entering a more benign phase from H2'23 as a consequence of a tight monetary policy and the consistent downtrend in commodity prices over the past few months. With inflation peaking, most notably in the US, where headline CPI is 3%, down from double-digit highs at its peak, this should encourage capital investment and growth and also have a positive impact on cross border investment flows.

Pakistan was negatively affected by the pullback in global risk capital flows; a more favourable investment climate should bring about a resumption in risk appetite. Inflation is expected to average 21% in FY'24. Domestic pressures are expected to remain elevated for the next few months, led by expected increases in energy prices, additional taxation measures in the Budget and the recent removal of import prioritization guidelines; Q1'24 may potentially see the start of an easing cycle.

The SBA has come at a crucial juncture, averting talks of default – for now. While it comes with a number of conditionalities, these appear to be more palatable than the EFF, which lapsed without conclusion. The government has already taken tough measures to comply with the IMF prior actions. The authorities have committed to bring energy reforms, improve governance of loss-making state-owned enterprises and widen the tax base, in particular bringing retailers into the taxation base, all of which are critical in lowering the fiscal burden, but which no previous government has successfully tackled. Pakistan is at a crossroads and cannot afford any further policy slippages if its debt is to remain sustainable. Steadfast implementation of structural reforms is critical to ensure economic sustainability beyond the SBA and pave the way towards a successor programme.

HBL has made further strides in its digital journey, with external validation received from Asiamoney who has awarded us the Best Bank for Digital Solutions in Pakistan. HBL Mobile continues to command a leading market share, with 3.4 million users and in H1'23, processed over Rs 2 trillion in transactions. During the quarter, in our efforts to expand financial services across Pakistan, an Urdu option was introduced for the Mobile App. This year, digitally disbursed Personal Loans reached a milestone of Rs 20 billion covering 100,000 clients. HBL also became the first bank in Pakistan to launch a dedicated client care Twitter handle “@HBLCare”.

After being named the Most Inclusive Organization in Pakistan, we are delighted that our efforts at promoting diversity have been recognized by the SBP; HBL is ranked #1 among large banks on their Banking on Equality initiative. Recently, HBL launched its second Impact and Sustainability Report, showcasing its plethora of initiatives under the ESG umbrella and its contributions to a brighter Pakistan for all Pakistanis. Our commitment to the environment remains absolute and we remain resolute in our journey to Net Zero, to leave a better planet for our future generations.

## 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**

July 26, 2023

## ڈائریکٹرز کا جائزہ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2023ء کو ختم ہونے والے نصف سال کے مختصر عبوری غیر مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

### کلیاتی اقتصادیات کا جائزہ

حالیہ دنوں میں گزشتہ مالی سال سب سے زیادہ مشکل رہا ہے۔ افراطِ زر اور شرحِ سود کی تاریخی سطح، انتہائی تنگ مانیٹری پالیسی اور درآمدی حد سب ایک مکمل طوفان کی شکل اختیار کر گئے۔ نتیجتاً ماحول پر جمود طاری ہوا، کئی کاروبار بند ہو گئے، جس کی وجہ سے بے روزگاری اور غربت میں اضافہ ہوا۔ توقع ہے کہ مالی سال 23 کے لیے جی ڈی پی تقریباً یکساں اور معمولی شرح نمو 0.3 فیصد رہے گی۔ مالی سال 23 کے 11 ماہ کے لیے بڑے پیمانے پر مینوفیکچرنگ انڈیکس میں پچھلے سال اسی عرصے کے مقابلے میں تقریباً 10 فیصد کمی واقع ہوئی ہے۔ مالی سال 23 میں افراطِ زر کی شرح مئی 23 میں 38 فیصد تک پہنچ گئی تھی۔ جون 23 میں جب ہائی میس اثرات کا آغاز ہوا تو عمومی افراطِ زر کی شرح کم ہو کر 29.4 فیصد رہ گئی۔ مالی سال 23 کے لیے اوسط افراطِ زر 29.2 فیصد تھی جو مالی سال 22 میں 12.2 فیصد تھی۔

پاکستان نے جون 23 میں مسلسل چوتھی بار کرنٹ اکاؤنٹ سرپلس حاصل کیا، جو 2011ء کے بعد جون کے مہینے میں پہلا سرپلس ہے۔ بیرونی کھاتوں کی کمزور حالت اور IMF پروگرام کے بارے میں طویل غیر یقینی صورتحال کے نتیجے میں درآمدی ترجیحات سخت کر دی گئیں، نتیجتاً ان میں مالی سال 23 کے دوران 29 فیصد کمی واقع ہوئی۔ عالمی منڈیوں میں سست روی کی وجہ سے پہلے ہی متاثرہ برآمدات مزید دب گئیں کیونکہ درآمدی پابندیوں نے بالآخر برآمدی کاروبار کو بھی متاثر کیا۔ مالی سال 23 میں ملکی برآمدات میں مالی سال 22 کے مقابلے میں 11 فیصد کمی واقع ہوئی۔ انٹر بینک اور KERB مارکیٹوں کے درمیان بڑھتے ہوئے فرق کی وجہ سے ترسیلاتِ زر تیزی سے غیر رسمی ذرائع پر منتقل ہوئیں اور سرکاری ترسیلاتِ زر میں 14 فیصد کمی واقع ہوئی جو 27 ارب ڈالر تک پہنچ گئی۔ تاہم درآمدات میں کمی مالی سال 22 کے مقابلے میں کرنٹ اکاؤنٹ خسارے کو 85 فیصد کم کر کے 12.6 ارب ڈالر تک لانے کے لیے کافی تھی جو گزشتہ 10 سالوں میں سب سے کم خسارہ ہے۔

حکومت کی جانب سے متعدد شرائط پوری کرنے کے باوجود IMF اسٹاف لیول ایگریمنٹ (SLA) ابھی تک ممکن نہیں ہو سکا۔ تاہم، مالی سال کے آخری دن، IMF نے 3 بلین امریکی ڈالر کے نئے 9 ماہ کے اسٹیٹڈ بانی انتظامات (SBA) کے لیے SLA کا اعلان کیا۔ 1.2 ارب ڈالر کی پہلی قسط جولائی کے وسط میں IMF بورڈ کی منظوری کے بعد فوری طور پر جاری کی گئی تھی اور ترقیہ اقساط ستمبر اور دسمبر میں سہ ماہی جائزے پر منحصر ہیں۔ SLA سے قبل وفاقی بجٹ میں ترمیم، درآمدات کی ترجیحات کی ہدایات واپس لینے، مارکیٹ کے تعین کردہ شرح تبادلہ اور مزید مالیاتی سختی سمیت متعدد پیشگی اقدامات کیے گئے تھے۔ SBA متوقع انتخابی تاریخوں سے کہیں زیادہ ہے، جس میں آنے والے نگران سیٹ اپ کے ساتھ ساتھ کسی بھی نئی حکومت کی ابتدائی مدت کا احاطہ کیا گیا ہے۔ پاکستان کو ایس او ایز اور توانائی کے شعبے سے متعلق متعدد ساختی معیارات پر پورا اترنا ہوگا، خاص طور پر گردش قرضوں کی روک تھام، مالی اصلاحات بشمول انکم ٹیکس دہندگان کی تعداد میں اضافہ اور ریٹیلرز کو ٹیکس نیٹ میں لانا۔ اس کے ساتھ ساتھ KERB اور انٹر بینک ایکسیج ریٹ کے درمیان فرق کی حد سمیت مسلسل سخت مانیٹری پالیسی اپنائی ہوگی۔

مالی سال 23 کے دوران زرمبادلہ کے ذخائر سب سے زیادہ تشریش کا باعث رہے جو مئی 2023ء تک کم ہو کر 4 ارب ڈالر سے بھی کم رہ گئے۔ جون میں چین کی جانب سے 1.2 ارب ڈالر کی IMF قسط کی تقسیم اور سعودی عرب اور متحدہ عرب امارات کی جانب سے مجموعی طور پر 3 ارب ڈالر کی سرمایہ کاری کے بعد جولائی کے وسط میں زرمبادلہ کے ذخائر 8.7 ارب ڈالر تک پہنچ گئے ہیں۔ جنوری 23 میں اسٹیٹ بینک کے ذخائر 3.1 ارب ڈالر کی کم ترین سطح پر تھے، روپے کی قدر میں 57.4 روپے فی ڈالر کی بڑی ایڈجسٹمنٹ دیکھی گئی، جس نے پورے 2022ء کے دوران 48.3 روپے فی ڈالر کی نقل و حرکت کو پیچھے چھوڑ دیا۔ اگرچہ اس کے بعد سے کرنسی کی قدر میں بتدریج گراؤ آئی ہے، لیکن 2023ء کی پہلی ششماہی میں روپے کی قدر میں 20.8 فیصد کمی واقع ہوئی ہے۔ IMF کے SLA کے بعد روپے کی قدر میں 4 فیصد اضافہ ہوا لیکن غیر ملکی کرنسی کی ادائیگیوں کے بعد یہ جون 23 کی سطح سے اوپر آچکا ہے۔ SBA پر دستخط سے پاکستان کے بین الاقوامی بانڈز پر بھی مثبت اثرات مرتب ہوئے ہیں جن میں بڑی تیزی دیکھنے میں آئی ہے۔ بانڈز کے منافع میں 4 فیصد سے 42 فیصد تک کمی آئی ہے جس میں سب سے زیادہ بہتری 2024ء کی میچورٹی میں آئی ہے۔ اس کے بعد فنانس نے پاکستان کے لیے اپنی کنٹری ریٹنگ کو CCC سے CCC تک اپ گریڈ کر دیا ہے۔ فروری 23 کی درجہ بندی میں جزوی تبدیلی کر دی ہے اور اس کی وجہ بیرونی لیکویڈٹی اور فنڈنگ کی بہتر صورتحال کو قرار دیا ہے۔

مالی سال 23 میں ٹیکس وصولی 7.0 ٹریلین روپے سے تجاوز کرنے کی توقع ہے، لیکن یہ بجٹ کی رقم سے کم ہوگی۔ جون میں اعلان کردہ وفاقی بجٹ میں، حکومت نے پہلے سے ٹیکس دہندگان پر ٹیکس کا بوجھ بڑھا دیا ہے، ٹیکس دہندگان کی بنیاد بمعنی طور پر وسیع کرنے کی کوئی کوشش نہیں کی گئی۔ اس کے بعد، SBA کے لیے پیشگی اقدامات کے حصے کے طور پر، مالی سال 24 کے لیے ابتدائی ٹیکس وصولی کے ہدف پر نظر ثانی کی گئی ہے، جو 9.4 ٹریلین روپے تک بڑھا دیا گیا ہے۔ حکومت نے 0.4 فیصد پراسرٹی سرپلس کا ہدف بھی مقرر کیا ہے۔ توقع ہے کہ مالی سال 23 میں بجٹ خسارہ گزشتہ سال کے مقابلے میں قدرے کم ہو کر جی ڈی پی کا 7.6 فیصد رہ جائے گا اور مالی سال 24 میں مزید کم ہو کر 7.2 فیصد رہ جانے کا امکان ہے۔



## ذخائر میں اتار چڑھاؤ

ملین روپے

165,386

27,711

76

27,787

193,173

(2,771)

(2,200)

(2,200)

(7,171)

186,002

18.89

افتتاحی غیر تخصیص شدہ منافع

بعد از ٹیکس منافع

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

مناسب کارروائی کے لیے دستیاب منافع

مختلف مدوں میں رکھی گئی رقم:

قانونی ذخائر میں منتقل شدہ

نقد منافع منقسمہ۔ حتیٰ 2022ء

نقد منافع منقسمہ۔ پہلا عبوری 2023ء

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

فی حصص (شیر) آمدنی (روپے)

سرمائے کا تناسب

سہ ماہی میں شاندار نتائج نے بہترین اندرونی سرمایہ پیدا کیا اور بینک کے Tier1 کیپٹل ایڈیکویٹی ریشو میں 56 بی پی ایس شامل کیا ہے۔ جائیدادوں کی سہ سالہ تخصیص نے مارچ 23 میں خالص ری ویلیو ایٹن خسارے کو سرپلس میں تبدیل کر دیا، جس سے سرمائے کی پوزیشن میں بہتری آئی۔ روپے اور منافع کی شرح میں مقابلتاً استحکام سے Tier1 CAR زیادہ معمول کی سطح پر لوٹ آئے ہیں۔ HBL کا غیر مجموعی Tier1 CAR دسمبر 2022ء تک 12.78% کے مقابلے میں 12.66% ہے جبکہ کل CAR 16.0% رہا۔

کریڈٹ ریٹنگ

سہ ماہی کے دوران بینک کی کریڈٹ ریٹنگز کی، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ سے AAA/A-1 پر بالترتیب طویل المیعاد اور قلیل المیعاد کے لیے دوبارہ تصدیق کی گئی۔ ایڈیشنل Tier1 کیپٹل کے طور پر جاری کردہ اس کے TFCs کی درجہ بندی AA+ پر برقرار رہی۔ تمام درجہ بندیوں پر آؤٹ لک مستحکم ہے۔ ریٹنگز میں کمرشل بینک کی حیثیت سے HBL کو ملک کا سب سے بڑا بینک قرار دیا گیا۔ اس کی پوزیشن، مضبوط مقامی فریجائز اور متنوع آپریشنز کے ساتھ بہترین لیکویڈٹی، اس کے ٹھوس اثاثہ جات کے معیار اور خاص اہمیت کی عکاسی کرتی ہے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 26 جولائی 2023ء کو منعقد ہونے والے اجلاس میں 30 جون 2023ء کو اختتام پذیر ہونے والی سہ ماہی کے لیے 2.00 روپے فی حصص (20%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

