

هَذَا مِنْ فَضْلِ رَبِّي



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CORPORATE INFORMATION

Board of Directors	Abbas D. Habib	<i>Chairman</i>
	Anwar Haji Karim	
	Farhana Mowjee Khan	
	Syed Mazhar Abbas	
	Qumail R. Habib	<i>Executive Director</i>
	Safar Ali Lakhani	
	Syed Hasan Ali Bukhari	
	Murtaza H. Habib	
	Arshad Nasar	
	Adnan Afridi	
	Mansoor Ali Khan	<i>Chief Executive</i>
Audit Committee	Safar Ali Lakhani	<i>Chairman</i>
	Syed Mazhar Abbas	<i>Member</i>
	Anwar Haji Karim	<i>Member</i>
	Syed Hasan Ali Bukhari	<i>Member</i>
	Arshad Nasar	<i>Member</i>
Human Resource & Remuneration Committee	Syed Hasan Ali Bukhari	<i>Chairman</i>
	Syed Mazhar Abbas	<i>Member</i>
	Abbas D. Habib	<i>Member</i>
	Farhana Mowjee Khan	<i>Member</i>
	Arshad Nasar	<i>Member</i>
Credit Risk Management Committee	Syed Mazhar Abbas	<i>Chairman</i>
	Safar Ali Lakhani	<i>Member</i>
	Qumail R. Habib	<i>Member</i>
	Syed Hasan Ali Bukhari	<i>Member</i>
	Murtaza H. Habib	<i>Member</i>
Risk Management Committee	Adnan Afridi	<i>Chairman</i>
	Qumail R. Habib	<i>Member</i>
	Farhana Mowjee Khan	<i>Member</i>
	Anwar Haji Karim	<i>Member</i>
	Safar Ali Lakhani	<i>Member</i>
IT Committee	Abbas D. Habib	<i>Chairman</i>
	Qumail R. Habib	<i>Member</i>
	Arshad Nasar	<i>Member</i>
	Syed Mazhar Abbas	<i>Member</i>
	Mansoor Ali Khan	<i>Member</i>



IFRS 9 Committee	Syed Hasan Ali Bukhari Arshad Nasar Qumail R. Habib	<i>Chairman</i> <i>Member</i> <i>Member</i>
Company Secretary	Mohammad Taqi Lakhani	
Chief Financial Officer	Ashar Husain	
Statutory Auditors	EY Ford Rhodes Chartered Accountants	
Legal Advisor	LMA Ebrahim Hosain Barristers, Advocates & Corporate Legal Consultants	
Registered Office	126-C, Old Bahawalpur Road, Multan	
Principal Office	2nd Floor, Mackinnons Building, I.I. Chundrigar Road, Karachi	
Share Registrar	CDC Share Registrar Services Limited CDC House 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400.	
Website	www.bankalhabib.com	



DIRECTORS' REVIEW

It is our pleasure to present the un-audited financial statements of Bank AL Habib Limited along with the un-audited consolidated financial statements of Bank AL Habib Limited and the Bank's Subsidiaries AL Habib Capital Markets (Private) Limited and AL Habib Asset Management Limited for the half year ended June 30, 2021.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs.1,224 billion as compared to Rs. 1,099.7 billion on December 31, 2020. In the same period, advances increased to Rs. 603.3 billion from Rs. 510.3 billion, while investments increased to Rs. 983.7 billion from Rs. 764.9 billion. The pre-tax profit of the Bank for the half year ended June 30, 2021 was Rs.14.34 billion as compared to Rs. 12.10 billion during the corresponding period last year. The profit after tax for the half year ended June 30, 2021 was Rs. 9.04 billion compared with Rs. 7.23 billion during 2020.

By the Grace of Allah, the Bank now has a network of 939 offices, comprising 903 branches, 32 sub-branches, and 4 Representative Offices. Our branch network includes 128 Islamic Banking Branches and 3 Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2021.

Alhamdulillah, Pakistan Credit Rating Agency Limited (PACRA) has upgraded the Bank's long term entity rating from **AA+** (Double A plus) to **AAA** (Triple A) while maintaining the short term entity rating at **A1+** (A One plus). This long term credit rating (**AAA**) denotes the highest credit quality with the lowest expectation of credit risk, and indicates exceptionally strong capacity for timely payment of financial commitments.

The ratings of our unsecured, subordinated Term Finance Certificates (TFCs) have also been upgraded from **AA** (Double A) to **AA+** (Double A plus) for TFC-2018 and from **AA-** (Double A minus) to **AA** (Double A) for TFC-2017 (perpetual). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

We wish to thank our customers, for their continued trust and support, local & foreign correspondents for their confidence and cooperation, and the State Bank of Pakistan for their guidance. We also thank all our staff members for their sincerity, dedication and hard work.

Mansoor Ali Khan
Chief Executive

Abbas D. Habib
Chairman
Board of Directors

Karachi: August 04, 2021



ڈائریکٹرز کا جائزہ

ہمارے لئے یہ باعث مسرت ہے کہ ہم 30 جون 2021 کو ختم ہونے والی ششماہی کے لئے بینک الحیب لمیٹڈ کے غیر آڈٹ شدہ مالی حسابات مع بینک الحیب لمیٹڈ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات بشمول بینک کی ذیلی کمپنیز الحیب کیمپل مارکیٹس (پرائیویٹ) لمیٹڈ اور الحیب ایسٹ منجمنٹ لمیٹڈ پیش کریں۔

الحمد للہ، زیر جائزہ مدت میں بینک کی کارکردگی اطمینان بخش رہی۔ 30 جون 2021 کو ختم ہونے والی ششماہی میں ڈپازٹس بڑھ کر 1224 بلین روپے ہو گئے، جو کہ 31 دسمبر 2020 کو 1099.7 بلین روپے تھے۔ اسی مدت کے دوران ایڈوانسز 510.3 بلین روپے سے بڑھ کر 603.3 بلین روپے ہو گئے اور سرمایہ کاری 764.9 بلین روپے سے بڑھ کر 983.7 بلین روپے ہو گئی۔ 30 جون 2021 کو ختم ہونے والی ششماہی کے لئے آپ کے بینک کا قبل از ٹیکس منافع 14.34 بلین روپے رہا، جبکہ گزشتہ سال اسی مدت میں یہ 12.10 بلین روپے تھا۔ بینک کا بعد از ٹیکس منافع 30 جون 2021 کو ختم ہونے والی مدت کے لئے 9.04 بلین روپے رہا جبکہ گزشتہ سال یہ 7.23 بلین روپے تھا۔

اللہ تعالیٰ کے فضل و کرم سے بینک کا میٹ ورک اب 939 دفاتر پر مشتمل ہے، جس میں 903 برانچز، 32 ذیلی برانچز اور 4 نمائندہ دفاتر شامل ہیں۔ ہمارے براؤنچ میٹ ورک میں اب 128 اسلامی بینکاری برانچز اور 3 بیرون ملک برانچز شامل ہیں۔ برانچز میں اضافہ کی اپنی پالیسی پر کاربند رہتے ہوئے ہم سال 2021 میں بھی مزید برانچز کھولنے کا ارادہ رکھتے ہیں۔

الحمد للہ، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے طویل مدت کے لئے بینک کی ریٹنگ کو AA+ (ڈبل اے پلس) سے بڑھا کر AAA (ٹرپل اے) کر دی ہے جبکہ مختصر مدت کے لئے بینک کی ریٹنگ کو A1+ (اے ون پلس) برقرار رکھی ہیں۔ یہ طویل مدتی کریڈٹ ریٹنگ AAA (ٹرپل اے) بینک کے بہترین کریڈٹ کے معیار، کم ترین کریڈٹ ریسک کی توقع اور بروقت مالی ذمہ داریوں سے عہدہ براہ ہونے کی غیر معمولی صلاحیت کو ظاہر کرتی ہے۔

ہمارے انسکیورڈ، سہارڈ بینڈ ٹرم فنانس سرٹیفکیٹس کی ریٹنگ بھی AA (ڈبل اے) سے بڑھ کر AA+ (ڈبل اے پلس) برائے TFC-2018 اور AA- (ڈبل اے مائنس) سے بڑھ کر AA (ڈبل اے) برائے TFC-2017 ہو گئی ہے۔ یہ ریٹنگ کریڈٹ ریسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ داریوں سے عہدہ براہ ہونے کی بہت مضبوط صلاحیت ہے۔

ہم اپنے کسٹمرز کے مسلسل اعتماد اور تائید، مقامی و غیر ملکی مالیاتی اداروں کے بھروسے اور تعاون، اور اسٹیٹ بینک آف پاکستان کے اُن کی رہنمائی پر، بے حد مشکور ہیں۔ ہم اپنے تمام اسٹاف ممبران کا بھی ان کے خلوص، لگن اور انتھک محنت پر ان کا شکریہ ادا کرتے ہیں۔

عباس ڈی۔ حبیب
چیئرمین
بورڈ آف ڈائریکٹرز

منصور علی خان
چیف ایگزیکٹو

کراچی: ۳ اگست ۲۰۲۱ء



INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Bank AL Habib Limited

Report on Review of Unconsolidated Condensed Interim Financial Information

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Bank AL Habib Limited** (the Bank) as at **30 June 2021**, the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity, and notes to the financial information for the six-months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2021 and 30 June 2020 have not been subject to limited scope review by us as we are only required to review the cumulative figures for the six-months period ended 30 June 2021.

Scope of Review

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

Conclusion

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

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

Karachi: 11 August 2021

EY Ford Rhodes
Chartered Accountants



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
ASSETS			
Cash and balances with treasury banks	6	116,753,482	105,935,947
Balances with other banks	7	2,805,591	19,662,515
Lendings to financial institutions	8	500,000	2,175,301
Investments	9	983,659,365	764,943,506
Advances	10	603,258,531	510,251,632
Fixed assets	11	53,437,937	43,967,993
Intangible assets	12	237,588	211,111
Deferred tax assets	13	312,298	—
Other assets	14	89,818,166	74,943,322
		1,850,782,958	1,522,091,327
LIABILITIES			
Bills payable	16	29,246,415	31,013,221
Borrowings	17	403,072,042	211,599,405
Deposits and other accounts	18	1,223,976,053	1,099,686,361
Liabilities against assets subject to finance lease		—	—
Subordinated debt	19	10,996,000	14,989,600
Deferred tax liabilities	13	—	176,751
Other liabilities	20	100,193,492	84,769,613
		1,767,484,002	1,442,234,951
NET ASSETS		83,298,956	79,856,376
REPRESENTED BY			
Share capital		11,114,254	11,114,254
Reserves		19,246,515	18,431,277
Surplus on revaluation of assets	21	9,720,590	10,286,484
Unappropriated profit		43,217,597	40,024,361
		83,298,956	79,856,376
CONTINGENCIES AND COMMITMENTS		22	

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MURTAZA H. HABIB
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2021**

		Half year ended		Three months period ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Note	(Rupees in '000)			
Mark-up / return / interest earned	24	55,061,207	65,374,204	29,120,016	33,009,236
Mark-up / return / interest expensed	25	(27,658,345)	(38,304,141)	(14,826,916)	(17,186,643)
Net mark-up / interest income		27,402,862	27,070,063	14,293,100	15,822,593
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	4,307,315	3,018,529	2,047,818	1,385,460
Dividend income		245,733	195,615	149,591	119,033
Foreign exchange income		1,049,000	810,759	399,214	436,437
Income / (loss) from derivatives		—	—	—	—
Gain on securities - net	27	8,608	17	7,968	—
Other income	28	467,649	255,943	303,699	58,374
Total non mark-up / interest income		6,078,305	4,280,863	2,908,290	1,999,304
Total income		33,481,167	31,350,926	17,201,390	17,821,897
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	(18,871,500)	(16,781,274)	(9,549,840)	(8,493,898)
Workers welfare fund		(295,523)	(289,656)	(151,467)	(180,316)
Other charges	30	(2,078)	(502)	(1,295)	(254)
Total non mark-up / interest expenses		(19,169,101)	(17,071,432)	(9,702,602)	(8,674,468)
Profit before provisions		14,312,066	14,279,494	7,498,788	9,147,429
Reversals / (provisions) and write offs - net	31	28,720	(2,178,272)	(216,724)	(1,836,445)
Extra ordinary / unusual items		—	—	—	—
PROFIT BEFORE TAXATION		14,340,786	12,101,222	7,282,064	7,310,984
Taxation	32	(5,302,557)	(4,876,203)	(2,844,553)	(2,945,249)
PROFIT AFTER TAXATION		9,038,229	7,225,019	4,437,511	4,365,735
(Rupees)					
Basic and diluted earnings per share	33	8.13	6.50	3.99	3.93

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MURTAZA H. HABIB
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2021**

	Half year ended		Three months period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	(Rupees in '000)			
Profit after taxation for the period	9,038,229	7,225,019	4,437,511	4,365,735
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	(88,585)	526,851	368,321	52,591
Movement in (deficit) / surplus on revaluation of investments - net of tax	(505,650)	7,151,923	758,913	5,264,564
	(594,235)	7,678,774	1,127,234	5,317,155
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus on revaluation of operating fixed assets - net of tax	—	3,056,238	—	3,056,238
Total comprehensive income	8,443,994	17,960,031	5,564,745	12,739,128

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MURTAZA H. HABIB
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



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

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2021**

	Note	30 June 2021 (Rupees in '000)	30 June 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		14,340,786	12,101,222
Less: Dividend income		(245,733)	(195,615)
		14,095,053	11,905,607
Adjustments:			
Depreciation		1,409,614	1,339,228
Depreciation on right-of-use assets		892,091	791,243
Amortisation		174,015	156,247
(Reversals) / provisions and write-offs - net	31	(28,720)	2,178,272
Gain on sale of fixed assets - net		(286,188)	(106,476)
Charge for defined benefit plan		246,000	213,000
Gain on sale / redemption of securities - net		(8,608)	(17)
Charge for compensated absences		120,779	60,783
Mark-up expense on lease liability against right-of-use assets		536,961	441,948
		3,055,944	5,074,228
		17,150,997	16,979,835
Decrease / (increase) in operating assets			
Lendings to financial institutions		1,675,301	(4,820,331)
Held-for-trading securities		60,470	-
Advances		(92,916,256)	(23,319,198)
Other assets		(14,847,810)	(2,757,914)
		(106,028,295)	(30,897,443)
(Decrease) / increase in operating liabilities			
Bills payable		(1,766,806)	1,031,750
Borrowings from financial institutions		189,521,693	73,204,131
Deposits		124,289,692	138,024,916
Other liabilities (excluding current taxation)		13,033,679	2,414,130
		325,078,258	214,674,927
		236,200,960	200,757,319
Income tax paid		(4,638,711)	(5,144,405)
Net cash flow generated from operating activities		231,562,249	195,612,914
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(160,250,950)	(175,946,353)
Net investments in held-to-maturity securities		(56,787,423)	(19,350,576)
Net investments in associates		(2,300,000)	81,000
Investments in subsidiaries		-	(683,250)
Dividends received		214,691	138,791
Investments in operating fixed assets		(10,579,708)	(2,421,946)
Proceeds from sale of fixed assets		249,981	127,710
Exchange differences on translation of net investment in foreign branches		(88,585)	526,851
Net cash used in investing activities		(229,541,994)	(197,527,773)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of subordinated debt		(3,993,600)	(1,600)
Dividend paid		(4,915,838)	(3,832,266)
Payment against lease liabilities		(1,101,150)	(1,011,670)
Net cash used in financing activities		(10,010,588)	(4,845,536)
Decrease in cash and cash equivalents		(7,990,333)	(6,760,395)
Cash and cash equivalents at beginning of the period		125,400,165	122,458,343
Cash and cash equivalents at end of the period		117,409,832	115,697,948

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MURTAZA H. HABIB
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2021

1. STATUS AND NATURE OF BUSINESS

Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 903 branches (31 December 2020: 818 branches), 32 sub-branches (31 December 2020: 32 sub-branches), 04 representative offices (31 December 2020: 04 representative offices) and 02 booths (31 December 2020: 02 booths). The branch network of the Bank includes 03 overseas branches (31 December 2020: 03 overseas branches) and 128 Islamic Banking branches (31 December 2020: 106 Islamic Banking branches).

2. BASIS OF PRESENTATION

- 2.1** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 05, dated 22 March 2019, and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. They do not include all the information required in the annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2020.
- 2.2** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.
- 2.3** Key financial information of the Islamic Banking branches is disclosed in note 39 to these unconsolidated condensed interim financial statements.
- 2.4** These are separate financial statements of the Bank in which investments in subsidiaries and associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.



2.5 Statement of Compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards 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 issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by SBP and the Securities and Exchange Commission of Pakistan (SECP).

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

SBP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10, dated 26 August 2002, till further instructions. Further, SECP has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I)/2008, dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.

