

HBL



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PROGRESSING TOGETHER**

QUARTERLY REPORT
SEPTEMBER 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. Raymond Kotwal

Company Secretary
Mr. Uzman Naveed Chaudhary

Legal Advisors
Mandviwalla and Zafar
Legal Consultants and Advocates

Auditors
KPMG Taseer Hadi & Co
Chartered Accountants

Share Registrar

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

HBL Corporate Secretariat

Phone: (92-21) 37137543
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Principal Office

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

Registered Office

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

Corporate Website

www.hbl.com

Internet Banking

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

Konnect

www.hbl.com/konnect

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



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present the Consolidated Financial Statements for the nine months ended September 30, 2023.

Macroeconomic Review

Pakistan's GDP growth for FY'23 was 0.3%, compared to 6.1% in FY'22, as the combination of macroeconomic factors and political instability took their toll. FY'24 has commenced on a more positive note with the announcement of the Standby Arrangement (SBA) with the IMF. In Q1FY'24, high frequency indicators have begun to show improvement; relief was observed in manufacturing industries as the gradual reopening of imports has enhanced the availability of essential production inputs. The Large-Scale Manufacturing Index for 2MFY'24 increased by 0.5% over 2MFY'23, with August showing the first YoY increase in 14 months. The agriculture sector is reflecting a positive trend as the influx of cotton arrivals indicates a substantial increase compared to the corresponding period last year; favourable rice prices and a production surplus bode well for exports. Inflation increased to 31.4% in Sep'23, briefly reversing its downward trend, due to a lower base effect; the declining trend is expected to resume from Oct'23. Average inflation for Q3'23 was 29.0% compared to 34.6% during Q2'23. A potential gas tariff hike before the next IMF review, poses an upside risk to inflation.

With the withdrawal of import prioritization guidelines, the current account balance expectedly turned negative after posting four consecutive surpluses till June 2023. Nevertheless, for Q1FY'24, imports declined by 24%, more than offsetting the 5% drop in exports. The trade deficit thus improved substantially over the same period of last year, reducing by 39%, to USD 5.4 billion. Remittances have remained soft as the wide gap between the interbank and unofficial rates has impacted flows through official channels. In September 2023, following the spate of actions to strengthen FX markets, flows rebounded, growing 5% over August; however, for Q1FY'24 remittances were 20% lower than in Q1FY'23. The current account deficit for the first quarter of the fiscal year was recorded at USD 947 million, 58% lower than the deficit of USD 2.3 billion recorded in Q1FY'23.

The release of the first tranche, along with an inflow of dollars from friendly countries, led to SBP's reserves increasing to USD 8.2 billion in July 2023. However, the release of import backlog payments, along with speculative activity, continued to depreciate the currency with the PKR/USD touching a low of Rs 307.1/\$. Since then, a crackdown on illegal FX activity, tightened rules for exchange companies and stricter monitoring of the Afghan Transit Trade have delivered positive results, sharply narrowing the differential between the interbank and kerb markets. The subsequent inflow of export proceeds has substantially strengthened the Rupee which has improved to Rs 278.8/\$.

The fiscal deficit in FY'23 rose 24% to Rs 6.5 trillion; however, as a percentage of GDP, it reduced from 7.9% in FY'22 to 7.7%. Notably, there was a 67% reduction in the primary deficit, from Rs 2.1 trillion (3.1% of GDP) in FY'22 to Rs 0.7 trillion (0.8% of GDP) in FY'23. Revenue increased by 20% YoY, mainly attributable to an uptick of 16.7% in FBR's tax collection as direct taxes increased by 43.5%. However, total expenditure in FY'23 increased by 22%; mark-up payments surged by 83% to PKR 5.8 trillion, accounting for 93% of the rise in expenditure.

The improving macroeconomic conditions boosted investor confidence, propelling an 11.5% increase in the KSE-100 during the first quarter of FY'24. The equity market has remained buoyant, rising by a further 9.7% since the end of the quarter; in October, it crossed the 50k level for the first time since 2017 to reach a 6-year high of 50,732, an increase of 25.5% since the start of the year. Strategic buybacks and sponsor buying have further reinforced the market's positive momentum.

Since the last rate increase in June 2023, the SBP has maintained a status quo on the Policy Rate. In its last monetary policy meeting in September, it kept the rate unchanged at 22%, contrary to market expectations of a significant increase. In support of its decision, the SBP cited the declining inflationary trend, a much-improved agriculture outlook and the impact of the crackdown on hoarding and illegal FX activity. Private sector credit has slowed by 7.4% in 9M'23 compared to a growth of 7.6% in 9M'22. Consequently, industry advances have declined by 0.8% since the start of the year, influenced by the heightened cost of borrowing. Deposit growth of 17.1% over December 2022 has been robust, but admittedly from an artificially low base. Banking spreads for 8M'23 have widened by 248 bps over 8M'22 as, in the recently more stable rate environment, the impact of previous rate hikes are more fully reflected in lending yields which have outpaced increases in deposit cost.

Financial Performance

HBL's consolidated profit before tax of Rs 83.5 billion for the first nine months of 2023 has increased by 50% over the same period last year. The PBT of Rs 32 billion for Q3'23 is a new quarterly record. This was led by excellent performance from the domestic franchise, complemented by further improved results from the international business, which is now making a consistent contribution to the Bank's bottom line. The Bank's profit after tax grew by 82% over the corresponding period last year, to Rs 43.0 billion. Earnings per share have increased from Rs 15.95 in 9M'22 to Rs 29.20 in 9M'23.

The Bank's balance sheet increased by 19% to cross Rs 5.5 trillion. Domestic deposits grew by 14% over Dec'22 to Rs 3.3 trillion, with total deposits at nearly Rs 4.0 trillion. Average domestic deposits for the nine months of 2023 rose by Rs 287 billion; almost entirely from low-cost CASA, enabling HBL to contain its cost of deposits. With the decline in private sector credit, HBL's domestic advances declined by 4.3% to Rs 1.36 trillion. Despite headwinds, the Bank's Consumer portfolio increased to Rs 126 billion and Agriculture lending reached an all-time high of Rs 52 billion. HBL Microfinance continued to support its clients through the economic cycle, albeit with slower lending growth; advances rose 12% during the year, to Rs 95 billion, with its housing portfolio at Rs 31 billion.

Interest rates remained stable during Q3'23, allowing asset yields to fully reprice in line with deposits. The Bank's domestic net interest margin improved by 76 bps in Q3'23 alone; for 9M'23, NIMs were 194bps higher than in 9M'22. Coupled with a Rs 433 billion growth in the average domestic balance sheet, domestic net interest income (NII) increased by 52%. Interest income in the international business also rose substantially, with HBL's total NII increasing by 53%, to Rs 178 billion. HBL's dominant fee franchise delivered another above-market performance, rising by 34% to over Rs 30 billion. The fee growth was led by continued stellar performance from the Bank's flagship Cards business, supported by strong contributions from trade, branch banking and cash management. Consequently, total revenue of the Bank increased by 42%, to Rs 216 billion.

Administrative expenses of the Bank have increased by 36% over 9M'22 as record inflation, spiralling utilities and steep rupee devaluation had a significant impact on costs. However, the strong revenue growth improved the cost to income ratio from 60.0% in 9M'22 to 57.1% in 9M'23. The Bank's non-performing loans have increased marginally, only due to the exchange impact on international NPLs; however, with the decline in loans there was a slight uptick in the infection ratio to 5.0%. As a result of prudent provisioning, the total coverage remains above 100%.

Movement of Reserves

	Rupees in million
Unappropriated profit brought forward	178,468
Profit attributable to equity holders of the Bank	42,829
Re-measurement gain on defined benefit obligations of associates – net of tax	9
Transferred from surplus on revaluation of assets – net of tax	134
Acquisition of additional interest in subsidiary	234
Derecognition of Joint Venture arrangement	1,441
	44,647
Profit available for appropriations	223,115
Appropriations	
Transferred to statutory reserves	(4,545)
Cash dividend – Final 2022	(2,200)
Cash dividend – 1st Interim 2023	(2,200)
Cash dividend – 2nd Interim 2023	(2,934)
Total appropriations	(11,879)
Unappropriated profit carried forward	211,236
Earnings per share (Rs)	29.20

Capital Ratios

Internal capital generation from the strong results significantly strengthened the Bank's capital ratios. The Capital Adequacy Ratio (CAR) was also boosted by a more benign macroeconomic environment with a stable Rupee and interest rates, along with nominal growth in Risk Weighted Assets. Consequently, Tier 1 CAR improved by 64 bps over June 2023 to 12.52%. The improved headroom also increased the eligibility of Tier II capital, with total CAR increasing by 91 bps over the previous quarter, to 16.1%.

Dividend

The Board of Directors, in its meeting held on October 25, 2023, has declared an interim cash dividend of Rs 2.25 per share (22.5%) for the quarter ended September 30, 2023.

Future Outlook

Pakistan once again finds itself at one of its ever-present crossroads. Starting with the SBA announcement, there have

been a number of positive developments since the start of the fiscal year. Inflation is on a downtrend, cotton, rice and wheat production looks to set new highs, and manufacturing is reviving. The falling inflation bodes well for a lower interest rate, a more stable Rupee and a more active equity market with the GDP growth outlook for FY'24 improved to 3.5%. However, the Gaza war threatens to become the tipping point of a new economic and geopolitical standoff. OPEC+ production cuts being discussed or an embargo reminiscent of the 1970s, could send oil prices spiking, reversing the positive inflation trajectory, in addition to reshaping a geopolitical order in which Pakistan's prominence has already been reduced.

The caretakers have done a commendable job, improving sentiment, curbing commodity and foreign exchange market irregularities, and rationalizing Afghan Transit Trade. Indications point to a successful IMF review in November 2023. However, additional structural reform targets may well be added to the SBA as progress on SOE management, privatization and taxes has, unfortunately, been marginal; these could well become pre-conditions for Pakistan to graduate to a longer-term programme. While the FBR has exceeded its tax collection for Q1FY'24, it is simply by taxing the already taxed. The IMF is now increasing vocal about bringing retailers, real estate and agriculture into the tax net. In its recent monetary policy statement, the SBP also highlighted that a prudent fiscal stance – which includes broadening the tax base, restricting subsidies to the most vulnerable and reducing SOE losses – is vital to alleviate inflationary pressures and help achieve sustainable growth.

HBL continues to make progress on its digital agenda towards being "A Technology Company With a Banking License". Earlier this year, we had launched the #JahanFansWahanStadium branded hashtag challenge on TikTok in connection with HBL PSL 8. In a landmark achievement, TikTok has published a case study on HBL PSL, characterizing our campaign as a Global Success Story. The campaign received 8.7 billion views – more than the number of people on the planet. Digital lending has taken on new momentum – in 2023, 44% of all credit card acquisitions and 22% of personal loans have been through HBL's Mobile App; digital personal loans for pre-selected customers are now processed instantaneously. Digital transaction volumes are rising rapidly; in August, transactions through HBL POS terminals crossed an average of Rs 1 billion per day. HBL Mobile continues to command a leading market share, with 3.7 million users; during the first nine months of 2023, Rs 3.3 trillion worth of transactions were processed, more than double the amount for the same period last year. Our efforts continue to receive external validation as we were named the Best Bank for Digital Services at the CFA Society Awards.

Earlier this year, we were named as the Most Inclusive Organization in Pakistan, a privilege and a responsibility. On October 12, World Sight Day, we launched a unique feature on our Mobile App which enables a Talkback capability for visually impaired customers. For the second consecutive year, HBL Microfinance was awarded the Best Microfinance Bank by the CFA Society. Recently, HBL has been awarded the prestigious Environment Excellence Award 2023 by the National Forum for Environment and Health, an award designed to recognize organizations that are contributing to sustainable development. We remain focused on 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

October 25, 2023

ڈائریکٹرز کا جائزہ

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

کلیاتی اقتصادیات کا جائزہ

مالی سال 2023ء میں پاکستان کی GDP نمو 0.3% رہی جو مالی سال 22 میں 6.1% تھی، اس کی وجہ کلیاتی اقتصادیات کی عوامل اور سیاسی عدم استحکام کا امتزاج تھا۔ مالی سال 24 کا آغاز IMF کے ساتھ اسٹیٹڈ ہائی آر میٹجمنٹس (SBA) کے اعلان کے ساتھ زیادہ مثبت انداز میں ہوا ہے۔ مالی سال 24 کی پہلی سہ ماہی میں ہائی فریکوئنسی انڈیکسٹرز نے بہتری دکھانا شروع کر دی ہے۔ پیداواری صنعتوں میں سہولت دیکھی گئی کیونکہ درآمدات کے بتدریج دوبارہ کھلنے سے ضروری پیداواری عناصر کی دستیابی میں اضافہ ہوا ہے۔ مالی سال 24 کے 2 ماہ کے لیے بڑے پیمانے پر مینوفیکچرنگ انڈیکس میں مالی سال 23 کے 2 ماہ مقابلے میں 0.5% کا اضافہ ہوا، جس میں اگست میں 14 ماہ میں سال بہ سال پہلا اضافہ دیکھا گیا۔ زراعت کا شعبہ مثبت رجحان کی عکاسی کر رہا ہے کیونکہ کپاس کی آمد گزشتہ سال کے اسی عرصے کے مقابلے میں کافی اضافے کی نشاندہی کر رہی ہے۔ چاول کی مناسب قیمتیں اور پیداواری سرپلس برآمدات کے لیے اچھی خبر ہے۔ ستمبر 23 میں افراط زر بڑھ کر 31.4% تک پہنچ گئی، جس نے قلیل البینا اثر کی وجہ سے اس میں کمی کے رجحان کو کسی حد تک پلٹ دیا۔ گراؤت کا رجحان اکتوبر 23 سے دوبارہ شروع ہونے کی توقع ہے۔ سال 23 کی تیسری سہ ماہی میں اوسط افراط زر 29.0% رہی جبکہ دوسری سہ ماہی میں یہ 34.6% تھی۔ IMF کے اگلے جائزے سے قبل گیس کے نرخوں میں ممکنہ اضافے سے افراط زر میں بھی اضافے کا خطرہ ہے۔

درآمدی ترجیحات کی ہدایات واپس لینے سے، جون 2023ء تک مسلسل چار سرپلس درج کرنے کے بعد کرنٹ اکاؤنٹ بیلنس حسب توقع منفی ہو گیا۔ تاہم مالی سال 2024ء کی پہلی سہ ماہی کے دوران درآمدات میں 24% کمی واقع ہوئی جو برآمدات میں 5% کمی سے زیادہ ہے۔ اس طرح تجارتی خسارہ گزشتہ سال کے اسی عرصے کے مقابلے میں کافی حد تک بہتر ہوا اور 39% کم ہو کر 5.4 ارب ڈالر رہ گیا۔ ترسیلات زر کم رہیں کیونکہ انٹرنیٹ اور غیر سرکاری نرخوں کے درمیان وسیع فرق نے سرکاری چینل کے ذریعے بہاؤ کو متاثر کیا ہے۔ ستمبر 2023ء میں، زرمبادلہ کی مارکیٹوں کے استحکامی اقدامات کے بعد، بہاؤ میں بہتری آئی، جس میں اگست کے مقابلے میں 5% اضافہ ہوا۔ تاہم مالی سال 24 کی پہلی سہ ماہی میں ترسیلات زر مالی سال 23 کی پہلی سہ ماہی کے مقابلے میں 20% کم رہیں۔ رواں مالی سال کی پہلی سہ ماہی کے دوران کرنٹ اکاؤنٹ خسارہ 947 ملین ڈالر ریکارڈ کیا گیا جو مالی سال 2023ء کی پہلی سہ ماہی کے 2.3 بلین ڈالر کے خسارے کے مقابلے میں 58% کم ہے۔

پہلی قسط کے اجراء کے نتیجے میں دوست ممالک کی جانب سے ڈالر کی آمد ہوئی جس سے جولائی 2023ء میں اسٹیٹ بینک کے ذخائر بڑھ کر 18.2 ارب ڈالر ہو گئے۔ تاہم درآمدی زیر التوا ادائیگیوں کے اجراء کے ساتھ ساتھ قیاس آرائیوں کی وجہ سے روپے کی قدر میں کمی کا سلسلہ جاری رہا اور پاکستانی روپیہ فی امریکی ڈالر \$/307.1 روپے کی کم ترین سطح پر پہنچ گیا۔ اس وقت سے زرمبادلہ کی غیر قانونی سرگرمیوں کے خلاف کریک ڈاؤن، ایچ پی سی کمپنیوں کے لیے سخت قوانین اور افغان ٹرانزٹ ٹریڈ کی سخت نگرانی کے مثبت نتائج سامنے آئے ہیں، جس سے انٹرنیٹ اور KER مارکیٹوں کے درمیان فرق میں تیزی سے کمی آئی ہے۔ اس کے بعد برآمدی آمدنی نے روپے کو کافی حد تک مستحکم کیا ہے جو بہتر ہو کر \$/278.8 روپے تک پہنچ گیا ہے۔

مالی سال 23 میں مالیاتی خسارہ 24% اضافے کے ساتھ 6.5 ٹریلین روپے تک پہنچ گیا۔ تاہم، GDP کے فیصد کے طور پر، یہ مالی سال 22 میں 7.9% سے کم ہو کر 7.7% رہ گیا۔ قابل ذکر بات یہ ہے کہ مالی سال 2022ء میں بنیادی خسارے میں 67% کمی آئی جو 2.1 ٹریلین روپے (GDP کا 3.1%) تھی جو مالی سال 23 میں 0.7 ٹریلین روپے (GDP کا 0.8%) تھی۔ محصولات میں سال بہ سال 20% اضافہ ہوا جس کی بنیادی وجہ FBR کی ٹیکس وصولیوں میں 16.7% کا اضافہ ہے کیوں کہ براہ راست ٹیکسوں میں 43.5% کا اضافہ ہوا۔ تاہم مالی سال 23 میں مجموعی اخراجات میں 22% اضافہ ہوا۔ مارک اپ ادائیگیاں 83% اضافے کے ساتھ 5.8 ٹریلین روپے تک پہنچ گئیں جو اخراجات میں 93% اضافے کی وجہ ہیں۔

کلیاتی اقتصادیات میں بہتری سے سرمایہ کاروں کے اعتماد میں اضافہ ہوا اور مالی سال 24 کی پہلی سہ ماہی کے دوران KSE 100 میں 11.5% اضافہ ہوا۔ سہ ماہی کے اختتام کے بعد سے ایکویٹی مارکیٹ میں مزید 9.7% اضافہ ہوا ہے۔ اکتوبر میں، یہ 2017ء کے بعد پہلی بار 50 ہزار کی سطح عبور کرتے ہوئے 6 سال کی بلند ترین سطح 50,732 پر پہنچ گیا، جو سال کے آغاز سے 25.5% کا اضافہ ہے۔ اسٹریٹجک ہائی بینک اور اسپانسر کی خریداری نے مارکیٹ کی مثبت رفتار کو مزید تقویت دی ہے۔

جون 2023ء میں شرح سود میں آخری اضافے کے بعد سے اسٹیٹ بینک نے پالیسی ریٹ جوں جوں برقرار رکھا ہے۔ ستمبر میں اپنی آخری پالیسی میٹنگ میں، اس نے مارکیٹ کی نمایاں اضافے کی توقعات کے برعکس شرح کو 22% پر برقرار رکھا۔ اپنے فیصلے کی حمایت میں اسٹیٹ بینک نے افراط زر میں کمی کے رجحان، زراعت کے قدرے بہتر منظر نامے اور ذخیرہ اندوزی اور زرمبادلہ کی غیر قانونی سرگرمی کے خلاف کریک ڈاؤن کے اثرات کا حوالہ دیا۔ سال 23 کے 9 ماہ میں نجی شعبے کے قرضوں میں 7.4% کمی کی توقع ہوئی ہے جبکہ سال 22 کے 9 ماہ میں 17.6% اضافہ ہوا تھا۔ نتیجتاً، سال کے آغاز سے لے کر اب تک صنعتی قرضوں میں 0.8% کمی کی توقع ہوئی ہے، جس کی وجہ قرض کی بڑھتی ہوئی لاگت ہے۔ دسمبر 2022ء کے مقابلے میں ڈپازٹس میں 17.1% مضبوط اضافہ رہا ہے، لیکن یہ تسلیم کرنا پڑے گا کہ یہ مصنوعی طور پر کم بنیاد ہے۔ سال 23 کے 8 ماہ کے لیے بینکنگ اسپرڈ

مختلف مدوں میں رکھی گئی رقم:

(4,545)
(2,200)
(2,200)
(2,934)
(11,879)
211,236

قانونی ذخائر میں منتقل شدہ
نقد منافع منقسمہ۔ حتمی 2022ء
نقد منافع منقسمہ۔ پہلا عبوری 2023ء
نقد منافع منقسمہ۔ دوسرا عبوری 2023ء
کل تخصیص

اختتامی غیر تخصیص شدہ منافع

فی حصص (شیر) آمدنی (روپے)

سرمائے کا تناسب

شاندار نتائج نے بہترین اندرونی سرمایہ پیدا کیا جس سے بینک کے سرمائے کا تناسب نمایاں طور پر مستحکم ہوا۔ مستحکم روپے اور شرح سود کے ساتھ ساتھ رسک ویٹڈ اثاثوں میں برائے نام اضافے کے ساتھ زیادہ لطیف مالی اقتصاداتی ماحول کی وجہ سے بھی کیپٹل ایڈیکویسی ریشو میں اضافہ ہوا۔ نتیجتاً بینک کے Tier I CAR میں جون 2023ء سے 64 bps بہتری آئی جو 12.52% ہے۔ عمومی مہنگائی میں بہتری سے Tier II سرمائے کی اہلیت میں اضافہ ہوا اور کل CAR بڑھ کر 16.1% ہو گئی جو گزشتہ سہ ماہی سے 91 bps زیادہ ہے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 25 اکتوبر 2023ء کو مستحکم ہونے والے اجلاس میں 30 ستمبر 2023ء کو اختتام پذیر ہونے والی سہ ماہی کے لیے 2.25 روپے فی حصص (22.5%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

مستقبل کی صورت حال

پاکستان ہمیشہ کی طرح ایک بار پھر ایک دورا ہے پر آکھڑا ہوا ہے۔ SBA کے اعلان کے بعد، مالی سال کے آغاز سے ہی کئی مثبت تبدیلیاں آنے لگیں۔ افراط زر میں کمی کارخان، کپاس، چاول اور گندم کی پیداوار نئی بلندیوں پر پہنچی، اور پیداوار بحال ہو رہی ہے۔ گرتی ہوئی افراط زر کم شرح سود، زیادہ مستحکم روپیہ اور زیادہ فعال ایکویٹی مارکیٹ کے لیے اچھی علامات ہیں جس میں مالی سال 24 کے لیے GDP نمو 3.5% تک بہتر ہوئی ہے۔ تاہم، غزہ کی جنگ ایک نئے معاشی اور جغرافیائی تعطل کا پیش خیمہ ہے۔ OPEC اور پیداوار میں کٹوتی یا 1970ء کی دہائی کی یاد تازہ کرنے والی پابندی سے تیل کی قیمتوں میں اضافہ ہو سکتا ہے، جس سے افراط زر کی مثبت سمت پلٹ سکتی ہے، اس کے علاوہ ایک جغرافیائی سیاسی نظام کو نئی شکل دی جاسکتی ہے جس میں پاکستان کی اہمیت پہلے ہی کم ہو چکی ہے۔

نگراں حکومت نے قابل ستائش کام کیا ہے، جس میں جذبات میں بہتری، اجناس اور زر مبادلہ کی مارکیٹ کی بے ضابطگیوں کی روک تھام اور افغان ٹرانزٹ ٹریڈ کی معقولیت شامل ہے۔ اشاریے نومبر 2023ء میں IMF کے کامیاب جائزے کی نشاندہی کرتے ہیں۔ تاہم، SBA میں اضافی ساختی اصلاحات کے اہداف کو بھی شامل کیا جاسکتا ہے کیونکہ SOE مینجمنٹ، نجکاری اور ٹیکسوں میں بد قسمتی سے معمولی کارکردگی رہی ہے۔ یہ پاکستان کے لیے کسی طویل المیعاد پروگرام میں شمولیت کا پیش خیمہ بن سکتے ہیں۔ اگرچہ FBR نے مالی سال 24 کی پہلی سہ ماہی میں اپنی ٹیکس وصولی سے زیادہ ٹیکس جمع کیا ہے، لیکن یہ صرف پہلے سے ٹیکس دینے والوں پر ٹیکس لگا کر حاصل کیا گیا ہے۔ IMF اب ریٹیلر، جائیداد اور زراعت کو ٹیکس نیٹ میں لانے کے لیے دباؤ ڈال رہا ہے۔ اپنے حالیہ زری پالیسی بیان میں اسٹیٹ بینک نے اس بات پر بھی روشنی ڈالی کہ افراط زر کا دباؤ کم کرنے اور پائیدار ترقی کے حصول کے لیے ایک دانشمندانہ مالی موقف، جس میں ٹیکس کی بنیاد وسیع کرنا، سب سے زیادہ مستحقین تک سبسڈی کو محدود کرنا اور SOE نقصانات کم کرنا شامل ہے۔

HBL اپنے ڈیجیٹل ایجنڈے "بینکنگ لائنس کے ساتھ ایک ٹیکنالوجی کمپنی" پر پیش رفت جاری رکھے ہوئے ہے۔ اس سال کے اوائل میں ہم نے HBL PSL 8 کے سلسلے میں ٹک ٹاک پر JahanFansWahanStadium # برانڈ ڈیمو سٹریٹجی متعارف کروا تھا۔ ایک تاریخی کامیابی کے طور پر، ٹک ٹاک نے HBL PSL پر ایک کیس اسٹڈی شائع کی ہے، جس میں ہماری مہم کو عالمی کامیابی کی کہانی کے طور پر بیان کیا گیا ہے۔ اس مہم کو 8.7 ملین ویوز ملے جو کہہ لو گوں کی تعداد سے زیادہ ہے۔ 2023ء میں تمام کرڈٹ کارڈ کے حصول کا 44% اور پرنٹل لونز کا 22% HBL کی موبائل ایپ کے ذریعے حاصل کیا گیا۔ پہلے سے منتخب کردہ صارفین کے لیے ڈیجیٹل پرنٹل لونز پر اب فوری کارروائی کی جاتی ہے۔ ڈیجیٹل ٹرانزیکشنز کا حجم تیزی سے بڑھ رہا ہے۔ اگست میں HBL POS ٹرمینلز کے ذریعے روزانہ اوسطاً 1 ملین روپے کی ٹرانزیکشنز ہوئیں۔ HBL موبائل 3.7 ملین صارفین کے ساتھ سرفہرست مارکیٹ شیئر رکھتا ہے۔ سال 2023ء کے پچھلے 9 ماہ کے دوران 3.3 ٹریلین روپے کی ٹرانزیکشنز کی گئیں جو گزشتہ سال کے اسی عرصے کے مقابلے میں دو گنی ہے۔ ہماری کوششوں کو بیرونی توثیق مل رہی ہے کیونکہ ہمیں CFA سوسائٹی ایوارڈز میں ڈیجیٹل خدمات کے لیے بہترین بینک نامزد کیا گیا تھا۔

سال 22 کے 8 ماہ کے مقابلے میں 248bps تک بڑھ گئے کیونکہ حالیہ زیادہ مستحکم شرح کے سبب، پچھلے شرح سود میں اضافے کے اثرات قرضوں کے آمدن میں زیادہ ظاہر ہو رہے ہیں جس نے ڈپازٹ کی لاگت میں اضافے کو پیچھے چھوڑ دیا ہے۔