مستقبل کی صورت حال

یوکرین جنگ کے آغاز اور عالمی افراط زر میں تیزی سے اضافے کے بعد سے، عالمی شرح سود میں مسلسل اضافے سے عالمی منڈیوں میں مالی بحران کے خطرات میں اضافہ ہوا ہے۔ ابھرتی ہوئی مارکیٹوں پر بھرمار کے اثرات کافی زیادہ رہے ہیں۔ عالمی بینک کو توقع ہے کہ عالمی اقتصادی ترقی 2022ء میں 3.1 فیصد سے کم ہو کر 2023ء میں 2.1 فیصد ہو جائے گی۔ تاہم سخت مانیری پالیسی اور گزشتہ چند ماہ کے دوران اجناس کی قیمتوں میں مسلسل کمی کے نتیجے میں عالمی معیشت دوسری ششماہی سے زیادہ بہتر مرحلے میں داخل ہو سکتی ہے۔ افراط زر کے عروج پر ہونے کے ساتھ، خاص طور پر امریکہ میں، جہاں ہیڈلائن سی پی آئی 3 فیصد ہے، اپنے عروج پر دہرے ہندسے کی بلند ترین سطح سے نیچے ہے، اس سے سرمائے کی سرمایہ کاری اور ترقی کی حوصلہ افزائی ہونی چاہیے اور سرحد پار سرمایہ کاری کے بہاؤ پر بھی مثبت اثر پڑنا چاہیے۔



23 کی پہلی ششماہی کے دوران ایکویٹی مارکیٹ میں غیر معمولی سرگرمی دیکھی گئی جس میں سیاسی شور شراب اور IMF سے متعلق مثبت خبروں کی کمی دونوں نے مارکیٹ پر نمایاں منفی اثر ڈالا۔ بونس کے مسائل اور بائی بیک کے کارپوریٹ اعلانات نے انڈیکس کو سہارا دیا جس نے تقویمی سال کی پہلی ششماہی میں 2.6 فیصد کا معمولی اضافہ درج کیا۔ تاہم، IMF معاہدے کے بعد، مارکیٹوں میں تیزی آئی ہے، صرف 10 سیشنز میں انڈیکس میں 9.3 فیصد اضافہ ہوا ہے۔

پورے سال مالی سنجی اور طلب کا بندوبست جاری رہا ہے۔ جون 23 کے آخر میں ایک ہنگامی اجلاس میں اسٹیٹ بینک نے پالیسی ریٹ میں مزید 100 بی پی ایس کا اضافہ کر کے 22 فیصد کر دیا جس سے سال کے آغاز سے اب تک مجموعی اضافہ 600 بی پی ایس تک پہنچ گیا ہے۔ اسٹیٹ بینک نے کہا کہ یہ مستقبل کی بنیاد پر مثبت حقیقی شرح سود یقینی بنانے کے لیے ضروری تھا۔ اسٹیٹ بینک نے اس بات پر روشنی ڈالی کہ مالیاتی ایکٹ میں شامل ریونیو جزییشن کے بڑھے ہوئے اقدامات کے ساتھ ساتھ درآمدی ترجیحی رہنمائی سے دستبرداری سے الٹا فریڈز کی صورت حال کے خطرات بڑھ گئے ہیں۔ قرضوں کی طلب جمود کا شکار ہے۔ مالی سال 23 کے 11 ماہ میں نجی شعبے کے قرضوں میں مالی سال 22 کے 11 ماہ کے مقابلے میں معمولی کمی آئی ہے، جو قرض لینے کی انتہائی زیادہ لاگت اور درآمدی پابندیوں کی وجہ سے سست روی کی عکاسی کرتی ہے۔ دسمبر 22 کی سطح کے مقابلے میں صنعتی قرضوں میں 2.4 فیصد اضافہ ہوا جبکہ ڈپازٹس دسمبر 22 کی غیر معمولی کم سطح سے بحال ہوئے اور اسی عرصے کے دوران 13.5 فیصد بڑھ گئے۔ بینکنگ اسپریڈ میں گزشتہ سال کی اسی مدت کے مقابلے میں 23 کی پہلی ششماہی کے دوران 280 بی پی ایس اضافہ ہوا ہے، کیونکہ قرض دینے والے پورٹ فولیو کی دوبارہ قیمت میں اضافہ ہوا ہے، جبکہ بینک ڈپازٹس کی لاگت روکنے میں کامیاب رہے ہیں۔

## مالیاتی کارکردگی

HBL نے 2023ء کی پہلی ششماہی میں 53.3 ارب روپے کا قبل از ٹیکس منافع حاصل کیا ہے جو 22 کی پہلی ششماہی کے PBT کے مقابلے میں تقریباً 65 فیصد زیادہ ہے۔ یہ عمدہ کارکردگی اس کی مارکیٹ کی معروف ڈومیسٹک فریڈز کی وجہ سے تھی جس نے منافع میں 63 فیصد اضافہ کیا۔ بین الاقوامی کاروبار اب پائیدار اور بہتر انتظامی کارکردگی دکھا رہا ہے، جو بینک کی آمدن میں مثبت کردار ادا کر رہا ہے۔ وفاقی بجٹ میں حد سے زیادہ اور غیر منصفانہ ٹیکس متعارف کروائے جانے کے باوجود بینک کا بعد از ٹیکس منافع گزشتہ سال کے اسی عرصے کے مقابلے میں دگنا ہو کر 27.7 ارب روپے تک پہنچ گیا۔ نصف سال کے لیے فی حصص آمدنی 18.89 روپے رہی جو 22 کی پہلی ششماہی میں 7.85 روپے تھی۔

بینک کی بیلنس شیٹ 6 فیصد اضافے سے 4.6 ٹریلین روپے تک پہنچ گئی۔ دسمبر 22 کے مقابلے میں مقامی ڈپازٹس 5.2 فیصد اضافے سے 3.1 ٹریلین روپے اور مجموعی ڈپازٹس 3.4 ٹریلین روپے تک پہنچ گئے۔ 23 کی پہلی ششماہی میں اوسط مقامی ڈپازٹس میں 309 ارب روپے اضافہ ہوا جس میں 90 فیصد اضافہ کم لاگت کے ڈپازٹس سے ہوا جس سے HBL کو ڈپازٹس کی لاگت قابو میں رکھنے میں مدد ملی۔ نتیجتاً، CA کس 41.3 فیصد اور CASA کس 86.6 فیصد پر مستحکم رہا۔ سال 2023ء کے پہلے 5 ماہ میں نجی شعبے کے قرضوں میں 7 فیصد کی واقع ہوئی ہے کیونکہ قرض لینے کی لاگت غیر متوقع سطح پر پہنچ گئی ہے۔ HBL کے مجموعی قرضے 6.1 فیصد کم ہو کر 1.5 ٹریلین روپے رہ گئے جبکہ مقامی قرضے 1.3 ٹریلین روپے رہے۔ زیادہ تر مقامی قرضوں میں کمی کارپوریٹ اور تجارتی قرضوں میں تھی۔ باہر مخالف کے باوجود بینک کا کزیومر پورٹ فولیو 122 ارب روپے پر مستحکم رہا جبکہ زرعی قرضے 50 ارب روپے کی سطح پر برقرار رہے۔

جیسے جیسے اثاثوں کی قیمتوں میں اضافہ ہوتا رہا، HBL کے خالص سود کے مارجن میں 192 بی پی ایس اضافہ ہوا۔ اوسط مقامی بیلنس شیٹ میں 460 ارب روپے اضافے کے ساتھ ساتھ مقامی خالص سود کی آمدنی میں 53 فیصد اضافہ ہوا۔ بین الاقوامی کاروبار میں سود کی آمدنی میں بھی خاطر خواہ اضافہ ہوا، HBL کی کل خالص سود آمدنی 55 فیصد اضافے سے 105 ارب روپے تک پہنچ گئی۔ HBL فیسوں کے حوالے سے مارکیٹ میں غالب پوزیشن برقرار رکھے ہوئے ہے جس نے ایک بار پھر 32 فیصد اضافے کے ساتھ تقریباً 17.4 ارب روپے کا بزنس کیا۔ اس کا فلیگ شپ کارڈز کا کاروبار ہر سال زیادہ بہتر کارکردگی کا مظاہرہ کرتا ہے اور فیس میں 60 فیصد سے زیادہ نمو کر چکا ہے۔ ان نتائج کو ٹریڈ، کزیومر فنانش اور کیش مینجمنٹ کی مضبوط شراکت سے بھی مدد ملی، جس سے بینک کی مجموعی آمدنی 49 فیصد اضافے کے ساتھ 131 ارب روپے تک پہنچ گئی۔

افراط زر میں اضافے اور روپے کی قدر میں کمی کا نمایاں اثر اخراجات پر پڑا۔ تاہم، لاگت کے انتظام کی فعال کوششوں نے HBL کو پچھلی سہ ماہی کے مقابلے میں اپنے اخراجات میں صرف 1.8 فیصد اضافہ برقرار رکھنے کے قابل بنایا۔ اس کے ساتھ ساتھ آمدنی میں زبردست اضافے سے لاگت اور آمدنی کا تناسب 23 کی پہلی سہ ماہی میں 55.2 فیصد سے بہتر ہو کر دوسری سہ ماہی میں 53.4 فیصد ہو گیا۔ بینک کے کل پرووٹن 22 کی پہلی ششماہی میں 1.8 ارب روپے کے مقابلے میں 5.3 ارب روپے رہے۔ اس سال کے اوائل میں پاکستان کی درجہ بندی میں کمی کے نتیجے میں بین الاقوامی مقامات پر اضافی پرووٹن کی وجہ سے زیادہ تر یہ پرووٹن کیا گیا ہے۔ بینک کے این پی ایل میں مقامی اور بین الاقوامی سطح پر کمی واقع ہوئی، لیکن قرضوں میں کمی کے ساتھ انفییشن کے تناسب میں تھوڑا سا اضافہ ہوا۔ محتاط فراہمی کے نتیجے میں، کل کوریج 100 فیصد سے اوپر رہی، جبکہ مخصوص کوریج دسمبر 22 کی سطح 88 فیصد پر برقرار رہی۔

عالمی خطرے کے سرمائے کے بہاؤ میں کمی سے پاکستان پر منفی اثر پڑا۔ زیادہ سازگار سرمایہ کاری کے ماحول سے خطرے سے دوبارہ بحالی ہونی چاہیے۔ مالی سال 24 میں اغراطر اور سٹاپ 21 فیصد رہنے کی توقع ہے۔ توانائی کی قیمتوں میں متوقع اضافے، بجٹ میں اضافی ٹیکس کے اقدامات اور درآمدی ترجیحات کے رہنما اصول حال ہی میں ختم کرنے کی وجہ سے اگلے چند ماہ تک مقامی دباؤ میں اضافے کی توقع ہے۔ 24 Q1 ممکنہ طور پر ایک آسان سائیکل کا آغاز دیکھ سکتی ہے۔

SBA ایک اہم موڑ پر آیا ہے، جس نے ڈیفالٹ کی بات چیت فی الحال ٹال دی ہے۔ اگرچہ یہ متعدد شرائط کے ساتھ آتا ہے، لیکن یہ ای ایف ایف کے مقابلے میں زیادہ بہتر معلوم ہوتا ہے، جو نتیجہ خیز نہیں رہا۔ حکومت پہلے ہی IMF کے پیشگی اقدامات کی تعمیل کے لیے سخت اقدامات کر چکی ہے۔ حکام نے توانائی اصلاحات، خسارے میں چلنے والے سرکاری اداروں کی انتظامی بہتری اور ٹیکس میں کی وسعت، خاص طور پر ریٹیل کو ٹیکس میں لانے کا عہد کیا ہے، یہ سب مالی بوجھ کم کرنے میں اہم ہیں، لیکن کسی بھی سابقہ حکومت نے اب تک اس سے کامیابی سے نہیں نمٹا۔ پاکستان ایک چوراہے پر کھڑا ہے جو مستحکم قرضے کے لیے مزید کسی پالیسی غلطی کا متحمل نہیں ہو سکتا۔ SBA سے باہر معاشی استحکام یقینی بنانے اور جائیداد پر پروگرام کی راہ ہموار کرنے کے لیے ساختی اصلاحات کا مستقل نفاذ ضروری ہے۔

HBL نے اپنے ڈیجیٹل سفر میں مزید پیش رفت کی ہے اور ایشیا میں سے بیرونی توثیق حاصل کی ہے جس نے ہمیں پاکستان میں ڈیجیٹل سلوشنز کے لیے بہترین بینک کا ایوارڈ دیا ہے۔ HBL موبائل 3.4 ملین صارفین کے ساتھ سرفہرست مارکیٹ شیئر رکھتا ہے جس نے 23 کی پہلی ششماہی میں 2 ٹریلین روپے سے زائد ٹرانزیکشن کی۔ سہ ماہی کے دوران، پاکستان بھر میں مالیاتی خدمات کو وسعت دینے کی کوششوں میں، موبائل ایپ کے لیے ایک اردو آپشن متعارف کروایا گیا تھا۔ اس سال ڈیجیٹل تقسیم کردہ پرسنل 20 ارب روپے کے سنگ میل تک پہنچ گئے جس میں ایک لاکھ صارفین شامل ہیں۔ HBL پاکستان کا پہلا بینک بن گیا ہے جس نے کلائنٹ کیئر ٹویٹر ہینڈل "@HBLCare" متعارف کیا ہے۔