SECP has notified IFAS 3, 'Profit and Loss Sharing on Deposits' issued by ICAP. IFAS 3 shall be followed with effect from the financial periods beginning on or after 01 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank. SBP through BPRD Circular No. 04, dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular No. 02 of 2018 and BPRD Circular Letter No. 05 of 2019, as amended from time to time.

3. ACCOUNTING POLICIES

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



3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new and amended standards that became effective during the period. However, these are considered either not to be relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

IFRS 9, 'Financial Instruments' - SBP vide its BPRD Circular Letter No. 24, dated 05 July 2021, has deferred the implementation of IFRS 9 for banking industry from accounting year beginning on 01 January 2022. The Bank has been complying with the requirement of BPRD Circular Letter No. 24 of 2021 to have parallel run of IFRS 9. Furthermore, IFRS 9 replaces the existing guidance in IAS 39, 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank including related to COVID-19 are consistent with those disclosed in the unconsolidated financial statements for the year ended 31 December 2020.



	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	26,736,077	23,716,890
Foreign currencies	2,101,805	4,761,414
	28,837,882	28,478,304
In transit:		
Local currency	573,132	600,285
Foreign currencies	27,727	4,412
	600,859	604,697
With State Bank of Pakistan in:		
Local currency current accounts	45,386,137	44,211,071
Local currency current accounts - Islamic Banking	4,703,194	3,339,015
Foreign currencies deposit accounts		
Cash reserve accounts	3,418,698	3,508,365
Cash reserve / special cash reserve accounts		
- Islamic Banking	312,803	299,769
Special cash reserve accounts	6,837,396	7,016,730
Foreign currencies collection accounts	49,293	99,696
	60,707,521	58,474,646
With National Bank of Pakistan in:		
Local currency current accounts	22,567,079	16,110,129
Prize bonds	4,040,141	2,268,171
	116,753,482	105,935,947
7. BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	376,732	131,311
In deposit accounts	494,423	184,012
	871,155	315,323
Outside Pakistan:		
In current accounts	1,886,415	5,965,561
In deposit accounts	48,025	13,381,635
	1,934,440	19,347,196
	2,805,595	19,662,519
Less: impairment against IFRS 9 in overseas branches	(4)	(4)
	2,805,591	19,662,515
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	500,000	—
Bai Muajjal receivable with the State Bank of Pakistan	—	2,175,301
	500,000	2,175,301



9. INVESTMENTS

	Note	30 June 2021 (Un-audited)				31 December 2020 (Audited)			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value (Rupees in '000)	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
9.1 Investments by type:									
Held-for-trading securities									
Shares		47,195	–	112	47,307	95,778	–	771	96,549
Available-for-sale securities									
Federal Government Securities		720,279,052	(319,167)	3,428,568	723,388,453	560,055,180	(226,825)	4,578,492	564,406,847
Shares		4,359,115	(1,781,771)	813,434	3,390,778	4,376,102	(1,791,073)	580,654	3,165,683
Non Government Debt Securities		27,084,425	–	(5,371)	27,079,054	26,645,389	–	(46,105)	26,599,284
Foreign Securities		6,473,617	(827,993)	(1,005,102)	4,640,522	6,891,856	(909,432)	(1,215,066)	4,767,358
Units of Mutual Funds		2,125,000	(444,440)	466,491	2,147,051	2,125,000	(444,440)	350,397	2,030,957
		760,321,209	(3,373,371)	3,698,020	760,645,858	600,093,527	(3,371,770)	4,248,372	600,970,129
Held-to-maturity securities									
Federal Government Securities	9.3	216,180,931	(156,292)	–	216,024,639	159,496,264	(130,790)	–	159,365,474
Foreign Securities		1,811,415	(100,450)	–	1,710,965	1,708,659	(127,901)	–	1,580,758
Others		4,481	(4,481)	–	–	4,481	(4,481)	–	–
		217,996,827	(261,223)	–	217,735,604	161,209,404	(263,172)	–	160,946,232
Associates									
		4,347,346	–	–	4,347,346	2,047,346	–	–	2,047,346
Subsidiaries									
		883,250	–	–	883,250	883,250	–	–	883,250
Total Investments									
		983,595,827	(3,634,594)	3,698,132	983,659,365	764,329,305	(3,634,942)	4,249,143	764,943,506



	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
9.1.1 Investments given as collateral		
Market Treasury Bills	9,807,460	98,427,365
Pakistan Investment Bonds	250,068,900	—
	<u>259,876,360</u>	<u>98,427,365</u>
9.2 Provision for diminution in the value of investments		
Opening balance	3,634,942	2,211,794
Exchange adjustments against IFRS 9 in overseas branches	(20,648)	3,978
Charge / (reversal)		
Charge for the period / year	—	295,807
Charge of impairment as per IFRS 9 in overseas branches for the period / year	29,601	1,120,117
Reversal on disposal during the period / year	(9,301)	(1,235)
	<u>20,300</u>	<u>1,414,689</u>
Others	—	4,481
Closing balance	<u>3,634,594</u>	<u>3,634,942</u>
9.3 The market value of securities classified as held to maturity at 30 June 2021 amounted to Rs. 222,388 million (31 December 2020: Rs. 168,809 million).		



10. ADVANCES

	Performing		Non-Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	30 June	31 December	30 June	31 December	30 June	31 December
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	502,898,679	429,521,092	6,376,186	6,970,943	509,274,865	436,492,035
Islamic financing and related assets	67,997,351	58,248,930	42,541	218,174	68,039,892	58,467,104
Bills discounted and purchased	38,272,267	27,742,924	189,598	192,356	38,461,865	27,935,280
Advances - gross	609,168,297	515,512,946	6,608,325	7,381,473	615,776,622	522,894,419
Provision against advances						
– Specific	–	–	6,204,239	6,497,479	6,204,239	6,497,479
– General as per regulations	293,390	267,290	–	–	293,390	267,290
– General	5,750,000	5,750,000	–	–	5,750,000	5,750,000
– As per IFRS 9 in overseas branches	270,462	128,018	–	–	270,462	128,018
	6,313,852	6,145,308	6,204,239	6,497,479	12,518,091	12,642,787
Advances - net of provision	602,854,445	509,367,638	404,086	883,994	603,258,531	510,251,632

(Un-audited) (Audited)
30 June 31 December
2021 2020
(Rupees in '000)

10.1 Particulars of advances (Gross)

In local currency	528,798,435	453,533,720
In foreign currencies	86,978,187	69,360,699
	615,776,622	522,894,419

10.2 Advances include Rs. 6,608.325 million (31 December 2020: Rs. 7,381.473 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 June 2021 (Un-audited)		31 December 2020 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	49,872	1,034	62,671	292
Substandard	232,868	53,722	165,014	33,385
Doubtful	163,294	80,056	1,118,292	499,908
Loss	4,188,817	4,116,561	3,987,501	3,965,101
	4,634,851	4,251,373	5,333,478	4,498,686
Overseas				
Overdue by:				
181 to 365 days	106,753	86,145	136,600	87,398
> 365 days	1,866,721	1,866,721	1,911,395	1,911,395
	1,973,474	1,952,866	2,047,995	1,998,793
Total	6,608,325	6,204,239	7,381,473	6,497,479



10.3 Particulars of provision against advances

Note	30 June 2021 (Un-audited)			31 December 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	6,497,479	6,145,308	12,642,787	6,201,412	3,389,309	9,590,721
Exchange adjustments	(31,567)	(2,011)	(33,578)	68,496	5,158	73,654
Charge for the period / year						
- Specific provision	316,135	-	316,135	887,878	-	887,878
- General provision as per regulations	-	26,100	26,100	-	4,000	4,000
- As per IFRS 9 in overseas branches	-	144,455	144,455	-	(3,159)	(3,159)
- General provision for loans and advances	10.3.1 -	-	-	-	2,750,000	2,750,000
Reversals	(577,333)	-	(577,333)	(648,847)	-	(648,847)
	(261,198)	170,555	(90,643)	239,031	2,750,841	2,989,872
Amounts written off	(475)	-	(475)	(6,979)	-	(6,979)
Others	-	-	-	(4,481)	-	(4,481)
Closing balance	6,204,239	6,313,852	12,518,091	6,497,479	6,145,308	12,642,787

10.3.1 In line with its prudent policies, the Bank also makes general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and as of 30 June 2021 amounts to Rs. 5,750 million (31 December 2020: Rs. 5,750 million).

10.3.2 For the purposes of determining provision against non-performing advances, the Bank has not taken into account the Forced Sales Value of pledged stock and mortgaged properties held as collateral against non-performing advances.

	(Un-audited) 30 June 2021	(Audited) 31 December 2020
	(Rupees in '000)	
11. FIXED ASSETS		
Capital work-in-progress	2,142,830	2,279,324
Property and equipment	51,295,107	41,688,669
	<u>53,437,937</u>	<u>43,967,993</u>



	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
11.1 Capital work-in-progress		
Civil works	1,023,297	454,808
Advance payment for purchase of equipments	107,455	51,867
Advance payment towards suppliers, contractors and property	963,728	1,740,546
Consultants' fee and other charges	48,350	32,103
	<u>2,142,830</u>	<u>2,279,324</u>
11.2 Additions to fixed assets		
The following additions have been made to operating fixed assets during the period:		
	(Un-audited) Half year ended 30 June 2021 (Rupees in '000)	30 June 2020
Capital work-in-progress	1,372,661	1,637,451
Property and equipment		
Leasehold land	3,337,700	163,050
Building on leasehold land	5,308,313	770,236
Furniture and fixture	202,727	126,478
Electrical, office and computer equipment	984,342	682,958
Vehicles	402,398	195,676
Improvements to leasehold building	280,230	143,938
Right-of-use assets	1,676,578	1,314,488
	<u>12,192,288</u>	<u>3,396,824</u>
Total	<u>13,564,949</u>	<u>5,034,275</u>
11.2.1 This includes Rs. 7,905 million on account of purchase of Centrepont building.		
11.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Furniture and fixture	969	1,278
Electrical, office and computer equipment	4,806	1,281
Vehicles	16,132	18,675
Building on leasehold land	2,226	—
Right-of-use assets	216,976	—
Total	<u>241,109</u>	<u>21,234</u>
	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
12. INTANGIBLE ASSETS		
Computer software	<u>237,588</u>	<u>211,111</u>



		(Un-audited) Half year ended	
		30 June 2021	30 June 2020
		(Rupees in '000)	
12.1 Additions to intangible assets			
Computer software - directly purchased		200,492	39,709
	Note	(Un-audited) 30 June 2021	(Audited) 31 December 2020
		(Rupees in '000)	
13. DEFERRED TAX ASSET / (LIABILITIES)			
Deductible Temporary Differences on			
Provision against diminution in value of investments		1,415,840	1,270,805
Provision against loans and advances, off-balance sheet, etc.		1,856,870	1,725,436
Workers' welfare fund		1,060,338	848,152
		4,333,048	3,844,393
Taxable Temporary Differences on			
Accelerated tax depreciation		(1,010,482)	(927,430)
Surplus on revaluation of fixed assets / non-banking assets		(1,567,996)	(1,606,514)
Surplus on revaluation of available for sale investments		(1,442,228)	(1,486,930)
Surplus on revaluation of held for trading securities		(44)	(270)
		(4,020,750)	(4,021,144)
		312,298	(176,751)
14. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		19,108,175	16,941,538
Income / mark-up accrued in foreign currencies - net of provision		887,238	691,713
Advances, deposits, advance rent and other prepayments		1,013,173	672,169
Non-banking assets acquired in satisfaction of claims		813,174	814,912
Mark to market gain on forward foreign exchange contracts		1,525,938	931,153
Acceptances		63,761,566	52,522,498
Stationery and stamps on hand		380,296	393,693
Receivable from SBP on encashment of Government Securities		541,587	33,013
ATM settlement account		318,804	943,062
Others		1,338,205	867,290
		89,688,156	74,811,041
Less: Provision held against other assets	14.1	(7,192)	(6,884)
Other Assets - net of provision		89,680,964	74,804,157
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	137,202	139,165
Other Assets - total		89,818,166	74,943,322



	Note	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
14.1 Provision held against other assets			
Receivable against consumer loans	14.1.1	7,192	6,884
14.1.1 Movement in provision held against other assets			
Opening balance		6,884	7,383
Charge for the period / year		1,241	6,080
Reversals for the period / year		(933)	(5,255)
		308	825
Amount written off		–	(1,324)
Closing balance		7,192	6,884
15. CONTINGENT ASSETS			
There were no contingent assets of the Bank as at 30 June 2021 (31 December 2020: Nil).			
16. BILLS PAYABLE			
In Pakistan		29,246,415	31,013,221
17. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme		65,324,741	58,086,099
Under renewable energy		12,958,959	8,958,686
Under long term financing for imported and locally manufactured plant and machinery		27,227,274	25,128,756
Under modernisation of small and medium enterprises		401,661	331,848
Under women entrepreneurship		29,780	26,957
Under financing facility for storage of agricultural produce		742,297	416,073
Under refinance scheme for payment of wages and salaries		12,197,766	15,720,186
Under temporary economic refinance facility		17,164,277	4,387,473
		136,046,755	113,056,078
Repurchase agreement borrowings		260,779,910	98,345,030
Borrowings from financial institutions		4,096,136	–
Total secured		400,922,801	211,401,108
Unsecured			
Overdrawn nostro accounts		2,149,241	198,297
		403,072,042	211,599,405



18. DEPOSITS AND OTHER ACCOUNTS

	30 June 2021 (Un-audited)			31 December 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	438,484,604	42,151,379	480,635,983	351,389,228	40,963,348	392,352,576
Savings deposits	312,247,176	43,429,654	355,676,830	283,179,499	43,773,628	326,953,127
Term deposits	179,699,346	32,422,906	212,122,252	177,719,569	40,377,454	218,097,023
Current deposits - remunerative	129,368,327	3,923,619	133,291,946	120,360,146	2,247,064	122,607,210
Others	14,866,330	8,103,604	22,969,934	15,419,195	7,337,309	22,756,504
	1,074,665,783	130,031,162	1,204,696,945	948,067,637	134,698,803	1,082,766,440
Financial institutions						
Current deposits	3,905,357	279,566	4,184,923	3,568,698	203,742	3,772,440
Savings deposits	707,680	18	707,698	576,096	18	576,114
Term deposits	942,500	156,756	1,099,256	1,335,500	135,060	1,470,560
Current deposits - remunerative	13,009,967	256,805	13,266,772	10,381,784	697,737	11,079,521
Others	20,459	-	20,459	21,286	-	21,286
	18,585,963	693,145	19,279,108	15,883,364	1,036,557	16,919,921
	1,093,251,746	130,724,307	1,223,976,053	963,951,001	135,735,360	1,099,686,361

	Note	(Un-audited) 30 June 2021	(Audited) 31 December 2020
		(Rupees in '000)	
19. SUBORDINATED DEBT - Unsecured			
Term Finance Certificates (TFCs) - V - (Unquoted)	19.1	-	3,992,800
Term Finance Certificates (TFCs) - VI - (Unquoted)	19.2	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII - (Unquoted)	19.3	3,996,000	3,996,800
		10,996,000	14,989,600

19.1 During the period, the Bank exercised the call option of Term Finance Certificates - V in accordance with the Trust Deed and Terms and Conditions for the TFC issue, after completing the regulatory requirements. Accordingly, the said TFCs were redeemed in full on 17 March 2021.



19.2 Term Finance Certificates - VI (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	AA
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months' KIBOR plus 1.50% without any floor and cap. The issuer will have full discretion over the amount and timing of profit distribution, and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payments will result in shortfall in the Bank's Minimum Capital Requirement ("MCR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) and / or have them immediately written off (either partially or in full).

19.3 Term Finance Certificates - VII (Unquoted)

Issue amount	Rupees 4,000 million
Issue date	December 2018
Maturity date	December 2028
Rating	AA+
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6-Months KIBOR (ask side) + 1.00% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) and / or have them immediately written off (either partially or in full).