مالیاتی کارکردگی

2023ء کے پہلے 9 ماہ کے دوران HBL کے 83.5 ارب روپے کے قبل از ٹیکس منافع میں گزشتہ سال کے اسی عرصے کے مقابلے میں 50% فیصد اضافہ ہوا ہے۔ سال 23 کی تیسری سہ ماہی میں 32 ارب روپے کا قبل از ٹیکس منافع ایک نیا سہ ماہی ریکارڈ ہے۔ مقامی فرنیچائر کی عمدہ کارکردگی کے ساتھ ساتھ بین الاقوامی کاروبار سے مزید بہتر نتائج سامنے آئے، جو اب بینک کی آمدن میں مستقل اضافہ کر رہا ہے۔ بینک کا بعد از ٹیکس منافع گزشتہ سال کے اسی عرصے کے مقابلے میں 82% بڑھ کر 43.0 ارب روپے تک پہنچ گیا۔ فی حصص آمدنی سال 22 کے 9 ماہ میں 15.95 روپے سے بڑھ کر سال 23 کے 9 ماہ میں 29.20 روپے ہو گئی ہے۔

بینک کی بیلنس شیٹ 19% اضافے کے ساتھ 5.5 ٹریلین روپے سے تجاوز کر گئی۔ دسمبر 22 کے مقابلے میں مقامی ڈپازٹس 14% اضافے کے ساتھ 3.3 ٹریلین روپے تک پہنچ گئے، جس میں کل ڈپازٹس تقریباً 4.0 ٹریلین روپے تھے۔ سال 2023ء کے 9 ماہ کے دوران اوسط مقامی ڈپازٹس میں 287 ارب روپے کا اضافہ ہوا۔ جو تقریباً مکمل طور پر کم لاگت والے CASA سے ہوا، جس سے HBL ڈپازٹس کی لاگت پر قابو پانے کے قابل بنا۔ نئی شعبے کے قرضوں میں کمی کے باعث HBL کے مقامی قرضے 4.3% کم ہو کر 1.36 کھرب روپے رہ گئے۔ مشکلات کے باوجود بینک کا نزیوم پورٹ فولیو 126 ارب روپے تک بڑھ گیا اور زرعی قرضے 52 ارب روپے سے تاریخ کی بلند ترین سطح پر پہنچ گئے۔ HBL MfB نے معاشی دور میں اپنے صارفین کی مدد جاری رکھی، اگرچہ قرضوں کی نمو مست تھی؛ تاہم سال کے دوران ایڈوانسز 12% اضافے کے ساتھ 95 ارب روپے تک پہنچ گئے جبکہ ہاؤسنگ پورٹ فولیو 31 ارب روپے رہا۔

تیسری سہ ماہی کے دوران شرح سود مستحکم رہی جس کی وجہ سے اثاثوں کے منافع کو ڈپازٹس کے مطابق مکمل طور پر بحال کرنے میں مدد ملی۔ صرف تیسری سہ ماہی میں بینک کے مقامی خالص سود کے مارجن میں 76bps کی بہتری آئی ہے۔ سال 23 کے 9 ماہ کے لیے NIM سال 22 کے 9 ماہ کے مقابلے میں 194bps زیادہ تھے۔ اوسط مقامی بیلنس شیٹ میں 433 ارب روپے کے اضافے کے ساتھ ساتھ مقامی خالص سودی آمدنی (NII) میں 52% اضافہ ہوا۔ بین الاقوامی کاروبار میں سودی آمدنی میں بھی خاطر خواہ اضافہ ہوا اور HBL کی مجموعی NII 53% اضافے کے ساتھ 178 بلین روپے تک پہنچ گئی۔ HBL کی اہم فیسیں فرنیچائر نے 34% اضافے کے ساتھ 30 بلین روپے سے زائد کی مارکیٹ سے بالا کارکردگی کا مظاہرہ کیا۔ فیسیں میں اضافہ بینک کے فلگ شپ کارڈز کے کاروبار کی مسلسل شاندار کارکردگی کی وجہ سے ہوا، جس میں ٹریڈ، براؤنج بینکنگ اور کیش مینجمنٹ کی بھرپور معاونت حاصل تھی۔ اس کے نتیجے میں بینک کی مجموعی آمدنی 42% اضافے کے ساتھ 216 ارب روپے تک پہنچ گئی۔

بینک کے انتظامی اخراجات میں سال 22 کے 9 ماہ کے مقابلے میں 36% اضافہ ہوا ہے کیونکہ ریکارڈ افراط زر، بڑھتی ہوئی یونٹیلیٹیز اور روپے کی قدر میں تیزی سے کمی نے اخراجات پر نمایاں اثر ڈالا ہے۔ تاہم، محصولات میں مستحکم اضافے نے لاگت اور آمدنی کے تناسب کو سال 22 کے 9 ماہ 60.0% سے سال 23 کے 9 ماہ میں 57.1% تک بہتر بنایا ہے۔ بین الاقوامی NPL پر ایک پیچھے کے اثرات کی وجہ سے بینک کے نان پرفارمنگ قرضوں میں معمولی اضافہ ہوا ہے۔ تاہم، قرضوں میں کمی کے ساتھ انٹرنیشنل کی شرح میں معمولی اضافہ ہوا اور یہ 5.0% تک پہنچ گیا۔ محتاط فراہمی کے نتیجے میں، کل کوریج 100% سے اوپر رہی۔

ذخائر میں اتار چڑھاؤ

ملین روپے

178,468
42,829
9
134
234
1,441
44,647
223,115

افتتاحی غیر تخصیص شدہ منافع

بینک ایکویٹی کے حامل افراد کے لیے قابل ادا ہنگامی منافع ایسوسی ایٹس کے متعین کردہ مینٹنس کی ذمہ داریوں پر دوبارہ تشخیص سے حاصل شدہ۔ محصول کا خالص اثاثہ جات کی دوبارہ تشخیص پر سرپلس سے منتقل شدہ۔ محصول کا خالص سبسائیڈری میں اضافی منافع کا محصول جو انٹ وینچر انگریجمنٹ سے دستیاب منافع مناسب کارروائی کے لیے دستیاب منافع

اس سال کے اوائل میں، ہمیں پاکستان میں سب سے زیادہ شمولیت والا ادارہ نامزد کیا گیا تھا، جو ایک اعزاز اور ایک ذمہ داری ہے۔ 12 اکتوبر کو بینائی کے عالمی دن کے موقع پر ہم نے اپنی موبائل ایپ پر ایک انوکھا منظر متعارف کروایا جو ناپید صارفین کے لیے ٹاک بیک کی صلاحیت ہے۔ HBL مائیکروفنانس کو مسلسل دوسرے سال CFA سوسائٹی کی جانب سے بہترین مائیکروفنانس بینک کا ایوارڈ دیا گیا۔ حال ہی میں HBL کو نیشنل فورم فار انوومنٹ اینڈ ہیلتھ کی جانب سے باوقار انوومنٹ ایسوسی ایشن ایوارڈ 2023 سے نوازا گیا ہے، یہ ایوارڈ پائیدار ترقی میں کردار ادا کرنے والے اداروں کو تسلیم کرنے کے لیے ڈیزائن کیا گیا ہے۔ ماحولیات سے ہماری وابستگی اٹل ہے اور ہم کاربن کو نیٹ زیرو تک پہنچانے کے سفر میں پرعزم ہیں، تاکہ آئندہ نسلوں کے لیے ایک بہتر کرہ ارض چھوڑ کر جاسکیں۔

اظہارِ تشکر

بورڈ اور انتظامیہ کی جانب سے ہم اپنے ریگولیٹرز اور حکومت پاکستان، بالخصوص اسٹیٹ بینک آف پاکستان، وزارت مالیات اور سیورٹیز اینڈ ایگزیکیوٹو 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، 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 بھرپور حصہ جاری رکھے ہوئے ہیں۔ ہمارے شیئرز ہولڈرز نے ثابت قدمی سے ہمارا ساتھ دیا اور ان کے ساتھ ہم تمام اسٹیٹک ہولڈرز کے بھی انتہائی شکر گزار ہیں۔ بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پرعزم ہے اور ہم اپنے اسٹیٹک ہولڈرز کو یقین دلاتے ہیں کہ اس خطے میں ہم اپنی کاروباری صنعت میں عروج پر ہوں گے۔

آخر میں، ہم اپنے تمام ملازمین اور ان کے اہل خانہ، بالخصوص کسٹمر کا سامنا کرنے والے یونٹس اور برانچوں میں موجود عملے کے شکر گزار ہیں، جو مسلسل اپنے فرائض سے بڑھ کر کام کرتے ہیں تاکہ ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنائی۔ یہ ہمارے بہرہ اور بہرہ وران ہیں اور ہم ان کے عزم اور انتھک محنت کے لیے انھیں خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ

میر احمد جمال
ڈائریکٹر

محمد اورنگزیب
صدر اور چیف ایگزیکٹو افسر

25 اکتوبر 2023ء

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2023

	Note	(Unaudited) September 30, 2023 (Rupees in '000)	(Audited) December 31, 2022
ASSETS			
Cash and balances with treasury banks	5	522,171,130	296,015,386
Balances with other banks	6	53,126,983	41,513,022
Lendings to financial institutions	7	219,213,353	254,593,287
Investments	8	2,506,325,055	1,948,801,042
Advances	9	1,782,546,504	1,782,497,923
Fixed assets	10	140,037,198	113,871,657
Intangible assets	11	20,551,430	18,422,200
Deferred tax assets	12	12,054,861	5,797,045
Other assets	13	251,868,869	177,294,549
		5,507,895,383	4,638,806,111
LIABILITIES			
Bills payable	14	52,857,144	52,001,577
Borrowings	15	802,886,352	583,771,399
Deposits and other accounts	16	3,975,101,097	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	317,245,071	229,795,069
		5,166,963,664	4,353,784,297
		340,931,719	285,021,814
NET ASSETS			
REPRESENTED BY			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		99,925,116	87,771,332
Surplus on revaluation of assets - net of tax	19	12,235,460	1,235,369
Unappropriated profit		211,236,199	178,467,639
Total equity attributable to the equity holders of the Bank		338,065,300	282,142,865
Non-controlling interest		2,866,419	2,878,949
		340,931,719	285,021,814

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

Khaleel Ahmed
Director

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

		January 01 to Note September 30, 2023	January 01 to September 30, 2022	July 01 to September 30, 2023	July 01 to September 30, 2022
-----Rupees in '000-----					
Mark-up / return / profit / interest earned	22	509,965,767	309,099,482	190,768,778	121,465,176
Mark-up / return / profit / interest expensed	23	332,106,284	192,585,025	125,782,767	79,336,844
Net mark-up / return / profit / interest income		177,859,483	116,514,457	64,986,011	42,128,332
Non mark-up / interest income					
Fee and commission income	24	30,458,872	22,773,077	10,680,111	7,715,691
Dividend income		1,982,094	560,465	155,203	150,326
Share of profit of associates and joint venture		3,212,506	2,093,109	1,037,929	1,276,897
Foreign exchange (loss) / income - domestic		(4,252,401)	3,501,155	(86,937)	647,857
Foreign exchange income - international		1,347,400	3,278,493	370,582	1,375,751
Foreign exchange income - unrealised gain / (loss) related to derivatives		4,544,399	5,463,820	(1,239,637)	2,864,385
(Loss) / income from derivatives		(3,140,330)	(3,412,516)	2,011,230	(2,318,240)
(Loss) / gain on securities - net	25	(307,328)	530,713	(79,989)	127,485
Other income	26	4,347,253	342,691	182,160	106,154
Total non mark-up / interest income		38,192,465	35,131,007	13,030,652	11,946,306
Total income		216,051,948	151,645,464	78,016,663	54,074,638
Non mark-up / interest expenses					
Operating expenses	27	123,298,170	90,926,231	43,949,709	31,879,205
Workers' Welfare Fund		1,711,805	1,078,193	609,617	391,304
Other charges	28	82,090	450,995	5,610	8,682
Total non mark-up / interest expenses		125,092,065	92,455,419	44,564,936	32,279,191
Profit before provisions and taxation		90,959,883	59,190,045	33,451,727	21,795,447
Provisions and write offs - net	29	7,431,402	3,591,108	1,432,388	787,993
Profit before taxation		83,528,481	55,598,937	32,019,339	21,007,454
Taxation	30	40,557,222	31,971,038	15,388,058	9,487,340
Profit after taxation		42,971,259	23,627,899	16,631,281	11,520,114
Attributable to:					
Equity holders of the Bank		42,829,432	23,399,621	16,636,075	11,513,791
Non-controlling interest		141,827	228,278	(4,794)	6,323
		42,971,259	23,627,899	16,631,281	11,520,114
-----Rupees-----					
Basic and diluted earnings per share	31	29.20	15.95	11.34	7.85

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Khaleel Ahmed
Director

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	January 01 to September 30, 2023	January 01 to September 30, 2022	July 01 to September 30, 2023	July 01 to September 30, 2022
	(Rupees in '000)			
Profit after taxation for the period attributable to:				
Equity holders of the Bank	42,829,432	23,399,621	16,636,075	11,513,791
Non-controlling interest	141,827	228,278	(4,794)	6,323
	42,971,259	23,627,899	16,631,281	11,520,114
Other comprehensive income / (loss)				
Items that may be reclassified to the profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax, attributable to:				
Equity holders of the Bank	10,507,419	4,143,660	(2,080,636)	2,235,740
Non-controlling interest	-	44,140	-	-
	10,507,419	4,187,800	(2,080,636)	2,235,740
Increase in share of exchange translation reserve of associates - net of tax	497,268	80,140	291,242	6,074
Movement in surplus / deficit on revaluation of investments - net of tax, attributable to:				
Equity holders of the Bank	(4,503,364)	(20,955,370)	2,499,060	(4,199,860)
Non-controlling interest	22,377	(48,346)	20,614	5,961
	(4,480,987)	(21,003,716)	2,519,674	(4,193,899)
Movement in share of surplus / deficit on revaluation of investments of associates - net of tax	(320,933)	(290,547)	(126,251)	(154,796)
Items that are not to be reclassified to the profit and loss account in subsequent periods:				
Movement in surplus / deficit on revaluation of fixed assets - net of tax, attributable to:				
Equity holders of the Bank	15,966,442	(201,262)	10,639	-
Non-controlling interest	52,989	(3,081)	185	-
Transferred from surplus on revaluation of non-banking assets - net of tax	-	79,789	-	79,789
	16,019,431	(124,554)	10,824	79,789
Movement in surplus / deficit on revaluation of non-banking assets - net of tax:				
Transferred to surplus on revaluation of fixed assets - net of tax	-	(79,789)	-	(79,789)
Movement in share of surplus / deficit on revaluation of fixed assets of associates - net of tax	(6,355)	122,747	(157)	6,454
Remeasurement gain on defined benefit obligations - net of tax	-	209,435	-	-
Share of remeasurement gain on defined benefit obligations of associates - net of tax	8,633	3,735	-	1,949
Total comprehensive income	65,195,735	6,733,150	17,245,977	9,421,636
Total comprehensive income attributable to:				
Equity holders of the Bank	64,978,542	6,512,159	17,229,972	9,409,352
Non-controlling interest	217,193	220,991	16,005	12,284
	65,195,735	6,733,150	17,245,977	9,421,636

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

Khaleel Ahmed
Director

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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

(Rupees in '000)

Balance as at December 31, 2021 14,668,525 2,115,664 40,043,376 38,826,070 547,115 (156,706) (2,254,093) 27,413,464 158,441,418 279,644,833 4,040,969 283,685,802

Comprehensive income for the nine months ended September 30, 2022

Profit after taxation for the nine months ended September 30, 2022	-	-	-	-	-	-	-	-	23,399,621	23,399,621	228,278	23,627,899
Other comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	4,143,660	-	-	-	-	-	-	-	4,143,660	4,147,800
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	80,140	-	-	-	-	-	-	80,140	80,140
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	-	-	-	-	-	-	-	-	-	3,735	3,735	3,735
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	(20,955,370)	(201,262)	-	-	(21,156,632)	(21,208,059)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	(290,547)	122,747	-	-	(167,800)	(167,800)
	-	-	4,223,800	-	-	-	(21,245,917)	(78,515)	23,612,791	6,512,159	220,991	6,733,150
Transferred to statutory reserves	-	263,104	2,169,899	-	-	-	-	-	(2,433,003)	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(53,737)	54,728	991	(991)	-
Acquisition of additional interest in subsidiary	-	-	-	642,741	-	-	(57,067)	3,726	862,926	1,452,326	(1,452,326)	-

Transactions with owners, recorded directly in equity

Final cash dividend - Rs 2.25 per share declared subsequent to the year ended December 31, 2021	-	-	-	-	-	-	-	-	(3,300,418)	(3,300,418)	-	(3,300,418)
1st interim cash dividend - Rs 2.25 per share	-	-	-	-	-	-	-	-	(3,300,418)	(3,300,418)	-	(3,300,418)
2nd interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	-	-	(2,200,279)	(2,200,279)	-	(2,200,279)
	-	-	-	-	-	-	-	-	(8,801,115)	(8,801,115)	-	(8,801,115)

Balance as at September 30, 2022

14,668,525 2,378,788 42,213,275 43,692,611 547,115 (156,706) (23,557,077) 27,284,938 171,737,745 278,809,194 2,808,643 281,617,837

Comprehensive income for the three months ended December 31, 2022

Profit after taxation for the three months ended December 31, 2022	-	-	-	-	-	-	-	-	10,670,466	10,670,466	99,965	10,770,431
Other comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	(2,113,594)	-	-	-	-	-	-	-	(2,113,594)	(2,113,594)
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	148,006	-	-	-	-	-	-	148,006	148,006
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	-	-	-	-	-	-	-	-	22	22	-	22
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	(2,286,454)	30,850	-	-	(2,255,604)	(2,266,607)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	(221,060)	2,414	-	-	(218,646)	(218,646)
	-	-	(1,965,588)	-	-	-	(2,507,514)	33,264	10,555,786	6,115,948	70,306	6,186,254
Transferred to statutory reserves	-	145,056	916,801	-	-	-	-	-	(1,061,857)	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(18,242)	18,242	-	-	-
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	-	-	(581,998)	(581,998)	-	(581,998)
3rd interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	-	-	(2,200,279)	(2,200,279)	-	(2,200,279)

Balance as at December 31, 2022

14,668,525 2,523,824 43,130,076 41,727,023 547,115 (156,706) (26,064,591) 27,299,960 178,467,639 282,142,865 2,878,949 285,021,814

Comprehensive income for the nine months ended September 30, 2023

Profit after taxation for the nine months ended September 30, 2023	-	-	-	-	-	-	-	-	42,829,432	42,829,432	141,827	42,971,259
Other comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	10,507,419	-	-	-	-	-	-	-	10,507,419	10,507,419
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	497,268	-	-	-	-	-	-	497,268	497,268
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	-	-	-	-	-	-	(4,503,364)	15,966,442	-	-	11,463,078	11,538,444
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	(320,933)	(6,355)	-	-	(327,288)	(327,288)
	-	-	11,004,687	-	-	-	(4,824,297)	15,960,087	42,838,065	64,978,542	217,193	65,195,735
Transferred to statutory reserves	-	263,210	4,281,710	-	-	-	-	-	(4,544,920)	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(133,990)	133,990	-	-	-
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)	-
2nd interim cash dividend - Rs 2.00 per share	-	-	-	-	-	-	-	-	(2,933,705)	(2,933,705)	-	(2,933,705)
	-	-	-	-	-	-	-	-	(7,334,263)	(7,334,263)	-	(7,334,263)

Balance as at September 30, 2023

14,668,525 1,342,778 47,411,786 50,780,143 547,115 (156,706) (30,892,992) 43,128,452 211,236,199 338,065,300 2,866,419 340,931,719

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

Khaleel Ahmed
Director

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	January 01 to September 30, 2023	January 01 to September 30, 2022
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	83,528,481	55,598,937
Dividend income	(1,982,094)	(560,465)
Share of profit of associates and joint venture	(3,212,506)	(2,093,109)
Mark-up / return / profit / interest expensed on subordinated debt	3,126,563	1,307,766
	<u>(2,068,037)</u>	<u>(1,345,808)</u>
	81,460,444	54,253,129
Adjustments:		
Depreciation	7,066,703	5,640,958
Amortisation	1,587,089	1,329,522
Depreciation on right-of-use assets	3,456,482	2,891,630
Mark-up / return / profit / interest expensed on lease liabilities	2,956,170	2,252,617
Provision for diminution in value of investments	1,106,172	637,711
Provision against loans and advances	6,632,379	3,279,896
Provision against other assets	876,697	861,478
Reversal of provision against off-balance sheet obligations	(108,955)	(584,066)
Unrealised loss on held-for-trading securities	45,320	27,620
Exchange gain on goodwill	(947,686)	(782,965)
Gain on derecognition of joint venture	(3,731,399)	-
Gain on sale of fixed assets - net	(47,795)	(29,545)
Workers' Welfare Fund	1,711,805	1,078,193
	<u>20,602,982</u>	<u>16,603,049</u>
	102,063,426	70,856,178
Decrease / (increase) in operating assets		
Lendings to financial institutions	35,379,934	(21,187,795)
Held-for-trading securities	13,492,701	110,875,050
Advances	(6,680,960)	(211,497,643)
Other assets (excluding advance taxation)	(80,045,386)	(44,969,056)
	<u>(37,853,711)</u>	<u>(166,779,444)</u>
Increase / (decrease) in operating liabilities		
Bills payable	855,567	6,181,554
Borrowings from financial institutions	219,114,953	145,936,819
Deposits and other accounts	505,758,845	(11,581,245)
Other liabilities	85,149,390	66,621,453
	<u>810,878,755</u>	<u>207,158,581</u>
	875,088,470	111,235,315
Income tax paid	(38,371,437)	(22,806,167)
Net cash flows generated from operating activities	836,717,033	88,429,148
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(541,465,226)	(119,695,644)
Net investment in held-to-maturity securities	(36,271,030)	11,767,482
Net investment in associates	(2,468,249)	(3,456,988)
Dividend received	1,962,288	732,932
Investments in fixed assets	(11,639,426)	(12,480,225)
Investments in intangible assets	(2,658,047)	(6,103,280)
Proceeds from sale of fixed assets	163,133	46,061
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	11,004,687	4,223,800
Net cash flows used in investing activities	(581,371,870)	(124,965,862)
CASH FLOWS FROM FINANCING ACTIVITIES		
Effect of translation of net investment by non-controlling interest in subsidiary	-	44,140
Payment of mark-up on subordinated debt	(3,141,024)	(1,302,145)
Payment of lease liability against right-of-use assets	(3,533,042)	(3,736,372)
Dividend paid	(10,901,392)	(7,417,723)
Net cash flows used in financing activities	(17,575,458)	(12,412,100)
Increase / (decrease) in cash and cash equivalents during the period	237,769,705	(48,948,814)
Cash and cash equivalents at the beginning of the period	330,545,077	483,456,300
Effect of exchange rate changes on cash and cash equivalents	6,983,331	22,234,021
	<u>337,528,408</u>	<u>505,690,321</u>
Cash and cash equivalents at the end of the period	575,298,113	456,741,507

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

Khaleel Ahmed
Director

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 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 330 (December 31, 2022: 294) Islamic Banking Branches and 31 (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 81,873,094 shares of the Bank from the market. As a result, its shareholding in the Bank has increased from 51.00% to 56.58%.

- 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 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 NINE MONTHS ENDED SEPTEMBER 30, 2023

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
5 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	64,463,086	74,268,200
Foreign currencies	11,013,567	7,583,546
	<u>75,476,653</u>	<u>81,851,746</u>
With State Bank of Pakistan in		
Local currency current accounts	182,346,348	118,025,638
Foreign currency current accounts	13,003,963	292,436
Foreign currency deposit accounts	25,971,665	655,439
	<u>221,321,976</u>	<u>118,973,513</u>
With other Central Banks in		
Foreign currency current accounts	61,809,700	57,271,642
Foreign currency deposit accounts	45,560,423	35,609,011
	<u>107,370,123</u>	<u>92,880,653</u>
With National Bank of Pakistan in		
Local currency current accounts	115,803,324	1,757,957
Local currency deposit account	1,860,532	389,942
	<u>117,663,856</u>	<u>2,147,899</u>
National Prize Bonds	338,522	161,575
	<u>522,171,130</u>	<u>296,015,386</u>
6 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	173,788	764,679
In deposit accounts	5,734,296	412,037
	<u>5,908,084</u>	<u>1,176,716</u>
Outside Pakistan		
In current accounts	22,107,270	25,939,811
In deposit accounts	25,111,629	14,396,495
	<u>47,218,899</u>	<u>40,336,306</u>
	<u>53,126,983</u>	<u>41,513,022</u>
7 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	8,000,000	-
Repurchase agreement lendings (reverse repo)	211,213,353	254,593,287
	<u>219,213,353</u>	<u>254,593,287</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

8 INVESTMENTS

	September 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
(Rupees in '000)								
8.1 Investments by type								
Held-for-trading (HFT) securities								
Federal Government securities								
- Market Treasury Bills	19,356,391	-	(30,410)	19,325,981	5,885,581	-	(7,865)	5,877,716
- Pakistan Investment Bonds	24,563,481	-	102,882	24,666,363	52,471,296	-	(85,104)	52,386,192
- Ijarah Sukuk	660	-	4	664	-	-	-	-
Shares								
- Listed companies	273,819	-	(8,683)	265,136	132	-	(41)	91
Foreign securities								
- Government debt securities	3,864,343	-	(109,113)	3,755,230	3,278,776	-	8,620	3,287,396
	48,058,694	-	(45,320)	48,013,374	61,635,785	-	(84,390)	61,551,395
Available-for-sale (AFS) securities								
Federal Government securities								
- Market Treasury Bills	657,305,495	-	(764,816)	656,540,679	222,762,973	-	(396,299)	222,366,674
- Pakistan Investment Bonds	986,597,434	-	(44,954,705)	941,642,729	936,341,475	-	(29,604,154)	906,737,321
- Ijarah Sukuk	141,862,290	-	(3,893,848)	137,968,442	125,360,260	-	(2,772,531)	122,587,729
- Government of Pakistan US Dollar Bonds	21,033,877	(3,595,604)	(3,470,767)	13,967,506	18,895,230	(2,213,447)	(8,221,230)	8,460,553
- Other Federal Government securities	6,764,725	-	-	6,764,725	4,686,060	-	-	4,686,060
Shares								
- Listed companies	16,535,850	(1,562,578)	(2,509,965)	12,463,307	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
Non-Government debt securities								
- Listed	52,713,443	(1,284,051)	(1,887,163)	49,542,229	52,253,137	(602,689)	(2,566,098)	49,084,350
- Unlisted	2,660,839	(413,232)	(20,352)	2,227,255	2,664,233	(413,232)	16,321	2,267,322
Foreign securities								
- Government debt securities	172,778,976	(2,163,771)	(936,203)	169,679,002	126,975,290	(1,672,462)	(739,952)	124,562,876
Non-Government debt securities								
- Listed	7,859,532	(1,412,286)	(88,503)	6,358,743	9,364,897	(1,124,713)	(132,840)	8,107,344
- Unlisted	-	-	-	-	5,461,354	-	593	5,461,947
- Equity securities - Unlisted	9,854	(239)	-	9,615	7,762	(197)	-	7,565
National Investment Unit Trust units	11,113	-	25,191	36,304	11,113	-	27,057	38,170
Real Estate Investment Trust units								
- Listed	55,000	-	14,000	69,000	55,000	-	13,200	68,200
- Unlisted	1,575,000	-	-	1,575,000	1,575,000	-	-	1,575,000
Preference shares								
- Listed	744,400	-	126,000	870,400	744,400	-	172,200	916,600
- Unlisted	354,985	(285,793)	-	69,192	354,985	(285,793)	-	69,192
	2,074,235,701	(10,852,520)	(58,361,131)	2,005,022,050	1,519,215,081	(8,530,124)	(44,446,694)	1,466,238,263
Held-to-maturity (HTM) securities								
Federal Government securities								
- Market Treasury Bills	139,595,400	-	-	139,595,400	109,068,345	-	-	109,068,345
- Pakistan Investment Bonds	233,410,395	-	-	233,410,395	232,170,109	-	-	232,170,109
- Government of Pakistan US Dollar Bonds	6,599,417	(838,596)	-	5,760,821	5,265,790	(379,077)	-	4,886,713
Non-Government debt securities								
- Listed	1,899,540	-	-	1,899,540	1,733,442	-	-	1,733,442
- Unlisted	20,409,447	-	-	20,409,447	18,301,991	-	-	18,301,991
Foreign Securities								
- Government debt securities	15,420,272	-	-	15,420,272	14,365,073	-	-	14,365,073
Non-Government debt securities								
- Listed	-	-	-	-	161,426	(15,712)	-	145,714
- Unlisted	310,835	(14,912)	-	295,923	308,100	-	-	308,100
	417,645,306	(853,508)	-	416,791,798	381,374,276	(394,789)	-	380,979,487
Investments in associates	38,246,506	-	(1,748,673)	36,497,833	41,033,458	-	(1,001,561)	40,031,897
Total Investments	2,578,186,207	(11,706,028)	(60,155,124)	2,506,325,055	2,003,258,600	(8,924,913)	(45,532,645)	1,948,801,042

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
8.1.2 Investments given as collateral		
The market value of investments given as collateral against borrowings is as follows:		
Federal Government securities		
- Market Treasury Bills	88,906,790	76,758,133
- Pakistan Investment Bonds	382,982,532	165,214,633
- Ijarah Sukuk	21,074,800	25,479,600
Foreign securities		
- Government debt securities	12,792,680	15,216,156
	<u>505,756,802</u>	<u>282,668,522</u>

8.2 The market value of investments classified as held-to-maturity amounted to Rs 373,918.492 million (December 31, 2022: Rs 349,626.342 million).