پاکستان میں سب سے زیادہ شمولیت والا ادارہ قرار دیے جانے کے بعد ہمیں خوشی ہے کہ ہماری تنوع کے فروغ کی کوششوں کو اسٹیٹ بینک نے تسلیم کیا ہے۔ HBL اپنے بینکاری برائے مساوات اقدام پر بڑے بینکوں میں پہلے نمبر پر ہے۔ حال ہی میں HBL نے اپنی دوسری Impact and Sustainability Report جاری کی ہے جس میں ای ایس جی کی چھتری تلے اقدامات اور تمام پاکستانیوں کے لیے روشن پاکستان میں اس کے کردار کو اجاگر کیا گیا ہے۔ ماحولیات سے ہماری وابستگی اٹل ہے اور ہم اپنی آنے والی نسلوں کے لیے ایک بہتر خطہ ارضی چھوڑنے کے لیے نیٹ زیرو کے سفر میں پرعزم ہیں۔

## اظہارِ تشکر

بورڈ اور انتظامیہ کی جانب سے ہم اپنے ریگولیٹرز اور حکومت پاکستان، بالخصوص اسٹیٹ بینک آف پاکستان، وزارت مالیات اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی کاوشوں کا اعتراف کرتے ہیں۔ اس غیر معمولی وقت میں، انھوں نے ایسی پالیسیاں بنائیں اور اقدامات کیے جو مصلحت پر مبنی، اور متوازن ہیں، معیشت، کسٹمر 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 جن میں سے کئی نسلوں سے ہمارے ساتھ منسلک ہیں اور جو اپنے کاروبار اور اعتماد کے ذریعے اپنا بھروسہ جاری رکھے ہوئے ہیں۔ ہمارے شیئر ہولڈرز نے ثابت قدمی سے ہمارا ساتھ دیا اور ان کے ساتھ ہم تمام اسٹیٹ ہولڈرز کے بھی انتہائی شکر گزار ہیں۔ بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پرعزم ہے اور ہم اپنے اسٹیٹ ہولڈرز کو یقین دلاتے ہیں کہ اس خطے میں ہم اپنی کاروباری صنعت میں عروج پر ہوں گے۔

آخر میں، لیکن یقینی طور پر کسی سے کم نہیں، ہم اپنے تمام ملازمین اور ان کے اہل خانہ، بالخصوص کسٹمر کا سامنا کرنے والے یونٹس اور برانچوں میں موجود عملے کے شکر گزار ہیں، جنھوں نے ان دو سالوں میں خطرناک وبائی حالات میں بہادری کا مظاہرہ کرتے ہوئے بحران کے اس وقت میں ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنائی۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم ان کے عزم اور انتھک محنت کے لیے انھیں خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ

معین احمد جمال  
ڈائریکٹر

محمد اورنگزیب  
صدر اور چیف ایگزیکٹو آفیسر

26 جولائی 2023ء

# INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Habib Bank Limited

Report on review of Condensed Interim Unconsolidated Financial Statements

## Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Habib Bank Limited** ("the Bank") as at 30 June 2023 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

## Scope of Review

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

## Conclusion

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

## Other Matter

The figures for the quarter ended 30 June 2023 in the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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

Date: 7 August 2023

Karachi

UDIN: RR202310201lpk2iSD1E

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	(Unaudited) June 30, 2023 (Rupees in '000)	(Audited) December 31, 2022 (Rupees in '000)
<b>ASSETS</b>			
Cash and balances with treasury banks	5	538,303,070	257,368,084
Balances with other banks	6	45,662,554	31,319,141
Lendings to financial institutions	7	52,983,464	254,593,287
Investments	8	2,082,533,253	1,882,075,268
Advances	9	1,523,305,190	1,622,607,447
Fixed assets	10	131,922,977	109,326,287
Intangible assets	11	12,521,754	11,840,205
Deferred tax assets	12	25,831,105	16,939,758
Other assets	13	213,708,001	169,027,440
		<b>4,626,771,368</b>	<b>4,355,096,917</b>
<b>LIABILITIES</b>			
Bills payable	14	67,642,369	51,676,520
Borrowings	15	555,508,929	579,004,938
Deposits and other accounts	16	3,434,336,115	3,234,176,418
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	18,874,000	18,874,000
Deferred tax liabilities	12	-	-
Other liabilities	18	254,627,664	217,589,525
		<b>4,330,989,077</b>	<b>4,101,321,401</b>
<b>NET ASSETS</b>		<b>295,782,291</b>	<b>253,775,516</b>
<b>REPRESENTED BY</b>			
<b>Shareholders' equity</b>			
Share capital		14,668,525	14,668,525
Reserves		84,476,276	71,735,697
Surplus on revaluation of assets - net of tax	19	10,635,332	1,984,774
Unappropriated profit		186,002,158	165,386,520
		<b>295,782,291</b>	<b>253,775,516</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	20		

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

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Moez Ahamed Jamal  
Director

Shaffiq Dharamshi  
Director

Dr. Najeeb Samie  
Director

# CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Note	January 01 to June 30, 2023	January 01 to June 30, 2022	April 01 to June 30, 2023	April 01 to June 30, 2022
----- (Rupees in '000) -----					
Mark-up / return / profit / interest earned	22	300,184,172	175,332,296	159,899,622	94,460,710
Mark-up / return / profit / interest expensed	23	194,970,848	107,657,673	106,262,438	59,947,183
Net mark-up / return / profit / interest income		105,213,324	67,674,623	53,637,184	34,513,527
<b>Non mark-up / interest income</b>					
Fee and commission income	24	17,418,755	13,200,816	9,174,745	6,755,198
Dividend income		2,801,904	822,312	1,585,651	224,328
Foreign exchange (loss) / income - domestic		(5,976,834)	2,590,151	114,962	1,345,891
Foreign exchange income - international		1,252,703	1,165,962	1,109,582	890,891
Foreign exchange income - unrealised gain related to derivatives		5,784,036	2,599,435	(547,782)	2,101,806
(Loss) / income from derivatives		(5,151,560)	(1,094,276)	1,008,856	(942,636)
(Loss) / gain on securities - net	25	(212,709)	475,772	866,295	277,458
Other income	26	9,657,371	241,698	88,439	144,203
Total non mark-up / interest income		25,573,666	20,001,870	13,400,748	10,797,139
Total income		130,786,990	87,676,493	67,037,932	45,310,666
<b>Non mark-up / interest expenses</b>					
Operating expenses	27	71,031,722	52,340,741	35,828,061	25,262,734
Workers' Welfare Fund		1,064,278	649,426	556,111	367,665
Other charges	28	76,480	442,313	60,715	282,946
Total non mark-up / interest expenses		72,172,480	53,432,480	36,444,887	25,913,345
<b>Profit before provisions and taxation</b>		58,614,510	34,244,013	30,593,045	19,397,321
Provisions / (reversals) and write offs - net	29	5,319,021	1,828,437	2,639,233	1,041,729
<b>Profit before taxation</b>		53,295,489	32,415,576	27,953,812	18,355,592
<b>Taxation</b>	30	25,584,156	20,903,205	15,542,365	15,138,242
<b>Profit after taxation</b>		27,711,333	11,512,371	12,411,447	3,217,350
----- (Rupees) -----					
<b>Basic and diluted earnings per share</b>	31	18.89	7.85	8.46	2.19

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

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Moez Ahamed Jamal  
Director

Shaffiq Dharamshi  
Director

Dr. Najeeb Samie  
Director

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	January 01 to June 30, 2023	January 01 to June 30, 2022	April 01 to June 30, 2023	April 01 to June 30, 2022
	----- (Rupees in '000) -----			
<b>Profit after taxation for the period</b>	<b>27,711,333</b>	11,512,371	<b>12,411,447</b>	3,217,350
<b>Other comprehensive income / (loss)</b>				
<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	<b>9,969,446</b>	902,366	<b>(1,864,613)</b>	1,332,608
Movement in surplus / deficit on revaluation of investments - net of tax	<b>(6,900,995)</b>	(16,321,530)	<b>8,233,331</b>	(7,946,152)
<i>Items that are not to be reclassified to the profit and loss account in subsequent periods</i>				
Remeasurement gain on defined benefit obligations - net of tax	-	209,435	-	209,435
Movement in surplus / deficit on revaluation of fixed assets / Non-banking - net of tax	<b>15,627,549</b>	(201,262)	<b>15,627,549</b>	(201,262)
<b>Total comprehensive income / (loss)</b>	<b><u>46,407,333</u></b>	<u>(3,898,620)</u>	<b><u>34,407,714</u></b>	<u>(3,388,021)</u>

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

Muhammad Aurangzeb  
President and  
Chief Executive Officer

Rayomond Kotwal  
Chief Financial Officer

Moez Ahamed Jamal  
Director

Shaffiq Dharamshi  
Director

Dr. Najeeb Samie  
Director

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Share capital	Reserves			Surplus / (deficit) on revaluation of		Unappropriated profit	Total
		Statutory	Capital		Investments	Fixed / Non-banking assets		
			Exchange Translation	Non - distributable				
(Rupees in '000)								
<b>Balance as at December 31, 2021</b>	14,668,525	40,043,376	29,088,178	547,115	(2,045,362)	27,234,607	148,392,471	257,928,910
<b>Comprehensive income for the six months ended June 30, 2022</b>								
Profit after taxation for the six months ended June 30, 2022	-	-	-	-	-	-	11,512,371	11,512,371
<b>Other comprehensive income / (loss)</b>								
Effect of translation of net investment in foreign branches - net of tax	-	-	902,366	-	-	-	-	902,366
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	209,435	209,435
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(16,321,530)	(201,262)	-	(16,522,792)
	-	-	902,366	-	(16,321,530)	(201,262)	11,721,806	(3,898,620)
Transferred to statutory reserve	-	1,151,237	-	-	-	-	(1,151,237)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(29,140)	29,140	-
<b>Transactions with owners, recorded directly in equity</b>								
Final cash dividend - Rs 2.25 per share declared subsequent to the year ended December 31, 2021	-	-	-	-	-	-	(3,300,418)	(3,300,418)
1st interim cash dividend - Rs 2.25 per share	-	-	-	-	-	-	(3,300,418)	(3,300,418)
	-	-	-	-	-	-	(6,600,836)	(6,600,836)
<b>Balance as at June 30, 2022</b>	14,668,525	41,194,613	29,990,544	547,115	(18,366,892)	27,004,205	152,391,344	247,429,454
<b>Comprehensive income for the six months ended December 31, 2022</b>								
Profit after taxation for the six months ended December 31, 2022	-	-	-	-	-	-	19,354,632	19,354,632
<b>Other comprehensive income / (loss)</b>								
Effect of translation of net investment in foreign branches - net of tax	-	-	(1,932,038)	-	-	-	-	(1,932,038)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	(52,574)	(52,574)
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(6,654,250)	30,850	-	(6,623,400)
	-	-	(1,932,038)	-	(6,654,250)	30,850	19,302,058	10,746,620
Transferred to statutory reserve	-	1,935,463	-	-	-	-	(1,935,463)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(29,139)	29,139	-
<b>Transactions with owners, recorded directly in equity</b>								
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)
	-	-	-	-	-	-	(4,400,558)	(4,400,558)
<b>Balance as at December 31, 2022</b>	14,668,525	43,130,076	28,058,506	547,115	(25,021,142)	27,005,916	165,386,520	253,775,516
<b>Comprehensive income for the six months ended June 30, 2023</b>								
Profit after taxation for the six months ended June 30, 2023	-	-	-	-	-	-	27,711,333	27,711,333
<b>Other comprehensive income / (loss)</b>								
Effect of translation of net investment in foreign branches - net of tax	-	-	9,969,446	-	-	-	-	9,969,446
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(6,900,995)	15,627,549	-	8,726,554
	-	-	9,969,446	-	(6,900,995)	15,627,549	27,711,333	46,407,333
Transferred to statutory reserve	-	2,771,133	-	-	-	-	(2,771,133)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(75,996)	75,996	-
<b>Transactions with owners, recorded directly in equity</b>								
Final cash dividend - Rs 1.50 per share declared subsequent to the year ended December 31, 2022	-	-	-	-	-	-	(2,200,279)	(2,200,279)
1st interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	(2,200,279)	(2,200,279)
	-	-	-	-	-	-	(4,400,558)	(4,400,558)
<b>Balance as at June 30, 2023</b>	14,668,525	45,901,209	38,027,952	547,115	(31,922,137)	42,557,469	186,002,158	295,782,291