		(Un-audited) 30 June 2021	(Audited) 31 December 2020
	Note		
(Rupees in '000)			
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		1,623,778	1,683,612
Mark-up / return / interest payable in foreign currencies		226,392	196,066
Unearned commission income		384,973	304,009
Accrued expenses		3,619,766	2,532,647
Acceptances		63,761,566	52,522,498
Unclaimed dividends		560,507	474,931
Mark to market loss on forward foreign exchange contracts		750,195	490,822
Branch adjustment account		123,395	2,639,104
Payable to defined benefit plan		929,514	683,514
Charity payable		21,847	41,298
Provision against off-balance sheet items	20.1	188,095	146,692
Security deposits against leases / ijarah		6,372,322	5,690,619
Provision for compensated absences		1,090,224	969,754
Special exporters' accounts in foreign currencies		93,870	43,518
Other security deposits		673,238	647,203
Workers' welfare fund		2,718,816	2,423,293
Payable to SBP / NBP		867,420	455,014
Payable to supplier against murabaha		321,263	166,017
Insurance payable		497,662	470,883
Lease liability against right-of-use assets		11,314,477	10,526,139
Current taxation (payments less provisions)		1,558,440	450,248
Others		2,495,732	1,211,732
		100,193,492	84,769,613
20.1 Provision against off-balance sheet obligations			
Opening balance		146,692	129,369
Exchange adjustment against IFRS 9 in overseas branches		88	1,470
Charge for the period / year		67,524	19,748
Reversals for the period / year		(26,209)	(3,895)
		41,315	15,853
Closing balance		188,095	146,692



(Un-audited) (Audited)
30 June 31 December
 Note **2021** 2020
 (Rupees in '000)

21. SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of:

- Available-for-sale securities	9.1	3,698,020	4,248,372
- Fixed assets		8,965,943	9,062,739
- Non-banking assets acquired in satisfaction of claims		137,202	139,165
		12,801,165	13,450,276

Deferred tax on surplus on revaluation of:

- Available-for-sale securities	1,442,228	1,486,930
- Fixed assets	1,625,951	1,663,701
- Non-banking assets acquired in satisfaction of claims	12,396	13,161
	3,080,575	3,163,792
	9,720,590	10,286,484

22. CONTINGENCIES AND COMMITMENTS

Guarantees	22.1	106,536,562	92,814,672
Commitments	22.2	405,704,555	351,718,547
Other contingent liabilities	22.3	1,621,334	1,537,827
		513,862,451	446,071,046

22.1 Guarantees:

Financial guarantees	25,064,759	20,716,906
Performance guarantees	81,471,803	72,097,766
	106,536,562	92,814,672

22.2 Commitments:

Documentary credits and short term trade-related transactions			
- letters of credit		242,233,440	207,740,057
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	151,617,117	128,823,137
- forward lendings	22.2.2	10,269,818	7,124,914
Commitments for acquisition of:			
- operating fixed assets		1,584,180	8,030,439
		405,704,555	351,718,547



	(Un-audited) 30 June 2021	(Audited) 31 December 2020
	(Rupees in '000)	
22.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	86,208,124	75,472,905
Sale	65,408,993	53,350,232
	<u>151,617,117</u>	<u>128,823,137</u>

The maturities of above contracts are spread over the periods upto two years.

22.2.2 Commitments in respect of forward lending	<u>10,269,818</u>	<u>7,124,914</u>
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These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

	(Un-audited) 30 June 2021	(Audited) 31 December 2020
	(Rupees in '000)	
22.3 Claims against the Bank not acknowledged as debts	<u>1,621,334</u>	<u>1,537,827</u>

22.4 Other contingent liabilities

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2019 (Tax Year 2020). The income tax assessments of the Bank are complete upto tax year 2018.

For tax year 2012 and 2013, the Additional Commissioner Inland Revenue (ACIR) passed an amended order u/s. 122(5A) of the Income Tax Ordinance, 2001 resulting in an impact of Rs. 482.233 million. Subsequently, Commissioner Inland Revenue (Appeals) has passed order by allowing Rs. 134.616 million resulting in an aggregate net tax impact of Rs. 347.617 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned orders.

Commissioner Inland Revenue (Appeals) passed an appellate order against Deputy Commissioner Inland Revenue (DCIR) order for Tax Year 2014 (Accounting Year 2013) by allowing certain expenses resulting in an impact of Rs. 25.300 million and remanded back certain expenses to DCIR. The resulted aggregate net tax impact stands at Rs. 125.469 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2015 (Accounting Year 2014) by allowing certain expenses resulting in an impact of Rs. 75.256 million and remanded back certain expenses to ACIR. The resulted aggregate net tax impact stands at Rs. 226.599 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.



Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2016 (Accounting Year 2015) by allowing certain expenses resulting in an impact of Rs. 138.418 million and remanded back certain expenses to ACIR. The resulted aggregate net tax impact stands at Rs. 69.261 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2017 (Accounting Year 2016) by allowing certain expenses resulting in an impact of Rs. 94.672 million and remanded back certain expenses to ACIR. The resulted aggregate net tax impact stands at Rs. 103.844 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalized order u/s. 122(5A) of Tax Year 2018 (Accounting Year 2017) by disallowing certain expenses resulting in an impact of Rs. 260.098 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the order.

Commissioner Inland Revenue (Appeals) has remanded back the order of Deputy Commissioner Inland Revenue (DCIR) against Federal Excise Duty levy on certain items for the period January 2013 to December 2015. The resulted aggregate net tax impact stands at Rs. 80.766 million.

Commissioner (HQ), Punjab Revenue Authority has passed order for the period from January to December 2016 levying Punjab Sales Tax on services on certain items resulting in an impact of Rs. 112.641 million. Appellate Tribunal – Punjab Revenue Authority has remanded back the order of Commissioner (HQ), Punjab Revenue Authority.

Commissioner Inland Revenue (Appeals) has passed orders for tax years 2009 and 2011 confirming disallowance of provision for non-performing loans, other provisions and amortization of intangible assets having an aggregate tax impact of Rs. 15.372 million. The Bank has filed an appeal before ITAT against the above referred orders.

Commissioner Inland Revenue (Appeals), Mirpur AJ&K has annulled the amendments made by Assistant Commissioner Inland Revenue, Mirpur AJ&K for Tax Year 2014 to 2018. This resulted in a favorable aggregate net tax impact of Rs. 93.443 million.

Assistant Commissioner Inland Revenue, Mirpur AJ&K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2019 by disallowing certain expenses resulting in an impact of Rs. 92.311 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.



23. DERIVATIVE INSTRUMENTS

The Bank deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business. As per the Bank's policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Unrealised gains and losses on these contracts are recorded in the statement of financial position under "other assets / other liabilities". These products are offered to the Bank's customers to protect from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter - bank foreign exchange market.

23.1 Product Analysis

Counter Parties	30 June 2021 (Un-audited)					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal (Rupees in '000)	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
Banks						
Hedging	10,974,857	(54,897)	74,721,515	(151,805)	85,696,372	(206,702)
Other Entities						
Hedging	65,920,745	982,445	—	—	65,920,745	982,445
Total						
Hedging	<u>76,895,602</u>	<u>927,548</u>	<u>74,721,515</u>	<u>(151,805)</u>	<u>151,617,117</u>	<u>775,743</u>
Counter Parties	31 December 2020 (Audited)					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal (Rupees in '000)	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
Banks						
Hedging	9,107,115	(27,012)	68,172,458	372,325	77,279,573	345,313
Other Entities						
Hedging	51,543,564	95,018	—	—	51,543,564	95,018
Total						
Hedging	<u>60,650,679</u>	<u>68,006</u>	<u>68,172,458</u>	<u>372,325</u>	<u>128,823,137</u>	<u>440,331</u>



23.2 Maturity Analysis

30 June 2021 (Un-audited)					
	Number of contracts	Notional Principal	Mark to Market		
			Negative (Rupees in '000)	Positive	Net
Upto 1 month	297	54,021,686	(237,499)	205,575	(31,924)
1 to 3 months	403	51,475,305	(391,023)	375,633	(15,390)
3 to 6 months	421	29,101,253	(108,751)	438,779	330,028
6 months to 1 year	275	16,037,533	(12,922)	475,000	462,078
1 to 2 years	4	981,340	—	30,951	30,951
	1,400	151,617,117	(750,195)	1,525,938	775,743

31 December 2020 (Audited)					
	Number of contracts	Notional Principal	Mark to Market		
			Negative (Rupees in '000)	Positive	Net
Upto 1 month	297	51,974,821	(112,849)	296,381	183,532
1 to 3 months	412	46,596,575	(218,736)	340,228	121,492
3 to 6 months	352	19,991,703	(128,829)	161,815	32,986
6 months to 1 year	177	10,260,038	(30,408)	132,729	102,321
1 to 2 years	—	—	—	—	—
	1,238	128,823,137	(490,822)	931,153	440,331

(Un-audited) Half year ended		
	30 June 2021	30 June 2020
	(Rupees in '000)	
On loans and advances	17,817,659	25,356,324
On investments	37,067,817	39,531,196
On deposits with financial institutions	72,713	271,690
On securities purchased under resale agreements	88,911	89,884
On call money lendings	14,107	125,110
	55,061,207	65,374,204

24. MARK - UP / RETURN / INTEREST EARNED



		(Un-audited) Half year ended	
		30 June 2021	30 June 2020
		(Rupees in '000)	
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits	20,208,016	27,481,136	
Borrowings from SBP	1,069,022	750,323	
Subordinated debt	538,744	1,047,775	
Cost of foreign currency swaps	937,722	380,886	
Repurchase agreement borrowings	4,267,609	8,092,615	
Mark-up expense on lease liability against right-of-use assets	536,961	441,948	
Other borrowings	100,271	109,458	
	27,658,345	38,304,141	
26. FEE AND COMMISSION INCOME			
Branch banking customer fees	643,161	484,335	
Investment banking fees	15,960	93,956	
Consumer finance related fees	34,018	20,802	
Card related fees (debit and credit cards)	639,006	216,149	
Credit related fees	138,081	55,407	
Commission on trade	2,386,592	1,825,111	
Commission on guarantees	250,536	166,622	
Commission on cash management	105,173	82,377	
Commission on home remittances	76,704	71,694	
Others	18,084	2,076	
	4,307,315	3,018,529	
27. GAIN ON SECURITIES - NET			
Realised	9,266	17	
Unrealised - held for trading	(658)	-	
	8,608	17	
27.1 Realised gain / (loss) on:			
Federal Government Securities	194	17	
Shares	11,885	-	
Mutual Funds	(2,813)	-	
	9,266	17	
28. OTHER INCOME			
Rent on property	5,460	1,050	
Gain on sale of fixed assets - net	286,188	106,476	
Recovery of expenses from customers	168,325	142,502	
Lockers rent	7,277	5,511	
Others	399	404	
	467,649	255,943	



	(Un-audited)	
	Half year ended	
	30 June	30 June
	2021	2020
	(Rupees in '000)	
29. OPERATING EXPENSES		
Total compensation expenses	8,218,333	7,862,968
Property expenses		
Rent and taxes	173,999	188,132
Insurance	14,371	4,460
Utilities cost	557,123	434,887
Security (including guards)	522,161	491,972
Repair and maintenance (including janitorial charges)	167,315	141,294
Depreciation	1,343,952	1,243,200
	2,778,921	2,503,945
Information technology expenses		
Software maintenance	4,651	3,876
Hardware maintenance	504,967	276,135
Depreciation	181,233	76,025
Amortisation	174,015	156,247
Network charges	219,177	206,115
	1,084,043	718,398
Other operating expenses		
Directors' fees and allowances	20,010	12,777
Fees and allowances to Shariah Board	7,027	6,332
Insurance	266,619	240,390
Legal and professional charges	129,143	63,065
Outsourced services costs	935,922	995,019
Travelling and conveyance	113,209	95,181
NIFT and other clearing charges	97,114	69,800
Depreciation	776,520	811,246
Repair and maintenance	783,086	670,099
Training and development	24,433	14,662
Postage and courier charges	104,986	117,090
Communication	233,228	179,032
Stationery and printing	476,828	322,189
Marketing, advertisement and publicity	769,776	249,966
Donations	171,407	72,600
Auditors remuneration	5,423	3,088
Commission and brokerage	282,792	432,498
Entertainment and staff refreshment	173,888	136,547
Vehicle running expenses	714,787	526,345
Subscriptions and publications	126,037	95,617
CNIC verification charges	81,564	33,505
Security charges	190,059	152,967
Others	306,345	395,948
	6,790,203	5,695,963
	18,871,500	16,781,274



		(Un-audited) Half year ended	
		30 June 2021	30 June 2020
		(Rupees in '000)	
30.	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	2,078	502
31.	(REVERSALS) / PROVISIONS AND WRITE OFFS - NET		
	Provision for diminution in value of investments	9.2 20,300	391,070
	(Reversal) / provision against loans and advances - net	10.3 (90,643)	1,679,315
	Provision against other assets	14.1.1 308	1,673
	Provision / (reversal) against off - balance sheet items	20.1 41,315	(15,976)
	Deficit on revaluation of fixed assets	-	122,190
		(28,720)	2,178,272
32.	TAXATION		
	Current	5,746,903	5,611,618
	Deferred	(444,346)	(735,415)
		5,302,557	4,876,203
33.	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period	9,038,229	7,225,019
		(Number)	
	Weighted average number of ordinary shares	1,111,425,416	1,111,425,416
		(Rupees)	
	Basic and diluted earnings per share	8.13	6.50
34.	FAIR VALUE MEASUREMENTS		
	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:		
	Federal Government Securities	PKRV rates (Reuters page)	
	Non Government Debt Securities	Market prices	
	Foreign Securities	Market prices / Mashreqbank PSC	
	Listed Securities	Prices quoted at Pakistan Stock Exchange Limited	
	Mutual Funds	Net asset values declared by respective funds	
	Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non - availability of relevant active market for similar assets and liabilities. The provision for impairment of debt securities and loans and advances has been calculated in accordance with the Bank's accounting policies, as disclosed in the unconsolidated financial statements for the year ended 31 December 2020.		



34.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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 liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	30 June 2021 (Un-audited)			
	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	–	723,388,453	–	723,388,453
Shares	3,289,549	–	–	3,289,549
Non-Government Debt Securities	24,854,124	2,224,930	–	27,079,054
Foreign Securities	–	4,640,522	–	4,640,522
Mutual Funds	–	2,147,051	–	2,147,051
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	–	220,502,042	–	220,502,042
Foreign Securities	–	1,885,948	–	1,885,948
Associates				
Listed shares	310,695	–	–	310,695
Mutual funds	–	4,156,345	–	4,156,345
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	–	87,248,618	–	87,248,618
Forward sale of foreign exchange contracts	–	65,144,242	–	65,144,242



31 December 2020 (Audited)

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	–	564,406,847	–	564,406,847
Shares	3,017,147	–	–	3,017,147
Non-Government Debt Securities	24,374,344	2,224,940	–	26,599,284
Foreign Securities	–	4,767,358	–	4,767,358
Mutual Funds	–	2,030,957	–	2,030,957

Financial assets - disclosed but not measured at fair value

Investments

Federal Government Securities	–	166,892,984	–	166,892,984
Foreign Securities	–	1,657,161	–	1,657,161
Associates				
Listed shares	319,273	–	–	319,273
Mutual funds	–	1,848,641	–	1,848,641

Off-balance sheet financial instruments

- measured at fair value

Forward purchase of foreign exchange contracts	–	75,583,711	–	75,583,711
Forward sale of foreign exchange contracts	–	53,679,757	–	53,679,757

34.2 Certain fixed assets and non banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuer (level 3 measurement) based on their assessment of the market value.

34.3 Foreign exchange contracts are valued using exchange rates declared by the State Bank of Pakistan.



35. TRUST ACTIVITIES

The Bank is not engaged in any trust activities other than holding investments of individuals and entities in its IPS account maintained with the State Bank of Pakistan.