8.3 Particulars of provision held against diminution in value of investments

	8,924,913	4,158,401
Opening balance	1,674,943	740,034
Exchange adjustments		
Charge / (reversal)		
Charge for the period / year	2,391,552	4,565,152
Reversal for the period / year	(541,703)	(24,044)
Reversal on disposal during the period / year	(743,677)	(689,400)
Net charge	1,106,172	3,851,708
Transferred in	-	67,880
Other movement	-	106,890
Closing balance	<u>11,706,028</u>	<u>8,924,913</u>

8.4 Particulars of provision against debt securities

Category of classification	(Unaudited) September 30, 2023		(Audited) December 31, 2022	
	Non- Performing Investments	Provision	Non- Performing Investments	Provision
	(Rupees in '000)			
Domestic				
Loss	413,232	413,232	413,232	413,232
Overseas				
Overdue by:				
91 to 180 days	-	-	452,912	452,912
181 days to 365 days	-	-	679,188	500,742
> 365	2,793,939	2,793,939	1,065,339	1,065,339
	<u>2,793,939</u>	<u>2,793,939</u>	2,197,439	2,018,993
Total	<u>3,207,171</u>	<u>3,207,171</u>	<u>2,610,671</u>	<u>2,432,225</u>

8.4.1 In addition to the above, overseas branches hold a provision of Rs 6,515.280 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) September 30, 2023	(Audited) December 31, 2022	(Unaudited) September 30, 2023	(Audited) December 31, 2022	(Unaudited) September 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)					
9 ADVANCES						
Loans, cash credits, running finances, etc.	1,420,657,449	1,458,309,880	81,583,327	78,669,633	1,502,240,776	1,536,979,513
Islamic financing and related assets	202,492,024	222,982,477	3,064,940	3,465,365	205,556,964	226,447,842
Bills discounted and purchased	162,887,191	102,480,599	9,832,366	8,760,951	172,719,557	111,241,550
Advances - gross	<u>1,786,036,664</u>	<u>1,783,772,956</u>	<u>94,480,633</u>	<u>90,895,949</u>	<u>1,880,517,297</u>	<u>1,874,668,905</u>
Provision against advances						
- Specific	-	-	(80,462,781)	(78,259,477)	(80,462,781)	(78,259,477)
- General	(17,508,012)	(13,911,505)	-	-	(17,508,012)	(13,911,505)
	<u>(17,508,012)</u>	<u>(13,911,505)</u>	<u>(80,462,781)</u>	<u>(78,259,477)</u>	<u>(97,970,793)</u>	<u>(92,170,982)</u>
Advances - net of provision	<u>1,768,528,652</u>	<u>1,769,861,451</u>	<u>14,017,852</u>	<u>12,636,472</u>	<u>1,782,546,504</u>	<u>1,782,497,923</u>

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
9.1 Particulars of advances (gross)		
In local currency	1,391,298,904	1,488,734,283
In foreign currencies	489,218,393	385,934,622
	<u>1,880,517,297</u>	<u>1,874,668,905</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

9.2 Advances include Rs 94,480.633 million (December 31, 2022: Rs 90,895.949 million) which have been placed under non-performing status as detailed below:

Category of classification	(Unaudited) September 30, 2023		(Audited) December 31, 2022	
	Non-performing advances	Provision	Non-performing advances	Provision
----- (Rupees in '000) -----				
Domestic				
Other assets especially mentioned	1,831,671	29,332	1,100,155	16,962
Substandard	6,486,370	1,656,275	7,126,275	1,804,524
Doubtful	5,430,917	2,713,051	3,096,265	1,467,672
Loss	41,226,896	40,495,300	42,212,390	41,504,116
	54,975,854	44,893,958	53,535,085	44,793,274
Overseas				
Not past due but impaired	275,624	78,577	114,816	65,731
Overdue by:				
Upto 90 days	65,558	22,626	46,595	12,056
91 to 180 days	24,306	3,402	1,180,167	295,610
181 to 365 days	1,510,377	793,839	31,666	13,555
> 365 days	37,628,914	34,670,379	35,987,620	33,079,251
	39,504,779	35,568,823	37,360,864	33,466,203
Total	94,480,633	80,462,781	90,895,949	78,259,477

9.3 Particulars of provision against advances

	(Unaudited) September 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	8,556,682	891,803	9,448,485	7,453,225	691,606	8,144,831
Charge for the period / year	9,792,021	3,835,495	13,627,516	10,153,742	3,341,192	13,494,934
Reversal for the period / year	(5,864,346)	(1,130,791)	(6,995,137)	(6,421,672)	(1,129,601)	(7,551,273)
Net charge against advances	3,927,675	2,704,704	6,632,379	3,732,070	2,211,591	5,943,661
Charged off during the period / year - agriculture financing	9.5 (346,918)	-	(346,918)	(582,438)	-	(582,438)
Written off during the period / year	(9,934,135)	-	(9,934,135)	(5,333,549)	-	(5,333,549)
Transferred out	-	-	-	(67,880)	-	(67,880)
Other movement	-	-	-	212,863	-	212,863
Closing balance	80,462,781	17,508,012	97,970,793	78,259,477	13,911,505	92,170,982

9.4 General provision includes provision amounting to Rs 3,563.219 million (December 31, 2022: Rs 3,307.203 million) against consumer finance portfolio and Rs 943.451 million (December 31, 2022: Rs 852.560 million) against advances to microenterprises as required by the Prudential Regulations. General provision also includes Rs 4,773.205 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 8,228.137 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 NINE MONTHS ENDED SEPTEMBER 30, 2023

	Note	(Unaudited) September 30, 2023	(Audited) December 31, 2022
(Rupees in '000)			
10	FIXED ASSETS		
	Capital work-in-progress	10.1 7,455,865	7,875,227
	Property and equipment	10.4 132,581,333	105,996,430
		<u>140,037,198</u>	<u>113,871,657</u>
10.1	Capital work-in-progress		
	Civil works	1,279,720	2,485,167
	Equipment	1,645,584	1,211,929
	Advances to suppliers and contractors	4,530,561	4,178,131
		<u>7,455,865</u>	<u>7,875,227</u>
10.2	Additions to fixed assets		
		(Unaudited)	
		For the nine months ended	
		September 30, 2023	September 30, 2022
		(Rupees in '000)	
	The following additions have been made to fixed assets during the period:		
	Capital work-in-progress - net	(341,335)	3,809,134
	Property and equipment		
	Leasehold land	1,747,513	469,366
	Building on leasehold land	935,593	113,752
	Machinery	79,106	35,277
	Leasehold improvements	3,008,174	2,218,694
	Furniture and fixtures	1,075,355	801,141
	Electrical, office and computer equipment	4,915,828	4,618,405
	Vehicles	219,192	135,848
		<u>11,980,761</u>	<u>8,392,483</u>
	Right-of-use assets - net	4,923,016	3,551,234
		<u>16,562,442</u>	<u>15,752,851</u>
10.3	Disposal of fixed assets		
	The net book value of fixed assets disposed off during the period is as follows:		
	Property and equipment		
	Building on freehold land	66,769	-
	Machinery	-	4
	Leasehold improvements	5,563	5,740
	Furniture and fixtures	3,254	1,279
	Electrical, office and computer equipment	38,689	6,709
	Vehicles	1,063	2,784
		<u>115,338</u>	<u>16,516</u>
10.4	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 September 30, 2023 amounts to Rs 46,820.655 million.		
		(Unaudited) September 30, 2023	(Audited) December 31, 2022
		(Rupees in '000)	
11	INTANGIBLE ASSETS		
	Capital work-in-progress - computer software	6,673,510	5,209,404
	Computer software	6,836,850	7,119,412
	Other intangibles	7,041,070	6,093,384
		<u>20,551,430</u>	<u>18,422,200</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

Note	(Unaudited)	
	For the nine months ended September 30, 2023	September 30, 2022
11.1	(Rupees in '000)	
	Additions to intangible assets	
	The following additions have been made to intangible assets during the period:	
	Capital work-in-progress - net	1,464,106
	Computer software	1,193,941
		2,658,047
		2,593,601
		3,509,679
		6,103,280
12	(Rupees in '000)	
	DEFERRED TAX ASSETS / (LIABILITIES)	
	Deductible temporary differences on	
	- Tax losses of subsidiary	1,705,743
	- Provision against investments	850,736
	- Provision against doubtful debts and off-balance sheet obligations	5,229,784
	- Liabilities written back	2,850,424
	- Deficit on revaluation of investments	28,341,618
19	- Deficit on revaluation of investments of associates	856,850
	- Provision against other assets	6,672
	- Ijarah financing	289,398
	- Others	(163,885)
		39,967,340
		1,365,221
		978,286
		3,980,486
		2,720,200
		18,905,177
		430,671
		5,855
		187,390
		199,558
		28,772,844
	Taxable temporary differences on	
	- Accelerated tax depreciation	(1,975,566)
19	- Surplus on revaluation of fixed assets	(4,017,960)
19	- Surplus on revaluation of fixed assets of associates	(198,891)
	- Management rights and goodwill	(304,887)
	- Share of profit of associates	(8,580,308)
	- Exchange translation reserve	(12,834,867)
		(27,912,479)
		(2,026,082)
		(1,927,095)
		(160,960)
		(336,761)
		(9,015,553)
		(9,509,348)
		(22,975,799)
		12,054,861
		5,797,045
13	OTHER ASSETS	
	Mark-up / return / profit / interest accrued in local currency - net of provision	122,762,960
	Mark-up / return / profit / interest accrued in foreign currency - net of provision	8,606,245
	Advances, deposits, advance rent and other prepayments	5,346,759
	Advance taxation	8,036,058
	Advance against subscription of securities	228,514
	Stationery and stamps on hand	281,413
	Accrued fees and commissions	520,288
	Due from Government of Pakistan / SBP	7,507,729
	Mark to market gain on forward foreign exchange contracts	2,549,767
	Mark to market gain on derivative instruments	-
	Non-banking assets acquired in satisfaction of claims	242,619
	Acceptances	60,155,720
	Clearing and settlement accounts	35,504,808
	Dividend receivable	23,689
	Claims receivable against fraud and forgeries	860,778
	Others	1,579,275
		254,206,622
		83,907,812
		6,637,047
		4,886,327
		11,978,523
		228,514
		167,574
		459,334
		4,600,810
		3,639,004
		546
		232,109
		55,013,374
		4,352,389
		3,883
		694,460
		2,109,609
		178,911,315
	Provision held against other assets	(2,523,232)
	Other assets - net of provision	251,683,390
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	185,479
	Other assets - total	251,868,869
		177,119,424
		175,125
		177,294,549

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Note	(Unaudited) September 30, 2023	(Audited) December 31, 2022
(Rupees in '000)			
13.1	Provision held against other assets		
	Claims receivable against fraud and forgeries	860,778	694,460
	Suit filed cases	4,979	4,979
	Others	1,657,475	1,092,452
		<u>2,523,232</u>	<u>1,791,891</u>
13.1.1	Movement in provision against other assets		
	Opening balance	1,791,891	1,243,645
	Exchange adjustment	13,469	(7,806)
	Charge for the period / year	976,864	661,462
	Reversal for the period / year	(100,167)	(37,218)
	Net charge	876,697	624,244
	Written off during the period / year	(36,885)	(67,820)
	Other movement	(121,940)	(372)
	Closing balance	<u>2,523,232</u>	<u>1,791,891</u>
14	BILLS PAYABLE		
	In Pakistan	48,936,436	50,221,548
	Outside Pakistan	3,920,708	1,780,029
		<u>52,857,144</u>	<u>52,001,577</u>
15	BORROWINGS		
	Secured		
	Borrowings from the SBP under		
	- Export refinance scheme	62,638,148	69,820,144
	- Export refinance scheme for bill discounting	22,622,253	8,867,548
	- Long term financing facility	38,365,685	42,068,296
	- Financing facility for renewable energy power plants	7,387,762	7,168,301
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	420,969	312,545
	- Refinance and credit guarantee scheme for women entrepreneurs	35,054	69,658
	- Financing facility for storage of agricultural produce	647,105	601,918
	- Refinance scheme for payment of wages and salaries	-	1,227,812
	- Refinance facility for combating COVID-19	1,744,910	1,793,800
	- Temporary economic refinance facility	33,351,899	34,998,333
	- Refinance facility for SME Asaan Finance (SAAF)	3,454,132	2,272,423
		170,667,917	169,200,778
	Repurchase agreement borrowings	514,177,209	284,971,485
		<u>684,845,126</u>	<u>454,172,263</u>
	Unsecured		
	- Call money borrowings	2,000,000	19,000,000
	- Overdrawn nostro accounts	2,575,227	354,731
	- Borrowings of overseas branches and subsidiaries	38,344,083	42,992,282
	- Other long-term borrowings	75,121,916	67,252,123
		118,041,226	129,599,136
		<u>802,886,352</u>	<u>583,771,399</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 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. The current amount outstanding is US\$ 181.640 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 1,281.050 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

	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	1,141,681,323	282,868,475	1,424,549,798	1,141,355,935	244,789,722	1,386,145,657
Savings deposits	1,443,063,115	169,063,823	1,612,126,938	1,175,587,462	150,133,207	1,325,720,669
Term deposits	432,101,645	350,674,920	782,776,565	390,089,817	238,210,929	628,300,746
	3,016,846,083	802,607,218	3,819,453,301	2,707,033,214	633,133,858	3,340,167,072
Financial institutions						
Current deposits	5,300,474	2,430,137	7,730,611	7,546,037	3,335,737	10,881,774
Savings deposits	124,702,968	1,538,051	126,241,019	103,171,941	2,181,262	105,353,203
Term deposits	11,997,833	9,678,333	21,676,166	7,863,263	5,076,940	12,940,203
	142,001,275	13,646,521	155,647,796	118,581,241	10,593,939	129,175,180
	3,158,847,358	816,253,739	3,975,101,097	2,825,614,455	643,727,797	3,469,342,252

17 SUBORDINATED DEBT

		(Unaudited) September 30, 2023	(Audited) December 31, 2022
(Rupees in '000)			
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
		18,874,000	18,874,000

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

- 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:

17.1.1	Issue Date	September 26, 2019
	Issue amount	Rs 12.374 billion
	Rating	AA+ (Double A plus) [December 31, 2022: AA+ (Double A plus)]
	Original Tenor	Perpetual
	Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors, but superior to the claims of ordinary shareholders.
	Profit payment frequency	Quarterly in arrears
	Redemption	Perpetual, hence not applicable.
	Mark-up	Floating rate of return at Base Rate + 1.60%. The Base Rate is defined as the average "Ask Side" rate of the three months Karachi Interbank Offered Rate (KIBOR).
	Call option	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following: (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised. If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and the investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the "Call Option Exercise Date").
	Lock-in clause	Mark-up will only be paid from the current year's earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
	Loss absorbency clause	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".
17.1.2	Issue Date	December 28, 2022
	Issue amount	Rs 6.500 billion
	Rating	AA+ (Double A plus) [December 31, 2022: AA+ (Double A plus)]
	Original Tenor	Perpetual
	Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors, but superior to the claims of ordinary shareholders.
	Profit payment frequency	Quarterly in arrears
	Redemption	Perpetual, hence not applicable.
	Mark-up	Floating rate of return at Base Rate + 2.00%. The Base Rate is defined as the average "Ask Side" rate of the three months Karachi Interbank Offered Rate (KIBOR).
	Call option	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following: (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised. If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and the investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the "Call Option Exercise Date").
	Lock-in clause	Mark-up will only be paid from the current year's earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
	Loss absorbency clause	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

18 OTHER LIABILITIES	Note	(Unaudited) September 30, 2023 (Rupees in '000)	(Audited) December 31, 2022
Mark-up / return / profit / interest payable in local currency		68,527,844	17,933,842
Mark-up / return / profit / interest payable in foreign currency		10,576,703	5,930,381
Security deposits		1,276,644	1,567,333
Accrued expenses		33,124,336	24,050,020
Mark to market loss on forward foreign exchange contracts		8,544,634	2,489,440
Mark to market loss on derivative instruments		11,323,196	6,882,438
Unclaimed dividends		765,124	751,907
Dividends payable		231,330	3,811,676
Provision for post retirement medical benefits		3,756,458	3,522,518
Provision for employees' compensated absences		745,950	762,192
Provision for staff retirement benefits		1,720,052	1,563,256
Payable to defined benefit plans		717,388	841,326
Provision against off-balance sheet obligations	18.1	1,890,433	1,633,326
Acceptances		60,155,720	55,013,374
Branch adjustment account		5,725,656	3,035,551
Provision for Workers' Welfare Fund		10,861,343	9,151,021
Unearned income		5,792,470	4,780,489
Qarza-e-Hasna Fund		338,409	338,409
Levies and taxes payable		7,094,018	13,362,266
Insurance payable		844,866	1,067,263
Provision for rewards program expenses		3,153,754	2,384,689
Liability against trading of securities		19,852,396	22,768,986
Clearing and settlement accounts		20,511,555	12,068,106
Provision for donation to HBL Foundation		644,910	515,961
Contingent consideration payable		500,000	500,000
Charity fund		54,966	25,121
Unclaimed deposits		635,224	528,656
Liability against right-of-use assets		31,957,871	27,079,479
Others		5,921,821	5,436,043
		<u>317,245,071</u>	<u>229,795,069</u>

18.1 Provision against off-balance sheet obligations

Opening balance	1,633,326	2,687,054
Exchange adjustment	366,062	277,857
Charge for the period / year	157,379	150,910
Reversal for the period / year	(266,334)	(1,482,495)
Net reversal	(108,955)	(1,331,585)
Closing balance	<u>1,890,433</u>	<u>1,633,326</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

19 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
		Attributable to			Attributable to		
		Equity holders	Non-controlling interest	Total	Equity holders	Non-controlling interest	Total
(Rupees in '000)							
Surplus / (deficit) arising on revaluation of:							
- Fixed assets		46,711,259	109,396	46,820,655	28,838,565	16,137	28,854,702
- Fixed assets of associates		405,901	-	405,901	374,325	-	374,325
- Available-for-sale securities	8.1	(58,317,640)	(43,491)	(58,361,131)	(44,375,327)	(71,367)	(44,446,694)
- Available-for-sale securities held by associates	8.1	(1,748,673)	-	(1,748,673)	(1,001,561)	-	(1,001,561)
- Non-banking assets acquired in satisfaction of claims		185,479	-	185,479	175,125	-	175,125
		(12,763,674)	65,905	(12,697,769)	(15,988,873)	(55,230)	(16,044,103)
Deferred tax liability / (asset) on surplus / (deficit) on revaluation of:							
- Fixed assets		3,975,296	42,664	4,017,960	1,927,095	-	1,927,095
- Fixed assets of associates		198,891	-	198,891	160,960	-	160,960
- Available-for-sale securities		(28,316,471)	(25,147)	(28,341,618)	(18,881,626)	(23,551)	(18,905,177)
- Available-for-sale securities held by associates		(856,850)	-	(856,850)	(430,671)	-	(430,671)
- Non-banking assets acquired in satisfaction of claims		-	-	-	-	-	-
		(24,999,134)	17,517	(24,981,617)	(17,224,242)	(23,551)	(17,247,793)
Surplus on revaluation of assets - net of tax		12,235,460	48,388	12,283,848	1,235,369	(31,679)	1,203,690

20 CONTINGENCIES AND COMMITMENTS

	Note	(Unaudited)	(Audited)
		September 30,	December 31,
		2023	2022
(Rupees in '000)			
- Guarantees	20.1	300,428,585	262,493,102
- Commitments	20.2	1,062,388,672	942,909,348
- Other contingent liabilities	20.3	23,303,972	23,215,134
		1,386,121,229	1,228,617,584
20.1 Guarantees:			
Financial guarantees		62,603,335	54,186,950
Performance guarantees		228,603,827	201,579,675
Other guarantees		9,221,423	6,726,477
		300,428,585	262,493,102
20.2 Commitments:			
Trade-related contingent liabilities		372,193,123	280,869,037
Commitments in respect of:			
- forward foreign exchange contracts	20.2.1	458,485,786	434,583,053
- forward Government securities transactions	20.2.2	151,372,653	132,295,940
- derivatives	20.2.3	51,627,808	57,305,018
- forward lending	20.2.4	15,971,562	21,948,516
		677,457,809	646,132,527
Commitments for acquisition of:			
- fixed assets		8,093,024	10,436,315
- intangible assets		4,644,716	5,471,469
		12,737,740	15,907,784
		1,062,388,672	942,909,348
20.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		298,060,181	284,366,183
Sale		160,425,605	150,216,870
		458,485,786	434,583,053

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	(Unaudited) September 30, 2023 (Rupees in '000)	(Audited) December 31, 2022 (Rupees in '000)
20.2.2 Commitments in respect of forward Government securities transactions		
Purchase	122,606,183	117,020,407
Sale	28,766,470	15,275,533
	<u>151,372,653</u>	<u>132,295,940</u>
20.2.3 Commitments in respect of derivatives		
Cross Currency swaps		
Purchase	18,890,165	23,863,687
Sale	30,787,643	30,407,998
	<u>49,677,808</u>	<u>54,271,685</u>
Interest rate swaps		
Purchase	-	-
Sale	1,950,000	3,033,333
	<u>1,950,000</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>15,971,562</u>	<u>21,948,516</u>
<p>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.</p>		
20.3 Other contingent liabilities		
20.3.1 Claims against the Group not acknowledged as debts	<u>23,303,972</u>	<u>23,215,134</u>

These mainly represent counter claims by borrowers for damages, claims filed by former employees of the Group and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is 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

	September 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	49,677,808	(11,130,726)	1,950,000	(192,470)
	(Rupees in '000)			
	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 NINE MONTHS ENDED SEPTEMBER 30, 2023

		(Unaudited)		
		For the nine months ended		
22	MARK-UP / RETURN / PROFIT / INTEREST EARNED	Note	September 30, 2023	September 30, 2022
		(Rupees in '000)		
On:				
	Loans and advances		219,891,218	133,279,549
	Investments		260,514,532	164,144,589
	Lendings to financial institutions		21,673,477	10,799,326
	Balances with banks		7,886,540	876,018
			<u>509,965,767</u>	<u>309,099,482</u>
23	MARK-UP / RETURN / PROFIT / INTEREST EXPENSED			
On:				
	Deposits		246,064,693	137,926,201
	Securities sold under repurchase agreement borrowings		54,229,336	38,997,812
	Borrowings		21,389,240	7,053,722
	Subordinated debt		3,126,563	1,307,766
	Cost of foreign currency swaps against foreign currency deposits / borrowings		4,340,282	5,046,907
	Lease liability against right-of-use assets		2,956,170	2,252,617
			<u>332,106,284</u>	<u>192,585,025</u>
24	FEE AND COMMISSION INCOME			
	Branch banking customer fees		3,566,064	2,880,483
	Branchless banking customer fees		625,923	669,673
	Commission on Government to Person (G2P) payments		1,002,087	633,709
	Consumer finance related fees		1,874,395	1,683,222
	Card related fees (debit and credit cards)		9,702,819	6,467,969
	Credit related fees		1,993,246	1,923,373
	Investment banking fees		661,738	715,100
	Commission on trade related products and guarantees		5,677,293	3,758,017
	Commission on cash management		1,197,683	824,291
	Commission on remittances (including home remittances)		514,804	535,903
	Commission on bancassurance		519,228	576,974
	Management fee on Assets Under Management		979,169	529,760
	Merchant discount and interchange fees		5,019,509	3,830,536
	Wealth management fee		373,313	422,354
	Others		554,502	211,226
			<u>34,261,773</u>	<u>25,662,590</u>
	Less: Sales Tax / Federal Excise Duty on fee and commission income		(3,802,901)	(2,889,513)
			<u>30,458,872</u>	<u>22,773,077</u>
25	(LOSS) / GAIN ON SECURITIES - NET			
	Realised	25.1	(262,008)	558,333
	Unrealised - held-for-trading	8.1	(45,320)	(27,620)
			<u>(307,328)</u>	<u>530,713</u>
25.1	(Loss) / gain on securities - realised			
On:				
	Federal Government securities			
	- Market Treasury Bills		319,353	(177,391)
	- Pakistan Investment Bonds		666,035	914,722
	- Ijarah Sukuk		4,642	77,455
	- Government of Pakistan US Dollar Bonds		(531,487)	-
	Shares		(687,684)	(264,496)
	Non-Government debt securities		(32,867)	17,890
	Foreign securities		-	(9,847)
			<u>(262,008)</u>	<u>558,333</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

		(Unaudited)	
		For the nine months ended	
		September 30, 2023	September 30, 2022
		(Rupees in '000)	
26	OTHER INCOME		
	Incidental charges	564,293	298,455
	Gain on derecognition of joint venture	3,731,399	-
	Gain on sale of fixed assets - net	47,795	29,545
	Rent on properties	3,766	14,691
		<u>4,347,253</u>	<u>342,691</u>
27	OPERATING EXPENSES		
	Total compensation expense	44,423,978	37,766,675
	Property expense		
	Rent and taxes	1,017,395	1,066,889
	Insurance	260,170	148,542
	Utilities cost	3,992,791	3,028,288
	Security (including guards)	2,197,666	1,844,345
	Repair and maintenance (including janitorial charges)	3,340,768	2,642,956
	Depreciation on owned fixed assets	3,991,372	2,969,521
	Depreciation on right-of-use assets	3,456,482	2,891,630
		<u>18,256,644</u>	<u>14,592,171</u>
	Information technology expenses		
	Software maintenance	6,667,363	4,397,874
	Hardware maintenance	1,666,606	967,967
	Depreciation	2,421,644	1,968,397
	Amortisation	1,587,089	1,329,522
	Network charges	1,520,787	1,157,562
	Consultancy charges	640,232	585,248
		<u>14,503,721</u>	<u>10,406,570</u>
	Other operating expenses		
	Legal and professional charges	8,780,055	788,528
	Outsourced services costs	2,257,823	1,668,459
	Travelling and conveyance	1,661,196	1,108,007
	Insurance	1,347,426	996,121
	Remittance charges	621,009	484,918
	Cash transportation and sorting charges	2,478,524	1,844,428
	Repairs and maintenance	1,679,956	1,290,360
	Depreciation	653,687	703,040
	Training and development	447,284	333,723
	Postage and courier charges	674,343	642,576
	Communication	2,066,406	1,113,426
	Stationery and printing	2,398,592	1,829,703
	Marketing, advertisement and publicity	2,734,247	2,809,743
	Donations	790,765	358,685
	Auditors' remuneration	428,214	272,470
	Brokerage and commission	628,817	590,839
	Subscription	576,092	283,605
	Documentation and processing charges	6,673,199	4,031,042
	Entertainment	660,557	430,307
	Consultancy charges	2,174,451	948,383
	Deposit insurance premium expense	2,332,050	2,026,813
	Product feature cost	3,095,309	2,515,397
	Others	953,825	1,090,242
		<u>46,113,827</u>	<u>28,160,815</u>
		<u>123,298,170</u>	<u>90,926,231</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