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

**Muhammad Aurangzeb**  
President and  
Chief Executive Officer

**Raymond Kotwal**  
Chief Financial Officer

**Moez Ahamed Jamal**  
Director

**Shaffiq Dharamshi**  
Director

**Dr. Najeeb Samie**  
Director



# CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	January 01 to June 30, 2023	January 01 to June 30, 2022
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	53,295,489	32,415,576
Dividend income	(2,801,904)	(822,312)
Mark-up / return / profit / interest expensed on subordinated debt	1,978,849	791,733
	<u>52,472,434</u>	<u>32,384,997</u>
<b>Adjustments:</b>		
Depreciation	4,349,386	3,356,450
Amortisation	970,808	782,443
Depreciation on right-of-use assets	1,809,655	1,567,836
Mark-up / return / profit / interest expensed on lease liabilities	1,702,418	1,365,308
Provision for diminution in value of investments	1,728,150	699,193
Provision against loans and advances	3,416,380	2,611,545
Provision against other assets	727,830	346,549
Reversal of provision against off-balance sheet obligations	(237,925)	(1,547,750)
Unrealised loss / (gain) on held-for-trading securities	128,317	(22,100)
Gain on derecognition of joint venture	(9,333,221)	-
Gain on sale of fixed assets - net	(108,063)	(25,090)
Workers' Welfare Fund	1,064,278	649,426
	<u>6,218,013</u>	<u>9,783,810</u>
	<u>58,690,447</u>	<u>42,168,807</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	201,609,823	(234,953,850)
Held-for-trading securities	(52,772,984)	(6,901,825)
Advances	95,885,877	(124,173,558)
Other assets (excluding advance taxation)	(50,959,794)	(34,871,958)
	<u>193,762,922</u>	<u>(400,901,191)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	15,965,849	2,943,749
Borrowings from financial institutions	(23,496,009)	281,732,680
Deposits and other accounts	200,159,697	346,702,365
Other liabilities	34,402,731	39,283,798
	<u>227,032,268</u>	<u>670,662,592</u>
	<u>479,485,637</u>	<u>311,930,208</u>
Income tax paid	(22,182,482)	(12,289,123)
<b>Net cash flows generated from operating activities</b>	<u>457,303,155</u>	<u>299,641,085</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	(218,941,455)	(285,527,727)
Net investment in held-to-maturity securities	63,439,174	(862,293)
Net investment in subsidiaries	(1,000,000)	(2,578,834)
Net investment in associates	30,210	(29,049)
Dividend received	2,360,647	933,276
Investments in fixed assets	(7,533,738)	(7,856,170)
Investments in intangible assets	(1,557,773)	(3,734,317)
Proceeds from sale of fixed assets	144,613	31,587
Effect of translation of net investment in foreign branches - net of tax	9,969,446	902,366
<b>Net cash flows used in investing activities</b>	<u>(153,088,876)</u>	<u>(298,721,161)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of mark-up on subordinated debt	(1,994,036)	(788,146)
Payment of lease liability against right-of-use assets	(1,198,118)	(2,015,590)
Dividend paid	(5,743,726)	(6,206,061)
<b>Net cash flows used in financing activities</b>	<u>(8,935,880)</u>	<u>(9,009,797)</u>
<b>Increase / (decrease) in cash and cash equivalents during the period</b>	<u>295,278,399</u>	<u>(8,089,873)</u>
Cash and cash equivalents at the beginning of the period	285,179,381	431,368,625
Effect of exchange rate changes on cash and cash equivalents	3,507,844	10,336,443
	<u>288,687,225</u>	<u>441,705,068</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>583,965,624</u>	<u>433,615,195</u>

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

**Muhammad Aurangzeb**  
President and  
Chief Executive Officer

**Rayomond Kotwal**  
Chief Financial Officer

**Moez Ahamed Jamal**  
Director

**Shaffiq Dharamshi**  
Director

**Dr. Najeeb Samie**  
Director

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 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 1,726 (December 31, 2022: 1,714) branches inside Pakistan including 307 (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. During the period, AKFED has purchased 43,656,626 shares of the Bank from the market. As a result its shareholding in the Bank has increased from 51.00% to 53.98%.

- 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.
- 1.6 During the period, the Bank has subscribed to 100 million Rights shares issued by HBL Microfinance Bank Limited (HBL MfB). Post acquisition, the Bank's shareholding in HBL MfB has increased from 76.42% to 79.92%.

### 2 BASIS OF PRESENTATION

#### 2.1 STATEMENT OF COMPLIANCE

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

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

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

- 2.2 The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34. These condensed interim unconsolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the unconsolidated 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 SIX MONTHS ENDED JUNE 30, 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 revised its estimate of 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 unconsolidated 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 June 30, 2024	January 01 to June 30, 2023
(Rupees in '000)	

Increase in other operating expenses - depreciation	7,685	7,685
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## 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) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
In hand		
Local currency	66,940,290	71,656,001
Foreign currencies	11,074,865	7,193,966
	<u>78,015,155</u>	<u>78,849,967</u>
With State Bank of Pakistan in		
Local currency current accounts	161,309,820	107,551,161
Foreign currency current accounts	12,044,633	292,436
Foreign currency deposit accounts	24,304,877	655,439
	<u>197,659,330</u>	<u>108,499,036</u>
With other Central Banks in		
Foreign currency current accounts	43,484,458	32,490,538
Foreign currency deposit accounts	53,311,133	35,609,011
	<u>96,795,591</u>	<u>68,099,549</u>
With National Bank of Pakistan in local currency current accounts	165,622,130	1,757,957
National Prize Bonds	210,864	161,575
	<u>538,303,070</u>	<u>257,368,084</u>

## 6 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	12,500	81,588
Outside Pakistan		
In current accounts	21,836,220	16,458,763
In deposit accounts	23,813,834	14,778,790
	<u>45,650,054</u>	<u>31,237,553</u>
	<u>45,662,554</u>	<u>31,319,141</u>

## 7 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	200,000	-
Repurchase agreement lendings (reverse repo)	52,783,464	254,593,287
	<u>52,983,464</u>	<u>254,593,287</u>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

8	INVESTMENTS	Note	June 30, 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	<b>Investments by type</b>		(Rupees in '000)							
	<b>Held-for-trading (HFT) securities</b>									
	<b>Federal Government securities</b>									
	- Market Treasury Bills		39,281,476	-	(80,616)	39,200,860	5,885,581	-	(7,865)	5,877,716
	- Pakistan Investment Bonds		70,319,226	-	60,590	70,379,816	52,471,296	-	(85,104)	52,386,192
	- Ijarah Sukuks		3,504	-	64	3,568	-	-	-	-
	<b>Shares</b>									
	- Listed companies		383,658	-	(24,760)	358,898	132	-	(42)	90
	<b>Foreign securities</b>									
	- Government debt securities		4,336,514	-	(83,595)	4,252,919	3,278,776	-	8,620	3,287,396
			114,324,378	-	(128,317)	114,196,061	61,635,785	-	(84,391)	61,551,394
	<b>Available-for-sale (AFS) securities</b>									
	<b>Federal Government securities</b>									
	- Market Treasury Bills		311,375,767	-	(780,431)	310,595,336	206,248,292	-	(363,332)	205,884,960
	- Pakistan Investment Bonds		1,019,440,353	-	(47,081,780)	972,358,573	925,726,908	-	(29,334,463)	896,392,445
	- Ijarah Sukuks		135,693,514	-	(3,920,220)	131,773,294	125,360,260	-	(2,772,531)	122,587,729
	- Government of Pakistan US Dollar Bonds		23,898,051	(4,112,340)	(5,522,130)	14,263,581	18,895,230	(2,213,447)	(8,221,230)	8,460,553
	- Other Federal Government securities		7,375,740	-	-	7,375,740	4,686,060	-	-	4,686,060
	<b>Shares</b>									
	- Listed companies		16,876,139	(1,698,504)	(2,690,854)	12,486,781	6,329,024	(2,097,873)	(242,961)	3,988,190
	- Unlisted companies		5,372,623	(134,966)	-	5,237,657	5,372,623	(119,718)	-	5,252,905
	<b>Non-Government debt securities</b>									
	- Listed		52,951,934	(1,262,598)	(1,983,633)	49,705,703	52,253,137	(602,689)	(2,566,098)	49,084,350
	- Unlisted		2,664,233	(413,232)	(12,294)	2,238,707	2,664,233	(413,232)	16,321	2,267,322
	<b>Foreign securities</b>									
	- Government debt securities		110,621,484	(2,126,619)	(744,123)	107,750,742	107,850,716	(1,672,462)	(582,189)	105,596,065
	- Non-Government debt securities - Listed		4,331,747	(62,907)	(33,160)	4,235,680	4,541,314	(59,375)	(42,714)	4,439,225
	- Equity securities - Unlisted		9,762	(239)	-	9,523	7,762	(197)	-	7,565
	<b>National Investment Unit Trust units</b>		11,113	-	22,800	33,913	11,113	-	27,057	38,170
	<b>Real Estate Investment Trust units</b>									
	- Listed		55,000	-	13,400	68,400	55,000	-	13,200	68,200
	- Unlisted		1,575,000	-	-	1,575,000	1,575,000	-	-	1,575,000
	<b>Preference shares</b>									
	- Listed		744,400	-	140,000	884,400	744,400	-	172,200	916,600
	- Unlisted		354,985	(285,793)	-	69,192	354,985	(285,793)	-	69,192
			1,693,351,845	(10,097,198)	(62,592,425)	1,620,662,222	1,462,676,057	(7,464,786)	(43,896,740)	1,411,314,531
	<b>Held-to-maturity (HTM) securities</b>	8.2								
	<b>Federal Government securities</b>									
	- Market Treasury Bills		41,335,800	-	-	41,335,800	108,085,213	-	-	108,085,213
	- Pakistan Investment Bonds		229,836,704	-	-	229,836,704	229,410,921	-	-	229,410,921
	- Government of Pakistan US Dollar Bonds		5,385,174	(833,502)	-	4,551,672	4,307,651	(379,077)	-	3,928,574
	<b>Non-Government debt securities</b>									
	- Listed		1,733,295	-	-	1,733,295	1,733,442	-	-	1,733,442
	- Unlisted		19,383,139	-	-	19,383,139	17,300,182	-	-	17,300,182
	<b>Foreign securities</b>									
	- Government debt securities		14,027,911	-	-	14,027,911	14,365,073	-	-	14,365,073
	- Non-Government debt securities									
	- Listed		68,761	(34,659)	-	34,102	161,426	(15,712)	-	145,714
	- Unlisted		462,050	(12,846)	-	449,204	308,100	-	-	308,100
			312,232,834	(881,007)	-	311,351,827	375,672,008	(394,789)	-	375,277,219
	<b>Investment in associates</b>	8.2	7,256,220	(229,894)	-	7,026,326	7,422,095	-	-	7,422,095
	<b>Investment in subsidiary companies</b>		29,296,817	-	-	29,296,817	26,510,029	-	-	26,510,029
	<b>Total Investments</b>		<u>2,156,462,094</u>	<u>(11,208,099)</u>	<u>(62,720,742)</u>	<u>2,082,533,253</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) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
<b>Federal Government securities</b>		
- Market Treasury Bills	100,265,424	76,758,133
- Pakistan Investment Bonds	107,146,570	165,214,633
- Sukuks	19,942,000	25,479,600
<b>Foreign securities</b>		
Government debt securities	<u>19,554,834</u>	<u>15,216,156</u>
	<u>246,908,828</u>	<u>282,668,522</u>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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

	June 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Book value	Market value	Book value	Market value
	----- (Rupees in '000) -----			
- Investments classified as held-to-maturity	311,351,827	268,765,800	375,277,219	343,498,835
- Investment in listed associates and joint venture	6,770,095	7,995,358	7,165,864	23,324,728

8.3 Particulars of provision held against diminution in the value of investments	(Unaudited)	(Audited)
	June 30, 2023	December 31, 2022
	(Rupees in '000)	
Opening balance	7,859,575	3,228,791
Exchange adjustment	1,398,266	604,306
Charge / (reversal)		
Charge for the period / year	2,300,348	4,565,152
Reversal for the period / year	(24,185)	(24,044)
Reversal on disposal during the period / year	(548,013)	(689,400)
Net charge	1,728,150	3,851,708
Transferred in	-	67,880
Other movement	222,108	106,890
Closing balance	11,208,099	7,859,575

8.4 Particulars of provision against debt securities

Category of classification	(Unaudited) June 30, 2023		(Audited) December 31, 2022	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	----- (Rupees in '000) -----			
<b>Domestic</b>				
Loss	413,232	413,232	413,232	413,232
<b>Overseas</b>				
Overdue by:				
91 to 180 days	-	-	452,912	452,912
181 days to 365 days	(1,437,317)	(1,437,317)	679,188	500,742
	(1,437,317)	(1,437,317)	1,132,100	953,654
Total	(1,024,085)	(1,024,085)	1,545,332	1,366,886

8.4.1 In addition to the above, overseas branches hold a provision of Rs 7,008.154 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)
		June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
		----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.		1,196,668,598	1,314,811,542	78,757,627	72,548,664	1,275,426,225	1,387,360,206
Islamic financing and related assets	36.2	204,314,259	222,982,477	2,971,468	3,465,365	207,285,727	226,447,842
Bills discounted and purchased		127,434,165	86,852,316	9,953,491	8,760,951	137,387,656	95,613,267
Advances - gross		1,528,417,022	1,624,646,335	91,682,586	84,774,980	1,620,099,608	1,709,421,315
Provision against advances							
- Specific		-	-	(80,756,522)	(74,638,423)	(80,756,522)	(74,638,423)
- General	9.3	(16,037,896)	(12,175,445)	-	-	(16,037,896)	(12,175,445)
		(16,037,896)	(12,175,445)	(80,756,522)	(74,638,423)	(96,794,418)	(86,813,868)
Advances - net of provision		1,512,379,126	1,612,470,890	10,926,064	10,136,557	1,523,305,190	1,622,607,447

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	(Unaudited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
9.1 Particulars of advances (Gross)		
In local currency	1,250,791,310	1,402,884,074
In foreign currencies	369,308,298	306,537,241
	<u>1,620,099,608</u>	<u>1,709,421,315</u>

9.2 Advances include Rs 91,682.586 million (December 31, 2022: Rs 84,774.980 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Unaudited) June 30, 2023		(Audited) December 31, 2022	
	Non - performing advances	Provision	Non - performing advances	Provision
	(Rupees in '000)			
<b>Domestic</b>				
Other assets especially mentioned	784,660	-	470,336	-
Substandard	6,516,101	1,658,021	6,753,937	1,713,269
Doubtful	3,504,939	1,752,469	2,487,879	1,172,491
Loss	40,425,853	39,601,235	41,681,202	40,992,247
	51,231,553	43,011,725	51,393,354	43,878,007
<b>Overseas</b>				
Not past due but impaired	-	-	114,816	65,731
Overdue by:				
Upto 90 days	79,562	20,422	46,595	12,056
91 to 180 days	1,499,186	457,695	1,180,167	295,610
181 to 365 days	21,836	11,332	30,805	13,555
> 365 days	38,850,449	37,255,348	32,009,243	30,373,464
	40,451,033	37,744,797	33,381,626	30,760,416
Total	<u>91,682,586</u>	<u>80,756,522</u>	<u>84,774,980</u>	<u>74,638,423</u>