36. SEGMENT INFORMATION

Segment Details with respect to Business Activities

The segment analysis with respect to business activity is as follows:

	Half year ended 30 June 2021 (Un-audited)		
	Commercial banking	Retail banking (Rupees in '000)	Total
Profit and loss account			
Mark-up / return / profit	51,533,884	3,527,323	55,061,207
Inter segment revenue - net	–	12,426,369	12,426,369
Non mark-up / return / interest income	2,065,148	4,013,157	6,078,305
Total income	53,599,032	19,966,849	73,565,881
Segment direct expenses	(32,217,636)	(14,609,810)	(46,827,446)
Inter segment expense allocation	(12,426,369)	–	(12,426,369)
Total expenses	(44,644,005)	(14,609,810)	(59,253,815)
Reversals	22,928	5,792	28,720
Profit before tax	8,977,955	5,362,831	14,340,786
	As at 30 June 2021 (Un-audited)		
Statement of financial position			
Cash and bank balances	102,400,157	17,158,916	119,559,073
Investments	983,659,365	–	983,659,365
Net inter segment lending	–	713,965,065	713,965,065
Lendings to financial institutions	500,000	–	500,000
Advances - performing	516,294,133	86,560,312	602,854,445
Advances - non-performing	385,757	18,329	404,086
Others	122,425,253	21,380,736	143,805,989
Total assets	1,725,664,665	839,083,358	2,564,748,023
Borrowings	403,072,042	–	403,072,042
Subordinated debt	10,996,000	–	10,996,000
Deposits and other accounts	473,444,732	750,531,321	1,223,976,053
Net inter segment borrowing	713,965,065	–	713,965,065
Others	50,068,497	79,371,410	129,439,907
Total liabilities	1,651,546,336	829,902,731	2,481,449,067
Equity	74,118,329	9,180,627	83,298,956
Total equity and liabilities	1,725,664,665	839,083,358	2,564,748,023
Contingencies and commitments	342,240,243	6,529,759	348,770,002



Half year ended 30 June 2020 (Un-audited)

	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Profit and loss account			
Mark-up / return / profit	61,132,752	4,241,452	65,374,204
Inter segment revenue - net	–	15,475,057	15,475,057
Non mark-up / return / interest income	1,121,140	3,159,723	4,280,863
Total income	62,253,892	22,876,232	85,130,124
Segment direct expenses	(37,081,406)	(18,294,167)	(55,375,573)
Inter segment expense allocation	(15,475,057)	–	(15,475,057)
Total expenses	(52,556,463)	(18,294,167)	(70,850,630)
Provisions	(2,137,408)	(40,864)	(2,178,272)
Profit before tax	7,560,021	4,541,201	12,101,222

As at 31 December 2020 (Audited)

Statement of financial position			
Cash and bank balances	108,376,778	17,221,684	125,598,462
Investments	764,943,506	–	764,943,506
Net inter segment lending	–	663,583,850	663,583,850
Lendings to financial institutions	2,175,301	–	2,175,301
Advances - performing	439,429,041	69,938,597	509,367,638
Advances - non-performing	858,418	25,576	883,994
Others	102,788,717	16,333,709	119,122,426
Total assets	1,418,571,761	767,103,416	2,185,675,177
Borrowings	211,599,405	–	211,599,405
Subordinated debt	14,989,600	–	14,989,600
Deposits and other accounts	412,837,148	686,849,213	1,099,686,361
Net inter segment borrowing	663,583,850	–	663,583,850
Others	43,715,576	72,244,009	115,959,585
Total liabilities	1,346,725,579	759,093,222	2,105,818,801
Equity	71,846,182	8,010,194	79,856,376
Total equity and liabilities	1,418,571,761	767,103,416	2,185,675,177
Contingencies and commitments	300,377,484	177,245	300,554,729

37. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise subsidiaries, associates (including entities having directors in common with the Bank), employee benefit plans, major shareholders, directors and key management personnel and their close family members.

Transactions with related parties of the Bank are carried out on arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Bank are carried out in accordance with the terms of their employment.



Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

	30 June 2021 (Un-audited)					31 December 2020 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Investments										
Opening balance	-	-	883,250	2,047,346	-	-	-	200,000	1,153,346	-
Investment made during the period / year	-	-	-	3,800,000	-	-	-	683,250	1,500,000	-
Investment adjusted / redeemed / disposed off during the period / year	-	-	-	(1,500,000)	-	-	-	-	(606,000)	-
Closing balance	-	-	883,250	4,347,346	-	-	-	883,250	2,047,346	-
Advances										
Opening balance	332	171,544	201,173	2,217,749	-	1,487	76,626	15,622	3,015,256	-
Addition during the period / year	49,362	144,155	14,836,622	31,485,337	-	35,349	333,923	16,369,273	56,387,053	-
Repaid during the period / year	(49,132)	(135,069)	(14,692,060)	(31,708,521)	-	(36,504)	(239,005)	(16,183,722)	(57,184,560)	-
Closing balance	562	180,630	345,735	1,994,565	-	332	171,544	201,173	2,217,749	-
Operating fixed assets										
Right of use	-	-	-	2,359	-	-	-	-	3,931	-
Other Assets										
Interest / mark-up accrued	-	75	-	371	-	-	118	-	1,289	-
L/C acceptances	-	-	-	254,055	-	-	-	-	1,090,910	-
Unrealised gain on foreign exchange contracts	-	-	-	1,183	-	-	-	-	-	-
Other receivables	-	-	228	1,429	-	-	-	3,890	-	-
Subordinated debt	-	-	-	44,000	-	-	-	-	44,000	-
Deposits and other accounts										
Opening balance	1,072,684	720,918	476,584	3,781,240	577,832	955,078	624,163	111,826	3,536,956	513,730
Received during the period / year	5,433,280	1,661,004	11,894,127	66,223,321	6,544,510	6,891,056	3,205,958	20,436,016	189,014,948	8,825,958
Withdrawn during the period / year	(5,481,814)	(1,548,123)	(12,084,525)	(66,738,228)	(6,366,709)	(6,773,450)	(3,109,203)	(20,071,258)	(188,770,664)	(8,761,856)
Closing balance	1,024,150	833,799	286,186	3,266,333	755,633	1,072,684	720,918	476,584	3,781,240	577,832
Other Liabilities										
Interest / mark-up payable	74	838	-	8,534	-	305	508	-	16,925	-
Payable to staff retirement fund	-	-	-	-	929,514	-	-	-	-	683,514
L/C acceptances	-	-	-	254,055	-	-	-	-	1,090,910	-
Unrealised loss on foreign exchange contracts	-	-	-	-	-	-	-	-	922	-
Other liabilities	-	2	1,587	-	-	-	4	1,353	-	-
Contingencies and commitments	-	-	-	1,506,870	-	-	-	-	2,022,871	-
Other Transactions - Investor Portfolio Securities										
Opening balance	-	-	85,000	509,840	5,611,000	-	-	85,000	749,840	4,237,000
Increased during the period / year	-	-	-	100,000	4,235,000	-	-	-	330,000	3,232,000
Decreased during the period / year	-	-	-	(345,040)	(3,674,000)	-	-	-	(570,000)	(1,858,000)
Closing balance	-	-	85,000	264,800	6,172,000	-	-	85,000	509,840	5,611,000



37.1 RELATED PARTY TRANSACTIONS

	30 June 2021 (Un-audited)					30 June 2020 (Un-audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Income										
Mark-up / return / interest earned	–	4,944	9,150	53,499	–	5	2,703	1,644	129,484	–
Fee and commission income	20	92	7	6,068	–	9	28	8	6,506	–
Dividend income	–	–	–	85,118	–	–	–	–	52,002	–
Gain / (loss) on sale of securities	–	–	–	(2,813)	–	–	–	–	–	–
Rental income	–	–	5,460	–	–	–	–	1,050	–	–
Other income	–	–	391	127	96	–	–	41	147	55
Expense										
Mark-up / return / interest expensed	32,755	24,773	9,661	104,822	19,436	44,215	29,964	5,363	184,760	25,233
Operating expenses	–	–	–	2,123	–	–	–	–	3,739	–
Brokerage commission	–	–	6,823	–	–	–	–	2,527	–	–
Salaries and allowances	–	307,405	–	–	–	–	271,592	–	–	–
Bonus	–	33,088	–	–	–	–	61,378	–	–	–
Contribution to defined contribution plan	–	13,880	–	–	–	–	12,437	–	–	–
Contribution to defined benefit plan	–	54,657	–	–	–	–	42,316	–	–	–
Staff provident fund	–	–	–	–	346,897	–	–	–	–	296,576
Staff gratuity fund	–	–	–	–	246,000	–	–	–	–	213,000
Directors' fees	19,010	–	–	–	–	12,227	–	–	–	–
Donation	–	–	–	6,000	–	–	–	–	3,000	–
Insurance premium paid	–	–	–	136,453	–	–	–	–	119,574	–
Insurance claims settled	–	–	–	47,772	–	–	–	–	7,695	–



38. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
Minimum Capital Requirement (MCR):		
Paid-up capital	11,114,254	11,114,254
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	71,123,599	67,035,260
Eligible Additional Tier 1 (ADT 1) Capital	6,672,212	6,676,269
Total Eligible Tier 1 Capital	77,795,811	73,711,529
Eligible Tier 2 Capital	23,300,601	23,890,019
Total Eligible Capital (Tier 1 + Tier 2)	101,096,412	97,601,548
Risk Weighted Assets (RWAs):		
Credit Risk	615,492,603	539,058,015
Market Risk	14,169,221	9,834,577
Operational Risk	97,721,745	97,721,745
Total	727,383,569	646,614,337
Common Equity Tier 1 Capital Adequacy Ratio	9.778%	10.367%
Tier 1 Capital Adequacy Ratio	10.695%	11.400%
Total Capital Adequacy Ratio	13.899%	15.094%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	77,795,811	73,711,529
Total Exposures	2,151,005,967	1,852,877,396
Leverage Ratio	3.617%	3.978%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	609,901,423	490,128,291
Total Net Cash Outflow	239,652,853	187,207,371
Liquidity Coverage Ratio	254.494%	261.810%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,114,001,243	999,714,329
Total Required Stable Funding	776,213,784	702,593,516
Net Stable Funding Ratio	143.517%	142.289%



39. ISLAMIC BANKING BUSINESS

The Bank is operating 128 (31 December 2020: 106) Islamic banking branches and 144 (31 December 2020: 143) Islamic banking windows at the end of the period / year.

		(Un-audited) 30 June 2021	(Audited) 31 December 2020
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		7,522,574	5,727,007
Balances with other banks		6,633	6,557
Due from financial institutions		–	2,175,301
Investments	39.1	77,805,488	71,453,147
Islamic financing and related assets - net	39.2	67,980,970	58,304,712
Fixed assets		594,563	479,006
Intangible assets		–	–
Due from Head Office		–	–
Other assets		5,970,387	5,167,572
Total Assets		159,880,615	143,313,302
LIABILITIES			
Bills payable		247,719	137,796
Due to financial institutions		22,960,141	18,962,087
Deposits and other accounts	39.3	104,563,103	93,238,405
Due to Head Office		12,821,569	14,457,740
Subordinated debt		–	–
Other liabilities		6,856,015	6,315,054
		147,448,547	133,111,082
NET ASSETS		12,432,068	10,202,220
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		–	–
Surplus / (deficit) on revaluation of assets		249,488	(142,701)
Unremitted profit	39.4	4,582,580	2,744,921
		12,432,068	10,202,220
CONTINGENCIES AND COMMITMENTS	39.5		



The profit and loss account of the Bank's Islamic banking branches for the half year ended 30 June 2021 is as follows:

		(Un-audited)	
		Half year ended	
		30 June	30 June
	Note	2021	2020
		(Rupees in '000)	
Profit / return earned	39.6	4,717,208	4,248,463
Profit / return expensed	39.7	(1,911,803)	(2,176,560)
Net Profit / return		2,805,405	2,071,903
Other income			
Fee and commission income		291,482	155,096
Dividend income		655	69,663
Foreign exchange income		67,201	40,396
Income / (loss) from derivatives		—	—
Gain on securities		108	—
Other income		19,144	14,136
Total other income		378,590	279,291
Total income		3,183,995	2,351,194
Other expenses			
Operating expenses		(1,458,952)	(1,118,900)
Other charges		(155)	(44)
Total other expenses		(1,459,107)	(1,118,944)
Profit before provisions		1,724,888	1,232,250
Reversals / (provisions) and write offs - net		112,771	(76,749)
Profit for the period		1,837,659	1,155,501

	30 June 2021 (Un-audited)				31 December 2020 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
39.1 Investments by segments:								
Federal Government Securities								
- Ijarah Sukuks	36,961,508	—	129,992	37,091,500	31,954,335	—	(208,246)	31,746,089
- Neelum Jhelum Hydropower Co Ltd. Sukuk	3,437,500	—	—	3,437,500	3,781,250	—	—	3,781,250
- Bai Muajjal with Government of Pakistan	11,920,014	—	—	11,920,014	11,328,818	—	—	11,328,818
- Naya Pakistan Certificates	804,173	—	—	804,173	—	—	—	—
	53,123,195	—	129,992	53,253,187	47,064,403	—	(208,246)	46,856,157
Shares								
- Listed Companies	80,455	(54,083)	23,724	50,096	97,442	(63,384)	15,861	49,919
Non Government Debt Securities								
- Listed	22,334,300	—	68,546	22,402,846	22,425,254	—	27,418	22,452,672
- Unlisted	2,025,000	—	—	2,025,000	2,025,000	—	—	2,025,000
	24,359,300	—	68,546	24,427,846	24,450,254	—	27,418	24,477,672
Units of Mutual Funds	100,000	(52,866)	27,225	74,359	100,000	(52,866)	22,265	69,399
Total Investments	77,662,950	(106,949)	249,487	77,805,488	71,712,099	(116,250)	(142,702)	71,453,147



	(Un-audited) 30 June 2021	(Audited) 31 December 2020
	(Rupees in '000)	
39.2 Islamic financing and related assets		
Ijarah	1,825,976	1,656,565
Murabaha	9,596,332	9,148,387
Diminishing Musharaka	11,206,221	11,404,565
Islamic Long Term Financing Facility (ILTFF)	1,943,199	1,737,762
Istisna	4,447,753	2,364,376
Islamic Refinance for Renewable Energy (IFRE)	12,964	14,035
Islamic Refinance for Wages and Salaries (IRWS)	1,775,083	2,355,044
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)	500,911	—
Islamic Export Refinance - Istisna	647,800	1,083,650
Musawamah	3,321,163	3,710,693
Islamic Export Refinance - Musawamah	583,344	826,500
Running Musharaka	98,166	84,799
Islamic Export Refinance - Running Musharaka	6,440,500	6,270,000
Financing against Bills - Musawamah	1,148,414	293,805
Staff Financing	722,643	594,202
Advance against Musawamah	2,388,487	1,700,257
Advance against Istisna	6,517,340	5,702,233
Advance against Istisna - IERF	5,980,900	4,829,300
Advance against Ijarah	221,291	735,441
Advance against Diminishing Musharaka	1,541,308	1,083,563
Advance against ILTFF	1,213,797	1,082,706
Advance against IFRE	2,088,797	875,000
Advance against ITERF	3,808,578	914,221
Advance against IRF SME	8,925	—
Gross Islamic financing and related assets	68,039,892	58,467,104
Less: provision against Islamic financings		
- Specific	26,366	135,936
- General	32,556	26,456
	58,922	162,392
Islamic financing and related assets - net of provision	67,980,970	58,304,712



	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
39.3 Deposits and Other Accounts		
Customers		
Current deposits	43,528,327	36,256,469
Savings deposits	40,390,772	35,148,231
Term deposits	20,169,451	21,354,917
	104,088,550	92,759,617
Financial institutions		
Current deposits	58,830	62,908
Savings deposits	415,723	415,880
	474,553	478,788
	104,563,103	93,238,405
39.4 Islamic Banking Business Unappropriated Profit		
Opening Balance	2,744,921	2,551,373
Add: Islamic Banking profit for the period / year	1,837,659	2,744,921
Less: Remitted to Head Office	–	(2,551,373)
Closing Balance	4,582,580	2,744,921
39.5 Contingencies and Commitments		
Guarantees	5,809,611	4,415,658
Commitments	29,032,866	17,468,898
	34,842,477	21,884,556
	(Un-audited) Half year ended	
	30 June 2021	30 June 2020
	(Rupees in '000)	
39.6 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	1,776,302	2,483,968
Investments	2,926,923	1,467,155
Placements	13,983	297,340
	4,717,208	4,248,463
39.7 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	1,583,331	2,001,644
Due to Financial Institutions	178,291	114,244
Due to Head Office	150,181	60,672
	1,911,803	2,176,560



39.8 PROFIT AND LOSS DISTRIBUTION AND POOL MANAGEMENT

39.8.1 The number and nature of pools maintained by the Islamic Banking Branches along with their key features and risk and reward characteristics:

General Pool PKR (Mudaraba)

Deposits which assume minimal risk of loss due to diversified assets being tagged thereto are parked in the general pool. In case of loss in general pool, the loss will be borne by the general pool members.

Special Pool(s) PKR (Mudaraba)

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

General Pool FCY (Mudaraba)

In FCY pool, all FCY deposits and Investments are parked to share the return among the FCY deposit holders. In case of loss in a FCY General Pool, the loss will be borne by the FCY general pool members.

Special Pool(s) FCY (Mudaraba)

Special pool(s) are created where the customers desire to invest in high assets. In case of loss in a special pool the loss will be borne by the special pool members.

Islamic Export Refinance Scheme Pool PKR (Musharaka)

IERS pool is required by SBP to facilitate the exporters under Islamic Export Refinance Scheme.

Equity Pool

Investments with relatively higher risks such as investment in shares and mutual funds are tagged to the equity pool in order to safeguard the interest of depositors. The Bank as Mudarib in the general pool is responsible for administrative costs and cost of operating fixed assets, which are financed from equity. Furthermore, subsidized financing to employees are also financed from equity as per SBP guidelines.

Parameters associated with risk and rewards:

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules and Shariah clearance.

39.8.2 Avenues / sectors of economy / business where Mudaraba based deposits have been deployed:

The Mudaraba based funds have been deployed in the following avenues / sectors / businesses:

- Chemical and pharmaceuticals
- Agribusiness
- Textile
- Sugar
- Shoes and leather garments
- Investment in sukuk, shares and mutual funds
- Production and transmission of energy
- Food and allied except sugar
- Cement
- Financial
- Wheat
- Individuals
- Others (domestic whole sale, engineering goods, plastic product, etc.)