		(Unaudited)	
		For the nine months ended	
Note		September 30, 2023	September 30, 2022
		(Rupees in '000)	
28	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	32,447	428,488
	Penalties imposed by other regulatory bodies	49,643	22,507
		<u>82,090</u>	<u>450,995</u>
29	PROVISIONS / (REVERSALS) AND WRITE OFFS - NET		
	Provision for diminution in value of investments	8.3 1,106,172	637,711
	Provision against loans and advances	9.3 6,632,379	3,279,896
	Provision against other assets	13.1.1 876,697	861,478
	Reversal of provision against off-balance sheet obligations	18.1 (108,955)	(584,066)
	Recoveries against written off / charged off bad debts	(1,156,802)	(669,347)
	Recoveries against other assets written off	(13,195)	(1,087)
	Other write offs and operational losses	95,106	66,523
		<u>7,431,402</u>	<u>3,591,108</u>
30	TAXATION		
	- Current tax charge / (reversal)		
	- For the year	42,413,902	27,886,775
	- For the prior year	(100,000)	3,188,663
		42,313,902	31,075,438
	- Deferred tax charge / (reversal)		
	- For the year	(2,372,843)	895,600
	- For the prior year	616,163	-
		(1,756,680)	895,600
		<u>40,557,222</u>	<u>31,971,038</u>
31	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period attributable to equity holders of the Bank	42,829,432	23,399,621
		(Number)	
	Weighted average number of ordinary shares	1,466,852,508	1,466,852,508
		(Rupees)	
	Basic and diluted earnings per share	29.20	15.95
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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2023 (Unaudited)				Total
	Carrying value	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,794,112,364	-	1,794,112,364	-	1,794,112,364
- Shares - listed companies	12,728,443	5,285,410	7,443,033	-	12,728,443
- Non-Government debt securities					
- Listed	49,542,229	40,004,000	9,538,229	-	49,542,229
- Unlisted	598,023	-	598,023	-	598,023
- Foreign securities					
- Government debt securities	173,434,232	-	173,434,232	-	173,434,232
- Non-Government debt securities - Listed	6,358,743	-	6,358,743	-	6,358,743
- National Investment Unit Trust units	36,304	-	36,304	-	36,304
- Real Estate Investment Trust units	69,000	69,000	-	-	69,000
- Preference Shares - Listed	870,400	870,400	-	-	870,400
	2,037,749,738	46,228,810	1,991,520,928	-	2,037,749,738
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	378,766,616	-	335,851,739	-	335,851,739
- Non-Government debt securities					
- Listed	1,899,540	-	1,899,365	-	1,899,365
- Unlisted	20,409,447	-	20,409,447	-	20,409,447
- Foreign securities					
Government debt securities	15,420,272	-	15,462,018	-	15,462,018
Non-Government debt securities					
- Listed	-	-	-	-	-
- Unlisted	295,923	-	295,923	-	295,923
	416,791,798	-	373,918,492	-	373,918,492
	2,454,541,536	46,228,810	2,365,439,420	-	2,411,668,230

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	As at September 30, 2023 (Unaudited)				
	Notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Off-balance sheet financial instruments - measured at fair value					
Commitments					
- Forward foreign exchange contracts	458,485,786	-	(5,994,867)	-	(5,994,867)
- Forward Government securities transactions	151,372,653	-	(209,229)	-	(209,229)
- Derivative instruments	51,627,808	-	(11,323,196)	-	(11,323,196)

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

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

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 September 30, 2023 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
- Land and building	80,395,639	-	-	80,395,639	80,395,639
- Non-banking assets acquired in satisfaction of claims	428,098	-	-	428,098	428,098
	80,823,737	-	-	80,823,737	80,823,737
	As at December 31, 2022 (Audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
- Land and building	58,446,722	-	-	58,446,722	58,446,722
- Non-banking assets acquired in satisfaction of claims	407,234	-	-	407,234	407,234
	58,853,956	-	-	58,853,956	58,853,956

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

33 SEGMENT INFORMATION

33.1 Segment details with respect to Business Activities

For the nine months ended September 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)										
Profit and loss account										
Net mark-up / return / profit / interest income	(162,074)	37,527	22,679	67,484	187,590	22,423	(20)	7,606	(5,356)	177,859
Inter segment revenue / (expense) - net	254,921	(25,035)	-	(33,526)	(200,357)	(2,816)	-	-	6,813	-
Non mark-up / interest income	3,462	13,194	2,064	4,079	3,897	5,643	1,068	1,598	3,187	38,192
Total income	96,309	25,686	24,743	38,037	(8,870)	25,250	1,048	9,204	4,644	216,051
Segment direct expenses	24,883	14,024	5,691	3,310	593	18,947	426	6,865	50,353	125,092
Inter segment expense allocation	23,394	7,793	947	10,004	1,405	1,279	-	-	(44,822)	-
Total expenses	48,277	21,817	6,638	13,314	1,998	20,226	426	6,865	5,531	125,092
Provisions - charge / (reversal)	764	1,636	(255)	(1,146)	(520)	2,664	-	1,351	2,937	7,431
Profit / (loss) before tax	47,268	2,233	18,360	25,869	(10,348)	2,360	622	988	(3,824)	83,528

As at September 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)										
Statement of financial position										
Cash and bank balances	177,757	-	50,057	1,221	174,834	155,598	4	15,688	139	575,298
Lendings to financial institutions	-	-	14,961	-	204,252	-	-	-	-	219,213
Inter segment lending	2,064,938	-	-	-	-	20,247	-	-	191,059	2,276,244
Investments	-	-	201,137	10,303	1,993,425	226,266	725	22,320	52,149	2,506,325
Advances - performing - net	-	227,980	201,219	823,719	-	382,821	-	93,577	39,213	1,768,529
Advances - non-performing - net	-	2,426	2,116	3,834	-	3,936	-	1,706	-	14,018
Others	35,381	7,455	44,646	83,040	64,764	40,922	3,474	15,667	128,282	423,631
Total assets	2,278,076	237,861	514,136	922,117	2,437,275	829,790	4,203	148,958	410,842	7,783,258
Borrowings	-	6,305	50,521	134,058	484,710	120,481	-	6,811	-	802,886
Subordinated debt	-	-	-	-	-	-	-	-	18,874	18,874
Deposits and other accounts	2,219,474	1,484	380,238	609,602	-	614,234	-	118,815	31,254	3,975,101
Inter segment borrowing	-	211,333	12,563	121,375	1,930,973	-	-	-	-	2,276,244
Others	58,602	18,739	29,993	57,082	45,500	25,231	872	8,829	124,373	369,221
Total liabilities	2,278,076	237,861	473,315	922,117	2,461,183	759,946	872	134,455	174,501	7,442,326
Equity	-	-	40,821	-	(23,908)	69,844	3,331	14,503	236,341	340,932
Total equity and liabilities	2,278,076	237,861	514,136	922,117	2,437,275	829,790	4,203	148,958	410,842	7,783,258
Contingencies and commitments	95,541	-	67,384	485,090	522,399	180,701	-	-	35,006	1,386,121

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

For the nine months ended September 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)										
Profit and loss account										
Net mark-up / return / profit / interest income	(85,518)	27,750	12,111	43,143	108,592	5,038	(69)	7,325	(1,858)	116,514
Inter segment revenue / (expense) - net	139,266	(15,304)	-	(23,638)	(107,008)	3,946	-	-	2,738	-
Non mark-up / interest income	2,780	9,283	1,335	2,819	12,270	6,936	547	1,329	(2,168)	35,131
Total Income	56,528	21,729	13,446	22,324	13,854	15,920	478	8,654	(1,288)	151,645
Segment direct expenses	19,373	10,256	4,359	2,556	911	13,894	325	5,775	35,006	92,455
Inter segment expense allocation	14,589	5,677	893	7,831	1,048	1,100	-	-	(31,138)	-
Total expenses	33,962	15,933	5,252	10,387	1,959	14,994	325	5,775	3,868	92,455
Provisions - charge / (reversal)	155	1,137	1,134	(1,664)	45	198	-	1,653	933	3,591
Profit / (loss) before tax	22,411	4,659	7,060	13,601	11,850	728	153	1,226	(6,089)	55,599

As at December 31, 2022 (Audited)

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

34 RELATED PARTY TRANSACTIONS

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

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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

As at September 30, 2023 (Unaudited)					
Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
(Rupees in '000)					
Statement of financial position					
Balances with other banks					
In current accounts	-	132,124	-	-	157
Investments					
Opening balance	-	-	31,882,845	8,149,052	9,705,368
Investment made during the period	-	-	1,430,493	-	-
Investment redeemed / disposed off during the period	-	-	(1,181,678)	-	-
Share of profit - net of tax	-	-	2,858,339	313,829	-
Equity method adjustments	-	-	3,219,559	1,302,051	-
Dividend received during the period	-	-	(891,193)	(203,366)	-
Provision for diminution in the value of investments	-	-	-	-	(15,248)
Transfer (out) / in - net	-	-	(102,476)	(9,564,088)	9,564,088
Revaluation of investments during the period	-	-	(749,631)	2,522	(2,914,703)
Revaluation of fixed assets during the period	-	-	31,575	-	-
Exchange adjustment	-	-	-	-	793,648
Closing balance	-	-	36,497,833	-	17,133,153
Provision for diminution in the value of investments	-	-	-	-	58,191
Advances					
Opening balance	1,412	1,009,459	4,547,709	625,000	11,738,739
Addition during the period	7,707	498,345	20,832,498	-	13,485,416
Repaid during the period	(8,863)	(346,476)	(20,787,941)	(125,000)	(13,955,994)
Exchange adjustment	-	131,174	1,012,100	-	14,450
Closing balance	256	1,292,502	5,604,366	500,000	11,282,611
Other assets					
Interest / mark-up accrued	-	20,130	71,184	21,460	865,920
Other receivables / prepayments	-	-	-	116,536	875
	-	20,130	71,184	137,996	866,795
Borrowings					
Opening balance	-	-	3,982,280	12,950,894	2,717,171
Borrowings during the period	-	-	15,109,136	25,000,929	2,348,700
Settled during the period	-	-	(14,927,101)	(33,931,701)	(3,131,600)
Transfer (out) / in - net	-	-	-	-	(2,554,127)
Exchange adjustment	-	-	1,008,687	3,219,614	619,856
Closing balance	-	-	5,173,002	7,239,736	3,871,295
Deposits and other accounts					
Opening balance	164,865	523,637	26,259,254	18,870,625	4,204
Received during the period	704,335	5,266,021	361,978,209	853,802,062	3,996
Withdrawn during the period	(759,043)	(5,116,914)	(353,867,092)	(816,286,418)	(7,583)
Transfer (out) / in - net	-	-	-	-	(1,412)
Exchange adjustment	18,695	37,524	251,127	42,848	795
Closing balance	128,852	710,268	34,621,498	56,429,117	8,888,705
Other liabilities					
Interest / mark-up payable	634	8,292	608,732	236,445	111,435
Payable to defined benefit plan	-	-	-	-	717,388
Other payables	-	-	46,601	106,455	662,603
	634	8,292	655,333	342,900	1,491,426
Contingencies and commitments					
Letters of credit	-	-	700,917	-	340,903
Guarantees	-	-	174,650	-	3,535,727
Forward purchase of Government securities	-	-	35,078	-	-
Interest rate swaps	-	-	-	500,000	-
	-	-	910,645	500,000	3,876,630
Others					
Securities held as custodian	88,915	152,590	22,720,141	175,115,000	20,721,065

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

For the nine months ended September 30, 2023 (Unaudited)

	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
(Rupees in '000)						
Profit and loss account						
Income						
Mark-up / return / profit / interest earned	71	53,878	362,570	86,176	-	1,853,275
Fee and commission income	650	8,847	211,752	497,484	-	55,180
Share of profit	-	-	-	2,858,345	313,829	-
Dividend income	-	-	-	-	-	1,341,978
Unrealised loss on derivatives	-	-	-	(47,673)	-	-
Expenses						
Mark-up / return / profit / interest expensed	10,643	30,605	2,510,469	3,773,209	12,526	743,483
Operating expenses	-	2,502,707	-	-	-	1,339,726
Total compensation expense	-	-	-	-	-	-
Non-Executive Directors' fees	58,650	-	-	-	-	-
Insurance premium expense	-	-	-	1,739,022	-	-
Product feature cost	-	-	160,936	-	-	-
Travelling	-	-	6,314	-	-	-
Subscription	-	-	-	-	-	12,599
Donations	-	-	-	-	-	644,910
Brokerage and Commission	-	-	-	-	-	223,560
Other Expenses	-	-	63,153	51,122	-	70,685
Provision for diminution in the value of investments	-	-	-	-	-	15,248
Others						
Purchase of Government securities	86,846	231,310	101,657,318	189,416,641	-	53,633,248
Sale of Government securities	164,890	362,185	132,002,021	200,678,499	-	76,419,976
Purchase of foreign currencies	-	13,165	4,528,650	1,706,125	-	8,903,897
Sale of foreign currencies	53,717	240,868	5,739,059	2,852	-	43,231
Insurance claims settled	-	-	-	154,968	-	-

Balances and transactions with group entities include deposits of Rs. 0.703 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)						
Statement of financial position						
Balances with other banks						
In current accounts	-	-	1,592	-	122	-
Investments						
Opening balance	-	-	-	28,790,446	6,297,914	7,713,055
Investment made during the year	-	-	-	1,953,309	-	2,000,000
Investment redeemed / disposed off during the year	-	-	-	(3,921,300)	-	-
Share of profit - net of tax	-	-	-	2,175,235	853,218	-
Equity method adjustments	-	-	-	4,263,051	1,009,089	-
Dividend received during the year	-	-	-	(714,419)	-	-
Provision for diminution in the value of investments	-	-	-	-	-	(36,974)
Transfer in - net	-	-	-	-	-	29,287
Revaluation of investment during the year	-	-	-	(893,206)	(11,169)	-
Revaluation of fixed assets during the year	-	-	-	229,729	-	-
Closing balance	-	-	-	31,882,845	8,149,052	9,705,368
Provision for diminution in the value of investments	-	-	-	-	-	42,943
Advances						
Opening balance	527	837,259	4,001,392	3,348,613	-	11,166,809
Addition during the year	30,557	445,438	23,281,985	-	-	13,996,551
Repaid during the year	(29,672)	(400,569)	(23,534,128)	(2,964,170)	-	(13,433,197)
Transfer in - net	-	30,988	-	-	-	-
Exchange adjustment	-	96,343	798,460	240,557	-	8,576
Closing balance	1,412	1,009,459	4,547,709	625,000	-	11,738,739
Other assets						
Interest / mark-up accrued	-	29,028	44,798	19,286	-	268,993
Advance to suppliers	-	-	21,382	-	-	-
Other receivables / prepayments	-	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 NINE MONTHS ENDED SEPTEMBER 30, 2023

As at December 31, 2022 (Audited)

	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
(Rupees in '000)						
Borrowings						
Opening balance	-	-	3,177,871	3,969,060	-	1,264,962
Borrowings during the year	-	-	7,519,611	22,569,599	11,050,690	500,000
Settled during the year	-	-	(6,953,154)	(16,014,977)	(8,594,981)	(175,536)
Exchange adjustment	-	-	237,952	2,427,212	261,462	-
Closing balance	-	-	3,982,280	12,950,894	2,717,171	1,589,426
Deposits and other accounts						
Opening balance	155,051	546,158	19,836,563	50,630,080	-	3,504,348
Received during the year	1,063,923	4,131,411	423,294,698	1,018,289,986	13,607	73,378,120
Withdrawn during the year	(1,061,773)	(4,197,717)	(417,151,038)	(1,050,062,333)	(15,287)	(74,914,514)
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	26,259,254	18,870,625	4,204	2,080,873
Other liabilities						
Interest / mark-up payable	434	1,340	246,677	46,016	28,530	5,943
Payable to defined benefit plan	-	-	-	-	-	607,424
Other payables	-	-	34,384	136,748	-	649,286
	434	1,340	281,061	182,764	28,530	1,262,653
Contingencies and Commitments						
Letter of credit	-	-	693,802	-	-	440,141
Guarantee	-	-	159,480	-	-	3,535,727
Forward purchase of Government securities	-	-	-	-	-	2,452,570
Forward purchase of foreign exchange contracts	-	-	-	1,500	-	-
Interest rate swaps	-	-	-	625,000	-	-
	-	-	853,282	626,500	-	6,428,438
Others						
Securities held as custodian	2,500	94,830	24,812,555	134,281,000	-	18,455,830

For the nine months ended September 30, 2022 (Unaudited)

	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
(Rupees in '000)						
Profit and loss account						
Income						
Mark-up / return / profit / interest earned	7	30,738	181,945	87,419	-	1,280,259
Fee and commission income	867	3,756	187,358	587,456	-	6,619
Share of profit	-	-	-	1,423,640	669,469	-
Dividend income	-	-	-	-	-	66,225
Unrealised loss on derivatives	-	-	-	(54,768)	-	-
Expense						
Mark-up / return / profit / interest expensed	16,712	16,582	1,098,990	2,725,248	14,573	261,906
Operating expenses						
Total compensation expense	-	1,950,393	-	-	-	2,103,642
Non-Executive Directors' fees	71,400	-	-	-	-	-
Insurance premium expense	-	-	-	1,891,818	-	-
Product feature cost	-	-	77,563	-	-	-
Travelling	-	-	7,994	-	-	-
Subscription	-	-	-	-	-	14,716
Donations	-	-	-	-	-	354,485
Brokerage and Commission	-	-	-	-	-	163,271
Other Expenses	-	-	41,239	42,593	-	44,355
Provision for diminution in the value of investments	-	-	-	-	-	13,877
Others						
Purchase of Government securities	-	-	149,084,771	58,278,417	-	21,571,340
Sale of Government securities	-	42,278	172,376,874	107,312,067	-	23,576,091
Purchase of foreign currencies	-	3,375	1,600,856	-	-	5,152
Sale of foreign currencies	6,972	153,782	1,599,076	90,300	-	8,070,518
Insurance claims settled	-	-	-	215,189	-	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

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

(Audited)
December 31,
2022

14,668,525 14,668,525

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

236,295,348 203,251,762

Eligible Additional Tier 1 (ADT 1) Capital

18,645,011 19,093,425

Total Eligible Tier 1 Capital

254,940,359 222,345,187

Eligible Tier 2 Capital

72,994,038 56,977,624

Total Eligible Capital (Tier 1 + Tier 2)

327,934,397 279,322,811

Risk Weighted Assets (RWAs):

Credit Risk

1,626,100,576 1,511,840,742

Market Risk

144,624,600 105,217,738

Operational Risk

266,263,405 266,263,405

Total

2,036,988,581 1,883,321,885

Common Equity Tier 1 Capital Adequacy ratio

11.60% 10.79%

Tier 1 Capital Adequacy Ratio

12.52% 11.81%

Total Capital Adequacy Ratio

16.10% 14.83%

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

9.00% 9.00%

of which: capital conservation buffer requirement

1.50% 1.50%

of which: countercyclical buffer requirement

- -

of which: D-SIB buffer requirement

1.50% 1.50%

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

5.60% 4.79%

Other information:

Minimum capital requirements prescribed by the SBP

CET1 minimum ratio (%)

9.00% 9.00%

Tier 1 minimum ratio (%)

10.50% 10.50%

Total capital minimum ratio (%)

13.00% 13.00%

Leverage Ratio (LR)

Eligible Tier-1 Capital

254,940,360 222,345,187

Total Exposures

6,051,004,132 5,292,442,000

Leverage Ratio (%)

4.21% 4.20%

Minimum Requirement (%)

3.00% 3.00%

Liquidity Coverage Ratio (LCR)

Total Adjusted Value
(Rupees in '000)

Average High Quality Liquid Assets

1,845,912,119 1,609,446,790

Average Net Cash Outflow

675,157,355 632,560,916

Liquidity Coverage Ratio (%)

273.40% 254.43%

Minimum Requirement (%)

100.00% 100.00%

Total Weighted Value
(Rupees in '000)

Net Stable Funding Ratio (NSFR)

Total Available Stable Funding

3,662,652,846 3,225,111,950

Total Required Stable Funding

2,328,742,374 2,171,559,048

Net Stable Funding Ratio (%)

157.28% 148.52%

Minimum Requirement (%)

100.00% 100.00%

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

36 ISLAMIC BANKING BUSINESS

The Bank operates 330 (December 31, 2022: 294) Islamic Banking branches and 578 (December 31, 2022: 573) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited)	(Audited)
		September 30, 2023	December 31, 2022
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		49,382,729	17,497,223
Balances with other banks		673,772	451,114
Due from financial institutions		14,961,000	-
Investments	36.1	201,136,604	183,654,832
Islamic financing and related assets - net	36.2	203,334,482	223,974,766
Fixed assets		12,268,258	6,497,224
Intangible assets		41,993	30,066
Due from Head Office		-	257,428
Deferred tax assets		1,880,922	1,160,304
Other assets		30,456,380	8,653,602
		514,136,140	442,176,559
LIABILITIES			
Bills payable		41,111	20,267
Due to financial institutions	36.3	50,520,590	74,694,404
Deposits and other accounts	36.4	380,238,348	319,883,948
Due to Head Office		15,157,819	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities		27,357,718	15,693,460
		473,315,586	410,292,079
NET ASSETS			
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Deficit on revaluation of investments - net of tax		(1,957,695)	(1,538,078)
Unappropriated profit	36.5	42,278,249	32,922,558
		40,820,554	31,884,480
Contingencies and commitments	36.6		
(Unaudited)			
For the nine months ended			
		September 30, 2023	September 30, 2022
(Rupees in '000)			
PROFIT AND LOSS ACCOUNT			
Profit / return earned	36.7	53,122,249	32,564,590
Profit / return expensed	36.8	30,443,179	20,453,330
Net profit / return		22,679,070	12,111,260
Other income			
Fee and commission income		1,323,547	795,573
Dividend income		-	-
Foreign exchange income		734,507	461,163
Income from derivatives		-	-
Gain on securities - net		5,592	77,552
Others		-	537
Total other income		2,063,646	1,334,825
Total income		24,742,716	13,446,085
Other expenses			
Operating expenses		6,270,802	4,933,817
Workers' Welfare Fund		367,195	149,426
Other charges		220	168,332
Total other expenses		6,638,217	5,251,575
Profit before provisions		18,104,499	8,194,510
(Reversal) / provisions and write offs - net		(255,259)	1,133,960
Profit before taxation		18,359,758	7,060,550
Taxation		8,996,281	3,459,670
Profit after taxation		9,363,477	3,600,880

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

36.1 Investments by type

	September 30, 2023 (Unaudited)			Carrying value
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	
----- (Rupees in '000) -----				
Held-for-trading (HFT) securities				
Federal Government securities				
- Ijarah Sukuk	660	-	4	664
Available-for-sale (AFS) securities				
Federal Government securities				
- Ijarah Sukuk	141,862,290	-	(3,893,848)	137,968,442
- Other Federal Government securities	6,764,725	-	-	6,764,725
Non-Government debt securities				
- Listed	45,172,712	-	57,208	45,229,920
- Unlisted	1,401,000	-	(1,977)	1,399,023
	195,200,727	-	(3,838,617)	191,362,110
Held-to-maturity (HTM) securities				
Non-Government debt securities				
- Unlisted	9,773,830	-	-	9,773,830
Total Investments	204,975,217	-	(3,838,613)	201,136,604

	December 31, 2022 (Audited)			Carrying value
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	
----- (Rupees in '000) -----				
Available-for-sale (AFS) securities				
Federal Government securities				
- Ijarah Sukuk	125,360,260	-	(2,772,531)	122,587,729
- Other Federal Government securities	4,686,060	-	-	4,686,060
Non-Government debt securities				
- Listed	45,943,545	-	57,829	46,001,374
- Unlisted	1,401,000	-	16,320	1,417,320
	177,390,865	-	(2,698,382)	174,692,483
Held-to-maturity (HTM) securities				
Non-Government debt securities				
- Unlisted	8,962,349	-	-	8,962,349
Total Investments	186,353,214	-	(2,698,382)	183,654,832

36.2 Islamic financing and related assets - net

	(Unaudited)	(Audited)
	September 30, 2023	December 31, 2022
(Rupees in '000)		
Diminishing Musharakah	93,166,006	94,643,200
Running Musharakah	46,874,412	57,261,410
Wakalah	14,868,698	14,541,328
Ijarah	2,960,715	2,294,057
Murabaha	1,872,590	3,791,439
Currency Salam	696,066	-
Tijarah	1,776,849	2,887,334
Istisna	1,103,318	1,994,354
Musawamah	2,434,880	777,472
Advance for Diminishing Musharakah	3,494,562	5,364,119
Advance for Ijarah	4,058,233	3,599,862
Advance for Murabaha	3,662,313	5,546,361
Advance for Salam	-	2,029,702
Advance for Istisna	13,883,918	13,169,142
Advance for Musawamah	1,856,753	3,856,574
Inventories against Murabaha	6,344,176	5,410,563
Inventories against Tijarah	3,361,917	5,427,552
Inventories against Istisna	3,141,558	3,853,373
Islamic financing and related assets - gross	205,556,964	226,447,842
Provision against Islamic financing and related assets		
- Specific	(1,101,637)	(1,376,081)
- General	(1,120,845)	(1,096,995)
	(2,222,482)	(2,473,076)
Islamic financing and related assets - net of provision	203,334,482	223,974,766

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
36.3 Due to financial institutions		
Unsecured acceptances of funds	-	19,000,000
Acceptances from the SBP under:		
- Islamic export refinance scheme	19,341,548	19,931,491
- Islamic export refinance scheme bill discounting	374,490	-
- Islamic long term financing facility	6,673,811	7,183,674
- Islamic financing facility for renewable energy power plants	698,748	693,399
- Islamic refinance facility for modernization of Small & Medium Enterprises (SMEs)	-	129,838
- Islamic refinance and credit guarantee scheme for women entrepreneurs	2,073	5,720
- Financing facility for storage of agricultural produce	303,469	-
- Islamic refinance facility for combating COVID-19	389,298	143,564
- Islamic temporary economic refinance facility	2,521,317	2,749,061
- Secured Mudarbah Agreement	20,215,836	24,689,405
Acceptances from Pakistan Mortgage Refinance Company	-	168,252
	<u>50,520,590</u>	<u>74,694,404</u>
36.4 Deposits and other accounts		
Customers		
Current deposits	98,068,298	85,498,743
Savings deposits	216,993,665	161,990,175
Term deposits	26,478,435	24,836,049
	<u>341,540,398</u>	<u>272,324,967</u>
Financial Institutions		
Current deposits	2,911	414,372
Savings deposits	37,931,393	47,142,963
Term deposits	763,646	1,646
	<u>38,697,950</u>	<u>47,558,981</u>
	<u>380,238,348</u>	<u>319,883,948</u>
36.5 Islamic Banking business unappropriated profit		
Opening Balance	32,922,558	27,194,762
Add: Islamic Banking profit for the period / year	18,359,758	11,236,017
Less: Taxation	(8,996,281)	(5,505,648)
Less: Transferred / Remitted to Head Office	(7,786)	(2,573)
Closing Balance	<u>42,278,249</u>	<u>32,922,558</u>
36.6 Contingencies and commitments		
- Performance Guarantees	4,066,142	2,862,623
- Commitments	36.6.1 <u>63,318,057</u>	<u>31,705,993</u>
	<u>67,384,199</u>	<u>34,568,616</u>
36.6.1 Commitments		
Trade-related contingent liabilities	39,277,661	26,704,850
Commitments in respect of forward foreign exchange contracts	36.6.1.1 <u>24,040,396</u>	<u>5,001,143</u>
	<u>63,318,057</u>	<u>31,705,993</u>
36.6.1.1 Commitments in respect of forward foreign exchange contracts		
Purchase	12,104,958	2,405,370
Sale	11,935,438	2,595,773
	<u>24,040,396</u>	<u>5,001,143</u>
36.7 Profit / return earned	(Unaudited) <u>For the nine months ended</u>	(Audited) <u>For the nine months ended</u>
	September 30, 2023	September 30, 2022
	(Rupees in '000)	
On:		
Financing	26,412,923	15,049,252
Investments	25,713,085	16,868,822
Amounts due from financial institutions	996,241	646,516
	<u>53,122,249</u>	<u>32,564,590</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

36.8	Profit / return expensed	(Unaudited)	
		September 30, 2023	September 30, 2022
		(Rupees in '000)	
	On:		
	Deposits and other accounts	20,874,291	14,771,996
	Amounts due to financial institutions	8,662,303	5,388,716
	Foreign currency deposits for Wa'ad based transactions	4,842	13,132
	Lease liability against right-of-use assets	901,743	279,486
		<u>30,443,179</u>	<u>20,453,330</u>

37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

37.1 The Board of Directors, in its meeting held on October 25, 2023, has declared a cash dividend of Rs 2.25 per share in respect of the quarter ended September 30, 2023 (September 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 October 25, 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

Khaleel Ahmed
Director

Moez Ahamed Jamal
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 nine months ended September 30, 2023.