9.3 Particulars of provision against advances

Note	(Unaudited) June 30, 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	7,981,543	840,556	8,822,099	6,837,158	669,003	7,506,161
Charge for the period / year	4,020,338	3,090,315	7,110,653	6,803,855	2,844,306	9,648,161
Reversal for the period / year	(3,625,853)	(68,420)	(3,694,273)	(4,767,741)	(907,371)	(5,675,112)
Net charge against advances	394,485	3,021,895	3,416,380	2,036,114	1,936,935	3,973,049
Charged off during the period / year- agriculture financing	9.5 (122,156)	-	(122,156)	(582,438)	-	(582,438)
Written off during the period / year	(2,135,773)	-	(2,135,773)	(2,670,903)	-	(2,670,903)
Transferred out	-	-	-	(67,880)	-	(67,880)
Closing balance	<u>80,756,522</u>	<u>16,037,896</u>	<u>96,794,418</u>	<u>74,638,423</u>	<u>12,175,445</u>	<u>86,813,868</u>

9.4 General provision includes provision amounting to Rs 3,419.229 million (December 31, 2022: Rs 3,307.203 million) against consumer finance portfolio. General provision also includes Rs 4,718.822 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 7,899.845 million (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 SIX MONTHS ENDED JUNE 30, 2023

	Note	(Unaudited) June 30, 2023	(Audited) December 31, 2022
<b>10</b>	<b>FIXED ASSETS</b>		
	Capital work-in-progress	7,217,889	7,264,167
	Property and equipment	124,705,088	102,062,120
		<b>131,922,977</b>	<b>109,326,287</b>
<b>10.1</b>	<b>Capital work-in-progress</b>		
	Civil works	2,132,611	2,478,945
	Equipment	1,312,383	1,211,929
	Advances to suppliers and contractors	3,772,895	3,573,293
		<b>7,217,889</b>	<b>7,264,167</b>
<b>10.2</b>	<b>Additions to fixed assets</b>		
		(Unaudited)	(Audited)
		For the six months ended	For the six months ended
		June 30, 2023	June 30, 2022
		(Rupees in '000)	(Rupees in '000)
	The following additions have been made to fixed assets during the period:		
	<b>Capital work-in-progress - net</b>	(46,278)	3,081,953
	<b>Property and equipment</b>		
	Leasehold land	1,747,513	-
	Building on leasehold land	371,242	76,980
	Machinery	24,252	27,391
	Leasehold improvements	1,785,123	1,044,457
	Furniture and fixtures	827,892	547,592
	Electrical, office and computer equipment	2,733,340	3,025,415
	Vehicles	90,654	52,382
		<b>7,580,016</b>	<b>4,774,217</b>
	Right-of-use assets - net	2,358,971	2,352,868
		<b>9,892,709</b>	<b>10,209,038</b>
<b>10.3</b>	<b>Disposal of fixed assets</b>		
	The net book value of fixed assets disposed off during the period is as follows:		
	<b>Property and equipment</b>		
	Building on free hold land	10,079	-
	Building on lease hold land	21,904	-
	Leasehold improvements	691	141
	Furniture and fixtures	1,388	693
	Electrical, office and computer equipment	1,968	4,626
	Vehicles	520	1,037
		<b>36,550</b>	<b>6,497</b>
<b>10.4</b>	The properties of the Bank were revalued by independent professional valuers as at June 30, 2023. The revaluation was carried out by M/s Tristar International consultant Pvt Ltd, M/s Joseph Lobo Pvt Ltd, M/s Luckyhiya Associates Pvt Ltd, M/s United Valuers (Pte) Limited (Singapore), M/s Sunil Fernando & Associates (Pvt) Limited (Sri Lanka) and M/s J&M Associates Pvt Limited (KEPZ), on the basis of an assessment of their present market values. The revaluation has resulted in an increase of Rs 17,495.030 million in the surplus. The total surplus arising against revaluation of fixed assets as at June 30, 2023 amounts to Rs 46, 082.496 million.		
<b>11</b>	<b>INTANGIBLE ASSETS</b>		
	Capital work-in-progress - computer software	6,199,515	5,183,359
	Intangible assets	6,322,239	6,656,846
		<b>12,521,754</b>	<b>11,840,205</b>
<b>11.1</b>	<b>Additions to intangibles assets</b>		
		(Unaudited)	(Audited)
		For the six months ended	For the six months ended
		June 30, 2023	June 30, 2022
		(Rupees in '000)	(Rupees in '000)
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress - net	1,016,156	1,484,473
	Computer software	541,617	2,249,844
		<b>1,557,773</b>	<b>3,734,317</b>



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

		(Unaudited) June 30, 2023	(Audited) December 31, 2022
		(Rupees in '000)	
12	<b>DEFERRED TAX ASSETS / (LIABILITIES)</b>		
	<b>Deductible temporary differences on</b>		
	- Provision against investments	919,308	879,614
	- Provision against doubtful debts and off-balance sheet obligations	3,828,896	3,164,090
	- Liabilities written back	2,847,596	2,717,261
	- Deficit on revaluation of investments	30,670,288	18,875,598
	- Provision against other assets	6,672	5,855
	- Ijarah financing	272,066	187,389
		<b>38,544,826</b>	<b>25,829,807</b>
	<b>Taxable temporary differences on</b>		
	- Accelerated tax depreciation	(2,425,082)	(2,354,489)
	- Surplus on revaluation of fixed assets	(3,710,264)	(1,905,686)
	- Exchange translation reserve	(6,578,375)	(4,629,874)
		<b>(12,713,721)</b>	<b>(8,890,049)</b>
	<b>Net deferred tax assets</b>	<b>25,831,105</b>	<b>16,939,758</b>
13	<b>OTHER ASSETS</b>		
	Mark-up / return / profit / interest accrued in local currency - net of provision	98,382,268	78,399,836
	Mark-up / return / profit / interest accrued in foreign currency - net of provision	9,255,640	6,236,421
	Advances, deposits, advance rent and other prepayments	3,456,961	4,447,288
	Advance taxation	7,714,382	11,990,565
	Advances against subscription of securities	228,514	1,228,514
	Stationery and stamps on hand	298,787	133,214
	Accrued fees and commissions	528,315	459,300
	Due from Government of Pakistan / SBP	5,134,509	3,654,276
	Mark to market gain on forward foreign exchange contracts	6,385,694	3,067,881
	Mark to market gain on derivative instruments	-	546
	Non-banking assets acquired in satisfaction of claims	241,363	232,109
	Acceptances	63,007,877	54,403,050
	Clearing and settlement accounts	19,090,986	4,352,389
	Dividend receivable	445,140	3,883
	Claims receivable against fraud and forgeries	820,433	694,460
	Others	821,154	1,340,474
		<b>215,812,023</b>	<b>170,644,206</b>
	Provision held against other assets	(2,289,259)	(1,791,891)
	Other assets- net of provision	<b>213,522,764</b>	<b>168,852,315</b>
	Surplus on revaluation of non-banking assets acquired in satisfaction of claim	185,237	175,125
	Other assets - total	<b>213,708,001</b>	<b>169,027,440</b>
13.1	<b>Provision held against other assets</b>		
	Claims receivable against fraud and forgeries	820,433	694,460
	Suit filed cases	4,979	4,979
	Others	1,463,847	1,092,452
		<b>2,289,259</b>	<b>1,791,891</b>
13.1.1	<b>Movement in provision against other assets</b>		
	Opening balance	1,791,891	1,243,645
	Exchange adjustment	13,180	(7,806)
	Charge for the period / year	727,830	661,462
	Reversal for the period / year	-	(37,218)
	Net charge	<b>727,830</b>	<b>624,244</b>
	Written off during the period / year	(21,535)	(67,820)
	Other movement	(222,107)	(372)
	Closing balance	<b>2,289,259</b>	<b>1,791,891</b>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Note	(Unaudited) June 30, 2023 (Rupees in '000)	(Audited) December 31, 2022
<b>14</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	64,299,324	50,109,748
	Outside Pakistan	3,343,045	1,566,772
		<b>67,642,369</b>	<b>51,676,520</b>
<b>15</b>	<b>BORROWINGS</b>		
	<b>Secured</b>		
	Borrowings from the SBP under		
	- Export refinance scheme	66,266,028	69,820,144
	- Export refinance scheme for bill discounting	19,443,639	8,867,548
	- Long term financing facility	39,663,360	42,068,296
	- Financing facility for renewable energy power plants	6,914,152	7,168,301
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	419,813	312,545
	- Refinance and credit guarantee scheme for women entrepreneurs	45,228	69,658
	- Financing facility for storage of agricultural produce	713,430	601,918
	- Refinance scheme for payment of wages and salaries	-	1,227,812
	- Refinance facility for combating COVID-19	1,825,168	1,793,800
	- Temporary economic refinance facility	33,903,828	34,998,333
	- Refinance facility for SME Asaan Finance (SAAF)	3,459,383	2,272,423
		172,654,029	169,200,778
	Repurchase agreement borrowings	246,849,159	284,971,485
		419,503,188	454,172,263
	<b>Unsecured</b>		
	- Call money borrowings	31,800,000	19,000,000
	- Overdrawn nostro accounts	-	348,674
	- Borrowings of overseas branches	28,694,240	39,653,052
	- Other long-term borrowings	75,511,501	65,830,949
		136,005,741	124,832,675
		<b>555,508,929</b>	<b>579,004,938</b>

15.1 This includes the following:

15.1.1 A loan from the International Finance Corporation amounting to US\$ 74.985 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 is US\$ 189.05 million (December 31, 2022: US\$ 190 million). Drawn amounts are payable in semi-annual installments from January 2023 to January 2033. Interest at a fixed spread over LIBOR is payable semi-annually.

## 16 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
<b>Customers</b>						
Current deposits	1,171,249,706	180,804,532	1,352,054,238	1,133,774,070	162,565,484	1,296,339,554
Savings deposits	1,281,797,226	125,464,562	1,407,261,788	1,160,962,009	139,379,848	1,300,341,857
Term deposits	320,789,231	302,787,909	623,577,140	347,383,594	209,952,695	557,336,289
	2,773,836,163	609,057,003	3,382,893,166	2,642,119,673	511,898,027	3,154,017,700
<b>Financial institutions</b>						
Current deposits	8,745,111	2,211,608	10,956,719	8,499,505	3,163,648	11,663,153
Savings deposits	26,788,131	1,407,737	28,195,868	57,909,192	2,181,262	60,090,454
Term deposits	3,812,831	8,477,531	12,290,362	3,328,171	5,076,940	8,405,111
	39,346,073	12,096,876	51,442,949	69,736,868	10,421,850	80,158,718
	<b>2,813,182,236</b>	<b>621,153,879</b>	<b>3,434,336,115</b>	<b>2,711,856,541</b>	<b>522,319,877</b>	<b>3,234,176,418</b>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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

(Audited)  
December 31,  
2022

## 17 SUBORDINATED DEBT

Additional Tier I Term Finance Certificates	17.1.1	12,374,000	12,374,000
Additional Tier I Term Finance Certificates	17.1.2	6,500,000	6,500,000
		<u>18,874,000</u>	<u>18,874,000</u>

- 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 these issues are as follows:

17.1.1	<b>Issue date</b>	September 26, 2019
	<b>Issue amount</b>	Rs 12.374 billion
	<b>Rating</b>	AA+ (Double A plus) [December 31, 2020: AA+ (Double A plus)]
	<b>Original Tenor</b>	Perpetual
	<b>Security</b>	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.
	<b>Profit payment frequency</b>	Quarterly in arrears
	<b>Redemption</b>	Perpetual, hence not applicable.
	<b>Mark-up</b>	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).
	<b>Call option</b>	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").
	<b>Lock-in clause</b>	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.
	<b>Loss absorbency clause</b>	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".
17.1.2	<b>Issue date</b>	December 28, 2022
	<b>Issue amount</b>	Rs 6.500 billion
	<b>Rating</b>	AA+ (Double A plus)
	<b>Original Tenor</b>	Perpetual
	<b>Security</b>	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors, but superior to the claims of ordinary shareholders.
	<b>Profit payment frequency</b>	Quarterly in arrears
	<b>Redemption</b>	Perpetual, hence not applicable.
	<b>Mark-up</b>	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).
	<b>Call option</b>	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").
	<b>Lock-in clause</b>	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.
	<b>Loss absorbency clause</b>	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