39.8.3 Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components:

The Bank's Islamic Banking Division (IBD) is accepting Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-ul-Maal. The Bank with the prior approval of Depositors also commingles its funds with those of depositors.

The funds so generated are invested by the Bank in Shariah compliant modes of financing and investments such as Murabaha, Ijarah, Istisna, Diminishing Musharakah, Running Musharakah, Musawama, Shares, Mutual Funds and Sukuks etc.

The Bank calculates the profit of the pool at every month. Profit is distributed at the Net Income level. Net Income is calculated after deducting direct costs such as cost of Murabaha, cost of Takaful, depreciation on Ijarah Assets and amortization of premium on sukuks and loss of investments directly incurred in deriving that income.

The net income / loss is being allocated between the Bank's equity and the depositors' fund in proportion to their respective share in pool.

The Bank's profit sharing ratio during the period was 50% (2020: 50%) of net income and the depositors' profit sharing ratio was 50% (2020: 50%) of net income.

After the allocation of income between the equity holder and depositors the profit is distributed among the account holders on the basis of predetermined weightages, announced by the Bank at the beginning of the month based on their respective category / tiers. In case of loss, Rab-ul-Maal has to bear the loss in the ratio of its investment.

In case of provisioning, the general and specific provisions created against non-performing financing and diminution in the value of investments as under prudential regulations and other SBP directives shall be borne by the IBIs as Mudarib. However, write - offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.

39.8.4 Mudarib share and HIBA distributed to depositor's pool and specific pool

	30 June 2021 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share (Rupees in '000)	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	3,042,813	1,362,364	44.77%	46,087	3.38%
FCY Pool	36,837	34,215	92.88%	4,405	12.87%
	30 June 2020 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share (Rupees in '000)	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	2,974,417	1,294,726	43.53%	314,145	24.26%
FCY Pool	35,542	32,258	90.76%	3,469	10.75%



39.8.5 Profit rate earned vs. profit rate distributed to the depositors during the period

	(Un-audited) Half year ended	
	30 June 2021	30 June 2020
	(Percentage)	
Profit rate earned	7.24%	9.99%
Profit rate distributed	3.22%	5.82%

40. GENERAL

40.1 Captions in respect of which there are no amounts, have not been reproduced in these unconsolidated condensed interim financial statements, except for captions of the statement of financial position and profit and loss account.

40.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

40.3 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation. However, there were no material reclassification to report.

41. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 04 August 2021.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MURTAZA H. HABIB
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	(Un-audited) 30 June 2021	(Audited) 31 December 2020
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	6	116,753,642	105,936,009
Balances with other banks	7	2,807,482	19,681,362
Lendings to financial institutions	8	500,000	2,175,301
Investments	9	984,214,096	765,318,984
Advances	10	602,911,765	510,050,394
Fixed assets	11	53,446,334	43,976,664
Intangible assets	12	321,189	294,862
Deferred tax assets	13	340,555	—
Other assets	14	90,552,783	75,345,810
		1,851,847,846	1,522,779,386
LIABILITIES			
Bills payable	16	29,246,415	31,013,221
Borrowings	17	403,126,470	211,627,267
Deposits and other accounts	18	1,223,671,077	1,099,223,458
Liabilities against assets subject to finance lease		—	—
Subordinated debt	19	10,996,000	14,989,600
Deferred tax liabilities	13	—	139,836
Other liabilities	20	100,800,694	85,342,289
		1,767,840,656	1,442,335,671
NET ASSETS			
		84,007,190	80,443,715
REPRESENTED BY			
Share capital		11,114,254	11,114,254
Reserves		19,246,515	18,431,277
Surplus on revaluation of assets	21	9,822,002	10,366,693
Unappropriated profit		43,698,362	40,416,713
Equity attributable to the shareholders of the Holding Company			
		83,881,133	80,328,937
Non-controlling interest	22	126,057	114,778
TOTAL EQUITY			
		84,007,190	80,443,715
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MURTAZA H. HABIB
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2021**

		Half year ended		Three months period ended	
	Note	30 June 2021	30 June 2020	30 June 2021	30 June 2020
		(Rupees in '000)			
Mark-up / return / interest earned	25	55,062,074	65,380,723	29,119,826	33,012,502
Mark-up / return / interest expensed	26	(27,655,595)	(38,302,576)	(14,825,780)	(17,185,884)
Net mark-up / interest income		27,406,479	27,078,147	14,294,046	15,826,618
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	4,436,173	3,055,468	2,113,713	1,402,917
Dividend income		162,802	144,195	101,619	96,717
Foreign exchange income		1,049,000	810,759	399,214	436,437
Income / (loss) from derivatives		—	—	—	—
Gain on securities - net	28	14,339	17	10,409	—
Share of profit from associates		139,074	42,398	91,179	31,975
Other income	29	467,698	277,534	304,221	73,326
Total non mark-up / interest income		6,269,086	4,330,371	3,020,355	2,041,372
Total income		33,675,565	31,408,518	17,314,401	17,867,990
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	(18,940,345)	(16,827,300)	(9,580,129)	(8,512,349)
Workers welfare fund		(297,272)	(289,656)	(152,501)	(180,316)
Other charges	31	(2,078)	(502)	(1,295)	(254)
Total non mark-up / interest expenses		(19,239,695)	(17,117,458)	(9,733,925)	(8,692,919)
Profit before provisions		14,435,870	14,291,060	7,580,476	9,175,071
Reversals / (provisions) and write offs - net	32	28,230	(2,198,638)	(217,214)	(1,856,811)
Extra ordinary / unusual items		—	—	—	—
PROFIT BEFORE TAXATION		14,464,100	12,092,422	7,363,262	7,318,260
Taxation	33	(5,329,090)	(4,848,777)	(2,861,297)	(2,915,745)
PROFIT AFTER TAXATION		9,135,010	7,243,645	4,501,965	4,402,515
Attributable to:					
Shareholders of the Holding Company		9,126,642	7,243,753	4,497,474	4,402,862
Non-controlling interest		8,368	(108)	4,491	(347)
		9,135,010	7,243,645	4,501,965	4,402,515
(Rupees)					
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	34	8.21	6.52	4.05	3.96

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MURTAZA H. HABIB
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2021**

	Half year ended		Three months period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	(Rupees in '000)			
Profit after taxation for the period	9,135,010	7,243,645	4,501,965	4,402,515
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	(88,585)	526,851	368,321	52,591
Movement in (deficit) / surplus on revaluation of investments - net of tax	(481,536)	7,131,301	779,018	5,250,990
	(570,121)	7,658,152	1,147,339	5,303,581
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus on revaluation of operating fixed assets - net of tax	—	3,056,238	—	3,056,238
Total comprehensive income	8,564,889	17,958,035	5,649,304	12,762,334
Attributable to:				
Shareholders of the Holding Company	8,553,610	17,962,807	5,639,492	12,757,476
Non-controlling interest	11,279	(4,772)	9,812	4,858
	8,564,889	17,958,035	5,649,304	12,762,334

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MURTAZA H. HABIB
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2021**

	Attributable to shareholders of the Holding Company										
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of			Sub total	Non-controlling Interest	Total
				Special Reserve	General Reserve	Investments	Fixed / Non Banking Assets	Unappropriated Profit			
	(Rupees in '000)										
Balance as at 01 January 2020	11,114,254	13,859,667	1,941,115	126,500	540,000	1,606,789	4,474,942	28,163,914	61,827,181	105,510	61,932,691
Comprehensive income for the half year ended 30 June 2020:											
Profit after taxation	—	—	—	—	—	—	—	7,243,753	7,243,753	(108)	7,243,645
Other comprehensive income - net of tax	—	—	526,851	—	—	7,135,965	3,056,238	—	10,719,054	(4,664)	10,714,390
Total comprehensive income for the period	—	—	526,851	—	—	7,135,965	3,056,238	7,243,753	17,962,807	(4,772)	17,958,035
Transfer to statutory reserve	—	722,502	—	—	—	—	—	(722,502)	—	—	—
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	—	—	—	—	—	—	(40,910)	40,910	—	—	—
Transaction with owners, recorded directly in equity											
Cash dividend (Rs. 3.5 per share)	—	—	—	—	—	—	—	(3,889,988)	(3,889,988)	—	(3,889,988)
Balance as at 30 June 2020 - unaudited	11,114,254	14,582,169	2,467,966	126,500	540,000	8,742,754	7,490,270	30,836,087	75,900,000	100,738	76,000,738
Comprehensive income for the half year ended 31 December 2020:											
Profit after taxation	—	—	—	—	—	—	—	10,703,979	10,703,979	9,836	10,713,815
Other comprehensive income - net of tax	—	—	(344,010)	—	—	(5,901,103)	98,346	(128,275)	(6,275,042)	4,204	(6,270,838)
Total comprehensive income for the period	—	—	(344,010)	—	—	(5,901,103)	98,346	10,575,704	4,428,937	14,040	4,442,977
Transfer to statutory reserve	—	1,058,652	—	—	—	—	—	(1,058,652)	—	—	—
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	—	—	—	—	—	—	(63,574)	63,574	—	—	—
Balance as at 31 December 2020 - audited	11,114,254	15,640,821	2,123,956	126,500	540,000	2,841,651	7,525,042	40,416,713	80,328,937	114,778	80,443,715
Comprehensive income for the half year ended 30 June 2021:											
Profit after taxation	—	—	—	—	—	—	—	9,126,642	9,126,642	8,368	9,135,010
Other comprehensive income - net of tax	—	—	(88,585)	—	—	(484,447)	—	—	(573,032)	2,911	(570,121)
Total comprehensive income for the period	—	—	(88,585)	—	—	(484,447)	—	9,126,642	8,553,610	11,279	8,564,889
Transfer to statutory reserve	—	903,823	—	—	—	—	—	(903,823)	—	—	—
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	—	—	—	—	—	—	(60,244)	60,244	—	—	—
Transaction with owners, recorded directly in equity											
Cash dividend (Rs. 4.5 per share)	—	—	—	—	—	—	—	(5,001,414)	(5,001,414)	—	(5,001,414)
Balance as at 30 June 2021 - unaudited	11,114,254	16,544,644	2,035,371	126,500	540,000	2,357,204	7,464,798	43,698,362	83,881,133	126,057	84,007,190

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

MURTAZA H. HABIB <i>Director</i>	MANSOOR ALI KHAN <i>Chief Executive</i>	ANWAR HAJI KARIM <i>Director</i>	ASHAR HUSAIN <i>Chief Financial Officer</i>	ABBAS D. HABIB <i>Chairman</i>
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**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2021**

	Note	30 June 2021 (Rupees in '000)	30 June 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		14,464,100	12,092,422
Less: Dividend income		(162,802)	(144,195)
		14,301,298	11,948,227
Adjustments:			
Depreciation		1,410,955	1,340,393
Depreciation on right-of-use assets		892,091	791,243
Amortisation		174,239	156,694
(Reversals) / provisions and write-offs - net	32	(28,230)	2,198,638
Gain on sale of fixed assets - net		(286,188)	(106,476)
Charge for defined benefit plan		246,000	213,000
Gain on sale / redemption of securities - net		(14,339)	(17)
Share of profit from associates		(139,074)	(42,398)
Charge for compensated absences		120,779	60,783
Mark-up expense on lease liability against right-of-use assets		536,961	441,948
		2,913,194	5,053,808
		17,214,492	17,002,035
Decrease / (increase) in operating assets			
Lendings to financial institutions		1,675,301	(4,820,331)
Held-for-trading securities		(19,969)	-
Advances		(92,770,728)	(23,331,907)
Other assets		(15,179,371)	(2,888,596)
		(106,294,767)	(31,040,834)
(Decrease) / increase in operating liabilities			
Bills payable		(1,766,806)	1,031,750
Borrowings from financial institutions		189,548,259	73,204,131
Deposits		124,447,619	138,006,551
Other liabilities (excluding current taxation)		13,064,467	2,625,856
		325,293,539	214,868,288
		236,213,264	200,829,489
Income tax paid		(4,652,125)	(5,157,109)
Net cash flow generated from operating activities		231,561,139	195,672,380
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(160,249,720)	(176,015,052)
Net investments in held-to-maturity securities		(56,787,423)	(19,350,576)
Net investments in associates		(2,232,339)	(489,349)
Dividends received		131,191	86,977
Investments in operating fixed assets		(10,580,847)	(2,422,443)
Proceeds from sale of fixed assets		249,981	127,710
Exchange differences on translation of net investment in foreign branches		(88,585)	526,851
Net cash used in investing activities		(229,557,742)	(197,535,882)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of subordinated debt		(3,993,600)	(1,600)
Dividend paid		(4,915,838)	(3,832,266)
Payment against lease liabilities		(1,101,150)	(1,011,670)
Net cash used in financing activities		(10,010,588)	(4,845,536)
Decrease in cash and cash equivalents		(8,007,191)	(6,709,038)
Cash and cash equivalents at beginning of the period		125,419,074	122,460,717
Cash and cash equivalents at end of the period		117,411,883	115,751,679

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MURTAZA H. HABIB
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2021**

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

Holding Company

- Bank AL Habib Limited

Subsidiaries

- AL Habib Capital Markets (Private) Limited
- AL Habib Asset Management Limited (formerly known as Habib Asset Management Limited)

1.2 Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 903 branches (31 December 2020: 818 branches), 32 sub-branches (31 December 2020: 32 sub-branches), 04 representative offices (31 December 2020: 04 representative offices) and 02 booths (31 December 2020: 02 booths). The branch network of the Bank includes 03 overseas branches (31 December 2020: 03 overseas branches) and 128 Islamic Banking branches (31 December 2020: 106 Islamic Banking branches).

1.3 The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. The Company was incorporated in Pakistan on 23 August 2005 as a private limited company under repealed Companies Ordinance, 1984. The company is a corporate member of the Pakistan Stock Exchange Limited and is engaged in equity, money market, foreign exchange brokerage services, equity research, corporate financial advisory and consultancy services.

1.4 The Bank has invested in 100% shares of AL Habib Asset Management Limited. The Company was incorporated in Pakistan on 30 September 2005 as an unquoted public limited company under repealed Companies Ordinance, 1984. The Company has been issued a license by the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services as a non-banking finance company. The principal business of the Company is to provide investment advisory services and asset management services.

The Company is managing following funds:

- First Habib Income Fund
- First Habib Stock Fund
- First Habib Cash Fund
- First Habib Islamic Stock Fund
- First Habib Islamic Income Fund
- First Habib Asset Allocation Fund

2. BASIS OF PRESENTATION

2.1 The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 05, dated 22 March 2019, and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. They do not include all the information required in the annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2020.



2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.

2.3 Key financial information of the Islamic Banking branches is disclosed in note 40 to these consolidated condensed interim financial statements.

2.4 Statement of Compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards 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 issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by SBP and SECP.

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

SBP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10, dated 26 August 2002, till further instructions. Further, SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I)/2008, dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.

SECP has notified IFAS 3, 'Profit and Loss Sharing on Deposits' issued by ICAP. IFAS 3 shall be followed with effect from the financial periods beginning on or after 01 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank. SBP through BPRD Circular No. 04, dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular No. 02 of 2018 and BPRD Circular Letter No. 05 of 2019, as amended from time to time.



3. ACCOUNTING POLICIES

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

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new and amended standards that became effective during the period. However, these are considered either not to be relevant or not to have any significant impact on the Group's consolidated condensed interim financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

IFRS 9, 'Financial Instruments' - SBP vide its BPRD Circular Letter No. 24, dated 05 July 2021, has deferred the implementation of IFRS 9 for banking industry from accounting year beginning on 01 January 2022. The Bank has been complying with the requirements of BPRD Circular Letter No. 24 of 2021 to have parallel run of IFRS 9. Furthermore, IFRS 9 replaces the existing guidance in IAS 39, 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank including related to COVID - 19 are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.