Macroeconomic Review

Pakistan's GDP growth for FY'23 was 0.3%, compared to 6.1% in FY'22, as the combination of macroeconomic factors and political instability took their toll. FY'24 has commenced on a more positive note with the announcement of the Standby Arrangement (SBA) with the IMF. In Q1FY'24, high frequency indicators have begun to show improvement; relief was observed in manufacturing industries as the gradual reopening of imports has enhanced the availability of essential production inputs. The Large-Scale Manufacturing Index for 2MFY'24 increased by 0.5% over 2MFY'23, with August showing the first YoY increase in 14 months. The agriculture sector is reflecting a positive trend as the influx of cotton arrivals indicates a substantial increase compared to the corresponding period last year; favourable rice prices and a production surplus bode well for exports. Inflation increased to 31.4% in Sep'23, briefly reversing its downward trend, due to a lower base effect; the declining trend is expected to resume from Oct'23. Average inflation for Q3'23 was 29.0% compared to 34.6% during Q2'23. A potential gas tariff hike before the next IMF review, poses an upside risk to inflation.

With the withdrawal of import prioritization guidelines, the current account balance expectedly turned negative after posting four consecutive surpluses till June 2023. Nevertheless, for Q1FY'24, imports declined by 24%, more than offsetting the 5% drop in exports. The trade deficit thus improved substantially over the same period of last year, reducing by 39%, to USD 5.4 billion. Remittances have remained soft as the wide gap between the interbank and unofficial rates has impacted flows through official channels. In September 2023, following the spate of actions to strengthen FX markets, flows rebounded, growing 5% over August; however, for Q1FY'24 remittances were 20% lower than in Q1FY'23. The current account deficit for the first quarter of the fiscal year was recorded at USD 947 million, 58% lower than the deficit of USD 2.3 billion recorded in Q1FY'23.

The release of the first tranche, along with an inflow of dollars from friendly countries, led to SBP's reserves increasing to USD 8.2 billion in July 2023. However, the release of import backlog payments, along with speculative activity, continued to depreciate the currency with the PKR/USD touching a low of Rs 307.1/\$. Since then, a crackdown on illegal FX activity, tightened rules for exchange companies and stricter monitoring of the Afghan Transit Trade have delivered positive results, sharply narrowing the differential between the interbank and kerb markets. The subsequent inflow of export proceeds has substantially strengthened the Rupee which has improved to Rs 278.8/\$.

The fiscal deficit in FY'23 rose 24% to Rs 6.5 trillion; however, as a percentage of GDP, it reduced from 7.9% in FY'22 to 7.7%. Notably, there was a 67% reduction in the primary deficit, from Rs 2.1 trillion (3.1% of GDP) in FY'22 to Rs 0.7 trillion (0.8% of GDP) in FY'23. Revenue increased by 20% YoY, mainly attributable to an uptick of 16.7% in FBR's tax collection as direct taxes increased by 43.5%. However, total expenditure in FY'23 increased by 22%; mark-up payments surged by 83% to PKR 5.8 trillion, accounting for 93% of the rise in expenditure.

The improving macroeconomic conditions boosted investor confidence, propelling an 11.5% increase in the KSE-100 during the first quarter of FY'24. The equity market has remained buoyant, rising by a further 9.7% since the end of the quarter; in October, it crossed the 50k level for the first time since 2017 to reach a 6-year high of 50,732, an increase of 25.5% since the start of the year. Strategic buybacks and sponsor buying have further reinforced the market's positive momentum.

Since the last rate increase in June 2023, the SBP has maintained a status quo on the Policy Rate. In its last monetary policy meeting in September, it kept the rate unchanged at 22%, contrary to market expectations of a significant increase. In support of its decision, the SBP cited the declining inflationary trend, a much-improved agriculture outlook and the impact of the crackdown on hoarding and illegal FX activity. Private sector credit has slowed by 7.4% in 9M'23 compared to a growth of 7.6% in 9M'22. Consequently, industry advances have declined by 0.8% since the start of the year, influenced by the heightened cost of borrowing. Deposit growth of 17.1% over December 2022 has been robust, but admittedly from an artificially low base. Banking spreads for 8M'23 have widened by 248 bps over 8M'22 as, in the recently more stable rate environment, the impact of previous rate hikes are more fully reflected in lending yields which have outpaced increases in deposit cost.

Financial Performance

HBL's Unconsolidated profit before tax of Rs 83.0 billion for the first nine months of 2023 has increased by 61% over the same period last year. The PBT of Rs 29.7 billion for Q3'23 is a new quarterly record. This was led by excellent performance from the domestic franchise, complemented by further improved results from the international business, which is now making a consistent contribution to the Bank's bottom line. The Bank's profit after tax grew by 97% over the corresponding period last year, to Rs 42.8 billion. Earnings per share have increased from Rs 14.79 in 9M'22 to Rs 29.19 in 9M'23.

The Bank's balance sheet increased by 19% to cross Rs 5.2 trillion. Domestic deposits grew by 14% over Dec'22 to Rs 3.3 trillion, with total deposits at nearly Rs 3.7 trillion. Average domestic deposits for the nine months of 2023 rose by Rs 287 billion; almost entirely from low-cost CASA, enabling HBL to contain its cost of deposits. With the decline in private sector credit, HBL's domestic advances declined by 4.3% to Rs 1.36 trillion. Despite headwinds, the Bank's Consumer portfolio increased to Rs 126 billion and Agriculture lending reached an all-time high of Rs 52 billion.

Interest rates remained stable during Q3'23, allowing asset yields to fully reprice in line with deposits. The Bank's domestic net interest margin improved by 76 bps in Q3'23 alone; for 9M'23, NIMs were 194bps higher than in 9M'22. Coupled with a Rs 433 billion growth in the average domestic balance sheet, domestic net interest income (NII) increased by 52%. Interest income in the international business also rose substantially, with HBL's total NII increasing by 53%, to Rs 164 billion. HBL's dominant fee franchise delivered another above-market performance, rising by 35% to over Rs 27 billion. The fee growth was led by continued stellar performance from the Bank's flagship Cards business, supported by strong contributions from trade, branch banking and cash management. Consequently, total revenue of the Bank increased by 48%, to Rs 201 billion.

Administrative expenses of the Bank have increased by 37% over 9M'22 as record inflation, spiralling utilities and steep rupee devaluation had a significant impact on costs. However, the strong revenue growth improved the cost to income ratio from 59.2% in 9M'22 to 54.9% in 9M'23. The Bank's non-performing loans have increased marginally, only due to the exchange impact on international NPLs; however, with the decline in loans there was a slight uptick in the infection ratio to 5.2%. As a result of prudent provisioning, the total coverage remains above 100%.

Movement of Reserves

	Rupees in million
Unappropriated profit brought forward	165,387
Profit after tax	42,817
Transferred from surplus on revaluation of assets – net of tax	96
	<u>42,913</u>
Profit available for appropriations	208,300
Appropriations:	
Transferred to statutory reserves	(4,282)
Cash dividend – Final 2022	(2,200)
Cash dividend – 1st Interim 2023	(2,200)
Cash dividend – 2nd Interim 2023	(2,934)
Total appropriations	<u>(11,616)</u>
Unappropriated profit carried forward	<u><u>196,684</u></u>
Earnings per share (Rs)	<u><u>29.19</u></u>

Capital Ratios

Internal capital generation from the strong results significantly strengthened the Bank's capital ratios. The Capital Adequacy Ratio (CAR) was also boosted by a more benign macroeconomic environment with a stable Rupee and interest rates, along with nominal growth in Risk Weighted Assets. Consequently, Tier 1 CAR improved by 68 bps over June 2023 to 13.34%. The improved headroom also increased the eligibility of Tier II capital, with total CAR increasing by 71 bps over the previous quarter, to 16.71%.

Dividend

The Board of Directors, in its meeting held on October 25, 2023, has declared an interim cash dividend of Rs 2.25 per share (22.5%) for the quarter ended September 30, 2023.

Future Outlook

Pakistan once again finds itself at one of its ever-present crossroads. Starting with the SBA announcement, there have been a number of positive developments since the start of the fiscal year. Inflation is on a downtrend, cotton, rice and wheat production looks to set new highs, and manufacturing is reviving. The falling inflation bodes well for a lower interest rate, a more stable Rupee and a more active equity market with the GDP growth outlook for FY'24 improved to 3.5%. However, the

Gaza war threatens to become the tipping point of a new economic and geopolitical standoff. OPEC+ production cuts being discussed or an embargo reminiscent of the 1970s, could send oil prices spiking, reversing the positive inflation trajectory, in addition to reshaping a geopolitical order in which Pakistan's prominence has already been reduced.

The caretakers have done a commendable job, improving sentiment, curbing commodity and foreign exchange market irregularities, and rationalizing Afghan Transit Trade. Indications point to a successful IMF review in November 2023. However, additional structural reform targets may well be added to the SBA as progress on SOE management, privatization and taxes has, unfortunately, been marginal; these could well become pre-conditions for Pakistan to graduate to a longer-term programme. While the FBR has exceeded its tax collection for Q1FY'24, it is simply by taxing the already taxed. The IMF is now increasing vocal about bringing retailers, real estate and agriculture into the tax net. In its recent monetary policy statement, the SBP also highlighted that a prudent fiscal stance – which includes broadening the tax base, restricting subsidies to the most vulnerable and reducing SOE losses – is vital to alleviate inflationary pressures and help achieve sustainable growth.

HBL continues to make progress on its digital agenda towards being "A Technology Company With a Banking License". Earlier this year, we had launched the #JahanFansWahanStadium branded hashtag challenge on TikTok in connection with HBL PSL 8. In a landmark achievement, TikTok has published a case study on HBL PSL, characterizing our campaign as a Global Success Story. The campaign received 8.7 billion views – more than the number of people on the planet. Digital lending has taken on new momentum – in 2023, 44% of all credit card acquisitions and 22% of personal loans have been through HBL's Mobile App; digital personal loans for pre-selected customers are now processed instantaneously. Digital transaction volumes are rising rapidly; in August, transactions through HBL POS terminals crossed an average of Rs 1 billion per day. HBL Mobile continues to command a leading market share, with 3.7 million users; during the first nine months of 2023, Rs 3.3 trillion worth of transactions were processed, more than double the amount for the same period last year. Our efforts continue to receive external validation as we were named the Best Bank for Digital Services at the CFA Society Awards.

Earlier this year, we were named as the Most Inclusive Organization in Pakistan, a privilege and a responsibility. On October 12, World Sight Day, we launched a unique feature on our Mobile App which enables a Talkback capability for visually impaired customers. For the second consecutive year, HBL Microfinance was awarded the Best Microfinance Bank by the CFA Society. Recently, HBL has been awarded the prestigious Environment Excellence Award 2023 by the National Forum for Environment and Health, an award designed to recognize organizations that are contributing to sustainable development. We remain focused on 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

October 25, 2023

ڈائریکٹرز کا جائزہ

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

کلیاتی اقتصادیات کا جائزہ

مالی سال 2023ء میں پاکستان کی GDP نمو 0.3% رہی جو مالی سال 22 میں 6.1% تھی، اس کی وجہ کلیاتی اقتصاداتی عوامل اور سیاسی عدم استحکام کا امتزاج تھا۔ مالی سال 24 کا آغاز IMF کے ساتھ اسٹینڈ بائی آرینجمنٹس (SBA) کے اعلان کے ساتھ زیادہ مثبت انداز میں ہوا ہے۔ مالی سال 24 کی پہلی سہ ماہی میں ہائی فریکوئنسی انڈیکس نے بہتری دکھانا شروع کر دی ہے۔ پیداواری صنعتوں میں سہولت دیکھی گئی کیونکہ درآمدات کے بتدریج دوبارہ کھلنے سے ضروری پیداواری عناصر کی دستیابی میں اضافہ ہوا ہے۔ مالی سال 24 کے 2 ماہ کے لیے بڑے پیمانے پر مینوفیکچرنگ انڈیکس میں مالی سال 23 کے 2 ماہ مقابلے میں 0.5% کا اضافہ ہوا، جس میں اگست میں 14 ماہ میں سال بہ سال پہلا اضافہ دیکھا گیا۔ زراعت کا شعبہ مثبت رجحان کی عکاسی کر رہا ہے کیونکہ کپاس کی آمد گزشتہ سال کے اسی عرصے کے مقابلے میں کافی اضافے کی نشاندہی کر رہی ہے۔ چاول کی مناسب قیمتیں اور پیداواری سرپلس برآمدات کے لیے اچھی خبر ہے۔ ستمبر 23 میں افراط زر بڑھ کر 1.4% تک پہنچ گئی، جس نے قلیل البیناڈا اثر کی وجہ سے اس میں کمی کے رجحان کو کسی حد تک پلٹ دیا۔ گراؤٹ کا رجحان اکتوبر 23 سے دوبارہ شروع ہونے کی توقع ہے۔ سال 23 کی تیسری سہ ماہی میں اوسط افراط زر 29.0% رہی جبکہ دوسری سہ ماہی میں یہ 34.6% تھی۔ IMF کے اگلے جائزے سے قتل گیس کے نرخوں میں مکمل اضافے سے افراط زر میں بھی اضافے کا خطرہ ہے۔

درآمدی ترجیحات کی ہدایات واپس لینے سے، جون 2023ء تک مسلسل چار سرپلس درج کرنے کے بعد کرنٹ اکاؤنٹ بیلنس حسب توقع منفی ہو گیا۔ تاہم مالی سال 2024ء کی پہلی سہ ماہی کے دوران درآمدات میں 24% کی واقع ہوئی جو برآمدات میں 5% کمی سے زیادہ ہے۔ اس طرح تجارتی خسارہ گزشتہ سال کے اسی عرصے کے مقابلے میں کافی حد تک بہتر ہوا اور 39% کم ہو کر 5.4 ارب ڈالر رہ گیا۔ ترسیلات زر کم رہیں کیونکہ انٹرنیک اور غیر سرکاری نرخوں کے درمیان وسیع فرق نے سرکاری چینل کے ذریعے بہاؤ کو متاثر کیا ہے۔ ستمبر 2023ء میں، زرمبادلہ کی مارکیٹوں کے استحکامی اقدامات کے بعد، بہاؤ میں بہتری آئی، جس میں اگست کے مقابلے میں 5% اضافہ ہوا۔ تاہم مالی سال 24 کی پہلی سہ ماہی میں ترسیلات زر مالی سال 23 کی پہلی سہ ماہی کے مقابلے میں 20% کم رہیں۔ رواں مالی سال کی پہلی سہ ماہی کے دوران کرنٹ اکاؤنٹ خسارہ 947 ملین ڈالر ریکارڈ کیا گیا جو مالی سال 2023ء کی پہلی سہ ماہی کے 2.3 ملین ڈالر کے خسارے کے مقابلے میں 58% کم ہے۔

پہلی قسط کے اجراء کے نتیجے میں دوست ممالک کی جانب سے ڈالر کی آمد ہوئی جس سے جولائی 2023ء میں اسٹیٹ بینک کے ذخائر بڑھ کر 8.2 ملین ڈالر ہو گئے۔ تاہم درآمدی زیر التوا ادائیگیوں کے اجراء کے ساتھ ساتھ قیاس آرائیوں کی وجہ سے روپے کی قدر میں کمی کا سلسلہ جاری رہا اور پاکستانی روپیہ فی امریکی ڈالر 307.1/1 روپے کی کم ترین سطح پر پہنچ گیا۔ اس وقت سے زرمبادلہ کی غیر قانونی سرگرمیوں کے خلاف کریک ڈاؤن، پیچھے کھینچنے کے لیے سخت قوانین اور افغان ٹرانزٹ ٹریڈ کی سخت نگرانی کے مثبت نتائج سامنے آئے ہیں، جس سے انٹرنیک اور KEBB مارکیٹوں کے درمیان فرق میں تیزی سے کمی آئی ہے۔ اس کے بعد برآمدی آمدنی نے روپے کو کافی حد تک مستحکم کیا ہے جو بہتر ہو کر 278.8/1 روپے تک پہنچ گیا ہے۔

مالی سال 23 میں مالیاتی خسارہ 24% اضافے کے ساتھ 6.5 ٹریلین روپے تک پہنچ گیا۔ تاہم، GDP کے فیصد کے طور پر، یہ مالی سال 22 میں 7.9% سے کم ہو کر 7.7% رہ گیا۔ قابل ذکر بات یہ ہے کہ مالی سال 2022ء میں بنیادی خسارے میں 67% کمی آئی جو 2.1 ٹریلین روپے (GDP کا 3.1%) تھی جو مالی سال 23 میں 0.7 ٹریلین روپے (GDP کا 0.8%) تھی۔ محصولات میں سال بہ سال 20% اضافہ ہوا جس کی بنیادی وجہ FBR کی ٹیکس وصولیوں میں 16.7% کا اضافہ ہے کیوں کہ براہ راست ٹیکسوں میں 43.5% کا اضافہ ہوا۔ تاہم مالی سال 23 میں مجموعی اخراجات میں 22% اضافہ ہوا۔ مارک اپ ادائیگیاں 83% اضافے کے ساتھ 5.8 ٹریلین روپے تک پہنچ گئیں جو اخراجات میں 93% اضافے کی وجہ ہیں۔

کلیاتی اقتصادیات میں بہتری سے سرمایہ کاروں کے اعتماد میں اضافہ ہوا اور مالی سال 24 کی پہلی سہ ماہی کے دوران KSE 100 میں 11.5% کا اضافہ ہوا۔ سہ ماہی کے اختتام کے بعد سے ایکویٹی مارکیٹ میں مزید 9.7% اضافہ ہوا ہے۔ اکتوبر میں، یہ 2017ء کے بعد پہلی بار 50 ہزار کی سطح عبور کرتے ہوئے 6 سال کی بلند ترین سطح 50,732 پر پہنچ گیا، جو سال کے آغاز سے 25.5% کا اضافہ ہے۔ اسٹریٹجک ہائی ٹیک اور اسپانسر کی خریداری نے مارکیٹ کی مثبت رفتار کو مزید تقویت دی ہے۔

جون 2023ء میں شرح سود میں آخری اضافے کے بعد اسٹیٹ بینک نے پالیسی ریٹ جوں کا توں برقرار رکھا ہے۔ ستمبر میں اپنی آخری پالیسی میٹنگ میں، اس نے مارکیٹ کی نمایاں اضافے کی توقعات کے برعکس شرح کو 22% پر برقرار رکھا۔ اپنے فیصلے کی حمایت میں اسٹیٹ بینک نے افراط زر میں کمی کے رجحان، زراعت کے قدرے بہتر منظر نامے اور ذخیرہ اندوزی اور زرمبادلہ کی غیر قانونی سرگرمی کے خلاف کریک ڈاؤن کے اثرات کا حوالہ دیا۔ سال 23 کے 9 ماہ میں نجی شعبے کے قرضوں میں 7.4% کمی کی واقع ہوئی ہے جبکہ سال 22 کے 9 ماہ میں 7.6% اضافہ ہوا تھا۔ نتیجتاً، سال کے آغاز سے لے کر اب تک صنعتی قرضوں میں 0.8% کمی واقع ہوئی ہے، جس کی وجہ قرض کی بڑھتی ہوئی لاگت ہے۔ دسمبر 2022ء کے مقابلے میں ڈپازٹس میں 17.1% مضبوط اضافہ رہا ہے، لیکن یہ تسلیم کرنا پڑے گا کہ یہ مصنوعی طور پر کم بنیاد ہے۔ سال 23 کے 8 ماہ کے لیے بینکنگ اسپرڈ سال 22 کے 8 ماہ کے مقابلے میں 248bps تک بڑھ گئے کیونکہ حالیہ زیادہ مستحکم شرح کے سبب، پچھلے شرح سود میں اضافے کے اثرات قرضوں کے آمدن میں زیادہ ظاہر ہو رہے ہیں جس نے ڈپازٹ کی لاگت میں اضافے کو پیچھے چھوڑ دیا ہے۔

سرمائے کا تناسب

شاندار نتائج نے بہترین اندرونی سرمایہ پیدا کیا جس سے بینک کے سرمائے کا تناسب نمایاں طور پر مستحکم ہوا۔ مستحکم روپے اور شرح سود کے ساتھ ساتھ رسک وینڈ انٹاٹوں میں برائے نام اضافے کے ساتھ زیادہ لطیف مالی اقتصادی ماحول کی وجہ سے بھی کپٹل ایڈیکویٹی ریشو میں اضافہ ہوا۔ نتیجتاً بینک کے Tier I CAR میں جون 2023ء سے 68 bps بہتری آئی جو 13.34% ہے۔ عمومی مہنگائی میں بہتری سے Tier II سرمائے کی اہلیت میں اضافہ ہوا اور ٹل CAR بڑھ کر 16.71% ہو گئی جو گزشتہ سہ ماہی سے 71 bps زیادہ ہے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 25 اکتوبر 2023ء کو منعقد ہونے والے اجلاس میں 30 ستمبر 2023ء کو اختتام پذیر ہونے والی سہ ماہی کے لیے 2.25 روپے فی حصص (22.5%) کے عبوری نقد منافع منقسمہ کا اعلان کیا۔

مستقبل کی صورت حال

پاکستان ہمیشہ کی طرح ایک بار پھر ایک دورا ہے پر آکھڑا ہوا ہے۔ SBA کے اعلان کے بعد، مالی سال کے آغاز سے ہی کئی مثبت تبدیلیاں آنے لگیں۔ افراط زر میں کمی کارخان، کپاس، چاول اور گندم کی پیداوار نئی بلند یوں پر پہنچی، اور پیداوار بحال ہو رہی ہے۔ گرتی ہوئی افراط زر کم شرح سود، زیادہ مستحکم روپیہ اور زیادہ فعال ایکویٹی مارکیٹ کے لیے اچھی علامات ہیں جس میں مالی سال 24 کے لیے GDP نمو 3.5% تک بہتر ہوئی ہے۔ تاہم، غزہ کی جنگ ایک نئے معاشی اور جغرافیائی تعطل کا پیش خیمہ ہے۔ OPC اور پیداوار میں ٹوٹی یا 1970ء کی دہائی کی یاد تازہ کرنے والی پابندی سے تیل کی قیمتوں میں اضافہ ہو سکتا ہے، جس سے افراط زر کی مثبت سمت پلٹ سکتی ہے، اس کے علاوہ ایک جغرافیائی سیاسی نظام کو نئی شکل دی جاسکتی ہے جس میں پاکستان کی اہمیت پہلے ہی کم ہو چکی ہے۔

نگراں حکومت نے قابل ستائش کام کیے، جس میں جذبات میں بہتری، اجناس اور زر مبادلہ کی مارکیٹ کی بے ضابطگیوں کی روک تھام اور افغان ٹرانزٹ ٹریڈ کی معقولیت شامل ہے۔ اشاریے نومبر 2023ء میں IMF کے کامیاب جائزے کی نشاندہی کرتے ہیں۔ تاہم، SBA میں اضافی ساختی اصلاحات کے اہداف کو بھی شامل کیا جاسکتا ہے کیونکہ SOE مینجمنٹ، نجکاری اور ٹیکسوں میں بد قسمتی سے معمولی کارکردگی رہی ہے۔ یہ پاکستان کے لیے کسی طویل المیعاد پروگرام میں شمولیت کا پیش خیمہ بن سکتے ہیں۔ اگرچہ FBR نے مالی سال 24 کی پہلی سہ ماہی میں اپنی ٹیکس وصولی سے زیادہ ٹیکس جمع کیا ہے، لیکن یہ صرف پہلے سے ٹیکس دینے والوں پر ٹیکس لگا کر حاصل کیا گیا ہے۔ IMF ب ریٹیلر، جائیداد اور زراعت کو ٹیکس نیٹ میں لانے کے لیے باؤڈل رہا ہے۔ اپنے حالیہ زری پالیسی بیان میں اسٹیٹ بینک نے اس بات پر بھی روشنی ڈالی کہ افراط زر کا دباؤ کم کرنے اور پائیدار ترقی کے حصول کے لیے ایک دانشمندانہ مالی موقف، جس میں ٹیکس کی بنیاد وسیع کرنا، سب سے زیادہ مستحقین تک سبسڈی کو محدود کرنا اور SOE نقصانات کم کرنا شامل ہے۔

HBL اپنے ڈیجیٹل ایجنڈے ”بینکنگ لائنس“ کے ساتھ ایک ٹیکنالوجی کمپنی“ پر پیش رفت جاری رکھے ہوئے ہے۔ اس سال کے اوائل میں ہم نے HBL PSL 8 کے سلسلے میں ٹک ٹاک پر JahanFansWahanStadium # برانڈ ڈبیش ٹیگ چیلنج متعارف کروایا تھا۔ ایک تاریخی کامیابی کے طور پر، ٹک ٹاک نے HBL PSL 8 پر ایک کس اسٹریٹ شائے کی ہے، جس میں ہماری مہم کو عالمی کامیابی کی کہانی کے طور پر بیان کیا گیا ہے۔ اس مہم کو 8.7 بلین یوزر ملے جو کہہ ارض پر لوگوں کی تعداد سے زیادہ ہے۔ 2023ء میں تمام کرڈٹ کارڈ کے حصول کا 44% اور پرنٹل لووز کا 22% HBL 22% ایپ کے ذریعے حاصل کیا گیا۔ پہلے سے منتخب کردہ صارفین کے لیے ڈیجیٹل پرنٹل لووز پر اب فوری کارروائی کی جاتی ہے۔ ڈیجیٹل ٹرانزیکشنز کا حجم تیزی سے بڑھ رہا ہے۔ اگست میں HBL POS ٹرینمنز کے ذریعے روزانہ اوسطاً ایک بلین روپے کی ٹرانزیکشنز ہوئیں۔ HBL موبائل 3.7 بلین صارفین کے ساتھ سرفہرست مارکیٹ شیئر رکھتا ہے۔ سال 2023ء کے پہلے 9 ماہ کے دوران 3.3 ٹریلین روپے کی ٹرانزیکشنز کی گئیں جو گزشتہ سال کے اسی عرصے کے مقابلے میں دو گنی ہے۔ ہماری کوششوں کو بیرونی توثیق مل رہی ہے کیونکہ ہمیں CFA سوسائٹی ایوارڈز میں ڈیجیٹل خدمات کے لیے بہترین بینک نامزد کیا گیا تھا۔