18	OTHER LIABILITIES	Note	(Unaudited)	(Audited)
			June 30, 2023	December 31, 2022
			(Rupees in '000)	
	Mark-up / return / profit / interest payable in local currency		21,647,970	16,143,221
	Mark-up / return / profit / interest payable in foreign currency		10,003,579	5,733,644
	Security deposits		1,512,199	1,567,333
	Accrued expenses		28,089,006	22,174,107
	Mark to market loss on forward foreign exchange contracts		1,161,840	2,218,389
	Mark to market loss on derivative instruments		12,815,883	6,882,438
	Unclaimed dividends		766,089	751,907
	Dividends payable		2,454,326	3,811,676
	Provision for post retirement medical benefits		3,681,221	3,522,518
	Provision for employees' compensated absences		748,591	762,192
	Provision for staff retirement benefits		1,728,256	1,563,256
	Payable to defined benefit plans		776,571	607,424
	Provision against off-balance sheet obligations	18.1	1,707,022	1,633,326
	Acceptances		63,007,877	54,403,050
	Branch adjustment account		924,059	1,662,185
	Provision for Workers' Welfare Fund		9,999,160	8,934,881
	Unearned income		5,558,492	4,780,489
	Qarz-e-Hasna Fund		338,409	338,409
	Levies and taxes payable		11,017,853	13,191,257
	Insurance payable		952,166	1,030,409
	Provision for rewards program expenses		2,745,553	2,384,689
	Liability against trading of securities		15,361,384	22,768,986
	Clearing and settlement accounts		26,144,689	12,068,102
	Provision for donation to HBL Foundation		395,295	515,961
	Contingent consideration payable		500,000	500,000
	Charity fund		53,162	25,121
	Lease liability against right-of-use assets		27,574,519	24,293,255
	Unclaimed deposits		679,618	528,656
	Others		2,282,875	2,792,644
			<b>254,627,664</b>	<b>217,589,525</b>
18.1	<b>Provision against off-balance sheet obligations</b>			
	Opening balance		1,633,326	2,687,054
	Exchange adjustment		311,621	277,857
	Charge for the period / year		48,266	150,910
	Reversal for the period / year		(286,191)	(1,482,495)
	Net reversal		(237,925)	(1,331,585)
	Closing balance		<b>1,707,022</b>	<b>1,633,326</b>
19	<b>SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
	Surplus arising on revaluation of:			
	- Fixed assets		46,082,496	28,736,477
	- Available-for-sale securities	8.1	(62,592,425)	(43,896,740)
	- Non-banking assets acquired in satisfaction of claims	13	185,237	175,125
			<b>(16,324,692)</b>	<b>(14,985,138)</b>
	Deferred tax on surplus on revaluation of:			
	- Fixed assets		3,710,264	1,905,686
	- Available-for-sale securities		(30,670,288)	(18,875,598)
	- Non-banking assets acquired in satisfaction of claims		-	-
			<b>(26,960,024)</b>	<b>(16,969,912)</b>
	Surplus on revaluation of assets - net of tax		<b>10,635,332</b>	<b>1,984,774</b>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

20	CONTINGENCIES AND COMMITMENTS	Note	(Unaudited) June 30, 2023 (Rupees in '000)	(Audited) December 31, 2022 (Rupees in '000)
	- Guarantees	20.1	286,426,825	262,131,266
	- Commitments	20.2	761,100,829	910,126,139
	- Other contingent liabilities	20.3	22,989,311	22,813,357
			<u>1,070,516,965</u>	<u>1,195,070,762</u>
20.1	<b>Guarantees:</b>			
	Financial guarantees		49,936,440	53,825,190
	Performance guarantees		230,046,245	201,579,599
	Other guarantees		6,444,140	6,726,477
			<u>286,426,825</u>	<u>262,131,266</u>
20.2	<b>Commitments:</b>			
	Trade-related contingent liabilities		332,051,586	279,449,231
	Commitments in respect of:			
	- Forward foreign exchange contracts	20.2.1	315,250,798	403,789,013
	- Forward Government securities transactions	20.2.2	29,462,289	132,295,940
	- Derivatives	20.2.3	56,811,802	57,305,018
	- Forward lending	20.2.4	14,382,886	21,379,153
			415,907,775	614,769,124
	Commitments for acquisition of:			
	- Fixed assets		8,778,212	10,436,315
	- Intangible assets		4,363,256	5,471,469
			13,141,468	15,907,784
			<u>761,100,829</u>	<u>910,126,139</u>
20.2.1	<b>Commitments in respect of forward foreign exchange contracts</b>			
	Purchase		215,711,944	268,910,504
	Sale		99,538,854	134,878,509
			<u>315,250,798</u>	<u>403,789,013</u>
20.2.2	<b>Commitments in respect of forward Government securities transactions</b>			
	Purchase		20,735,145	117,020,407
	Sale		8,727,144	15,275,533
			<u>29,462,289</u>	<u>132,295,940</u>
20.2.3	<b>Commitments in respect of derivatives</b>			
	<b>Cross currency swaps</b>			
	Purchase		20,738,369	23,863,687
	Sale		33,873,433	30,407,998
			<u>54,611,802</u>	<u>54,271,685</u>
	<b>Interest rate swaps</b>			
	Purchase		-	-
	Sale		2,200,000	3,033,333
			<u>2,200,000</u>	<u>3,033,333</u>
20.2.4	<b>Commitments in respect of forward lending</b>			
	Undrawn formal standby facilities, credit lines and other commitments to extend credit		14,382,886	21,379,153
			<u>14,382,886</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) June 30, 2023 (Rupees in '000)	(Audited) December 31, 2022 (Rupees in '000)
20.3	<b>Other contingent liabilities</b>			
20.3.1	Claims against the Bank not acknowledged as debts		22,989,311	22,813,357
			<u>22,989,311</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 unlikely. Accordingly, no provision has been made in these condensed interim unconsolidated financial statements.			

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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

## 21 DERIVATIVE INSTRUMENTS

### Product Analysis

	June 30, 2023 (Unaudited)			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	----- (Rupees in '000) -----			
Hedging	-	-	-	-
Market Making	54,611,802	(12,582,064)	2,200,000	(233,819)

	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) -----			
Hedging	-	-	-	-
Market Making	54,271,685	(6,635,205)	3,033,333	(246,687)

Note	(Unaudited)	
	For the six months ended	
	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	

## 22 MARK-UP / RETURN / PROFIT / INTEREST EARNED

On:		
Loans and advances	124,338,218	70,930,618
Investments	156,631,911	99,467,486
Lendings to financial institutions	15,576,348	4,626,617
Balances with banks	3,637,695	307,575
	<u>300,184,172</u>	<u>175,332,296</u>

## 23 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED

On:		
Deposits	141,562,784	73,501,544
Securities sold under repurchase agreement borrowings	35,588,755	24,401,974
Borrowings	13,223,082	3,780,574
Subordinated debt	1,978,849	791,733
Cost of foreign currency swaps against foreign currency deposits / borrowings	914,960	3,816,540
Lease liability against right-of-use assets	1,702,418	1,365,308
	<u>194,970,848</u>	<u>107,657,673</u>

## 24 FEE AND COMMISSION INCOME

Branch banking customer fees	2,211,421	1,829,544
Branchless banking customer fees	223,802	482,284
Consumer finance related fees	1,209,584	1,134,189
Card related fees (debit and credit cards)	6,078,945	4,061,083
Credit related fees	533,492	477,864
Investment banking fees	466,052	556,622
Commission on trade related products and guarantees	3,283,851	2,255,935
Commission on cash management	799,307	582,480
Commission on remittances (including home remittances)	331,890	346,832
Commission on bancassurance	316,917	381,293
Commission on Government to Person (G2P) payments	654,738	408,416
Merchant discount and interchange fees	3,344,161	2,436,989
Wealth Management Fee	14,362	5,713
Others	448,702	132,022
	<u>19,917,224</u>	<u>15,091,266</u>
Less: Sales tax / Federal Excise Duty on fee and commission income	<u>(2,498,469)</u>	<u>(1,890,450)</u>
	<u>17,418,755</u>	<u>13,200,816</u>

## 25 (LOSS) / GAIN ON SECURITIES - NET

Realised	25.1	(84,392)	453,672
Unrealised - held-for-trading	8.1	(128,317)	22,100
		<u>(212,709)</u>	<u>475,772</u>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

		(Unaudited)	
		For the six months ended	
		June 30, 2023	June 30, 2022
		(Rupees in '000)	
25.1	<b>(Loss) / gain on securities - realised</b>		
	On:		
	Federal Government securities		
	- Market Treasury Bills	104,104	(106,392)
	- Pakistan Investment Bonds	382,279	637,768
	- Ijarah Sukuks	11,744	44,988
	Shares	(613,931)	(140,719)
	Non-Government debt securities	74,229	(46,022)
	Foreign securities	(45,925)	-
	Associates	3,108	64,049
		<u>(84,392)</u>	<u>453,672</u>
26	<b>OTHER INCOME</b>		
	Incidental charges	179,497	185,921
	Gain on derecognition of joint venture	9,333,221	-
	Gain on sale of fixed assets - net	108,063	25,090
	Rent on properties	36,590	30,687
		<u>9,657,371</u>	<u>241,698</u>
27	<b>OPERATING EXPENSES</b>		
	<b>Total compensation expense</b>	23,712,359	21,781,562
	<b>Property expense</b>		
	Rent and taxes	642,513	571,953
	Insurance	127,565	76,361
	Utilities cost	2,149,738	1,448,192
	Security (including guards)	1,287,395	1,004,128
	Repair and maintenance (including janitorial charges)	1,996,786	1,633,971
	Depreciation on owned fixed assets	2,460,256	1,769,463
	Depreciation on right-of-use assets	1,809,655	1,567,836
		10,473,908	8,071,904
	<b>Information technology expenses</b>		
	Software maintenance	3,993,144	2,123,053
	Hardware maintenance	928,859	579,961
	Depreciation	1,527,533	1,201,029
	Amortisation	970,808	782,443
	Network charges	878,410	677,433
	Consultancy charges	388,001	378,213
		8,686,755	5,742,132
	<b>Other operating expenses</b>		
	Legal and professional charges	5,430,117	398,448
	Outsourced services costs	1,434,295	1,047,600
	Travelling and conveyance	870,119	523,013
	Insurance	475,269	282,241
	Remittance charges	316,369	249,873
	Cash transportation and sorting charges	1,533,797	1,091,365
	Repairs and maintenance	1,022,707	789,913
	Depreciation	361,597	385,958
	Training and development	237,110	173,094
	Postage and courier charges	398,599	362,731
	Communication	1,030,260	697,589
	Stationery and printing	1,321,611	1,081,380
	Marketing, advertisement and publicity	2,671,785	2,336,694
	Donations	539,044	185,786
	Auditors' remuneration	184,370	115,575
	Brokerage and commission	445,530	363,234
	Subscription	211,164	107,969
	Documentation and processing charges	4,152,218	2,340,125
	Entertainment	340,039	226,360
	Consultancy charges	1,422,529	533,679
	Deposits insurance premium expense	1,554,700	1,351,208
	Product feature cost	1,749,317	1,580,393
	Others	456,154	520,915
		28,158,700	16,745,143
		<u>71,031,722</u>	<u>52,340,741</u>



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Note	(Unaudited)	
		For the six months ended	
		June 30, 2023	June 30, 2022
		(Rupees in '000)	
<b>28 OTHER CHARGES</b>			
Penalties imposed by the State Bank of Pakistan		43,432	420,361
Penalties imposed by other regulatory bodies		33,048	21,952
		<b>76,480</b>	<b>442,313</b>
<b>29 PROVISIONS / (REVERSALS) AND WRITE OFFS - NET</b>			
Provision for diminution in value of investments	8.3	1,728,150	699,193
Provision against loans and advances	9.3	3,416,380	2,611,545
Provision against other assets	13.1.1	727,830	346,549
Reversal of provision against off-balance sheet obligations	18.1	(237,925)	(1,547,750)
Recoveries against written off / charged off bad debts		(401,441)	(336,895)
Recoveries against other assets written off		-	(1,087)
Other write offs and operational losses		86,027	56,882
		<b>5,319,021</b>	<b>1,828,437</b>
<b>30 TAXATION</b>			
- Current			
- For the years		26,544,684	18,092,946
- Prior years		(86,019)	3,344,792
		<b>26,458,665</b>	<b>21,437,738</b>
- Deferred			
- For the years		(232,688)	(534,533)
- Prior years		(641,821)	-
		<b>(874,509)</b>	<b>(534,533)</b>
		<b>25,584,156</b>	<b>20,903,205</b>
<b>31 BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit for the period		<b>27,711,333</b>	<b>11,512,371</b>
		(Number)	
Weighted average number of ordinary shares		<b>1,466,852,508</b>	<b>1,466,852,508</b>
		(Rupees)	
Basic and diluted earnings per share		<b>18.89</b>	<b>7.85</b>

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 MEASUREMENTS

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 SIX MONTHS ENDED JUNE 30, 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 June 30, 2023 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----				
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
- Federal Government securities	1,538,575,028	-	1,538,575,028	-	1,538,575,028
- Shares - listed companies	12,845,679	4,965,718	7,879,961	-	12,845,679
- Non-Government debt securities					
- Listed	49,705,703	40,004,000	9,701,703	-	49,705,703
- Unlisted	603,041	-	603,041	-	603,041
- Foreign securities					
- Government debt securities	112,003,661	-	112,003,661	-	112,003,661
- Non-Government debt securities - Listed	4,235,680	-	4,235,680	-	4,235,680
- National Investment Unit Trust units	33,913	-	33,913	-	33,913
- Real Estate Investment Trust units	68,400	68,400	-	-	68,400
- Preference shares - Listed	884,400	884,400	-	-	884,400
	<b>1,718,955,505</b>	<b>45,922,518</b>	<b>1,673,032,987</b>	<b>-</b>	<b>1,718,955,505</b>
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government securities	275,724,176	-	233,354,027	-	233,354,027
- Non-Government debt securities					
- Listed	1,733,295	-	1,734,470	-	1,734,470
- Unlisted	19,383,139	-	19,383,139	-	19,383,139
- Foreign securities					
Government debt securities	14,027,911	-	13,810,858	-	13,810,858
Non-Government debt securities					
- Listed	34,102	-	34,102	-	34,102
- Unlisted	449,204	-	449,204	-	449,204
- Associates	6,770,095	7,995,358	-	-	7,995,358
	<b>318,121,922</b>	<b>7,995,358</b>	<b>268,765,800</b>	<b>-</b>	<b>276,761,158</b>
	<b>2,037,077,427</b>	<b>53,917,876</b>	<b>1,941,798,787</b>	<b>-</b>	<b>1,995,716,663</b>
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Commitments					
- Forward foreign exchange contracts	315,250,798	-	5,223,854	-	5,223,854
- Forward Government securities transactions	29,462,289	-	(9,964)	-	(9,964)
- Derivative instruments	56,811,802	-	(12,815,883)	-	(12,815,883)