	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	26,736,237	23,716,952
Foreign currencies	2,101,805	4,761,414
	28,838,042	28,478,366
In transit:		
Local currency	573,132	600,285
Foreign currencies	27,727	4,412
	600,859	604,697
With State Bank of Pakistan in:		
Local currency current accounts	45,386,137	44,211,071
Local currency current accounts - Islamic Banking	4,703,194	3,339,015
Foreign currencies deposit accounts		
Cash reserve accounts	3,418,698	3,508,365
Cash reserve / special cash reserve accounts		
- Islamic Banking	312,803	299,769
Special cash reserve accounts	6,837,396	7,016,730
Foreign currencies collection accounts	49,293	99,696
	60,707,521	58,474,646
With National Bank of Pakistan in:		
Local currency current accounts	22,567,079	16,110,129
Prize bonds	4,040,141	2,268,171
	116,753,642	105,936,009
7. BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	377,679	132,466
In deposit accounts	495,367	201,704
	873,046	334,170
Outside Pakistan:		
In current accounts	1,886,415	5,965,561
In deposit accounts	48,025	13,381,635
	1,934,440	19,347,196
	2,807,486	19,681,366
Less: impairment against IFRS 9 in overseas branches	(4)	(4)
	2,807,482	19,681,362
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	500,000	—
Bai Muajjal receivable with the State Bank of Pakistan	—	2,175,301
	500,000	2,175,301



9. INVESTMENTS

	Note	30 June 2021 (Un-audited)				31 December 2020 (Audited)			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value (Rupees in '000)	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
9.1 Investments by type:									
Held-for-trading securities									
Shares		129,892	–	(1,282)	128,610	95,778	–	771	96,549
Available-for-sale securities									
Federal Government Securities		720,432,420	(319,167)	3,434,338	723,547,591	560,204,139	(226,825)	4,589,209	564,566,523
Shares		4,454,674	(1,785,775)	822,456	3,491,355	4,473,575	(1,794,587)	575,088	3,254,076
Non Government Debt Securities		27,084,425	–	(5,371)	27,079,054	26,645,389	–	(46,105)	26,599,284
Foreign Securities		6,473,617	(827,993)	(1,005,102)	4,640,522	6,891,856	(909,432)	(1,215,066)	4,767,358
Units of Mutual Funds		2,125,000	(444,440)	466,491	2,147,051	2,125,000	(444,440)	350,397	2,030,957
		760,570,136	(3,377,375)	3,712,812	760,905,573	600,339,959	(3,375,284)	4,253,523	601,218,198
Held-to-maturity securities	9.3								
Federal Government Securities		216,180,931	(156,292)	–	216,024,639	159,496,264	(130,790)	–	159,365,474
Foreign Securities		1,811,415	(100,450)	–	1,710,965	1,708,659	(127,901)	–	1,580,758
Other		4,481	(4,481)	–	–	4,481	(4,481)	–	–
		217,996,827	(261,223)	–	217,735,604	161,209,404	(263,172)	–	160,946,232
Associates		5,444,309	–	–	5,444,309	3,058,005	–	–	3,058,005
Total Investments		<u>984,141,164</u>	<u>(3,638,598)</u>	<u>3,711,530</u>	<u>984,214,096</u>	<u>764,703,146</u>	<u>(3,638,456)</u>	<u>4,254,294</u>	<u>765,318,984</u>



	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
9.1.1 Investments given as collateral		
Market Treasury Bills	9,807,460	98,427,365
Pakistan Investment Bonds	250,068,900	—
	<u>259,876,360</u>	<u>98,427,365</u>
9.2 Provision for diminution in the value of investments		
Opening balance	3,638,456	2,216,156
Exchange adjustments against IFRS 9 in overseas branches	(20,648)	3,978
Charge / (reversal)		
Charge for the period / year	490	294,959
Charge of impairment as per IFRS 9 in overseas branches for the period / year	29,601	1,120,117
Reversal on disposal during the period / year	(9,301)	(1,235)
	<u>20,790</u>	<u>1,413,841</u>
Others	—	4,481
Closing balance	<u>3,638,598</u>	<u>3,638,456</u>
9.3 The market value of securities classified as held to maturity at 30 June 2021 amounted to Rs. 222,388 million (31 December 2020: Rs. 168,809 million).		



10. ADVANCES

	Performing		Non-Performing		Total	
	(Un-audited) 30 June 2021	(Audited) 31 December 2020	(Un-audited) 30 June 2021	(Audited) 31 December 2020	(Un-audited) 30 June 2021	(Audited) 31 December 2020
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	502,551,913	429,319,854	6,376,186	6,970,943	508,928,099	436,290,797
Islamic financing and related assets	67,997,351	58,248,930	42,541	218,174	68,039,892	58,467,104
Bills discounted and purchased	38,272,267	27,742,924	189,598	192,356	38,461,865	27,935,280
Advances - gross	608,821,531	515,311,708	6,608,325	7,381,473	615,429,856	522,693,181
Provision against advances						
– Specific	–	–	6,204,239	6,497,479	6,204,239	6,497,479
– General as per regulations	293,390	267,290	–	–	293,390	267,290
– General	5,750,000	5,750,000	–	–	5,750,000	5,750,000
– As per IFRS 9 in overseas branches	270,462	128,018	–	–	270,462	128,018
	6,313,852	6,145,308	6,204,239	6,497,479	12,518,091	12,642,787
Advances - net of provision	602,507,679	509,166,400	404,086	883,994	602,911,765	510,050,394

(Un-audited) (Audited)
30 June 31 December
2021 2020
(Rupees in '000)

10.1 Particulars of advances (Gross)

In local currency	528,451,669	453,332,482
In foreign currencies	86,978,187	69,360,699
	615,429,856	522,693,181

10.2 Advances include Rs. 6,608.325 million (31 December 2020: Rs. 7,381.473 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 June 2021 (Un-audited)		31 December 2020 (Audited)	
	Non Performing	Provision	Non Performing	Provision
	Loans			
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	49,872	1,034	62,671	292
Substandard	232,868	53,722	165,014	33,385
Doubtful	163,294	80,056	1,118,292	499,908
Loss	4,188,817	4,116,561	3,987,501	3,965,101
	4,634,851	4,251,373	5,333,478	4,498,686
Overseas				
Overdue by:				
181 to 365 days	106,753	86,145	136,600	87,398
> 365 days	1,866,721	1,866,721	1,911,395	1,911,395
	1,973,474	1,952,866	2,047,995	1,998,793
Total	6,608,325	6,204,239	7,381,473	6,497,479



10.3 Particulars of provision against advances

Note	30 June 2021 (Un-audited)			31 December 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	6,497,479	6,145,308	12,642,787	6,201,412	3,389,309	9,590,721
Exchange adjustments	(31,567)	(2,011)	(33,578)	68,496	5,158	73,654
Charge for the period / year						
- Specific provision	316,135	-	316,135	887,878	-	887,878
- General provision as per regulations	-	26,100	26,100	-	4,000	4,000
- As per IFRS 9 in overseas branches	-	144,455	144,455	-	(3,159)	(3,159)
- General provision for loans and advances	10.3.1 -	-	-	-	2,750,000	2,750,000
Reversals	(577,333)	-	(577,333)	(648,847)	-	(648,847)
	(261,198)	170,555	(90,643)	239,031	2,750,841	2,989,872
Amounts written off	(475)	-	(475)	(6,979)	-	(6,979)
Others	-	-	-	(4,481)	-	(4,481)
Closing balance	6,204,239	6,313,852	12,518,091	6,497,479	6,145,308	12,642,787

10.3.1 In line with its prudent policies, the Bank also makes general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and as of 30 June 2021 amounts to Rs. 5,750 million (31 December 2020: Rs. 5,750 million).

10.3.2 For the purposes of determining provision against non-performing advances, the Bank has not taken into account the Forced Sales Value of pledged stock and mortgaged properties held as collateral against non-performing advances.

	(Un-audited) 30 June 2021	(Audited) 31 December 2020
	(Rupees in '000)	
11. FIXED ASSETS		
Capital work-in-progress	2,142,830	2,279,324
Property and equipment	51,303,504	41,697,340
	53,446,334	43,976,664
11.1 Capital work-in-progress		
Civil works	1,023,297	454,808
Advance payment for purchase of equipments	107,455	51,867
Advance payment towards suppliers, contractors and property	963,728	1,740,546
Consultants' fee and other charges	48,350	32,103
	2,142,830	2,279,324



11.2 Additions to fixed assets

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

	(Un-audited) Half year ended	
	30 June 2021	30 June 2020
	(Rupees in '000)	
Capital work-in-progress	1,372,661	1,637,451
Property and equipment		
Leasehold land	3,337,700	163,050
Building on leasehold land	5,308,313	770,236
Furniture and fixture	202,727	126,478
Electrical, office and computer equipment	985,410	683,455
Vehicles	402,398	195,676
Improvements to leasehold building	280,230	143,938
Right-of-use assets	1,676,578	1,314,488
	12,193,356	3,397,321
Total	13,566,017	5,034,772

11.2.1 This includes Rs. 7,905 million on account of purchase of Centrepont building.

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Furniture and fixture	969	1,278
Electrical, office and computer equipment	4,806	1,281
Vehicles	16,132	18,675
Building on leasehold land	2,226	—
Right-of-use assets	216,976	—
Total	241,109	21,234

12. INTANGIBLE ASSETS

	(Un-audited) 30 June 2021	(Audited) 31 December 2020
	(Rupees in '000)	
Computer software	238,019	211,692
TRE certificates	2,500	2,500
Managment rights	80,670	80,670
	321,189	294,862

12.1 Additions to intangible assets

	(Un-audited) Half year ended 30 June 2021	30 June 2020
	(Rupees in '000)	
Computer software - directly purchased	200,567	39,709



		(Un-audited) 30 June 2021	(Audited) 31 December 2020
	Note	(Rupees in '000)	
13. DEFERRED TAX ASSET / (LIABILITIES)			
Deductible Temporary Differences on			
Provision against diminution in value of investments		1,415,840	1,270,805
Provision against loans and advances, off-balance sheet, etc.		1,856,870	1,725,436
Workers' welfare fund		1,060,338	848,152
Provision for compensated absences		503	1,742
Recognised tax losses		25,375	33,824
Others		2,985	2,774
		4,361,911	3,882,733
Taxable Temporary Differences on			
Accelerated tax depreciation		(1,010,955)	(927,891)
Surplus on revaluation of fixed assets / non-banking assets		(1,567,996)	(1,606,514)
Surplus on revaluation of available-for-sale investments		(1,441,764)	(1,487,188)
Surplus on revaluation of held-for-trading securities		(641)	(976)
		(4,021,356)	(4,022,569)
		340,555	(139,836)
14. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		19,108,423	16,945,436
Income / mark-up accrued in foreign currencies - net of provision		887,238	691,713
Advances, deposits, advance rent and other prepayments		1,024,910	776,481
Non-banking assets acquired in satisfaction of claims		813,174	814,912
Mark to market gain on forward foreign exchange contracts		1,525,938	931,153
Acceptances		63,761,566	52,522,498
Stationery and stamps on hand		380,296	393,693
Receivable from SBP on encashment of Government Securities		541,587	33,013
ATM settlement account		318,804	943,062
Receivable against securities		495,569	218,199
Others		1,565,268	943,369
		90,422,773	75,213,529
Less: Provision held against other assets	14.1	(7,192)	(6,884)
Other Assets - net of provision		90,415,581	75,206,645
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	137,202	139,165
Other Assets - total		90,552,783	75,345,810



	Note	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
14.1 Provision held against other assets			
Receivable against consumer loans	14.1.1	7,192	6,884
14.1.1 Movement in provision held against other assets			
Opening balance		6,884	7,383
Charge for the period / year		1,241	6,080
Reversals for the period / year		(933)	(5,255)
		308	825
Amount written off		–	(1,324)
Closing balance		7,192	6,884
15. CONTINGENT ASSETS			
There were no contingent assets of the Group as at 30 June 2021 (31 December 2020: Nil).			
16. BILLS PAYABLE			
In Pakistan		29,246,415	31,013,221
17. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme		65,324,741	58,086,099
Under renewable energy		12,958,959	8,958,686
Under long term financing for imported and locally manufactured plant and machinery		27,227,274	25,128,756
Under modernisation of small and medium enterprises		401,661	331,848
Under women entrepreneurship		29,780	26,957
Under financing facility for storage of agricultural produce		742,297	416,073
Under refinance scheme for payment of wages and salaries		12,197,766	15,720,186
Under temporary economic refinance facility		17,164,277	4,387,473
		136,046,755	113,056,078
Repurchase agreement borrowings		260,779,910	98,345,030
Borrowings from financial institutions		4,096,136	–
Others		54,428	27,862
Total secured		400,977,229	211,428,970
Unsecured			
Overdrawn nostro accounts		2,149,241	198,297
		403,126,470	211,627,267



18. DEPOSITS AND OTHER ACCOUNTS

	30 June 2021 (Un-audited)			31 December 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	438,484,604	42,151,379	480,635,983	351,389,228	40,963,348	392,352,576
Savings deposits	312,247,176	43,429,654	355,676,830	283,179,499	43,773,628	326,953,127
Term deposits	179,699,346	32,422,906	212,122,252	177,719,569	40,377,454	218,097,023
Current deposits - remunerative	129,368,327	3,923,619	133,291,946	120,360,146	2,247,064	122,607,210
Others	14,866,330	8,103,604	22,969,934	15,419,195	7,337,309	22,756,504
	1,074,665,783	130,031,162	1,204,696,945	948,067,637	134,698,803	1,082,766,440
Financial institutions						
Current deposits	3,905,357	279,566	4,184,923	3,568,698	203,742	3,772,440
Savings deposits	404,236	18	404,254	113,638	18	113,656
Term deposits	942,500	156,756	1,099,256	1,335,500	135,060	1,470,560
Current deposits - remunerative	13,008,435	256,805	13,265,240	10,381,339	697,737	11,079,076
Others	20,459	-	20,459	21,286	-	21,286
	18,280,987	693,145	18,974,132	15,420,461	1,036,557	16,457,018
	1,092,946,770	130,724,307	1,223,671,077	963,488,098	135,735,360	1,099,223,458

	Note	(Un-audited) 30 June 2021	(Audited) 31 December 2020
		(Rupees in '000)	
19. SUBORDINATED DEBT - Unsecured			
Term Finance Certificates (TFCs) - V - (Unquoted)	19.1	-	3,992,800
Term Finance Certificates (TFCs) - VI - (Unquoted)	19.2	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII - (Unquoted)	19.3	3,996,000	3,996,800
		10,996,000	14,989,600

19.1 During the period, the Bank exercised the call option of Term Finance Certificates - V in accordance with the Trust Deed and Terms and Conditions for the TFC issue, after completing the regulatory requirements. Accordingly, the said TFCs were redeemed in full on 17 March 2021.



19.2 Term Finance Certificates - VI (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	AA
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months' KIBOR plus 1.50% without any floor and cap. The issuer will have full discretion over the amount and timing of profit distribution, and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payments will result in shortfall in the Bank's Minimum Capital Requirement ("MCR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) and / or have them immediately written off (either partially or in full).

19.3 Term Finance Certificates - VII (Unquoted)

Issue amount	Rupees 4,000 million
Issue date	December 2018
Maturity date	December 2028
Rating	AA+
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6-Months KIBOR (ask side) + 1.00% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) and / or have them immediately written off (either partially or in full).



		(Un-audited) 30 June 2021	(Audited) 31 December 2020
	Note		
(Rupees in '000)			
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		1,624,472	1,684,024
Mark-up / return / interest payable in foreign currencies		226,392	196,066
Unearned commission income		384,973	304,009
Accrued expenses		3,629,159	2,541,572
Acceptances		63,761,566	52,522,498
Unclaimed dividends		560,507	474,931
Mark to market loss on forward foreign exchange contracts		750,195	490,822
Branch adjustment account		123,395	2,639,104
Payable to defined benefit plan		929,514	683,514
Charity payable		21,847	41,298
Provision against off-balance sheet items	20.1	188,095	146,692
Security deposits against leases / ijarah		6,372,322	5,690,619
Provision for compensated absences		1,090,224	974,095
Special exporters' accounts in foreign currencies		93,870	43,518
Other security deposits		673,238	647,203
Workers' welfare fund		2,720,607	2,425,132
Payable to SBP / NBP		867,420	455,014
Payable to supplier against murabaha		321,263	166,017
Insurance payable		497,662	470,883
Lease liability against right-of-use assets		11,314,477	10,526,139
Payable against sale of marketable securities on behalf of customers		539,684	567,235
Current taxation (payments less provisions)		1,530,107	418,177
Others		2,579,705	1,233,727
		100,800,694	85,342,289
20.1 Provision against off-balance sheet obligations			
Opening balance		146,692	129,369
Exchange adjustment against IFRS 9 in overseas branches		88	1,470
Charge for the period / year		67,524	19,748
Reversals for the period / year		(26,209)	(3,895)
		41,315	15,853
Closing balance		188,095	146,692



	(Un-audited)	(Audited)
	30 June	31 December
Note	2021	2020
	(Rupees in '000)	

21. SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of:

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

21.1	3,801,263	4,329,994
	8,965,943	9,062,739
	137,202	139,165
	12,904,408	13,531,898

Deferred tax on surplus on revaluation of:

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

1,444,059	1,488,343
1,625,951	1,663,701
12,396	13,161
3,082,406	3,165,205
9,822,002	10,366,693

21.1 Investments

- Available-for-sale securities
- Unrealised surplus on equity accounting
- Non-controlling interest

9.1	3,712,812	4,253,523
	91,437	76,546
	(2,986)	(75)
	3,801,263	4,329,994
	1,444,059	1,488,343
	2,357,204	2,841,651

Less: related deferred tax

22. NON-CONTROLLING INTEREST

- Opening balance
- Profit attributable to non-controlling interest
- Gain / (loss) on equity attributable to non-controlling interest
- Closing balance

114,778	105,510
8,368	9,728
2,911	(460)
126,057	114,778

23. CONTINGENCIES AND COMMITMENTS

- Guarantees
- Commitments
- Other contingent liabilities

23.1	106,536,562	92,814,672
23.2	405,704,555	351,718,547
23.3	1,621,334	1,537,827
	513,862,451	446,071,046



	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
Note		
23.1 Guarantees:		
Financial guarantees	25,064,759	20,716,906
Performance guarantees	81,471,803	72,097,766
	<u>106,536,562</u>	<u>92,814,672</u>
23.2 Commitments:		
Documentary credits and short term trade-related transactions		
- letters of credit	242,233,440	207,740,057
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1 151,617,117	128,823,137
- forward lendings	23.2.2 10,269,818	7,124,914
Commitments for acquisition of:		
- operating fixed assets	1,584,180	8,030,439
	<u>405,704,555</u>	<u>351,718,547</u>
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	86,208,124	75,472,905
Sale	65,408,993	53,350,232
	<u>151,617,117</u>	<u>128,823,137</u>
The maturities of above contracts are spread over the periods upto two years.		
23.2.2 Commitments in respect of forward lending	<u>10,269,818</u>	<u>7,124,914</u>
These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
23.3 Claims against the Bank not acknowledged as debts	<u>1,621,334</u>	<u>1,537,827</u>
23.4 Other contingent liabilities		

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2019 (Tax Year 2020). The income tax assessments of the Bank are complete upto tax year 2018.