اس سال کے اوائل میں، ہمیں پاکستان میں سب سے زیادہ شمولیت والا ادارہ نامزد کیا گیا تھا، جو ایک اعزاز اور ایک ذمہ داری ہے۔ 12 اکتوبر کو بینائی کے عالمی دن کے موقع پر ہم نے اپنی موبائل ایپ پر ایک انوکھا فیچر متعارف کروایا جو تاجپنا صارفین کے لیے ٹاک بیک کی صلاحیت ہے۔ HBL ٹیکرو فنانس کو مسلسل دوسرے سال CFA سوسائٹی کی جانب سے بہترین مائیکرو فنانس بینک کا ایوارڈ دیا گیا۔ حال ہی میں HBL کو بینٹل فورم فار انوٹرمینٹ اینڈ ہیلتھ کی جانب سے باوقار انوٹرمینٹ اسکیمی ایوارڈ 2023 سے نوازا گیا ہے، یہ ایوارڈ پائیدار ترقی میں کردار ادا کرنے والے اداروں کو تسلیم کرنے کے لیے ڈیزائن کیا گیا ہے۔ ماحولیات سے ہماری وابستگی اٹل ہے اور ہم کاربن کو نیٹ زیرو تک پہنچانے کے سفر میں پرعزم ہیں، تاکہ آئندہ نسلوں کے لیے ایک بہتر کارہاں چھوڑ کر جاسکیں۔

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 کادشوں 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۔

مالیاتی کارکردگی

2023ء کے پہلے 9 ماہ کے دوران HBL کے 83.0 ارب روپے کے غیر مجموعی قابل از نیکیس منافع میں گزشتہ سال کے اسی عرصے کے مقابلے میں 61% فیصد اضافہ ہوا ہے۔ سال 23 کی تیسری سہ ماہی 29.7 ارب روپے کا قابل از نیکیس منافع ایک نیا سہ ماہی ریکارڈ ہے۔ مقامی فرنیچائز کی عمدہ کارکردگی کے ساتھ ساتھ بین الاقوامی کاروبار سے مزید بہتر نتائج سامنے آئے، جو اب بینک کی آمدن میں مستقل اضافہ کر رہا ہے۔ بینک کا بعد از نیکیس منافع گزشتہ سال کے اسی عرصے کے مقابلے میں 97% بڑھ کر 42.8 ارب روپے تک پہنچ گیا۔ فی حصص آمدنی سال 22 کے 9 ماہ میں 14.79 روپے سے بڑھ کر سال 23 کے 9 ماہ میں 29.19 روپے ہو گئی ہے۔

بینک کی بیلنس شیٹ 19% اضافے کے ساتھ 5.2 ٹریلین روپے سے تجاوز کر گئی۔ دسمبر 22 کے مقابلے میں مقامی ڈپازٹس 14% اضافے کے ساتھ 3.3 ٹریلین روپے تک پہنچ گئے، جس میں کل ڈپازٹس تقریباً 3.7 ٹریلین روپے تھے۔ سال 2023ء کے 9 ماہ کے دوران اوسط مقامی ڈپازٹس میں 287 ارب روپے کا اضافہ ہوا۔ جو تقریباً مکمل طور پر کم لاگت والے CASA سے ہوا، جس سے HBL ڈپازٹس کی لاگت پر قابو پانے کے قابل بنا۔ نجی شعبے کے قرضوں میں کمی کے باعث HBL کے مقامی قرضے 4.3% کم ہو کر 1.36 ٹریلین روپے رہ گئے۔ مشکلات کے باوجود بینک کا نزیوم پورٹ فولیو 126 ارب روپے تک بڑھ گیا اور زرعی قرضے 52 ارب روپے سے تاریخ کی بلند ترین سطح پر پہنچ گئے۔

سال 23 کی تیسری سہ ماہی کے دوران شرح سود مستحکم رہی جس کی وجہ سے اثاثوں کے منافع کو ڈپازٹس کے مطابق مکمل طور پر بحال کرنے میں مدد ملی۔ سال 23 کی صرف تیسری سہ ماہی میں ہی بینک کے مقامی خالص سودی مارجن میں 76bps کی بہتری آئی ہے۔ سال 23 کے 9 ماہ کے لیے NIM سال 22 کے 9 ماہ کے مقابلے میں 194bps زیادہ تھے۔ اوسط مقامی بیلنس شیٹ میں 433 ارب روپے کے اضافے کے ساتھ ساتھ مقامی خالص سودی آمدنی (NII) میں 52% اضافہ ہوا۔ بین الاقوامی کاروبار میں سودی آمدنی میں بھی خاطر خواہ اضافہ ہوا اور HBL کی مجموعی این آئی 53% اضافے کے ساتھ 164 بلین روپے تک پہنچ گئی۔ HBL کی اہم فیس فرنیچائز نے 35% اضافے کے ساتھ 27 بلین روپے سے زائد کی مارکیٹ سے بالاکار کردگی کا مظاہرہ کیا۔ فیس میں اضافہ بینک کے فلیگ شپ کارڈز کے کاروبار کی مسلسل شاندار کارکردگی کی وجہ سے ہوا، جس میں ٹریڈ، براؤنج بینکنگ اور کیش مینجمنٹ کی بھرپور معاونت حاصل تھی۔ اس کے نتیجے میں بینک کی مجموعی آمدنی 48% اضافے کے ساتھ 201 ارب روپے تک پہنچ گئی۔

بینک کے انتظامی اخراجات میں سال 22 کے 9 ماہ کے مقابلے میں 37% اضافہ ہوا ہے کیونکہ ریکارڈ افراط زر، بڑھتی ہوئی یوٹیلیٹیز اور روپے کی قدر میں تیزی سے کمی نے اخراجات پر نمایاں اثر ڈالا ہے۔ تاہم، محصولات میں مستحکم اضافے نے لاگت اور آمدنی کے تناسب کو سال 22 کے 9 ماہ میں 59.2% سے سال 23 کے 9 ماہ میں 54.9% تک بہتر بنایا ہے۔ بین الاقوامی NPL پر آپٹیمائزیشن کے اثرات کی وجہ سے بینک کے نان پرفارمنگ قرضوں میں معمولی اضافہ ہوا ہے۔ تاہم، قرضوں میں کمی کے ساتھ انقباض کی شرح میں معمولی اضافہ ہوا اور یہ 5.2% تک پہنچ گیا۔ متاثر فراہمی کے نتیجے میں، کل کوریج 100% سے اوپر رہی۔

ذخائر میں اتار چڑھاؤ

ملین روپے

165,387
42,817
96
42,913
208,300
(4,282)
(2,200)
(2,200)
(2,934)
(11,616)
196,684
29.19

اختصاصی غیر تخصیص شدہ منافع

بینک ایکویٹی کے حامل افراد کے لیے قابل ادائیگی منافع
جو انٹ وینچر اینڈ انویسٹمنٹ سے دستبرداری

مناسب کارروائی کے لیے دستیاب منافع

مختلف مدوں میں رکھی گئی رقم:

قانونی ذخائر میں منتقل شدہ
نقد منافع منقسم۔ حتیٰ 2022ء
نقد منافع منقسم۔ پہلا عبوری 2023ء
نقد منافع منقسم۔ دوسرا عبوری 2023ء
کل تخصیص

اختصاصی غیر تخصیص شدہ منافع

فی حصص (شیر) آمدنی (روپے)

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

آخر میں، ہم اپنے تمام ملازمین اور اُن کے اہل خانہ، بالخصوص کسٹمر کا سامنا کرنے والے پونٹس اور برانچوں میں موجود عملے کے شکر گزار ہیں، جو مسلسل اپنے فرائض سے بڑھ کر کام کرتے ہیں تاکہ ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنائی۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم اُن کے عزم اور انتھک محنت کے لیے انھیں خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ

معزز احمد جمال
ڈائریکٹر

محمد اورنگزیب
صدر اور چیف ایگزیکٹو آفیسر

125 اکتوبر 2023ء

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2023

	Note	(Unaudited) September 30, 2023 (Rupees in '000)	(Audited) December 31, 2022 (Rupees in '000)
ASSETS			
Cash and balances with treasury banks	5	488,440,866	257,368,084
Balances with other banks	6	39,875,159	31,319,141
Lendings to financial institutions	7	219,213,353	254,593,287
Investments	8	2,454,618,353	1,882,075,268
Advances	9	1,580,831,373	1,622,607,447
Fixed assets	10	133,945,832	109,326,287
Intangible assets	11	12,947,305	11,840,205
Deferred tax assets	12	23,552,607	16,939,758
Other assets	13	239,854,706	169,027,440
		5,193,279,554	4,355,096,917
LIABILITIES			
Bills payable	14	52,423,100	51,676,520
Borrowings	15	798,335,956	579,004,938
Deposits and other accounts	16	3,716,407,416	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	297,413,648	217,589,525
		4,883,454,120	4,101,321,401
NET ASSETS		309,825,434	253,775,516
REPRESENTED BY			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		85,480,140	71,735,697
Surplus on revaluation of assets - net of tax	19	12,992,630	1,984,774
Unappropriated profit		196,684,139	165,386,520
		309,825,434	253,775,516
CONTINGENCIES AND COMMITMENTS			
	20		

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Khaleel Ahmed
Director

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

		January 01 to Note September 30, 2023	January 01 to September 30, 2022	July 01 to September 30, 2023	July 01 to September 30, 2022
----- (Rupees in '000) -----					
Mark-up / return / profit / interest earned	22	479,819,379	290,012,963	179,635,207	114,680,667
Mark-up / return / profit / interest expensed	23	315,537,127	182,837,778	118,885,209	75,194,105
Net mark-up / return / profit / interest income		164,282,252	107,175,185	60,749,998	39,486,562
Non mark-up / interest income					
Fee and commission income	24	26,908,502	19,986,361	9,489,747	6,785,545
Dividend income		3,027,681	1,216,515	225,777	394,203
Foreign exchange (loss) / income - domestic		(5,162,034)	2,161,056	(866,270)	(415,095)
Foreign exchange income - international		1,399,621	2,201,068	146,918	1,035,106
Foreign exchange income - unrealised gain / (loss) related to derivatives		4,544,399	5,463,820	(1,239,637)	2,864,385
(Loss) / gain from derivatives		(3,140,330)	(3,412,516)	2,011,230	(2,318,240)
(Loss) / gain on securities - net	25	(325,450)	687,309	(112,741)	211,537
Other income	26	9,883,533	358,670	226,162	116,972
Total non mark-up / interest income		37,135,922	28,662,283	9,881,186	8,674,413
Total income		201,418,174	135,837,468	70,631,184	48,160,975
Non mark-up / interest expenses					
Operating expenses	27	110,496,644	80,482,078	39,464,922	28,141,337
Workers' Welfare Fund		1,661,993	1,030,352	597,715	380,926
Other charges	28	82,090	450,995	5,610	8,682
Total non mark-up / interest expenses		112,240,727	81,963,425	40,068,247	28,530,945
Profit before provisions and taxation		89,177,447	53,874,043	30,562,937	19,630,030
Provisions and write offs - net	29	6,159,440	2,355,915	840,419	527,478
Profit before taxation		83,018,007	51,518,128	29,722,518	19,102,552
Taxation	30	40,200,911	29,819,141	14,616,755	8,915,936
Profit after taxation		42,817,096	21,698,987	15,105,763	10,186,616
----- (Rupees) -----					
Basic and diluted earnings per share	31	29.19	14.79	10.30	6.94

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

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Director

Dr. Najeeb Samie
Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	January 01 to September 30, 2023	January 01 to September 30, 2022	July 01 to September 30, 2023	July 01 to September 30, 2022
	(Rupees in '000)			
Profit after taxation for the period	42,817,096	21,698,987	15,105,763	10,186,616
Other comprehensive income / (loss)				
<i>Items that may be reclassified to the profit and loss account in subsequent periods</i>				
Effect of translation of net investment in foreign branches - net of tax	9,462,733	1,973,175	(506,713)	1,070,809
Movement in surplus / deficit on revaluation of investments - net of tax	(4,532,615)	(20,118,839)	2,368,380	(3,797,309)
<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	-	-
Movement in surplus / deficit on revaluation of fixed assets / non-banking - net of tax	15,636,967	(201,262)	9,418	-
Transferred from surplus on revaluation of non-banking assets - net of tax	-	79,789	-	79,789
Transferred to surplus on revaluation of fixed assets - net of tax	-	(79,789)	-	(79,789)
Total comprehensive income	63,384,181	3,561,496	16,976,848	7,460,116

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

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CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 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)								
Balance as at December 31, 2021	14,668,525	40,043,376	29,088,178	547,115	(2,045,362)	27,234,607	148,392,471	257,928,910
Comprehensive income for the nine months ended September 30, 2022								
Profit after taxation for the nine months ended September 30, 2022	-	-	-	-	-	-	21,698,987	21,698,987
Other comprehensive income / (loss)								
Effect of translation of net investment in foreign branches - net of tax	-	-	1,973,175	-	-	-	-	1,973,175
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	209,435	209,435
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(20,118,839)	(201,262)	-	(20,320,101)
	-	-	1,973,175	-	(20,118,839)	(201,262)	21,908,422	3,561,496
Transferred to statutory reserve	-	2,169,899	-	-	-	-	(2,169,899)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(43,709)	43,709	-
Transactions with owners, recorded directly in equity								
Final cash dividend - Rs 2.25 per share declared subsequent to the year ended December 31, 2021	-	-	-	-	-	-	(3,300,418)	(3,300,418)
1st interim cash dividend - Rs 2.25 per share	-	-	-	-	-	-	(3,300,418)	(3,300,418)
2nd interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	(2,200,279)	(2,200,279)
	-	-	-	-	-	-	(8,801,115)	(8,801,115)
Balance as at September 30, 2022	14,668,525	42,213,275	31,061,353	547,115	(22,164,201)	26,989,636	159,373,588	252,689,291
Comprehensive income for the three months ended December 31, 2022								
Profit after taxation for the three months ended December 31, 2022	-	-	-	-	-	-	9,168,016	9,168,016
Other comprehensive income / (loss)								
Effect of translation of net investment in foreign branches - net of tax	-	-	(3,002,847)	-	-	-	-	(3,002,847)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	(52,574)	(52,574)
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(2,856,941)	30,850	-	(2,826,091)
	-	-	(3,002,847)	-	(2,856,941)	30,850	9,115,442	3,286,504
Transferred to statutory reserve	-	916,801	-	-	-	-	(916,801)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(14,570)	14,570	-
Transactions with owners, recorded directly in equity								
3rd interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	(2,200,279)	(2,200,279)
Balance as at December 31, 2022	14,668,525	43,130,076	28,058,506	547,115	(25,021,142)	27,005,916	165,386,520	253,775,516
Comprehensive income for the nine months ended September 30, 2023								
Profit after taxation for the nine months ended September 30, 2023	-	-	-	-	-	-	42,817,096	42,817,096
Other comprehensive income / (loss)								
Effect of translation of net investment in foreign branches - net of tax	-	-	9,462,733	-	-	-	-	9,462,733
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	(4,532,615)	15,636,967	-	11,104,352
	-	-	9,462,733	-	(4,532,615)	15,636,967	42,817,096	63,384,181
Transferred to statutory reserve	-	4,281,710	-	-	-	-	(4,281,710)	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	(96,496)	96,496	-
Transactions with owners, recorded directly in equity								
Final cash dividend - Rs 1.50 per share declared subsequent to the year ended December 31, 2022	-	-	-	-	-	-	(2,200,279)	(2,200,279)
1st interim cash dividend - Rs 1.50 per share	-	-	-	-	-	-	(2,200,279)	(2,200,279)
2nd interim cash dividend - Rs 2.00 per share	-	-	-	-	-	-	(2,933,705)	(2,933,705)
	-	-	-	-	-	-	(7,334,263)	(7,334,263)
Balance as at September 30, 2023	14,668,525	47,411,786	37,521,239	547,115	(29,553,757)	42,546,387	196,684,139	309,825,434

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

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Khaleel Ahmed
Director

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Director

Dr. Najeeb Samie
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CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	January 01 to September 30, 2023	January 01 to September 30, 2022
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	83,018,007	51,518,128
Dividend income	(3,027,681)	(1,216,515)
Mark-up / return / profit / interest expensed on subordinated debt	3,126,563	1,307,766
	83,116,889	51,609,379
Adjustments:		
Depreciation	6,624,825	5,147,845
Amortisation	1,482,463	1,249,545
Depreciation on right-of-use assets	2,848,085	2,402,757
Mark-up / return / profit / interest expensed on lease liabilities	2,756,769	2,099,628
Provision for diminution in value of investments	1,085,470	637,711
Provision against loans and advances	4,862,098	1,893,867
Provision against other assets	976,864	861,478
Reversal of provision against off-balance sheet obligations	(108,955)	(584,066)
Unrealised loss on held-for-trading securities	45,071	27,650
Gain on derecognition of joint venture	(9,333,221)	-
Gain on sale of fixed assets - net	(80,826)	(29,135)
Workers' Welfare Fund	1,661,993	1,030,352
	12,820,636	14,737,632
	95,937,525	66,347,011
Decrease / (increase) in operating assets		
Lendings to financial institutions	35,379,934	(21,187,795)
Held-for-trading securities	14,473,917	112,338,192
Advances	36,913,976	(182,063,535)
Other assets (excluding advance taxation)	(77,636,774)	(43,147,454)
	9,131,053	(134,060,592)
Increase / (decrease) in operating liabilities		
Bills payable	746,580	2,128,571
Borrowings from financial institutions	219,331,018	144,279,432
Deposits and other accounts	482,230,998	(28,884,400)
Other liabilities	77,785,129	60,390,678
	780,093,725	177,914,281
	885,162,303	110,200,700
Income tax paid	(37,195,950)	(22,006,673)
Net cash flows generated from operating activities	847,966,353	88,194,027
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(554,532,955)	(104,545,963)
Net investment in held-to-maturity securities	(34,875,279)	9,711,064
Net investment in subsidiaries	(1,000,000)	(4,286,993)
Net investment in associates	183,742	2,178,957
Dividend received	3,007,875	1,388,982
Investments in fixed assets	(10,983,825)	(11,543,836)
Investments in intangible assets	(2,496,936)	(5,917,497)
Proceeds from sale of fixed assets	125,242	42,904
Effect of translation of net investment in foreign branches - net of tax	9,462,733	1,973,175
Net cash flows used in investing activities	(591,109,403)	(110,999,207)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of mark-up on subordinated debt	(3,141,024)	(1,302,145)
Payment of lease liability against right-of-use assets	(3,185,734)	(3,126,275)
Dividend paid	(10,901,392)	(7,417,723)
Net cash flows used in financing activities	(17,228,150)	(11,846,143)
Increase / (decrease) in cash and cash equivalents during the period	239,628,800	(34,651,323)
Cash and cash equivalents at the beginning of the period	288,384,257	421,808,267
Effect of exchange rate changes on cash and cash equivalents	302,968	19,896,801
	288,687,225	441,705,068
Cash and cash equivalents at the end of the period	528,316,025	407,053,745

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

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NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 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 330 (December 31, 2022: 294) Islamic Banking Branches and 31 (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 81,873,094 shares of the Bank from the market. As a result its shareholding in the Bank has increased from 51.00% to 56.58%.

- 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 NINE MONTHS ENDED SEPTEMBER 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 for the following:

During the period, the Bank has revised its estimate of the useful life of vehicles used in the UAE business 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 September 30, 2024	January 01 to September 30, 2023
	(Rupees in '000)	
Increase in other operating expenses - depreciation	<u>8,518</u>	<u>8,518</u>

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those followed in the preparation of the unconsolidated financial statements for the year ended December 31, 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) September 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
In hand		
Local currency	61,840,140	71,656,001
Foreign currencies	<u>10,563,006</u>	<u>7,193,966</u>
	72,403,146	78,849,967
With State Bank of Pakistan in		
Local currency current accounts	<u>176,952,423</u>	107,551,161
Foreign currency current accounts	<u>13,003,963</u>	292,436
Foreign currency deposit accounts	<u>25,971,665</u>	655,439
	215,928,051	108,499,036
With other Central Banks in		
Foreign currency current accounts	<u>38,407,400</u>	32,490,538
Foreign currency deposit accounts	<u>45,560,423</u>	35,609,011
	83,967,823	68,099,549
With National Bank of Pakistan in local currency current accounts	115,803,324	1,757,957
National Prize Bonds	338,522	161,575
	<u>488,440,866</u>	<u>257,368,084</u>

6 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	45,550	81,588
Outside Pakistan		
In current accounts	<u>18,301,420</u>	16,458,763
In deposit accounts	<u>21,528,189</u>	14,778,790
	39,829,609	31,237,553
	<u>39,875,159</u>	<u>31,319,141</u>

7 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	8,000,000	-
Repurchase agreement lendings (reverse repo)	<u>211,213,353</u>	254,593,287
	<u>219,213,353</u>	<u>254,593,287</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

8 INVESTMENTS

Note	September 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)

Held-for-trading (HFT) securities

Federal Government securities

- Market Treasury Bills	18,375,174	-	(30,161)	18,345,013	5,885,581	-	(7,865)	5,877,716
- Pakistan Investment Bonds	24,563,481	-	102,882	24,666,363	52,471,296	-	(85,104)	52,386,192
- Ijarah Sukuk	660	-	4	664	-	-	-	-

Shares

- Listed companies	273,819	-	(8,683)	265,136	132	-	(42)	90
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Foreign securities

- Government debt securities	3,864,343	-	(109,113)	3,755,230	3,278,776	-	8,620	3,287,396
	47,077,477	-	(45,071)	47,032,406	61,635,785	-	(84,391)	61,551,394

Available-for-sale (AFS) securities

Federal Government securities

- Market Treasury Bills	653,314,899	-	(764,617)	652,550,282	206,248,292	-	(363,332)	205,884,960
- Pakistan Investment Bonds	973,278,683	-	(44,738,313)	928,540,370	925,726,908	-	(29,334,463)	896,392,445
- Ijarah Sukuk	141,862,290	-	(3,893,848)	137,968,442	125,360,260	-	(2,772,531)	122,587,729
- Government of Pakistan US Dollar Bonds	21,033,877	(3,595,604)	(3,470,767)	13,967,506	18,895,230	(2,213,447)	(8,221,230)	8,460,553
- Other Federal Government securities	6,764,725	-	-	6,764,725	4,686,060	-	-	4,686,060

Shares

- Listed companies	16,535,850	(1,562,578)	(2,509,965)	12,463,307	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

Non-Government debt securities

- Listed	52,713,443	(1,284,051)	(1,887,163)	49,542,229	52,253,137	(602,689)	(2,566,098)	49,084,350
- Unlisted	2,660,839	(413,232)	(20,352)	2,227,255	2,664,233	(413,232)	16,321	2,267,322

Foreign securities

- Government debt securities	148,309,530	(2,163,771)	(797,085)	145,348,674	107,860,716	(1,672,462)	(582,189)	105,596,065
- Non-Government debt securities - Listed	4,345,021	(47,388)	(31,624)	4,266,009	4,541,314	(59,375)	(42,714)	4,439,225
- Equity securities - Unlisted	9,854	(239)	-	9,615	7,762	(197)	-	7,565

National Investment Unit Trust units

	11,113	-	25,191	36,304	11,113	-	27,057	38,170
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Real Estate Investment Trust units

- Listed	55,000	-	14,000	69,000	55,000	-	13,200	68,200
- Unlisted	1,575,000	-	-	1,575,000	1,575,000	-	-	1,575,000

Preference shares

- Listed	744,400	-	126,000	870,400	744,400	-	172,200	916,600
- Unlisted	354,985	(285,793)	-	69,192	354,985	(285,793)	-	69,192
	2,028,942,132	(9,487,622)	(57,948,543)	1,961,505,967	1,462,676,057	(7,464,786)	(43,896,740)	1,411,314,531

Held-to-maturity (HTM) securities

8.2

Federal Government securities

- Market Treasury Bills	139,595,400	-	-	139,595,400	108,085,213	-	-	108,085,213
- Pakistan Investment Bonds	230,075,305	-	-	230,075,305	229,410,921	-	-	229,410,921
- Government of Pakistan US Dollar Bonds	5,387,701	(838,596)	-	4,549,105	4,307,651	(379,077)	-	3,928,574

Non-Government debt securities

- Listed	1,899,540	-	-	1,899,540	1,733,442	-	-	1,733,442
- Unlisted	19,407,639	-	-	19,407,639	17,300,182	-	-	17,300,182

Foreign securities

- Government debt securities	13,870,867	-	-	13,870,867	14,365,073	-	-	14,365,073
- Non-Government debt securities	-	-	-	-	161,426	(15,712)	-	145,714
- Listed	-	-	-	-	-	-	-	-
- Unlisted	310,835	(14,912)	-	295,923	308,100	-	-	308,100
	410,547,287	(853,508)	-	409,693,779	375,672,008	(394,789)	-	375,277,219

Investment in associates

8.2

	7,238,353	(201,406)	-	7,036,947	7,422,095	-	-	7,422,095
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Investment in subsidiary companies

	29,349,254	-	-	29,349,254	26,510,029	-	-	26,510,029
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Total Investments

	2,523,154,503	(10,542,536)	(57,993,614)	2,454,618,353	1,933,915,974	(7,859,575)	(43,981,131)	1,882,075,268
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NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

8.1.1 Investments given as collateral	(Unaudited)		(Audited)	
	September 30, 2023		December 31, 2022	
The market value of investments given as collateral against borrowings is as follows:				
(Rupees in '000)				
Federal Government securities				
- Market Treasury Bills		88,906,790		76,758,133
- Pakistan Investment Bonds		381,990,000		165,214,633
- Ijarah Sukuk		21,074,800		25,479,600
Foreign securities				
Government debt securities		12,792,680		15,216,156
		<u>504,764,270</u>		<u>282,668,522</u>

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

	September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Book value	Market value	Book value	Market value
(Rupees in '000)				
- Investments classified as held-to-maturity	409,693,779	366,833,096	375,277,219	343,498,835
- Investment in listed associates and joint venture	6,780,717	7,129,983	7,165,864	23,324,728

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

	(Unaudited)		(Audited)	
	September 30, 2023		December 31, 2022	
(Rupees in '000)				
Opening balance			7,859,575	3,228,791
Exchange adjustment			1,375,384	604,306
Charge / (reversal)				
Charge for the period / year			2,391,552	4,565,152
Reversal for the period / year			(541,703)	(24,044)
Reversal on disposal during the period / year			(764,379)	(689,400)
Net charge			1,085,470	3,851,708
Transferred in			222,107	67,880
Other movement			-	106,890
Closing balance			<u>10,542,536</u>	<u>7,859,575</u>

8.4 Particulars of provision against debt securities

Category of classification	(Unaudited)		(Audited)	
	September 30, 2023		December 31, 2022	
(Rupees in '000)				
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
Domestic				
Loss	413,232	413,232	413,232	413,232
Overseas				
Overdue by:				
91 to 180 days	-	-	452,912	452,912
181 days to 365 days	-	-	679,188	500,742
>365 days	1,429,041	1,429,041	-	-
	<u>1,429,041</u>	<u>1,429,041</u>	<u>1,132,100</u>	<u>953,654</u>
Total	<u>1,842,273</u>	<u>1,842,273</u>	<u>1,545,332</u>	<u>1,366,886</u>