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

## On balance sheet financial instruments

### Financial assets - measured at fair value

#### Investments

- Federal Government securities
- Shares - listed companies
- Non-Government debt securities
  - Listed
  - Unlisted

#### - Foreign securities

- Government debt securities
- Non-Government debt securities- listed
- National Investment Unit Trust units
- Real Estate Investment Trust units
- Preference shares - Listed

Carrying value	As at December 31, 2022 (Audited)			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
1,291,589,595	-	1,291,589,595	-	1,291,589,595
3,988,281	3,988,281	-	-	3,988,281
49,084,350	40,000,000	9,084,350	-	49,084,350
616,321	-	616,321	-	616,321
108,883,461	-	108,883,461	-	108,883,461
4,439,225	-	4,439,225	-	4,439,225
38,170	-	38,170	-	38,170
68,200	68,200	-	-	68,200
872,200	872,200	-	-	872,200
1,459,579,803	44,928,681	1,414,651,122	-	1,459,579,803

### Financial assets - disclosed but not measured at fair value

#### Investments

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

#### - Foreign securities

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

#### - Associates and Joint venture

Notional Value	As at December 31, 2022 (Audited)			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
341,424,708	-	309,895,574	-	309,895,574
1,733,442	-	1,739,778	-	1,739,778
17,300,182	-	17,300,182	-	17,300,182
14,365,073	-	14,109,487	-	14,109,487
145,714	-	145,714	-	145,714
308,100	-	308,100	-	308,100
7,165,864	23,324,728	-	-	23,324,728
382,443,083	23,324,728	343,498,835	-	366,823,563
1,842,022,886	68,253,409	1,758,149,957	-	1,826,403,366

## Off-balance sheet financial instruments - measured at fair value

### Commitments

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

Notional Value	As at December 31, 2022 (Audited)			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
403,789,013	-	849,492	-	849,492
132,295,940	-	(38,938)	-	(38,938)
57,305,018	-	(6,881,892)	-	(6,881,892)

## 32.2 Fair value of non-financial assets

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

Carrying value	As at June 30, 2023 (Unaudited)			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
78,429,410	-	-	78,429,410	78,429,410
426,600	-	-	426,600	426,600
78,856,010	-	-	78,856,010	78,856,010

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

Carrying value	As at December 31, 2022 (Audited)			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
58,262,450	-	-	58,262,450	58,262,450
407,234	-	-	407,234	407,234
58,669,684	-	-	58,669,684	58,669,684

## 33 SEGMENT INFORMATION

### 33.1 Segment Details with respect to Business Activities

For the six months ended June 30, 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)							
<b>Profit and loss account</b>								
Net mark-up / return / profit / interest income	(98,626)	24,258	12,183	43,902	116,029	10,894	(3,427)	105,213
Inter segment revenue / (expense) - net	157,203	(15,942)	-	(22,143)	(122,001)	(1,925)	4,808	-
Non mark-up / interest income	2,155	9,006	1,208	2,801	1,890	3,598	4,916	25,574
Total income	60,732	17,322	13,391	24,560	(4,082)	12,567	6,297	130,787
Segment direct expenses	15,894	8,599	3,557	2,124	429	8,838	32,731	72,172
Inter segment expense allocation	15,373	5,241	648	6,619	913	817	(29,611)	-
Total expenses	31,267	13,840	4,205	8,743	1,342	9,655	3,120	72,172
Provisions - charge / (reversal)	577	834	(453)	(955)	(395)	2,885	2,827	5,320
Profit / (loss) before tax	28,888	2,648	9,639	16,772	(5,029)	27	350	53,295

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

As at June 30, 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)								
<b>Statement of financial position</b>								
Cash and bank balances	233,117	-	26,298	725	185,719	138,107	-	583,966
Lendings to financial institutions	-	-	-	-	52,983	-	-	52,983
Inter segment lending	1,921,422	-	-	-	-	4,741	217,022	2,143,185
Investments	-	-	195,786	10,331	1,665,081	174,401	36,934	2,082,533
Advances - performing	-	218,945	203,207	779,096	-	279,204	31,927	1,512,379
Advances - non-performing	-	2,408	2,055	3,757	-	2,706	-	10,926
Others	16,749	6,536	32,388	67,133	93,436	26,618	141,124	383,984
<b>Total assets</b>	<b>2,171,288</b>	<b>227,889</b>	<b>459,734</b>	<b>861,042</b>	<b>1,997,219</b>	<b>625,777</b>	<b>427,007</b>	<b>6,769,956</b>
Borrowings	-	6,869	71,526	136,255	220,390	120,469	-	555,509
Subordinated debt	-	-	-	-	-	-	18,874	18,874
Deposits and other accounts	2,136,587	1,585	324,201	531,678	-	382,044	58,241	3,434,336
Inter segment borrowing	-	194,723	5,428	135,167	1,770,376	37,491	-	2,143,185
Others	34,701	24,712	22,215	57,942	33,731	36,631	112,338	322,270
<b>Total liabilities</b>	<b>2,171,288</b>	<b>227,889</b>	<b>423,370</b>	<b>861,042</b>	<b>2,024,497</b>	<b>576,635</b>	<b>189,453</b>	<b>6,474,174</b>
Equity	-	-	36,364	-	(27,278)	49,142	237,554	295,782
<b>Total equity and liabilities</b>	<b>2,171,288</b>	<b>227,889</b>	<b>459,734</b>	<b>861,042</b>	<b>1,997,219</b>	<b>625,777</b>	<b>427,007</b>	<b>6,769,956</b>
<b>Contingencies and commitments</b>	<b>85,402</b>	<b>-</b>	<b>36,125</b>	<b>460,798</b>	<b>294,331</b>	<b>158,416</b>	<b>35,445</b>	<b>1,070,517</b>

For the six months ended June 30, 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)								
<b>Profit and loss account</b>								
Net mark-up / return / profit / interest income	(48,218)	17,956	7,497	26,088	64,491	698	(837)	67,675
Inter segment revenue / (expense) - net	80,503	(9,609)	-	(14,434)	(63,256)	3,476	3,320	-
Non mark-up / interest income	1,912	6,116	769	2,010	7,494	2,875	(1,175)	20,001
Total income	34,197	14,463	8,266	13,664	8,729	7,049	1,308	87,676
Segment direct expenses	11,940	6,458	2,644	1,655	580	6,053	24,102	53,432
Inter segment expense allocation	10,088	3,832	602	5,347	668	750	(21,287)	-
Total expenses	22,028	10,290	3,246	7,002	1,248	6,803	2,815	53,432
Provisions - charge / (reversal)	-	567	731	(1,184)	157	940	618	1,829
Profit / (loss) before tax	12,169	3,606	4,289	7,846	7,324	(694)	(2,125)	32,415

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)								
<b>Statement of financial position</b>								
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	16,342	70,783	59,889	21,696	125,751	307,134
<b>Total assets</b>	<b>2,027,691</b>	<b>241,850</b>	<b>442,176</b>	<b>960,648</b>	<b>1,910,279</b>	<b>539,178</b>	<b>389,245</b>	<b>6,511,067</b>
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
<b>Total liabilities</b>	<b>2,027,691</b>	<b>241,850</b>	<b>410,292</b>	<b>960,648</b>	<b>1,928,585</b>	<b>510,875</b>	<b>177,351</b>	<b>6,257,292</b>
Equity	-	-	31,884	-	(18,306)	28,303	211,894	253,775
<b>Total equity and liabilities</b>	<b>2,027,691</b>	<b>241,850</b>	<b>442,176</b>	<b>960,648</b>	<b>1,910,279</b>	<b>539,178</b>	<b>389,245</b>	<b>6,511,067</b>
<b>Contingencies and commitments</b>	<b>73,089</b>	<b>-</b>	<b>34,569</b>	<b>404,198</b>	<b>449,835</b>	<b>195,265</b>	<b>38,116</b>	<b>1,195,072</b>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

## 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 June 30, 2023 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
----- (Rupees in '000) -----							
<b>Statement of financial position</b>							
<b>Balances with other banks</b>							
In current accounts	-	-	43,539	625,392	-	-	-
<b>Investments</b>							
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	-	-	-	-	(30,210)	-	-
Provision for diminution in the value of investments	-	-	-	-	-	-	(15,248)
Transfer (out) / in - net	-	-	-	-	-	(135,665)	9,564,088
Revaluation of investment during the period	-	-	-	1,786,788	-	-	(2,565,569)
Exchange adjustment	-	-	-	-	-	-	881,441
Closing balance	-	-	-	29,296,817	7,256,220	-	17,570,080
Provision for diminution in the value of investments	-	-	-	-	-	-	58,191
<b>Advances</b>							
Opening balance	1,412	520,240	4,547,709	3,357,440	625,000	-	11,714,938
Addition during the period	5,809	364,338	14,410,140	287,155	-	-	10,622,197
Repaid during the period	(6,622)	(236,091)	(14,250,925)	(1,772,201)	(125,000)	-	(10,921,561)
Exchange adjustment	-	-	975,524	280,508	-	-	-
Closing balance	599	648,487	5,682,448	2,152,902	500,000	-	11,415,574
<b>Other Assets</b>							
Interest / mark-up accrued	-	588	90,140	1,306,235	20,505	-	379,040
Other receivables	-	825	-	-	29,893	-	-
	-	1,413	90,140	1,306,235	50,398	-	379,040
<b>Borrowings</b>							
Opening balance	-	-	3,982,280	2,264,309	12,950,894	2,717,171	168,252
Borrowings during the period	-	-	9,693,476	-	10,920,569	2,348,700	4,920,944
Settled during the period	-	-	(9,698,477)	(2,733,858)	(21,389,410)	(3,131,600)	(5,909,354)
Transfer (out) / in - net	-	-	-	-	-	(2,554,127)	2,554,127
Exchange adjustment	-	-	1,181,700	469,549	2,961,769	619,856	839,946
Closing balance	-	-	5,158,979	-	5,443,822	-	2,573,915
<b>Deposits and other accounts</b>							
Opening balance	135,270	504,305	16,041,313	2,461,812	2,817,791	4,204	1,799,761
Received during the period	264,363	3,537,649	178,610,689	506,021,162	476,338,263	3,996	92,527,266
Withdrawn during the period	(355,271)	(3,267,505)	(174,733,732)	(505,884,717)	(477,981,410)	(7,583)	(92,542,971)
Transfer (out) / in - net	-	-	-	-	-	(1,412)	1,412
Exchange adjustment	12,258	22,941	216,489	134,916	12,108	795	32,101
Closing balance	56,620	797,390	20,134,759	2,733,173	1,186,752	-	1,817,569
<b>Other liabilities</b>							
Interest / mark-up payable	0.44	1,271	171,465	3,797	10,142	-	20,352
Payable to defined benefit plan	-	-	-	-	-	-	776,571
Other payables	-	-	49,177	35,756	66,049	-	395,295
	0.44	1,271	220,642	39,553	76,191	-	1,192,218
<b>Contingencies and Commitments</b>							
Letter of credit	-	-	513,540	-	-	-	275,254
Guarantees	-	-	175,794	83,582	-	-	3,535,727
Forward purchase of Government securities	-	-	60,188	-	-	-	6,026
Forward purchase of foreign exchange contracts	-	-	-	343,188	-	-	-
Interest rate swaps	-	-	-	-	500,000	-	-
	-	-	749,522	426,770	500,000	-	3,817,007
<b>Others</b>							
Securities held as custodian	84,450	447,236	23,045,651	-	165,715,000	-	25,767,860

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	For the six months ended June 30, 2023 (Unaudited)						Other related parties
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	
	(Rupees in '000)						
<b>Profit and loss account</b>							
<b>Income</b>							
Mark-up / return / profit / interest earned	225	23,513	369,833	1,086,049	84,259	-	1,702,918
Fee and commission income	272	3,015	131,436	37,598	311,174	-	51,772
Dividend income	-	-	-	-	773,556	-	1,545,344
Foreign exchange gain	-	-	-	435,292	-	-	-
Unrealised loss on derivatives	-	-	-	-	(56,707)	-	-
Gain on sale of securities - net	-	-	-	-	3,108,713	-	-
Rent on properties	-	-	-	33,607	-	-	-
Other income	-	-	-	13,462	-	-	-
<b>Expense</b>							
Mark-up / return / profit / interest expensed	8,394	23,727	413,454	91,618	460,661	-	377,931
Operating expenses							
Total compensation expense	-	1,774,291	-	-	-	-	812,109
Non-Executive Directors' fees	45,000	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	1,138,973	-	-
Product feature cost	-	-	120,673	-	-	-	-
Travelling	-	-	1,483	-	-	-	-
Subscription	-	-	-	-	-	-	6,550
Donation	-	-	-	-	-	-	395,295
Brokerage and Commission	-	-	-	-	-	-	149,842
Other expenses	-	-	25,625	15,647	32,939	-	27,795
Provision for diminution in the value of investments	-	-	-	-	-	-	15,248
<b>Others</b>							
Purchase of Government securities	2,498	126,341	72,494,094	94,198,767	52,655,040	-	44,283,197
Sale of Government securities	80,398	226,668	92,563,109	98,083,343	75,117,463	-	57,734,356
Purchase of foreign currencies	-	-	2,825,150	19,166,048	-	-	7,037,761
Sale of foreign currencies	41,555	-	2,869,297	25,056,984	2,791	-	7,489
Insurance claims settled	-	-	-	-	93,397	-	-
Balances and transactions with group entities include deposits of Rs. 198.871 million (December 31, 2022: Rs. 0.590 million) from the parent.							
	As at December 31, 2022 (Audited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
<b>Statement of financial position</b>							
<b>Balances with other banks</b>							
In current accounts	-	-	1,592	1,602,967	-	-	-
<b>Investments</b>							
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
<b>Advances</b>							
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
<b>Other Assets</b>							
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