For tax year 2012 and 2013, the Additional Commissioner Inland Revenue (ACIR) passed an amended order u/s. 122(5A) of the Income Tax Ordinance, 2001 resulting in an impact of Rs. 482.233 million. Subsequently, Commissioner Inland Revenue (Appeals) has passed order by allowing Rs. 134.616 million resulting in an aggregate net tax impact of Rs. 347.617 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned orders.



Commissioner Inland Revenue (Appeals) passed an appellate order against Deputy Commissioner Inland Revenue (DCIR) order for Tax Year 2014 (Accounting Year 2013) by allowing certain expenses resulting in an impact of Rs. 25.300 million and remanded back certain expenses to DCIR. The resulted aggregate net tax impact stands at Rs. 125.469 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2015 (Accounting Year 2014) by allowing certain expenses resulting in an impact of Rs. 75.256 million and remanded back certain expenses to ACIR. The resulted aggregate net tax impact stands at Rs. 226.599 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2016 (Accounting Year 2015) by allowing certain expenses resulting in an impact of Rs. 138.418 million and remanded back certain expenses to ACIR. The resulted aggregate net tax impact stands at Rs. 69.261 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2017 (Accounting Year 2016) by allowing certain expenses resulting in an impact of Rs. 94.672 million and remanded back certain expenses to ACIR. The resulted aggregate net tax impact stands at Rs. 103.844 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalized order u/s. 122(5A) of Tax Year 2018 (Accounting Year 2017) by disallowing certain expenses resulting in an impact of Rs. 260.098 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the order.

Commissioner Inland Revenue (Appeals) has remanded back the order of Deputy Commissioner Inland Revenue (DCIR) against Federal Excise Duty levy on certain items for the period January 2013 to December 2015. The resulted aggregate net tax impact stands at Rs. 80.766 million.

Commissioner (HQ), Punjab Revenue Authority has passed order for the period from January to December 2016 levying Punjab Sales Tax on services on certain items resulting in an impact of Rs. 112.641 million. Appellate Tribunal – Punjab Revenue Authority has remanded back the order of Commissioner (HQ), Punjab Revenue Authority.

Commissioner Inland Revenue (Appeals) has passed orders for tax years 2009 and 2011 confirming disallowance of provision for non-performing loans, other provisions and amortization of intangible assets having an aggregate tax impact of Rs. 15.372 million. The Bank has filed an appeal before ITAT against the above referred orders.

Commissioner Inland Revenue (Appeals), Mirpur AJ&K has annulled the amendments made by Assistant Commissioner Inland Revenue, Mirpur AJ&K for Tax Year 2014 to 2018. This resulted in a favorable aggregate net tax impact of Rs. 93.443 million.

Assistant Commissioner Inland Revenue, Mirpur AJ&K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2019 by disallowing certain expenses resulting in an impact of Rs. 92.311 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.



24. DERIVATIVE INSTRUMENTS

The Bank deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business. As per the Bank's policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Unrealised gains and losses on these contracts are recorded in the statement of financial position under "other assets / other liabilities". These products are offered to the Bank's customers to protect from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter - bank foreign exchange market.

24.1 Product Analysis

Counter Parties	30 June 2021 (Un-audited)					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
			(Rupees in '000)			
Banks						
Hedging	10,974,857	(54,897)	74,721,515	(151,805)	85,696,372	(206,702)
Other Entities						
Hedging	65,920,745	982,445	–	–	65,920,745	982,445
Total						
Hedging	<u>76,895,602</u>	<u>927,548</u>	<u>74,721,515</u>	<u>(151,805)</u>	<u>151,617,117</u>	<u>775,743</u>
	31 December 2020 (Audited)					
	(Rupees in '000)					
Banks						
Hedging	9,107,115	(27,012)	68,172,458	372,325	77,279,573	345,313
Other Entities						
Hedging	51,543,564	95,018	–	–	51,543,564	95,018
Total						
Hedging	<u>60,650,679</u>	<u>68,006</u>	<u>68,172,458</u>	<u>372,325</u>	<u>128,823,137</u>	<u>440,331</u>



24.2 Maturity Analysis

30 June 2021 (Un-audited)					
	Number of contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	297	54,021,686	(237,499)	205,575	(31,924)
1 to 3 months	403	51,475,305	(391,023)	375,633	(15,390)
3 to 6 months	421	29,101,253	(108,751)	438,779	330,028
6 months to 1 year	275	16,037,533	(12,922)	475,000	462,078
1 to 2 years	4	981,340	—	30,951	30,951
	1,400	151,617,117	(750,195)	1,525,938	775,743

31 December 2020 (Audited)					
	Number of contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	297	51,974,821	(112,849)	296,381	183,532
1 to 3 months	412	46,596,575	(218,736)	340,228	121,492
3 to 6 months	352	19,991,703	(128,829)	161,815	32,986
6 months to 1 year	177	10,260,038	(30,408)	132,729	102,321
1 to 2 years	—	—	—	—	—
	1,238	128,823,137	(490,822)	931,153	440,331

(Un-audited)		
Half year ended		
	30 June 2021	30 June 2020
	(Rupees in '000)	
On loans and advances	17,808,514	25,354,680
On investments	37,077,111	39,540,308
On deposits with financial institutions	73,431	270,741
On securities purchased under resale agreements	88,911	89,884
On call money lendings	14,107	125,110
	55,062,074	65,380,723

25. MARK - UP / RETURN / INTEREST EARNED



		(Un-audited) Half year ended	
		30 June 2021	30 June 2020
		(Rupees in '000)	
26. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits	20,203,868	27,479,523	
Borrowings from SBP	1,069,022	750,323	
Subordinated debt	538,744	1,047,775	
Cost of foreign currency swaps	937,722	380,886	
Repurchase agreement borrowings	4,267,609	8,092,615	
Mark-up expense on lease liability against right-of-use assets	536,961	441,948	
Other borrowings	101,669	109,506	
	27,655,595	38,302,576	
27. FEE AND COMMISSION INCOME			
Branch banking customer fees	643,161	484,335	
Investment banking fees	15,960	93,956	
Consumer finance related fees	34,018	20,802	
Card related fees (debit and credit cards)	639,006	216,149	
Credit related fees	138,081	55,407	
Commission on trade	2,386,592	1,825,111	
Commission on guarantees	250,536	166,622	
Commission on cash management	105,173	82,377	
Commission on home remittances	76,704	71,694	
Others	146,942	39,015	
	4,436,173	3,055,468	
28. GAIN ON SECURITIES - NET			
Realised	16,391	17	
Unrealised - held for trading	(2,052)	—	
	14,339	17	
28.1 Realised gain on:			
Federal Government Securities	194	17	
Shares	16,197	—	
	16,391	17	
29. OTHER INCOME			
Gain on sale of fixed assets - net	286,188	106,476	
Recovery of expenses from customers	168,325	142,502	
Lockers rent	7,277	5,511	
Gain on acquisition of AHAML	—	20,125	
Income on margin financing	3,961	788	
Others	1,947	2,132	
	467,698	277,534	



	(Un-audited) Half year ended	
	30 June 2021	30 June 2020
	(Rupees in '000)	
30. OPERATING EXPENSES		
Total compensation expenses	8,287,548	7,889,815
Property expenses		
Rent and taxes	174,413	188,508
Insurance	14,377	4,460
Utilities cost	558,618	435,737
Security (including guards)	522,651	492,464
Repair and maintenance (including janitorial charges)	168,023	141,583
Depreciation	1,344,315	1,243,563
	2,782,397	2,506,315
Information technology expenses		
Software maintenance	4,651	3,876
Hardware maintenance	505,877	277,230
Depreciation	181,524	76,129
Amortisation	174,239	156,694
Network charges	219,956	206,259
	1,086,247	720,188
Other operating expenses		
Directors' fees and allowances	20,090	12,777
Fees and allowances to Shariah Board	7,027	6,332
Insurance	267,445	241,059
Legal and professional charges	132,487	64,077
Outsourced services costs	935,922	995,019
Travelling and conveyance	113,410	95,321
NIFT and other clearing charges	103,362	72,711
Depreciation	777,207	811,944
Repair and maintenance	783,118	670,247
Training and development	24,433	14,662
Postage and courier charges	105,037	117,120
Communication	234,230	180,004
Stationery and printing	477,617	322,327
Marketing, advertisement and publicity	770,090	250,018
Donations	171,407	72,600
Auditors remuneration	5,886	3,286
Commission and brokerage	282,421	432,523
Entertainment and staff refreshment	174,114	136,558
Vehicle running expenses	718,657	527,770
Subscriptions and publications	128,488	100,262
CNIC verification charges	81,564	33,505
Security charges	190,059	152,967
Others	280,082	397,893
	6,784,153	5,710,982
	18,940,345	16,827,300



		(Un-audited) Half year ended	
		30 June 2021	30 June 2020
		(Rupees in '000)	
31. OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		2,078	502
32. (REVERSALS) / PROVISIONS AND WRITE OFFS - NET			
Provision for diminution in value of investments	9.2	20,790	411,436
(Reversal) / provision against loans and advances - net	10.3	(90,643)	1,679,315
Provision against other assets	14.1.1	308	1,673
Provision / (reversal) against off - balance sheet items	20.1	41,315	(15,976)
Deficit on revaluation of fixed assets		-	122,190
		(28,230)	2,198,638
33. TAXATION			
Current		5,764,055	5,616,387
Prior years		-	4,592
Deferred		(434,965)	(772,202)
		5,329,090	4,848,777
34. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY			
Profit for the period - attributable to equity holders of the Holding Company		9,126,642	7,243,753
		(Number)	
Weighted average number of ordinary shares		1,111,425,416	1,111,425,416
		(Rupees)	
Basic and diluted earnings per share		8.21	6.52
35. FAIR VALUE MEASUREMENTS			
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:			
Federal Government Securities	PKRV rates (Reuters page)		
Non Government Debt Securities	Market prices		
Foreign Securities	Market prices / Mashreqbank PSC		
Listed Securities	Prices quoted at Pakistan Stock Exchange Limited		
Mutual Funds	Net asset values declared by respective funds		
Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non - availability of relevant active market for similar assets and liabilities. The provision for impairment of debt securities and loans and advances has been calculated in accordance with the Group's accounting policies, as disclosed in the consolidated financial statements for the year ended 31 December 2020.			



35.1 Fair value of financial assets

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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 liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	30 June 2021 (Un-audited)			
	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	–	723,547,591	–	723,547,591
Shares	3,471,429	–	–	3,471,429
Non-Government Debt Securities	24,854,124	2,224,930	–	27,079,054
Foreign Securities	–	4,640,522	–	4,640,522
Mutual Funds	–	2,147,051	–	2,147,051
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	–	220,502,042	–	220,502,042
Foreign Securities	–	1,885,948	–	1,885,948
Associates				
Listed shares	612,764	–	–	612,764
Mutual funds	–	4,831,545	–	4,831,545
Off-balance sheet financial instruments				
- measured at fair value				
Forward purchase of foreign exchange contracts	–	87,248,618	–	87,248,618
Forward sale of foreign exchange contracts	–	65,144,242	–	65,144,242



31 December 2020 (Audited)

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	—	564,566,523	—	564,566,523
Shares	3,105,540	—	—	3,105,540
Non-Government Debt Securities	24,374,344	2,224,940	—	26,599,284
Foreign Securities	—	4,767,358	—	4,767,358
Mutual Funds	—	2,030,957	—	2,030,957

Financial assets - disclosed but not measured at fair value

Investments				
Federal Government Securities	—	167,023,775	—	167,023,775
Foreign Securities	—	1,785,063	—	1,785,063
Associates				
Listed shares	570,080	—	—	570,080
Mutual funds	—	2,485,926	—	2,485,926

Off-balance sheet financial instruments - measured at fair value

Forward purchase of foreign exchange contracts	—	75,583,711	—	75,583,711
Forward sale of foreign exchange contracts	—	53,679,757	—	53,679,757

35.2 Certain fixed assets and non banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuer (level 3 measurement) based on their assessment of the market value.

35.3 Foreign exchange contracts are valued using exchange rates declared by the State Bank of Pakistan.

36. TRUST ACTIVITIES

The Group is not engaged in any trust activities other than holding investments of individuals and entities in its IPS account maintained with the State Bank of Pakistan.



37. SEGMENT INFORMATION

Segment Details with respect to Business Activities

The segment analysis with respect to business activity is as follows:

	Half year ended 30 June 2021 (Un-audited)				
	Commercial banking	Retail banking	Retail brokerage (Rupees in '000)	Asset Management	Total
Profit and Loss					
Mark-up / return / profit	51,520,586	3,527,323	13,894	271	55,062,074
Inter segment revenue - net	15,894	12,426,369	—	—	12,442,263
Non mark-up / return / interest income	2,091,732	4,013,157	84,242	79,955	6,269,086
Total income	53,628,212	19,966,849	98,136	80,226	73,773,423
Segment direct expenses	(32,208,523)	(14,609,810)	(52,701)	(24,256)	(46,895,290)
Inter segment expense allocation	(12,426,369)	—	(2,958)	(12,936)	(12,442,263)
Total expenses	(44,634,892)	(14,609,810)	(55,659)	(37,192)	(59,337,553)
Reversals / (provisions)	22,928	5,792	(490)	—	28,230
Profit before tax	9,016,248	5,362,831	41,987	43,034	14,464,100
	As at 30 June 2021 (Un-audited)				
Statement of financial position					
Cash and bank balances	102,095,181	17,158,916	305,420	1,607	119,561,124
Investments	983,192,268	—	349,238	672,590	984,214,096
Net inter segment lending	913,186	713,965,065	—	—	714,878,251
Lendings to financial institutions	500,000	—	—	—	500,000
Advances - performing	515,947,155	86,560,312	212	—	602,507,679
Advances - non-performing	385,757	18,329	—	—	404,086
Others	122,500,229	21,380,736	731,934	47,962	144,660,861
Total assets	1,725,533,776	839,083,358	1,386,804	722,159	2,566,726,097
Borrowings	402,725,063	—	401,407	—	403,126,470
Subordinated debt	10,996,000	—	—	—	10,996,000
Deposits and other accounts	473,139,756	750,531,321	—	—	1,223,671,077
Net inter segment borrowing	713,965,065	—	169,939	743,247	714,878,251
Others	50,063,107	79,371,410	604,750	7,842	130,047,109
Total liabilities	1,650,888,991	829,902,731	1,176,096	751,089	2,482,718,907
Equity	74,644,785	9,180,627	210,708	(28,930)	84,007,190
Total equity and liabilities	1,725,533,776	839,083,358	1,386,804	722,159	2,566,726,097
Contingencies and commitments	342,240,243	6,529,759	—	—	348,770,002



Half year ended 30 June 2020 (Un-audited)					
	Commercial banking	Retail banking	Retail brokerage (Rupees in '000)	Asset Management	Total
Profit and loss					
Mark-up / return / profit	61,129,494	4,241,452	9,221	556	65,380,723
Inter segment revenue - net	24,825	15,475,057	—	—	15,499,882
Non mark-up / return / interest income	1,127,668	3,159,723	33,970	9,010	4,330,371
Total income	62,281,987	22,876,232	43,191	9,566	85,210,976
Segment direct expenses	(37,076,723)	(18,294,167)	(39,718)	(9,426)	(55,420,034)
Inter segment expense allocation	(15,475,057)	—	(5,211)	(19,614)	(15,499,882)
Total expenses	(52,551,780)	(18,294,167)	(44,929)	(29,040)	(70,919,916)
Reversals / (provisions)	(2,157,774)	(40,864)	—	—	(2,198,638)
Profit before tax	7,572,433	4,541,201	(1,738)	(19,474)	12,092,422
As at 31 December 2020 (Audited)					
Statement of financial position					
Cash and bank balances	107,913,875	17,221,684	481,329	483	125,617,371
Investments	764,423,410	—	256,289	639,285	765,318,984
Net inter segment lending	935,223	663,583,850	—	—	664,519,073
Lendings to financial institutions	2,175,301	—	—	—	2,175,301
Advances - performing	439,227,671	69,938,597	132	—	509,166,400
Advances - non-performing	858,418	25,576	—	—	883,994
Others	102,863,677	16,333,709	404,651	15,299	119,617,336
Total assets	1,418,397,575	767,103,416	1,142,401	655,067	2,187,298,459
Borrowings	211,398,036	—	229,231	—	211,627,267
Subordinated debt	14,989,600	—	—	—	14,989,600
Deposits and other accounts	412,374,245	686,849,213	—	—	1,099,223,458
Net inter segment borrowing	663,583,850	—	185,223	750,000	664,519,073
Others	43,710,174	72,244,009	566,352	(25,189)	116,495,346
Total liabilities	1,346,055,905	759,093,222	980,806	724,811	2,106,854,744
Equity	72,341,670	8,010,194	161,595	(69,744)	80,443,715
Total equity and liabilities	1,418,397,575	767,103,416	1,142,401	655,067	2,187,298,459
Contingencies and commitments	300,377,484	177,245	—	—	300,554,729

38. RELATED PARTY TRANSACTIONS

Related parties of the Group comprise associates (including entities having directors in common with the Group), employee benefit plans, major shareholders, directors and key management personnel and their close family members.