8.4.1 In addition to the above, overseas branches hold a provision of Rs 6,515.280 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)
		September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
(Rupees in '000)							
Loans, cash credits, running finances, etc.		1,242,045,104	1,314,811,542	73,603,534	72,548,664	1,315,648,638	1,387,360,206
Islamic financing and related assets	36.2	202,492,024	222,982,477	3,064,940	3,465,365	205,556,964	226,447,842
Bills discounted and purchased		141,617,320	86,852,316	9,832,366	8,760,951	151,449,686	95,613,267
Advances - gross		<u>1,586,154,448</u>	<u>1,624,646,335</u>	<u>86,500,840</u>	<u>84,774,980</u>	<u>1,672,655,288</u>	<u>1,709,421,315</u>
Provision against advances							
- Specific		-	-	(75,806,604)	(74,638,423)	(75,806,604)	(74,638,423)
- General	9.3	(16,017,311)	(12,175,445)	-	-	(16,017,311)	(12,175,445)
		<u>(16,017,311)</u>	<u>(12,175,445)</u>	<u>(75,806,604)</u>	<u>(74,638,423)</u>	<u>(91,823,915)</u>	<u>(86,813,868)</u>
Advances - net of provision		<u>1,570,137,137</u>	<u>1,612,470,890</u>	<u>10,694,236</u>	<u>10,136,557</u>	<u>1,580,831,373</u>	<u>1,622,607,447</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
(Rupees in '000)		
9.1 Particulars of advances (gross)		
In local currency	1,295,519,797	1,402,884,074
In foreign currencies	377,135,491	306,537,241
	1,672,655,288	1,709,421,315

9.2 Advances include Rs 86,500.840 million (December 31, 2022: Rs 84,774.980 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Unaudited) September 30, 2023		(Audited) December 31, 2022	
	Non - performing advances	Provision	Non - performing advances	Provision
(Rupees in '000)				
Domestic				
Other assets especially mentioned	1,156,671	-	470,336	-
Substandard	5,705,114	1,461,185	6,753,937	1,713,269
Doubtful	4,523,899	2,261,949	2,487,879	1,172,491
Loss	40,651,796	39,939,567	41,681,202	40,992,247
	52,037,480	43,662,701	51,393,354	43,878,007
Overseas				
Not past due but impaired	-	-	114,816	65,731
Overdue by:				
Upto 90 days	65,558	22,626	46,595	12,056
91 to 180 days	24,306	3,402	1,180,167	295,610
181 to 365 days	1,510,377	793,839	30,805	13,555
> 365 days	32,863,119	31,324,036	32,009,243	30,373,464
	34,463,360	32,143,903	33,381,626	30,760,416
Total	86,500,840	75,806,604	84,774,980	74,638,423

9.3 Particulars of provision against advances

Note	(Unaudited) September 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	7,837,550	841,921	8,679,471	6,837,158	669,003	7,506,161
Charge for the period / year	6,537,111	3,591,956	10,129,067	6,803,855	2,844,306	9,648,161
Reversal for the period / year	(4,674,958)	(592,011)	(5,266,969)	(4,767,741)	(907,371)	(5,675,112)
Net charge against advances	1,862,153	2,999,945	4,862,098	2,036,114	1,936,935	3,973,049
Charged off during the period / year - agriculture financing	9.5 (346,918)	-	(346,918)	(582,438)	-	(582,438)
Written off during the period / year	(8,184,604)	-	(8,184,604)	(2,670,903)	-	(2,670,903)
Transferred out	-	-	-	(67,880)	-	(67,880)
Closing balance	75,806,604	16,017,311	91,823,915	74,638,423	12,175,445	86,813,868

9.4 General provision includes provision amounting to Rs 3,563.219 million (December 31, 2022: Rs 3,307.203 million) against consumer finance portfolio. General provision also includes Rs 4,545.923 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 Rs 7,908.169 million (December 31, 2022: Rs 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 NINE MONTHS ENDED SEPTEMBER 30, 2023

	Note	(Unaudited) September 30, 2023	(Audited) December 31, 2022
(Rupees in '000)			
10	FIXED ASSETS		
	Capital work-in-progress	7,203,197	7,264,167
	Property and equipment	126,742,635	102,062,120
		<u>133,945,832</u>	<u>109,326,287</u>
10.1	Capital work-in-progress		
	Civil works	1,241,261	2,478,945
	Equipment	1,645,584	1,211,929
	Advances to suppliers and contractors	4,316,352	3,573,293
		<u>7,203,197</u>	<u>7,264,167</u>
10.2	Additions to fixed assets		
		(Unaudited) For the nine months ended	
		September 30, 2023	September 30, 2022
		(Rupees in '000)	
	The following additions have been made to fixed assets during the period:		
	Capital work-in-progress - net	(60,970)	3,544,803
	Property and equipment		
	Leasehold land	1,747,513	469,366
	Building on leasehold land	481,641	113,752
	Machinery	79,106	35,277
	Leasehold improvements	2,915,126	2,174,664
	Furniture and fixtures	1,034,235	792,674
	Electrical, office and computer equipment	4,601,921	4,347,452
	Vehicles	185,253	65,848
		<u>11,044,795</u>	<u>7,999,033</u>
	Right-of-use assets - net	3,913,522	3,250,675
		<u>14,897,347</u>	<u>14,794,511</u>
10.3	Disposal of fixed assets		
	The net book value of fixed assets disposed off during the period is as follows:		
	Property and equipment		
	Building on free hold land	9,354	-
	Machinery	-	4
	Leasehold improvements	691	4,978
	Furniture and fixtures	2,932	1,231
	Electrical, office and computer equipment	30,376	6,189
	Vehicles	1,063	1,367
		<u>44,416</u>	<u>13,769</u>
10.4	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 September 30, 2023 amounts to Rs 46,060.482 million.		
11	INTANGIBLE ASSETS	(Unaudited) September 30, 2023	(Audited) December 31, 2022
	Capital work-in-progress - computer software	6,612,941	5,183,359
	Intangible assets	6,334,364	6,656,846
		<u>12,947,305</u>	<u>11,840,205</u>
11.1	Additions to intangibles assets		
		(Unaudited) For the nine months ended	
		September 30, 2023	September 30, 2022
		(Rupees in '000)	
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress - net	1,429,582	2,588,247
	Computer software	1,067,354	3,329,250
		<u>2,496,936</u>	<u>5,917,497</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Note	(Unaudited) September 30, 2023	(Audited) December 31, 2022
(Rupees in '000)			
12 DEFERRED TAX ASSETS / (LIABILITIES)			
Deductible temporary differences on			
- Provision against investments		729,913	879,614
- Provision against doubtful debts and off-balance sheet obligations		4,182,278	3,164,090
- Liabilities written back		2,847,596	2,717,261
- Deficit on revaluation of investments	19	28,394,786	18,875,598
- Provision against other assets		6,672	5,855
- Ijarah financing		289,398	187,389
		36,450,643	25,829,807
Taxable temporary differences on			
- Accelerated tax depreciation		(2,491,853)	(2,354,489)
- Surplus on revaluation of fixed assets	19	(3,699,574)	(1,905,686)
- Exchange translation reserve		(6,706,609)	(4,629,874)
		(12,898,036)	(8,890,049)
Net deferred tax assets		23,552,607	16,939,758
13 OTHER ASSETS			
Mark-up / return / profit / interest accrued in local currency - net of provision		115,325,190	78,399,836
Mark-up / return / profit / interest accrued in foreign currency - net of provision		8,040,988	6,236,421
Advances, deposits, advance rent and other prepayments		4,625,205	4,447,288
Advance taxation		7,976,877	11,990,565
Advances against subscription of securities		228,514	1,228,514
Stationery and stamps on hand		254,530	133,214
Accrued fees and commissions		520,288	459,300
Due from Government of Pakistan / SBP		6,489,019	3,654,276
Mark to market gain on forward foreign exchange contracts		2,298,849	3,067,881
Mark to market gain on derivative instruments		-	546
Non-banking assets acquired in satisfaction of claims		242,619	232,109
Acceptances		58,964,094	54,403,050
Clearing and settlement accounts		35,504,808	4,352,389
Dividend receivable		23,689	3,883
Claims receivable against fraud and forgeries		860,778	694,460
Others		837,011	1,340,474
		242,192,459	170,644,206
Provision held against other assets	13.1	(2,523,232)	(1,791,891)
Other assets- net of provision		239,669,227	168,852,315
Surplus on revaluation of non-banking assets acquired in satisfaction of claim	19	185,479	175,125
Other assets - total		239,854,706	169,027,440
13.1 Provision held against other assets			
Claims receivable against fraud and forgeries		860,778	694,460
Suit filed cases		4,979	4,979
Others		1,657,475	1,092,452
		2,523,232	1,791,891
13.1.1 Movement in provision against other assets			
Opening balance		1,791,891	1,243,645
Exchange adjustment		13,469	(7,806)
Charge for the period / year		976,864	661,462
Reversal for the period / year		-	(37,218)
Net charge		976,864	624,244
Written off during the period / year		(36,885)	(67,820)
Transferred out		(222,107)	-
Other movement		-	(372)
Closing balance		2,523,232	1,791,891

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Note	(Unaudited) September 30, 2023 (Rupees in '000)	(Audited) December 31, 2022 (Rupees in '000)
14	BILLS PAYABLE		
	In Pakistan	48,782,032	50,109,748
	Outside Pakistan	3,641,068	1,566,772
		<u>52,423,100</u>	<u>51,676,520</u>
15	BORROWINGS		
	Secured		
	Borrowings from the SBP under		
	- Export refinance scheme	62,638,148	69,820,144
	- Export refinance scheme for bill discounting	22,622,253	8,867,548
	- Long term financing facility	38,365,685	42,068,296
	- Financing facility for renewable energy power plants	7,387,762	7,168,301
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	420,969	312,545
	- Refinance and credit guarantee scheme for women entrepreneurs	35,054	69,658
	- Financing facility for storage of agricultural produce	647,105	601,918
	- Refinance scheme for payment of wages and salaries	-	1,227,812
	- Refinance facility for combating COVID-19	1,744,910	1,793,800
	- Temporary economic refinance facility	33,351,899	34,998,333
	- Refinance facility for SME Asaan Finance (SAAF)	3,454,132	2,272,423
		170,667,917	169,200,778
	Repurchase agreement borrowings	513,184,676	284,971,485
		<u>683,852,593</u>	<u>454,172,263</u>
	Unsecured		
	- Call money borrowings	2,000,000	19,000,000
	- Overdrawn nostro accounts	2,533,524	348,674
	- Borrowings of overseas branches	36,108,972	39,653,052
	- Other long-term borrowings	73,840,867	65,830,949
		114,483,363	124,832,675
		<u>798,335,956</u>	<u>579,004,938</u>

15.1 This includes the following:

15.1.1 A loan from the International Finance Corporation amounting to US\$ 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. The current amount outstanding is US\$ 181.640 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

	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	1,133,620,758	194,580,111	1,328,200,869	1,133,774,070	162,565,484	1,296,339,554
Savings deposits	1,421,161,675	157,884,868	1,579,046,543	1,160,962,009	139,379,848	1,300,341,857
Term deposits	388,182,612	306,974,966	695,157,578	347,383,594	209,952,695	557,336,289
	2,942,965,045	659,439,945	3,602,404,990	2,642,119,673	511,898,027	3,154,017,700
Financial institutions						
Current deposits	6,847,735	2,146,514	8,994,249	8,499,505	3,163,648	11,663,153
Savings deposits	84,881,960	1,538,051	86,420,011	57,909,192	2,181,262	60,090,454
Term deposits	8,909,833	9,678,333	18,588,166	3,328,171	5,076,940	8,405,111
	100,639,528	13,362,898	114,002,426	69,736,868	10,421,850	80,158,718
	<u>3,043,604,573</u>	<u>672,802,843</u>	<u>3,716,407,416</u>	<u>2,711,856,541</u>	<u>522,319,877</u>	<u>3,234,176,418</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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

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	<u>6,500,000</u>	<u>6,500,000</u>
		<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	Issue date	September 26, 2019
	Issue amount	Rs 12.374 billion
	Rating	AA+ (Double A plus) [December 31, 2020: AA+ (Double A plus)]
	Original Tenor	Perpetual
	Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors. However, they shall rank superior to the claims of ordinary shareholders.
	Profit payment frequency	Quarterly in arrears
	Redemption	Perpetual, hence not applicable.
	Mark-up	Floating rate of return at Base Rate + 1.60%. The Base Rate is defined as the average "Ask Side" rate of the three months Karachi Interbank Offered Rate (KIBOR).
	Call option	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following: (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised. If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and the investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the "Call Option Exercise Date").
	Lock-in clause	Mark-up will only be paid from the current year's earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
	Loss absorbency clause	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".
17.1.2	Issue date	December 28, 2022
	Issue amount	Rs 6.500 billion
	Rating	AA+ (Double A plus)
	Original Tenor	Perpetual
	Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors, but superior to the claims of ordinary shareholders.
	Profit payment frequency	Quarterly in arrears
	Redemption	Perpetual, hence not applicable.
	Mark-up	Floating rate of return at Base Rate + 2.00%. The Base Rate is defined as the average "Ask Side" rate of the three months Karachi Interbank Offered Rate (KIBOR).
	Call option	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following: (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised. If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and the Investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the "Call Option Exercise Date").
	Lock-in clause	Mark-up will only be paid from the current year's earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
	Loss absorbency clause	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

18 OTHER LIABILITIES	Note	(Unaudited) September 30, 2023	(Audited) December 31, 2022
(Rupees in '000)			
Mark-up / return / profit / interest payable in local currency		64,977,649	16,143,221
Mark-up / return / profit / interest payable in foreign currency		9,987,356	5,733,644
Security deposits		1,276,644	1,567,333
Accrued expenses		30,834,353	22,174,107
Mark to market loss on forward foreign exchange contracts		8,037,085	2,218,389
Mark to market loss on derivative instruments		11,323,196	6,882,438
Unclaimed dividends		765,124	751,907
Dividends payable		231,330	3,811,676
Provision for post retirement medical benefits		3,756,458	3,522,518
Provision for employees' compensated absences		745,950	762,192
Provision for staff retirement benefits		1,720,052	1,563,256
Payable to defined benefit plans		717,388	607,424
Provision against off-balance sheet obligations	18.1	1,890,433	1,633,326
Acceptances		58,964,093	54,403,050
Branch adjustment account		1,454,264	1,662,185
Provision for Workers' Welfare Fund		10,596,875	8,934,881
Unearned income		5,792,470	4,780,489
Qarz-e-Hasna Fund		338,409	338,409
Levies and taxes payable		6,822,795	13,191,257
Insurance payable		818,801	1,030,409
Provision for rewards program expenses		3,153,754	2,384,689
Liability against trading of securities		19,852,396	22,768,986
Clearing and settlement accounts		20,654,785	12,068,102
Provision for donation to HBL Foundation		644,910	515,961
Contingent consideration payable		500,000	500,000
Charity fund		54,966	25,121
Unclaimed deposits		635,224	528,656
Lease liability against right-of-use assets		28,184,080	24,293,255
Others		2,682,808	2,792,644
		<u>297,413,648</u>	<u>217,589,525</u>
18.1 Provision against off-balance sheet obligations			
Opening balance		1,633,326	2,687,054
Exchange adjustment		366,062	277,857
Charge for the period / year		157,379	150,910
Reversal for the period / year		(266,334)	(1,482,495)
Net reversal		(108,955)	(1,331,585)
Closing balance		<u>1,890,433</u>	<u>1,633,326</u>
19 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus arising on revaluation of:			
- Fixed assets		46,060,482	28,736,477
- Available-for-sale securities	8.1	(57,948,543)	(43,896,740)
- Non-banking assets acquired in satisfaction of claims	13	185,479	175,125
		(11,702,582)	(14,985,138)
Deferred tax on surplus on revaluation of:			
- Fixed assets		3,699,574	1,905,686
- Available-for-sale securities		(28,394,786)	(18,875,598)
- Non-banking assets acquired in satisfaction of claims		-	-
		(24,695,212)	(16,969,912)
Surplus on revaluation of assets - net of tax		<u>12,992,630</u>	<u>1,984,774</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

20	CONTINGENCIES AND COMMITMENTS	Note	(Unaudited) September 30, 2023	(Audited) December 31, 2022
			(Rupees in '000)	
	- Guarantees	20.1	299,969,526	262,131,266
	- Commitments	20.2	1,029,952,309	910,126,139
	- Other contingent liabilities	20.3	22,800,406	22,813,357
			<u>1,352,722,241</u>	<u>1,195,070,762</u>
20.1	Guarantees:			
	Financial guarantees		62,144,218	53,825,190
	Performance guarantees		228,603,885	201,579,599
	Other guarantees		9,221,423	6,726,477
			<u>299,969,526</u>	<u>262,131,266</u>
20.2	Commitments:			
	Trade-related contingent liabilities		370,042,635	279,449,231
	Commitments in respect of:			
	- Forward foreign exchange contracts	20.2.1	430,601,717	403,789,013
	- Forward Government securities transactions	20.2.2	151,372,653	132,295,940
	- Derivatives	20.2.3	51,627,808	57,305,018
	- Forward lending	20.2.4	13,569,756	21,379,153
			647,171,934	614,769,124
	Commitments for acquisition of:			
	- Fixed assets		8,093,024	10,436,315
	- Intangible assets		4,644,716	5,471,469
			12,737,740	15,907,784
			<u>1,029,952,309</u>	<u>910,126,139</u>
20.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		284,938,292	268,910,504
	Sale		145,663,425	134,878,509
			<u>430,601,717</u>	<u>403,789,013</u>
20.2.2	Commitments in respect of forward Government securities transactions			
	Purchase		122,606,183	117,020,407
	Sale		28,766,470	15,275,533
			<u>151,372,653</u>	<u>132,295,940</u>
20.2.3	Commitments in respect of derivatives			
	Cross currency swaps			
	Purchase		18,890,165	23,863,687
	Sale		30,787,643	30,407,998
			<u>49,677,808</u>	<u>54,271,685</u>
	Interest rate swaps			
	Purchase		-	-
	Sale		1,950,000	3,033,333
			<u>1,950,000</u>	<u>3,033,333</u>
20.2.4	Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines and other commitments to extend credit		13,569,756	21,379,153

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.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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

(Audited)
December 31,
2022

20.3 Other contingent liabilities

20.3.1	Claims against the Bank not acknowledged as debts	22,800,406	22,813,357
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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.

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

21 DERIVATIVE INSTRUMENTS

Product Analysis

	September 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	49,677,808	(11,130,726)	1,950,000	(192,470)

	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)

(Unaudited)
For the nine months ended
September 30, September 30,
2023 2022
(Rupees in '000)

22 MARK-UP / RETURN / PROFIT / INTEREST EARNED

On:		
Loans and advances	195,104,585	117,872,481
Investments	257,153,354	162,249,711
Lendings to financial institutions	21,240,249	9,295,152
Balances with banks	6,321,191	595,619
	<u>479,819,379</u>	<u>290,012,963</u>

23 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED

On:		
Deposits	230,422,337	128,557,498
Securities sold under repurchase agreement borrowings	54,229,336	38,997,604
Borrowings	20,661,840	6,819,656
Subordinated debt	3,126,563	1,307,766
Cost of foreign currency swaps against foreign currency deposits / borrowings	4,340,282	5,055,626
Lease liability against right-of-use assets	2,756,769	2,099,628
	<u>315,537,127</u>	<u>182,837,778</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Note	(Unaudited)	
		For the nine months ended	
		September 30, 2023	September 30, 2022
24 FEE AND COMMISSION INCOME		(Rupees in '000)	
Branch banking customer fees		3,404,846	2,723,721
Branchless banking customer fees		625,923	669,672
Commission on Government to Person (G2P) payments		1,002,087	633,709
Consumer finance related fees		1,874,395	1,683,222
Card related fees (debit and credit cards)		9,328,321	6,277,763
Credit related fees		772,074	697,214
Investment banking fees		661,738	715,100
Commission on trade related products and guarantees		5,240,948	3,485,115
Commission on cash management		1,197,057	823,872
Commission on remittances (including home remittances)		514,804	535,904
Commission on bancassurance		519,228	576,974
Merchant discount and interchange fees		5,019,509	3,830,536
Wealth management fee		26,114	14,478
Others		524,359	208,594
		<u>30,711,403</u>	<u>22,875,874</u>
Less: Sales tax / Federal Excise Duty on fee and commission income		<u>(3,802,901)</u>	<u>(2,889,513)</u>
		<u>26,908,502</u>	<u>19,986,361</u>
25 (LOSS) / GAIN ON SECURITIES - NET			
Realised	25.1	(280,379)	714,959
Unrealised - held-for-trading	8.1	(45,071)	(27,650)
		<u>(325,450)</u>	<u>687,309</u>
25.1 (Loss) / gain on securities - realised			
On:			
Federal Government securities			
- Market Treasury Bills		319,602	(167,075)
- Pakistan Investment Bonds		666,035	914,722
- Ijarah Sukuk		4,642	77,455
- Government of Pakistan US Dollar Bonds		(531,487)	-
Shares		(687,684)	(264,496)
Non-Government debt securities		(36,046)	17,920
Associates		(15,441)	136,433
		<u>(280,379)</u>	<u>714,959</u>
26 OTHER INCOME			
Incidental charges		413,551	280,278
Gain on derecognition of joint venture		9,333,221	-
Gain on sale of fixed assets - net		80,826	29,135
Rent on properties		55,935	49,257
		<u>9,883,533</u>	<u>358,670</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

27

OPERATING EXPENSES

Total compensation expense

36,735,008 31,825,264

Property expense

Rent and taxes
Insurance
Utilities cost
Security (including guards)
Repair and maintenance (including janitorial charges)
Depreciation on owned fixed assets
Depreciation on right-of-use assets

(Unaudited)	For the nine months ended	September 30,	September 30,
		2023	2022
		(Rupees in '000)	
		1,031,293	946,194
		195,027	103,193
		3,663,675	2,770,091
		1,944,987	1,612,102
		3,202,808	2,541,587
		3,801,438	2,743,632
		2,848,085	2,402,757
		16,687,313	13,119,556

Information technology expenses

Software maintenance
Hardware maintenance
Depreciation
Amortisation
Network charges
Consultancy charges

		6,256,316	4,074,698
		1,639,348	949,768
		2,293,973	1,837,383
		1,482,463	1,249,545
		1,330,870	1,042,962
		614,520	567,536
		13,617,490	9,721,892

Other operating expenses

Legal and professional charges
Outsourced services costs
Travelling and conveyance
Insurance
Remittance charges
Cash transportation and sorting charges
Repairs and maintenance
Depreciation
Training and development
Postage and courier charges
Communication
Stationery and printing
Marketing, advertisement and publicity
Donations
Auditors' remuneration
Brokerage and commission
Subscription
Documentation and processing charges
Entertainment
Consultancy charges
Deposits insurance premium expense
Product feature cost
Others

		8,640,411	576,669
		2,257,823	1,668,459
		1,371,497	893,741
		695,990	467,650
		468,392	363,227
		2,391,746	1,736,076
		1,623,537	1,252,306
		529,414	566,830
		370,983	274,122
		594,670	559,670
		2,013,206	1,070,958
		2,194,562	1,660,495
		3,016,660	2,897,188
		790,765	358,685
		276,562	181,468
		628,817	590,839
		304,042	172,088
		6,579,012	3,888,065
		562,204	359,233
		2,029,193	868,111
		2,332,050	2,026,813
		3,095,309	2,515,397
		689,988	867,276
		43,456,833	25,815,366
		110,496,644	80,482,078

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Note	(Unaudited)	
		For the nine months ended	
		September 30, 2023	September 30, 2022
		(Rupees in '000)	
28 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		32,447	428,488
Penalties imposed by other regulatory bodies		49,643	22,507
		<u>82,090</u>	<u>450,995</u>
29 PROVISIONS / (REVERSALS) AND WRITE OFFS - NET			
Provision for diminution in value of investments	8.3	1,085,470	637,711
Provision against loans and advances	9.3	4,862,098	1,893,867
Provision against other assets	13.1.1	976,864	861,478
Reversal of provision against off-balance sheet obligations	18.1	(108,955)	(584,066)
Recoveries against written off / charged off bad debts		(737,948)	(518,511)
Recoveries against other assets written off		(13,195)	(1,087)
Other write offs and operational losses		95,106	66,523
		<u>6,159,440</u>	<u>2,355,915</u>
30 TAXATION			
- Current tax charge / (reversal)			
- For the year		41,309,638	26,899,449
- For the prior year		(100,000)	3,188,663
		<u>41,209,638</u>	<u>30,088,112</u>
- Deferred tax reversal			
- For the year		(366,906)	(268,971)
- For the prior year		(641,821)	-
		<u>(1,008,727)</u>	<u>(268,971)</u>
		<u>40,200,911</u>	<u>29,819,141</u>
31 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the period		<u>42,817,096</u>	<u>21,698,987</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>29.19</u>	<u>14.79</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.