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	As at December 31, 2022 (Audited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	----- (Rupees in '000) -----						
<b>Borrowings</b>							
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
<b>Deposits and other accounts</b>							
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
<b>Other liabilities</b>							
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
<b>Contingencies and Commitments</b>							
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
<b>Others</b>							
Securities held as custodian	2,500	94,830	24,812,555	-	134,281,000	-	18,455,830

	For the six months ended June 30, 2022 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	----- (Rupees in '000) -----						
<b>Profit and loss account</b>							
<b>Income</b>							
Mark-up / return / profit / interest earned	13	11,769	117,959	465,315	52,462	-	765,203
Fee and commission income	542	2,028	96,558	39,397	389,510	-	6,308
Dividend income	-	-	-	-	416,725	-	56,236
Foreign exchange gain	-	-	-	570,332	-	-	-
Unrealised loss from derivatives	-	-	-	-	(59,872)	-	-
Gain on sale of securities - net	-	-	-	-	335,535	-	-
Rent on properties	-	-	-	22,642	-	-	-
Other income	-	-	-	731	-	-	-
<b>Expense</b>							
Mark-up / return / profit / interest expensed	667	8,773	129,794	40,936	813,814	13,553	100,642
Operating expenses							
Total compensation expense	-	1,369,732	-	-	-	-	1,680,940
Non-Executive Directors' fees	46,800	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	879,430	-	-
Product feature cost	-	-	75,607	-	-	-	-
Travelling	-	-	4,964	-	-	-	-
Subscription	-	-	-	-	-	-	8,646
Donation	-	-	-	-	-	-	182,786
Brokerage and Commission	-	-	-	-	-	-	99,207
Other expenses	-	-	18,768	65,115	18,895	-	18,719
Provision for diminution in the value of investments	-	-	-	-	-	-	13,877
<b>Others</b>							
Purchase of Government securities	-	-	122,358,939	-	42,597,945	-	15,508,066
Sale of Government securities	-	28,090	126,323,090	2,988,499	50,881,254	-	10,783,463
Purchase of foreign currencies	-	-	793,643	1,182,482	-	-	4,199
Sale of foreign currencies	-	-	834,202	3,879,115	75,900	-	7,392,774
Insurance claims settled	-	-	-	-	54,122	-	-



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

## 35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Unaudited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	14,668,525	14,668,525
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	210,884,461	203,364,899
Eligible Additional Tier 1 (ADT 1) Capital	15,144,058	15,901,419
Total Eligible Tier 1 Capital	226,028,519	219,266,318
Eligible Tier 2 Capital	59,568,926	37,987,540
Total Eligible Capital (Tier 1 + Tier 2)	285,597,445	257,253,858
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	1,422,818,356	1,387,509,228
Market Risk	110,236,925	75,860,638
Operational Risk	252,065,484	252,065,484
Total	1,785,120,765	1,715,435,350
Common Equity Tier 1 Capital Adequacy ratio	11.81%	11.86%
Tier 1 Capital Adequacy Ratio	12.66%	12.78%
Total Capital Adequacy Ratio	16.00%	15.00%
<b>Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)</b>		
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)	5.81%	5.86%
<b>Other information:</b>		
<b>Minimum capital requirements prescribed by the SBP</b>		
CET1 ratio (%)	9.00%	9.00%
Tier 1 ratio (%)	10.50%	10.50%
Total capital ratio (%)	13.00%	13.00%
<b>Leverage Ratio (LR)</b>		
Eligible Tier-1 Capital	226,028,519	219,266,318
Total Exposure	5,438,168,645	5,014,549,104
Leverage Ratio (%)	4.16%	4.37%
<b>Minimum Requirement (%)</b>	3.00%	3.00%
<b>Liquidity Coverage Ratio (LCR)</b>		
Average High Quality Liquid Assets	1,824,087,402	1,609,446,790
Average Net Cash Outflow	642,507,965	632,560,916
Liquidity Coverage Ratio (%)	283.90%	254.43%
<b>Minimum Requirement (%)</b>	100.00%	100.00%
<b>Net Stable Funding Ratio (NSFR)</b>		
Total Available Stable Funding	3,323,394,631	3,225,111,950
Total Required Stable Funding	2,283,896,291	2,171,559,048
Net Stable Funding Ratio (%)	145.51%	148.52%
<b>Minimum Requirement (%)</b>	100.00%	100.00%

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

## 36 ISLAMIC BANKING BUSINESS

The Bank operates 307 (December 31, 2022: 294) Islamic Banking branches and 573 (December 31, 2022: 573) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited)	(Audited)
		June 30, 2023	December 31, 2022
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks		24,854,368	17,497,223
Balances with other banks		1,444,088	451,114
Due from financial institutions		-	-
Investments	36.1	195,786,047	183,654,832
Islamic financing and related assets - net	36.2	205,261,702	223,974,766
Fixed assets		10,071,686	6,497,224
Intangible assets		37,407	30,066
Due from Head Office		-	257,428
Deferred tax assets		1,889,268	1,160,304
Other assets		20,390,071	8,653,602
		<b>459,734,637</b>	<b>442,176,559</b>
<b>LIABILITIES</b>			
Bills payable		28,089	20,267
Due to financial institutions	36.3	71,526,223.0	74,694,404
Deposits and other accounts	36.4	324,201,247	319,883,948
Due to Head Office		5,426,097	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities		22,188,467	15,693,460
		<b>423,370,123</b>	<b>410,292,079</b>
<b>NET ASSETS</b>		<b>36,364,514</b>	<b>31,884,480</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Deficit on revaluation of investments - net of tax		(1,966,381)	(1,538,078)
Unappropriated profit	36.5	37,830,895	32,922,558
		<b>36,364,514</b>	<b>31,884,480</b>
<b>Contingencies and commitments</b>	36.6		
		(Unaudited)	
		For the six months ended	
		June 30, 2023	June 30, 2022
<b>PROFIT AND LOSS ACCOUNT</b>			
(Rupees in '000)			
Profit / return earned	36.7	31,824,096	19,504,531
Profit / return expensed	36.8	19,640,615	12,020,276
Net profit / return		12,183,481	7,484,255
<b>Other income</b>			
Fee and commission income		768,817	503,946
Dividend income		-	-
Foreign exchange income		426,776	232,330
Income from derivatives		-	-
Gain on securities - net		12,186	44,988
Others		-	475
Total other income		1,207,779	781,739
<b>Total income</b>		<b>13,391,260</b>	<b>8,265,994</b>
<b>Other expenses</b>			
Operating expenses		4,011,541	3,156,203
Workers' Welfare Fund - charge		192,789	89,352
Other charges		120	342
Total other expenses		4,204,450	3,245,897
<b>Profit before provisions</b>		<b>9,186,810</b>	<b>5,020,097</b>
(Reversals) / provisions and write offs - net		(452,646)	731,208
<b>Profit before taxation</b>		<b>9,639,456</b>	<b>4,288,889</b>
Taxation		4,723,333	2,101,556
<b>Profit after taxation</b>		<b>4,916,123</b>	<b>2,187,333</b>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

## 36.1 Investments by type

	June 30, 2023 (Unaudited)			Carrying value
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	
(Rupees in '000)				
<b>Held-for-trading (HFT) securities</b>				
Federal Government securities				
- Ijarah Sukuks	3,504	-	64	3,568
<b>Available-for-sale (AFS) securities</b>				
Federal Government securities				
- Ijarah Sukuks	135,693,514	-	(3,920,220)	131,773,294
- Other Federal Government securities	7,375,740	-	-	7,375,740
Non-Government debt securities				
- Listed	45,443,545	-	61,529	45,505,074
- Unlisted	1,401,000	-	3,041	1,404,041
	189,913,799	-	(3,855,650)	186,058,149
<b>Held-to-maturity (HTM) securities</b>				
Non-Government debt securities				
- Unlisted	9,724,330	-	-	9,724,330
<b>Total Investments</b>	<b>199,641,633</b>	<b>-</b>	<b>(3,855,586)</b>	<b>195,786,047</b>

	December 31, 2022 (Audited)			Carrying value
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	
(Rupees in '000)				
<b>Available-for-sale (AFS) securities</b>				
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
<b>Held-to-maturity (HTM) securities</b>				
Non-Government debt securities				
- Unlisted	8,962,349	-	-	8,962,349
<b>Total Investments</b>	<b>186,353,214</b>	<b>-</b>	<b>(2,698,382)</b>	<b>183,654,832</b>

## 36.2 Islamic financing and related assets - net

	(Unaudited)	(Audited)
	June 30, 2023	December 31, 2022
(Rupees in '000)		
Diminishing Musharakah	92,846,362	94,643,200
Running Musharakah	45,265,393	57,261,410
Wakalah	14,538,361	14,541,328
Ijarah	2,932,829	2,294,057
Murabaha	1,603,827	3,791,439
Currency Salam	577,384	-
Tijarah	2,384,112	2,887,334
Istisna	2,205,032	1,994,354
Musawamah	940,775	777,472
Advance for Diminishing Musharakah	4,065,339	5,364,119
Advance for Ijarah	3,697,193	3,599,862
Advance for Murabaha	8,563,483	5,546,361
Advance for Salam	-	2,029,702
Advance for Istisna	12,753,373	13,169,142
Advance for Musawamah	1,106,058	3,856,574
Inventories against Murabaha	3,014,419	5,410,563
Inventories against Salam	4,001,066	-
Inventories against Tijarah	3,069,260	5,427,552
Inventories against Istisna	3,721,461	3,853,373
Islamic financing and related assets - gross	207,285,727	226,447,842
Provision against Islamic financing and related assets		
- Specific	(916,594)	(1,376,081)
- General	(1,107,431)	(1,096,995)
	(2,024,025)	(2,473,076)
Islamic financing and related assets - net of provision	205,261,702	223,974,766

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Note	(Unaudited) June 30, 2023	(Audited) December 31, 2022
(Rupees in '000)			
<b>36.3 Due to financial institutions</b>			
Unsecured acceptances of funds		22,900,000	19,000,000
Acceptances from the SBP under:			
- Islamic export refinance scheme		18,815,590	19,931,491
- Islamic long term financing facility		6,852,653	7,183,674
- Islamic financing facility for renewable energy power plants		687,871	693,399
- Islamic refinance facility for modernization of Small & Medium Enterprises (SMEs)		318,719	129,838
- Islamic refinance and credit guarantee scheme for women entrepreneurs		2,630	5,720
- Islamic refinance facility for combating COVID-19		337,076	143,564
- Islamic temporary economic refinance facility		2,515,678	2,749,061
- Secured Mudarbah Agreement		19,096,006	24,689,405
Acceptances from Pakistan Mortgage Refinance Company		-	168,252
		<b>71,526,223</b>	<b>74,694,404</b>
<b>36.4 Deposits and other accounts</b>			
<b>Customers</b>			
Current deposits		93,127,501	85,498,743
Savings deposits		185,303,417	161,990,175
Term deposits		25,112,289	24,836,049
		<b>303,543,207</b>	<b>272,324,967</b>
<b>Financial Institutions</b>			
Current deposits		11,678	414,372
Savings deposits		20,232,716	47,142,963
Term deposits		413,646	1,646
		<b>20,658,040</b>	<b>47,558,981</b>
		<b>324,201,247</b>	<b>319,883,948</b>
<b>36.5 Islamic Banking business unappropriated profit</b>			
Opening Balance		32,922,558	27,194,762
Add: Islamic Banking profit for the period / year		9,639,456	11,236,017
Less: Taxation		(4,723,333)	(5,505,648)
Less: Transferred / Remitted to Head Office		(7,786)	(2,573)
Closing Balance		<b>37,830,895</b>	<b>32,922,558</b>
<b>36.6 Contingencies and commitments</b>			
- Guarantees	36.6.1	3,098,684	2,862,623
- Commitments	36.6.2	33,026,784	31,705,993
		<b>36,125,468</b>	<b>34,568,616</b>
<b>36.6.1 Guarantees:</b>			
Performance guarantees		3,098,684	2,862,623
Other guarantees		-	-
		<b>3,098,684</b>	<b>2,862,623</b>
<b>36.6.2 Commitments:</b>			
Trade-related contingent liabilities		32,454,803	26,704,850
Commitments in respect of forward foreign exchange contracts	36.6.2.1	571,981	5,001,143
		<b>33,026,784</b>	<b>31,705,993</b>
<b>36.6.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		-	2,405,370
Sale		571,981	2,595,773
		<b>571,981</b>	<b>5,001,143</b>
<b>36.7 Profit / return earned</b>			
(Unaudited) For the six months ended			
		June 30, 2023	June 30, 2022
(Rupees in '000)			
On:			
Financing		15,358,290	8,962,156
Investments		15,604,516	10,190,009
Amounts due from financial institutions		861,290	352,366
		<b>31,824,096</b>	<b>19,504,531</b>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

		(Unaudited)	
		For the six months ended	
		June 30, 2023	June 30, 2022
		(Rupees in '000)	
36.8	<b>Profit / return expensed</b>		
	On:		
	Deposits and other accounts	13,063,911	8,575,167
	Amounts due to financial institutions	6,086,344	3,160,289
	Foreign currency deposits for Wa'ad based transactions	4,842	13,062
	Lease liability against right-of-use assets	485,518	271,758
		<u>19,640,615</u>	<u>12,020,276</u>

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

37.1 The Board of Directors, in its meeting held on July 26, 2023, has declared a cash dividend of Rs 2.00 per share in respect of the quarter ended June 30, 2023 (June 30, 2022: Rs 1.50 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 July 26, 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

**Moez Ahamed Jamal**  
Director

**Shaffiq Dharamshi**  
Director

**Dr. Najeeb Samie**  
Director