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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2023 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,776,038,640	-	1,776,038,640	-	1,776,038,640
- Shares - listed companies	12,728,443	5,285,410	7,443,033	-	12,728,443
- Non-Government debt securities					
- Listed	49,542,229	40,004,000	9,538,229	-	49,542,229
- Unlisted	598,023	-	598,023	-	598,023
- Foreign securities					
- Government debt securities	149,103,904	-	149,103,904	-	149,103,904
- Non-Government debt securities - Listed	4,266,009	-	4,266,009	-	4,266,009
- National Investment Unit Trust units	36,304	-	36,304	-	36,304
- Real Estate Investment Trust units	69,000	69,000	-	-	69,000
- Preference shares - Listed	870,400	870,400	-	-	870,400
	<u>1,993,252,952</u>	<u>46,228,810</u>	<u>1,947,024,142</u>	<u>-</u>	<u>1,993,252,952</u>
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	374,219,810	-	331,317,556	-	331,317,556
- Non-Government debt securities					
- Listed	1,899,540	-	1,899,365	-	1,899,365
- Unlisted	19,407,639	-	19,407,639	-	19,407,639
- Foreign securities					
- Government debt securities	13,870,867	-	13,912,613	-	13,912,613
- Non-Government debt securities					
- Listed	-	-	-	-	-
- Unlisted	295,923	-	295,923	-	295,923
- Associates	6,780,717	7,784,170	-	-	7,784,170
	<u>416,474,496</u>	<u>7,784,170</u>	<u>366,833,096</u>	<u>-</u>	<u>374,617,266</u>
	<u>2,409,727,448</u>	<u>54,012,980</u>	<u>2,313,857,238</u>	<u>-</u>	<u>2,367,870,218</u>
----- (Rupees in '000) -----					
Off-balance sheet financial instruments - measured at fair value					
Commitments					
- Forward foreign exchange contracts	430,601,717	-	(5,738,236)	-	(5,738,236)
- Forward Government securities transactions	151,372,653	-	(209,229)	-	(209,229)
- Derivative instruments	51,627,808	-	(11,323,196)	-	(11,323,196)

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

	As at December 31, 2022 (Audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
- Federal Government securities	1,291,589,595	-	1,291,589,595	-	1,291,589,595
- Shares - listed companies	3,988,281	3,988,281	-	-	3,988,281
- Non-Government debt securities					
- Listed	49,084,350	40,000,000	9,084,350	-	49,084,350
- Unlisted	616,321	-	616,321	-	616,321
- Foreign securities					
Government debt securities	108,883,461	-	108,883,461	-	108,883,461
Non-Government debt securities- listed	4,439,225	-	4,439,225	-	4,439,225
- National Investment Unit Trust units	38,170	-	38,170	-	38,170
- Real Estate Investment Trust units	68,200	68,200	-	-	68,200
- Preference shares - Listed	872,200	872,200	-	-	872,200
	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

	As at December 31, 2022 (Audited)				
	Notional Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
- Federal Government securities	341,424,708	-	309,895,574	-	309,895,574
- Non-Government debt securities					
- Listed	1,733,442	-	1,739,778	-	1,739,778
- Unlisted	17,300,182	-	17,300,182	-	17,300,182
- Foreign securities					
Government debt securities	14,365,073	-	14,109,487	-	14,109,487
Non-Government debt securities					
- Listed	145,714	-	145,714	-	145,714
- Unlisted	308,100	-	308,100	-	308,100
- Associates and Joint venture	7,165,864	23,324,728	-	-	23,324,728
	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

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

32.2 Fair value of non-financial assets

	As at September 30, 2023 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Land and Buildings	79,172,296	-	-	79,172,296	79,172,296
Non-banking assets acquired in satisfaction of claims	428,098	-	-	428,098	428,098
	79,600,394	-	-	79,600,394	79,600,394

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

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

For the nine months ended September 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)						
Profit and loss account								
Net mark-up / return / profit / interest income	(162,074)	37,527	22,679	67,484	187,590	16,699	(5,623)	164,282
Inter segment revenue / (expense) - net	254,921	(25,035)	-	(33,526)	(200,357)	(2,816)	6,813	-
Non mark-up / interest income	3,462	13,194	2,064	4,079	3,897	4,559	5,881	37,136
Total income	96,309	25,686	24,743	38,037	(8,870)	18,442	7,071	201,418
Segment direct expenses	24,883	14,024	5,691	3,310	593	13,664	50,075	112,240
Inter segment expense allocation	23,394	7,793	947	10,004	1,405	1,279	(44,822)	-
Total expenses	48,277	21,817	6,638	13,314	1,998	14,943	5,253	112,240
Provisions - charge / (reversal)	764	1,636	(255)	(1,146)	(520)	2,744	2,937	6,160
Profit / (loss) before tax	47,268	2,233	18,360	25,869	(10,348)	755	(1,119)	83,018

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

As at September 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)								
Statement of financial position								
Cash and bank balances	177,757	-	50,057	1,221	174,834	124,448	-	528,317
Lendings to financial institutions	-	-	14,961	-	204,252	-	-	219,213
Inter segment lending	2,064,938	-	-	-	-	20,247	191,059	2,276,244
Investments	-	-	201,137	10,303	1,993,425	211,215	38,538	2,454,618
Advances - performing	-	227,980	201,219	823,719	-	280,075	37,144	1,570,137
Advances - non-performing	-	2,426	2,116	3,834	-	2,319	-	10,695
Others	35,381	7,455	44,646	83,040	64,764	29,681	145,333	410,300
Total assets	2,278,076	237,861	514,136	922,117	2,437,275	667,985	412,074	7,469,524
Borrowings	-	6,305	50,521	134,058	484,710	122,742	-	798,336
Subordinated debt	-	-	-	-	-	-	18,874	18,874
Deposits and other accounts	2,219,474	1,484	380,238	609,602	-	470,763	34,846	3,716,407
Inter segment borrowing	-	211,333	12,563	121,375	1,930,973	-	-	2,276,244
Others	58,602	18,739	29,993	57,082	45,500	22,486	117,435	349,837
Total liabilities	2,278,076	237,861	473,315	922,117	2,461,183	615,991	171,155	7,159,698
Equity	-	-	40,821	-	(23,908)	51,994	240,919	309,826
Total equity and liabilities	2,278,076	237,861	514,136	922,117	2,437,275	667,985	412,074	7,469,524
Contingencies and commitments	95,622	-	67,384	485,090	522,399	147,221	35,006	1,352,722

For the nine months ended September 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)								
Profit and loss account								
Net mark-up / return / profit / interest income	(85,518)	27,750	12,111	43,143	108,116	3,015	(1,918)	106,699
Inter segment revenue / (expense) - net	139,266	(15,304)	-	(23,638)	(107,008)	3,946	2,738	-
Non mark-up / interest income	2,780	9,283	1,335	2,819	12,746	4,957	(4,782)	29,138
Total income	56,528	21,729	13,446	22,324	13,854	11,918	(3,962)	135,837
Segment direct expenses	19,373	10,256	4,359	2,556	911	9,782	34,726	81,963
Inter segment expense allocation	14,589	5,677	893	7,831	1,048	1,100	(31,138)	-
Total expenses	33,962	15,933	5,252	10,387	1,959	10,882	3,588	81,963
Provisions - charge / (reversal)	155	1,137	1,134	(1,664)	45	616	933	2,356
Profit / (loss) before tax	22,411	4,659	7,060	13,601	11,850	420	(8,483)	51,518

As at December 31, 2022 (Audited)

	Branch banking	Consumer,SME & Rural banking	Islamic	Corporate, Commercial and Investment banking	Treasury	International and correspondent banking	Head Office / Others	Total
(Rupees in million)								
Statement of financial position								
Cash and bank balances	72,736	-	17,948	1,678	99,301	97,024	-	288,687
Lendings to financial institutions	-	-	-	-	254,593	-	-	254,593
Inter segment lending	1,950,230	-	257	-	-	3,587	201,897	2,155,971
Investments	-	-	183,855	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
Total assets	2,027,691	241,850	442,176	960,648	1,910,279	539,178	389,245	6,511,067
Borrowings	-	5,841	74,694	132,506	245,413	120,550	-	579,004
Subordinated debt	-	-	-	-	-	-	18,874	18,874
Deposits and other accounts	1,999,352	691	319,884	508,589	-	344,969	60,691	3,234,176
Inter segment borrowing	-	218,253	-	264,154	1,648,566	24,998	-	2,155,971
Others	28,339	17,065	15,714	55,399	34,606	20,358	97,786	269,267
Total liabilities	2,027,691	241,850	410,292	960,648	1,928,585	510,875	177,351	6,257,292
Equity	-	-	31,884	-	(18,306)	28,303	211,894	253,775
Total equity and liabilities	2,027,691	241,850	442,176	960,648	1,910,279	539,178	389,245	6,511,067
Contingencies and commitments	73,089	-	34,569	404,198	449,835	195,265	38,116	1,195,072

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 30, 2023 (Unaudited)						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
(Rupees in '000)							
Statement of financial position							
Balances with other banks							
In current accounts	-	-	132,124	666,585	-	-	-
Investments							
Opening balance	-	-	-	26,510,029	7,286,430	135,665	9,705,368
Investment made during the period	-	-	-	1,000,000	-	-	-
Investment redeemed / disposed off during the period	-	-	-	-	(48,077)	-	-
Provision for diminution in the value of investments	-	-	-	-	(201,406)	-	(15,248)
Transfer (out) / in - net	-	-	-	-	-	(135,665)	9,564,088
Revaluation of investment during the period	-	-	-	1,839,225	-	-	(2,914,703)
Exchange adjustment	-	-	-	-	-	-	793,648
Closing balance	-	-	-	29,349,254	7,036,947	-	17,133,153
Provision for diminution in the value of investments	-	-	-	-	201,406	-	58,191
Advances							
Opening balance	1,412	520,240	4,547,709	3,357,440	625,000	-	11,714,938
Addition during the period	7,707	465,686	20,832,498	403,764	-	-	13,512,890
Repaid during the period	(8,863)	(328,034)	(20,787,941)	(1,964,624)	(125,000)	-	(13,969,318)
Exchange adjustment	-	-	1,012,100	418,315	-	-	-
Closing balance	256	657,892	5,604,366	2,214,895	500,000	-	11,258,510
Other Assets							
Interest / mark-up accrued	-	709	71,184	1,605,961	21,460	-	864,798
Other receivables / prepayments	-	-	-	450	48,257	-	-
	-	709	71,184	1,606,411	69,717	-	864,798
Borrowings							
Opening balance	-	-	3,982,280	2,264,309	12,950,894	2,717,171	168,252
Borrowings during the period	-	-	15,109,136	-	25,000,929	2,348,700	7,543,479
Settled during the period	-	-	(14,927,101)	(2,793,881)	(33,931,701)	(3,131,600)	(8,549,895)
Transfer (out) / in - net	-	-	-	-	-	(2,554,127)	2,554,127
Exchange adjustment	-	-	1,008,687	529,572	3,219,614	619,856	873,683
Closing balance	-	-	5,173,002	-	7,239,736	-	2,589,646
Deposits and other accounts							
Opening balance	135,270	504,305	16,086,603	2,461,812	2,817,791	4,204	1,754,471
Received during the period	475,242	4,464,008	277,141,181	772,478,317	783,807,824	3,996	137,777,188
Withdrawn during the period	(531,026)	(4,375,112)	(270,790,603)	(771,229,350)	(750,819,786)	(7,583)	(132,441,571)
Transfer (out) / in - net	-	-	-	-	-	(1,412)	1,412
Exchange adjustment	18,695	26,657	251,127	145,816	42,848	795	35,331
Closing balance	98,181	619,858	22,688,308	3,856,595	35,848,677	-	7,126,831
Other liabilities							
Interest / mark-up payable	634	8,264	224,252	1,648	49,307	-	26,857
Payable to defined benefit plan	-	-	-	-	-	-	717,388
Other payables	-	-	46,601	27,055	57,632	-	644,910
	634	8,264	270,853	28,703	106,939	-	1,389,155
Contingencies and Commitments							
Letter of credit	-	-	700,917	-	-	-	340,903
Guarantees	-	-	174,650	80,776	-	-	3,535,727
Forward purchase of Government securities	-	-	35,078	-	-	-	-
Forward purchase of foreign exchange contracts	-	-	-	1,381,144	-	-	-
Interest rate swaps	-	-	-	-	500,000	-	-
	-	-	910,645	1,461,920	500,000	-	3,876,630
Others							
Securities held as custodian	88,915	152,590	22,720,141	-	175,115,000	-	20,721,065

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

For the nine months ended September 30, 2023 (Unaudited)

	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
(Rupees in '000)							
Profit and loss account							
Income							
Mark-up / return / profit / interest earned	71	21,744	362,570	1,424,022	86,176	-	1,850,798
Fee and commission income	476	3,939	211,752	57,339	497,484	-	55,660
Dividend income	-	-	-	-	841,098	-	1,545,344
Foreign exchange gain	-	-	-	575,207	-	-	-
Unrealised loss on derivatives	-	-	-	-	(47,673)	-	-
Loss on sale of securities - net	-	-	-	-	(15,441)	-	-
Rent on properties	-	-	-	52,168	-	-	-
Other income	-	-	-	11,433	-	-	-
Expenses							
Mark-up / return / profit / interest expensed	5,550	30,562	733,938	108,553	827,714	12,526	474,696
Operating expenses							
Total compensation expense	-	2,169,570	-	-	-	-	1,114,265
Non-Executive Directors' fees	58,650	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	1,701,838	-	-
Product feature cost	-	-	160,936	-	-	-	-
Travelling	-	-	5,497	-	-	-	-
Subscription	-	-	-	-	-	-	12,599
Donation	-	-	-	-	-	-	644,910
Brokerage and Commission	-	-	-	-	-	-	223,560
Other expenses	-	-	42,824	16,577	51,122	-	35,519
Provision for diminution in the value of investments	-	-	-	-	201,406	-	15,248
Others							
Purchase of Government securities	86,846	231,310	101,657,318	221,312,365	189,416,641	-	53,633,248
Sale of Government securities	164,890	362,185	132,002,021	225,177,052	200,678,499	-	76,419,976
Purchase of foreign currencies	-	-	4,528,650	23,131,041	1,706,125	-	8,903,897
Sale of foreign currencies	42,467	-	5,739,059	26,315,057	2,852	-	26,076
Insurance claims settled	-	-	-	-	154,621	-	-

Balances and transactions with group entities include deposits of Rs. 0.703 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)							
Statement of financial position							
Balances with other banks							
In current accounts	-	-	1,592	1,602,967	-	-	-
Investments							
Opening balance	-	-	-	20,091,764	9,465,766	135,665	7,713,055
Investment made during the year	-	-	-	4,920,743	44,188	-	2,000,000
Investment redeemed / disposed off during the year	-	-	-	-	(2,223,524)	-	-
Provision for diminution in the value of investments	-	-	-	-	-	-	(36,974)
Transfer in - net	-	-	-	-	-	-	29,287
Revaluation of investment during the year	-	-	-	1,497,522	-	-	-
Closing balance	-	-	-	26,510,029	7,286,430	135,665	9,705,368
Provision for diminution in the value of investments	-	-	-	-	-	-	42,943
Advances							
Opening balance	527	447,007	4,001,392	2,092,521	1,845,811	-	11,132,886
Addition during the year	30,557	421,195	23,281,985	1,716,370	-	-	14,020,793
Repaid during the year	(29,672)	(378,950)	(23,534,128)	(613,375)	(1,375,527)	-	(13,438,741)
Transfer in - net	-	30,988	-	-	-	-	-
Exchange adjustment	-	-	798,460	161,924	154,716	-	-
Closing balance	1,412	520,240	4,547,709	3,357,440	625,000	-	11,714,938
Other Assets							
Interest / mark-up accrued	-	778	44,798	491,130	19,286	-	266,034
Other receivables / prepayments	-	2,475	-	-	-	-	-
Advance subscription of shares	-	-	-	1,000,000	-	-	-
	-	3,253	44,798	1,491,130	19,286	-	266,034

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FOR THE NINE MONTHS ENDED SEPTEMBER 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)						
Borrowings						
Opening balance	-	3,177,871	475,527	3,969,060	-	181,985
Borrowings during the year	-	7,519,611	2,116,002	22,569,599	11,050,690	-
Settled during the year	-	(6,953,154)	(620,884)	(16,014,977)	(8,594,981)	(13,733)
Exchange adjustment	-	237,952	293,664	2,427,212	261,462	-
Closing balance	-	3,982,280	2,264,309	12,950,894	2,717,171	168,252
Deposits and other accounts						
Opening balance	42,382	545,067	10,820,031	6,314,465	50,605,027	-
Received during the year	585,700	4,083,660	349,416,139	734,132,907	938,266,443	13,607
Withdrawn during the year	(500,475)	(4,162,730)	(344,428,637)	(738,191,795)	(986,066,571)	(15,287)
Transfer out - net	-	(30,270)	-	-	-	-
Exchange adjustment	7,663	68,578	279,070	206,235	12,892	5,884
Closing balance	135,270	504,305	16,086,603	2,461,812	2,817,791	4,204
Other liabilities						
Interest / mark-up payable	434	1,340	116,735	7,570	42,367	28,530
Payable to defined benefit plan	-	-	-	-	-	607,424
Other payables	-	-	33,884	22,716	71,748	-
	434	1,340	150,619	30,286	114,115	28,530
Contingencies and Commitments						
Letters of credit	-	-	693,802	-	-	440,141
Guarantees	-	-	159,480	64,435	-	3,535,727
Forward purchase of Government securities	-	-	-	-	-	2,452,570
Forward purchase of foreign exchange contracts	-	-	-	183,409	1,500	-
Interest rate swaps	-	-	-	-	625,000	-
	-	-	853,282	247,844	626,500	6,428,438
Others						
Securities held as custodian	2,500	94,830	24,812,555	-	134,281,000	-

For the nine months ended September 30, 2022 (Unaudited)						
Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
(Rupees in '000)						
Profit and loss account						
Income						
Mark-up / return / profit / interest earned	7	17,925	181,945	662,483	83,299	1,279,201
Fee and commission income	867	3,714	187,358	3,391	587,456	6,660
Dividend income	-	-	-	-	666,706	66,225
Foreign exchange gain	-	-	-	1,014,121	-	-
Unrealised loss on derivatives	-	-	-	-	(54,768)	-
Gain on sale of securities - net	-	-	-	-	136,433	-
Rent on properties	-	-	-	34,567	-	-
Other income	-	-	-	312	-	-
Expense						
Mark-up / return / profit / interest expensed	1,845	16,581	238,268	50,801	1,128,749	14,573
Operating expenses						
Total compensation expense	-	1,733,234	-	-	-	1,945,346
Non-Executive Directors' fees	71,400	-	-	-	-	-
Insurance premium expense	-	-	-	-	1,296,944	-
Product feature cost	-	-	77,563	-	-	-
Travelling	-	-	7,184	-	-	-
Subscription	-	-	-	-	-	13,631
Donation	-	-	-	-	-	354,485
Brokerage and Commission	-	-	-	-	-	163,271
Other expenses	-	-	30,037	96,059	42,593	39,304
Provision for diminution in the value of investments	-	-	-	-	-	13,877
Others						
Purchase of Government securities	-	-	149,084,771	42,838,927	58,278,417	21,571,340
Sale of Government securities	-	42,278	172,376,874	46,404,409	107,312,067	23,576,091
Purchase of foreign currencies	-	-	1,600,856	1,985,947	-	4,482
Sale of foreign currencies	-	-	1,599,076	5,841,045	90,300	8,051,658
Insurance claims settled	-	-	-	-	215,033	-

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	(Unaudited) September 30, 2023 (Rupees in '000)	(Audited) December 31, 2022
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,668,525	14,668,525
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	228,812,952	203,364,899
Eligible Additional Tier 1 (ADT 1) Capital	14,973,079	15,901,419
Total Eligible Tier 1 Capital	243,786,031	219,266,318
Eligible Tier 2 Capital	61,565,083	37,987,540
Total Eligible Capital (Tier 1 + Tier 2)	305,351,114	257,253,858
Risk Weighted Assets (RWAs):		
Credit Risk	1,463,467,878	1,387,509,228
Market Risk	112,148,713	75,860,638
Operational Risk	252,065,484	252,065,484
Total	1,827,682,075	1,715,435,350
Common Equity Tier 1 Capital Adequacy ratio	12.52%	11.86%
Tier 1 Capital Adequacy Ratio	13.34%	12.78%
Total Capital Adequacy Ratio	16.71%	15.00%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		
of which: capital conservation buffer requirement	9.00%	9.00%
of which: countercyclical buffer requirement	1.50%	1.50%
of which: D-SIB buffer requirement	1.50%	1.50%
CET1 available to meet buffers (as a percentage of risk weighted assets)	6.52%	5.86%
Other information:		
Minimum capital requirements prescribed by the SBP		
CET1 ratio (%)	9.00%	9.00%
Tier 1 ratio (%)	10.50%	10.50%
Total capital ratio (%)	13.00%	13.00%
Leverage Ratio (LR)		
Eligible Tier-1 Capital	243,786,031	219,266,318
Total Exposure	5,770,476,895	5,014,549,104
Leverage Ratio (%)	4.22%	4.37%
Minimum Requirement (%)	3.00%	3.00%
Liquidity Coverage Ratio (LCR)	Total Adjusted Value (Rupees in '000)	
Average High Quality Liquid Assets	1,845,912,119	1,609,446,790
Average Net Cash Outflow	675,157,355	632,560,916
Liquidity Coverage Ratio (%)	273.40%	254.43%
Minimum Requirement (%)	100.00%	100.00%
Net Stable Funding Ratio (NSFR)	Total Weighted Value (Rupees in '000)	
Total Available Stable Funding	3,662,652,846	3,225,111,950
Total Required Stable Funding	2,328,742,374	2,171,559,048
Net Stable Funding Ratio (%)	157.28%	148.52%
Minimum Requirement (%)	100.00%	100.00%

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

36 ISLAMIC BANKING BUSINESS

The Bank operates 330 (December 31, 2022: 294) Islamic Banking branches and 578 (December 31, 2022: 573) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Unaudited)	(Audited)
		September 30, 2023	December 31, 2022
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		49,382,729	17,497,223
Balances with other banks		673,772	451,114
Due from financial institutions		14,961,000	-
Investments	36.1	201,136,604	183,654,832
Islamic financing and related assets - net	36.2	203,334,482	223,974,766
Fixed assets		12,268,258	6,497,224
Intangible assets		41,993	30,066
Due from Head Office		-	257,428
Deferred tax assets		1,880,922	1,160,304
Other assets		30,456,380	8,653,602
		514,136,140	442,176,559
LIABILITIES			
Bills payable		41,111	20,267
Due to financial institutions	36.3	50,520,590	74,694,404
Deposits and other accounts	36.4	380,238,348	319,883,948
Due to Head Office		15,157,819	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities		27,357,718	15,693,460
		473,315,586	410,292,079
NET ASSETS			
		40,820,554	31,884,480
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Deficit on revaluation of investments - net of tax		(1,957,695)	(1,538,078)
Unappropriated profit	36.5	42,278,249	32,922,558
		40,820,554	31,884,480
Contingencies and commitments	36.6		
		(Unaudited)	
		For the nine months ended	
		September 30, 2023	September 30, 2022
(Rupees in '000)			
PROFIT AND LOSS ACCOUNT			
Profit / return earned	36.7	53,122,249	32,564,590
Profit / return expensed	36.8	30,443,179	20,453,330
Net profit / return		22,679,070	12,111,260
Other income			
Fee and commission income		1,323,547	795,573
Dividend income		-	-
Foreign exchange income		734,507	461,163
Income from derivatives		-	-
Gain on securities - net		5,592	77,552
Others		-	537
Total other income		2,063,646	1,334,825
Total income		24,742,716	13,446,085
Other expenses			
Operating expenses		6,270,802	4,933,817
Workers' Welfare Fund - charge		367,195	149,426
Other charges		220	168,332
Total other expenses		6,638,217	5,251,575
Profit before provisions		18,104,499	8,194,510
(Reversals) / provisions and write offs - net		(255,259)	1,133,960
Profit before taxation		18,359,758	7,060,550
Taxation		8,996,281	3,459,670
Profit after taxation		9,363,477	3,600,880

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

36.1 Investments by type

	September 30, 2023 (Unaudited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)			
Held-for-trading (HFT) securities				
Federal Government securities				
- Ijarah Sukuk	660	-	4	664
Available-for-sale (AFS) securities				
Federal Government securities				
- Ijarah Sukuk	141,862,290	-	(3,893,848)	137,968,442
- Other Federal Government securities	6,764,725	-	-	6,764,725
Non-Government debt securities				
- Listed	45,172,712	-	57,208	45,229,920
- Unlisted	1,401,000	-	(1,977)	1,399,023
	195,200,727	-	(3,838,617)	191,362,110
Held-to-maturity (HTM) securities				
Non-Government debt securities				
- Unlisted	9,773,830	-	-	9,773,830
Total Investments	204,975,217	-	(3,838,613)	201,136,604

	December 31, 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)			
Available-for-sale (AFS) securities				
Federal Government securities				
- Ijarah Sukuk	125,360,260	-	(2,772,531)	122,587,729
- Other Federal Government securities	4,686,060	-	-	4,686,060
Non-Government debt securities				
- Listed	45,943,545	-	57,829	46,001,374
- Unlisted	1,401,000	-	16,320	1,417,320
	177,390,865	-	(2,698,382)	174,692,483
Held-to-maturity (HTM) securities				
Non-Government debt securities				
- Unlisted	8,962,349	-	-	8,962,349
Total Investments	186,353,214	-	(2,698,382)	183,654,832

36.2 Islamic financing and related assets - net

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
Diminishing Musharakah	93,166,006	94,643,200
Running Musharakah	46,874,412	57,261,410
Wakalah	14,868,698	14,541,328
Ijarah	2,960,715	2,294,057
Murabaha	1,872,590	3,791,439
Currency Salam	696,066	-
Tijarah	1,776,849	2,887,334
Istisna	1,103,318	1,994,354
Musawamah	2,434,880	777,472
Advance for Diminishing Musharakah	3,494,562	5,364,119
Advance for Ijarah	4,058,233	3,599,862
Advance for Murabaha	3,662,313	5,546,361
Advance for Salam	-	2,029,702
Advance for Istisna	13,883,918	13,169,142
Advance for Musawamah	1,856,753	3,856,574
Inventories against Murabaha	6,344,176	5,410,563
Inventories against Tijarah	3,361,917	5,427,552
Inventories against Istisna	3,141,558	3,853,373
Islamic financing and related assets - gross	205,556,964	226,447,842
Provision against Islamic financing and related assets		
- Specific	(1,101,637)	(1,376,081)
- General	(1,120,845)	(1,096,995)
	(2,222,482)	(2,473,076)
Islamic financing and related assets - net of provision	203,334,482	223,974,766

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Note	(Unaudited) September 30, 2023	(Audited) December 31, 2022
(Rupees in '000)			
36.3	Due to financial institutions		
	Unsecured acceptances of funds	-	19,000,000
	Acceptances from the SBP under:		
	- Islamic export refinance scheme	19,341,548	19,931,491
	- Islamic export refinance scheme bill discounting	374,490	-
	- Islamic long term financing facility	6,673,811	7,183,674
	- Islamic financing facility for renewable energy power plants	698,748	693,399
	- Islamic refinance facility for modernization of Small & Medium Enterprises (SMEs)	-	129,838
	- Islamic refinance and credit guarantee scheme for women entrepreneurs	2,073	5,720
	- Financing facility for storage of agricultural produce	303,469	-
	- Islamic refinance facility for combating COVID-19	389,298	143,564
	- Islamic temporary economic refinance facility	2,521,317	2,749,061
	- Secured Mudarbah Agreement	20,215,836	24,689,405
	Acceptances from Pakistan Mortgage Refinance Company	-	168,252
		<u>50,520,590</u>	<u>74,694,404</u>
36.4	Deposits and other accounts		
	Customers		
	Current deposits	98,068,298	85,498,743
	Savings deposits	216,993,665	161,990,175
	Term deposits	26,478,435	24,836,049
		<u>341,540,398</u>	<u>272,324,967</u>
	Financial Institutions		
	Current deposits	2,911	414,372
	Savings deposits	37,931,393	47,142,963
	Term deposits	763,646	1,646
		<u>38,697,950</u>	<u>47,558,981</u>
		<u>380,238,348</u>	<u>319,883,948</u>
36.5	Islamic Banking business unappropriated profit		
	Opening Balance	32,922,558	27,194,762
	Add: Islamic Banking profit for the period / year	18,359,758	11,236,017
	Less: Taxation	(8,996,281)	(5,505,648)
	Less: Transferred / Remitted to Head Office	(7,786)	(2,573)
	Closing Balance	<u>42,278,249</u>	<u>32,922,558</u>
36.6	Contingencies and commitments		
	- Performance Guarantees	4,066,142	2,862,623
	- Commitments	36.6.1 <u>63,318,057</u>	<u>31,705,993</u>
		<u>67,384,199</u>	<u>34,568,616</u>
36.6.1	Commitments:		
	Trade-related contingent liabilities	39,277,661	26,704,850
	Commitments in respect of forward foreign exchange contracts	36.6.1.1 <u>24,040,396</u>	<u>5,001,143</u>
		<u>63,318,057</u>	<u>31,705,993</u>
36.6.1.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	12,104,958	2,405,370
	Sale	11,935,438	2,595,773
		<u>24,040,396</u>	<u>5,001,143</u>
36.7	Profit / return earned		
	On:		
	Financing	26,412,923	15,049,252
	Investments	25,713,085	16,868,822
	Amounts due from financial institutions	996,241	646,516
		<u>53,122,249</u>	<u>32,564,590</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Unaudited)	
For the nine months ended	
September 30, 2023	September 30, 2022
(Rupees in '000)	
36.8 Profit / return expensed	
On:	
Deposits and other accounts	20,874,291
Amounts due to financial institutions	14,771,996
Foreign currency deposits for Wa'ad based transactions	8,662,303
Lease liability against right-of-use assets	5,388,716
	4,842
	13,132
	901,743
	279,486
	<u>30,443,179</u>
	<u>20,453,330</u>

37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

37.1 The Board of Directors, in its meeting held on October 25, 2023, has declared a cash dividend of Rs 2.25 per share in respect of the quarter ended September 30, 2023 (September 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 October 25, 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

Khaleel Ahmed
Director

Moez Ahamed Jamal
Director

Dr. Najeeb Samie
Director