Transactions with related parties of the Group are carried out on arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Group are carried out in accordance with the terms of their employment.



Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

	30 June 2021 (Un-audited)				31 December 2020 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	3,058,005	-	-	-	1,472,165	-
Investment made during the period / year	-	-	3,841,591	-	-	-	1,609,946	-
Investment adjusted / redeemed / disposed off during the period / year	-	-	(1,455,287)	-	-	-	(24,106)	-
Closing balance	-	-	5,444,309	-	-	-	3,058,005	-
Advances								
Opening balance	332	171,544	2,217,749	-	1,487	76,626	3,015,256	-
Addition during the period / year	49,362	144,155	31,485,337	-	35,349	333,923	56,387,053	-
Repaid during the period / year	(49,132)	(135,069)	(31,708,521)	-	(36,504)	(239,005)	(57,184,560)	-
Closing balance	562	180,630	1,994,565	-	332	171,544	2,217,749	-
Operating fixed assets								
Right of use	-	-	2,359	-	-	-	3,931	-
Other assets								
Interest / mark-up accrued	-	75	371	-	-	118	1,289	-
L/C acceptances	-	-	254,055	-	-	-	1,090,910	-
Unrealised gain on foreign exchange contracts	-	-	1,183	-	-	-	-	-
Other receivables	-	-	1,429	-	-	-	-	-
Subordinated debt	-	-	44,000	-	-	-	44,000	-
Deposits and other accounts								
Opening balance	1,072,684	720,918	3,781,240	577,832	955,078	624,163	3,536,956	513,730
Received during the period / year	5,433,280	1,661,004	66,223,321	6,544,510	6,891,056	3,205,958	189,014,948	8,825,958
Withdrawn during the period / year	(5,481,814)	(1,548,123)	(66,738,228)	(6,366,709)	(6,773,450)	(3,109,203)	(188,770,664)	(8,761,856)
Closing balance	1,024,150	833,799	3,266,333	755,633	1,072,684	720,918	3,781,240	577,832
Other liabilities								
Interest / mark-up payable	74	838	8,534	-	305	508	16,925	-
Payable to staff retirement fund	-	-	-	929,514	-	-	-	683,514
L/C acceptances	-	-	254,055	-	-	-	1,090,910	-
Unrealised loss on foreign exchange contracts	-	-	-	-	-	-	922	-
Other liabilities	-	2	-	-	-	4	-	-
Contingencies and commitments	-	-	1,506,870	-	-	-	2,022,871	-
Other Transactions - Investor Portfolio Securities								
Opening balance	-	-	509,840	5,611,000	-	-	749,840	4,237,000
Increased during the period / year	-	-	100,000	4,235,000	-	-	330,000	3,232,000
Decreased during the period / year	-	-	(345,040)	(3,674,000)	-	-	(570,000)	(1,858,000)
Closing balance	-	-	264,800	6,172,000	-	-	509,840	5,611,000



38.1 RELATED PARTY TRANSACTIONS

	30 June 2021 (Un-audited)				30 June 2020 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	–	4,944	53,499	–	5	2,703	129,484	–
Fee and commission income	20	92	64,747	–	9	28	13,308	–
Dividend income	–	–	83,386	–	–	–	52,002	–
Share of profit from associates	–	–	139,074	–	–	–	42,398	–
Other income	–	–	127	96	–	–	147	55
Expense								
Mark-up / return / interest expensed	32,755	24,773	104,822	19,436	44,215	29,964	184,760	25,233
Operating expenses	–	–	2,123	–	–	–	3,739	–
Salaries and allowances	–	323,012	–	–	–	278,994	–	–
Bonus	–	33,088	–	–	–	61,378	–	–
Contribution to defined contribution plan	–	14,792	–	–	–	12,910	–	–
Contribution to defined benefit plan	–	54,657	–	–	–	42,316	–	–
Staff provident fund	–	–	–	349,658	–	–	–	298,177
Staff gratuity fund	–	–	–	246,000	–	–	–	213,000
Directors' fees	19,010	–	–	–	12,227	–	–	–
Donation	–	–	6,000	–	–	–	3,000	–
Insurance premium paid	–	–	136,651	–	–	–	119,861	–
Insurance claims settled	–	–	47,772	–	–	–	7,695	–



39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
Minimum Capital Requirement (MCR):		
Paid-up capital	11,114,254	11,114,254
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	71,557,918	67,350,151
Eligible Additional Tier 1 (ADT 1) Capital	6,643,838	6,658,103
Total Eligible Tier 1 Capital	78,201,756	74,008,254
Eligible Tier 2 Capital	23,387,737	24,026,053
Total Eligible Capital (Tier 1 + Tier 2)	101,589,493	98,034,307
Risk Weighted Assets (RWAs):		
Credit Risk	614,350,574	537,583,556
Market Risk	14,582,912	10,243,551
Operational Risk	98,014,443	98,014,443
Total	726,947,929	645,841,550
Common Equity Tier 1 Capital Adequacy Ratio	9.844%	10.428%
Tier 1 Capital Adequacy Ratio	10.758%	11.459%
Total Capital Adequacy Ratio	13.975%	15.179%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	78,201,756	74,008,254
Total Exposures	2,151,884,522	1,853,426,344
Leverage Ratio	3.634%	3.993%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	610,125,943	490,289,815
Total Net Cash Outflow	239,758,768	187,165,770
Liquidity Coverage Ratio	254.475%	261.955%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,114,513,773	999,664,575
Total Required Stable Funding	777,235,413	703,064,108
Net Stable Funding Ratio	143.395%	142.187%



40. ISLAMIC BANKING BUSINESS

The Bank is operating 128 (31 December 2020: 106) Islamic banking branches and 144 (31 December 2020: 143) Islamic banking windows at the end of the period / year.

	Note	(Un-audited) 30 June 2021	(Audited) 31 December 2020
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		7,522,574	5,727,007
Balances with other banks		6,633	6,557
Due from financial institutions		–	2,175,301
Investments	40.1	77,805,488	71,453,147
Islamic financing and related assets - net	40.2	67,980,970	58,304,712
Fixed assets		594,563	479,006
Intangible assets		–	–
Due from Head Office		–	–
Other assets		5,970,387	5,167,572
Total Assets		159,880,615	143,313,302
LIABILITIES			
Bills payable		247,719	137,796
Due to financial institutions		22,960,141	18,962,087
Deposits and other accounts	40.3	104,563,103	93,238,405
Due to Head Office		12,821,569	14,457,740
Subordinated debt		–	–
Other liabilities		6,856,015	6,315,054
		147,448,547	133,111,082
NET ASSETS		12,432,068	10,202,220
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		–	–
Surplus / (deficit) on revaluation of assets		249,488	(142,701)
Unremitted profit	40.4	4,582,580	2,744,921
		12,432,068	10,202,220
CONTINGENCIES AND COMMITMENTS	40.5		



The profit and loss account of the Bank's Islamic banking branches for the half year ended 30 June 2021 is as follows:

		(Un-audited)	
		Half year ended	
		30 June	30 June
Note		2021	2020
		(Rupees in '000)	
Profit / return earned	40.6	4,717,208	4,248,463
Profit / return expensed	40.7	(1,911,803)	(2,176,560)
Net Profit / return		2,805,405	2,071,903
Other income			
Fee and commission income		291,482	155,096
Dividend income		655	69,663
Foreign exchange income		67,201	40,396
Income / (loss) from derivatives		—	—
Gain on securities		108	—
Other income		19,144	14,136
Total other income		378,590	279,291
Total income		3,183,995	2,351,194
Other expenses			
Operating expenses		(1,458,952)	(1,118,900)
Other charges		(155)	(44)
Total other expenses		(1,459,107)	(1,118,944)
Profit before provisions		1,724,888	1,232,250
Reversals / (provisions) and write offs - net		112,771	(76,749)
Profit for the period		1,837,659	1,155,501

30 June 2021 (Un-audited)				31 December 2020 (Audited)			
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)							

40.1 Investments by segments:

Federal Government Securities

- Ijarah Sukuks
- Neelum Jhelum Hydropower Co Ltd. Sukuk
- Bai Muajjal with Government of Pakistan
- Naya Pakistan Certificates

36,961,508	-	129,992	37,091,500	31,954,335	-	(208,246)	31,746,089
3,437,500	-	-	3,437,500	3,781,250	-	-	3,781,250
11,920,014	-	-	11,920,014	11,328,818	-	-	11,328,818
804,173	-	-	804,173	-	-	-	-
53,123,195	-	129,992	53,253,187	47,064,403	-	(208,246)	46,856,157

Shares

- Listed Companies

80,455	(54,083)	23,724	50,096	97,442	(63,384)	15,861	49,919
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Non Government Debt Securities

- Listed
- Unlisted

22,334,300	-	68,546	22,402,846	22,425,254	-	27,418	22,452,672
2,025,000	-	-	2,025,000	2,025,000	-	-	2,025,000
24,359,300	-	68,546	24,427,846	24,450,254	-	27,418	24,477,672

Units of Mutual Funds

100,000	(52,866)	27,225	74,359	100,000	(52,866)	22,265	69,399
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Total Investments

77,662,950	(106,949)	249,487	77,805,488	71,712,099	(116,250)	(142,702)	71,453,147
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	(Un-audited) 30 June 2021	(Audited) 31 December 2020
40.2 Islamic financing and related assets		
Ijarah	1,825,976	1,656,565
Murabaha	9,596,332	9,148,387
Diminishing Musharaka	11,206,221	11,404,565
Islamic Long Term Financing Facility (ILTFF)	1,943,199	1,737,762
Istisna	4,447,753	2,364,376
Islamic Refinance for Renewable Energy (IFRE)	12,964	14,035
Islamic Refinance for Wages and Salaries (IRWS)	1,775,083	2,355,044
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)	500,911	—
Islamic Export Refinance - Istisna	647,800	1,083,650
Musawamah	3,321,163	3,710,693
Islamic Export Refinance - Musawamah	583,344	826,500
Running Musharaka	98,166	84,799
Islamic Export Refinance - Running Musharaka	6,440,500	6,270,000
Financing against Bills - Musawamah	1,148,414	293,805
Staff Financing	722,643	594,202
Advance against Musawamah	2,388,487	1,700,257
Advance against Istisna	6,517,340	5,702,233
Advance against Istisna - IERF	5,980,900	4,829,300
Advance against Ijarah	221,291	735,441
Advance against Diminishing Musharaka	1,541,308	1,083,563
Advance against ILTFF	1,213,797	1,082,706
Advance against IFRE	2,088,797	875,000
Advance against ITERF	3,808,578	914,221
Advance against IRF SME	8,925	—
Gross Islamic financing and related assets	68,039,892	58,467,104
Less: provision against Islamic financings		
- Specific	26,366	135,936
- General	32,556	26,456
	58,922	162,392
Islamic financing and related assets - net of provision	67,980,970	58,304,712



	(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
40.3 Deposits and Other Accounts		
Customers		
Current deposits	43,528,327	36,256,469
Savings deposits	40,390,772	35,148,231
Term deposits	20,169,451	21,354,917
	104,088,550	92,759,617
Financial institutions		
Current deposits	58,830	62,908
Savings deposits	415,723	415,880
	474,553	478,788
	104,563,103	93,238,405
40.4 Islamic Banking Business Unappropriated Profit		
Opening Balance	2,744,921	2,551,373
Add: Islamic Banking profit for the period / year	1,837,659	2,744,921
Less: Remitted to Head Office	–	(2,551,373)
Closing Balance	4,582,580	2,744,921
40.5 Contingencies and Commitments		
Guarantees	5,809,611	4,415,658
Commitments	29,032,866	17,468,898
	34,842,477	21,884,556
	(Un-audited) Half year ended	
	30 June 2021	30 June 2020
	(Rupees in '000)	
40.6 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	1,776,302	2,483,968
Investments	2,926,923	1,467,155
Placements	13,983	297,340
	4,717,208	4,248,463
40.7 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	1,583,331	2,001,644
Due to Financial Institutions	178,291	114,244
Due to Head Office	150,181	60,672
	1,911,803	2,176,560



40.8 PROFIT AND LOSS DISTRIBUTION AND POOL MANAGEMENT

40.8.1 The number and nature of pools maintained by the Islamic Banking Branches along with their key features and risk and reward characteristics:

General Pool PKR (Mudaraba)

Deposits which assume minimal risk of loss due to diversified assets being tagged thereto are parked in the general pool. In case of loss in general pool, the loss will be borne by the general pool members.

Special Pool(s) PKR (Mudaraba)

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

General Pool FCY (Mudaraba)

In FCY pool, all FCY deposits and Investments are parked to share the return among the FCY deposit holders. In case of loss in a FCY General Pool, the loss will be borne by the FCY general pool members.

Special Pool(s) FCY (Mudaraba)

Special pool(s) are created where the customers desire to invest in high assets. In case of loss in a special pool the loss will be borne by the special pool members.

Islamic Export Refinance Scheme Pool PKR (Musharaka)

IERS pool is required by SBP to facilitate the exporters under Islamic Export Refinance Scheme.

Equity Pool

Investments with relatively higher risks such as investment in shares and mutual funds are tagged to the equity pool in order to safeguard the interest of depositors. The Bank as Mudarib in the general pool is responsible for administrative costs and cost of operating fixed assets, which are financed from equity. Furthermore, subsidized financing to employees are also financed from equity as per SBP guidelines.

Parameters associated with risk and rewards:

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules and Shariah clearance.

40.8.2 Avenues / sectors of economy / business where Mudaraba based deposits have been deployed:

The Mudaraba based funds have been deployed in the following avenues / sectors / businesses:

- Chemical and pharmaceuticals
- Agribusiness
- Textile
- Sugar
- Shoes and leather garments
- Investment in sukuk, shares and mutual funds
- Production and transmission of energy
- Food and allied except sugar
- Cement
- Financial
- Wheat
- Individuals
- Others (domestic whole sale, engineering goods, plastic product, etc.)



40.8.3 Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components:

The Bank's Islamic Banking Division (IBD) is accepting Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-ul-Maal. The Bank with the prior approval of Depositors also commingles its funds with those of depositors.

The funds so generated are invested by the Bank in Shariah compliant modes of financing and investments such as Murabaha, Ijarah, Istisna, Diminishing Musharakah, Running Musharakah, Musawama, Shares, Mutual Funds and Sukuks etc.

The Bank calculates the profit of the pool at every month. Profit is distributed at the Net Income level. Net Income is calculated after deducting direct costs such as cost of Murabaha, cost of Takaful, depreciation on Ijarah Assets and amortization of premium on sukuks and loss of investments directly incurred in deriving that income.

The net income / loss is being allocated between the Bank's equity and the depositors' fund in proportion to their respective share in pool.

The Bank's profit sharing ratio during the period was 50% (2020: 50%) of net income and the depositors' profit sharing ratio was 50% (2020: 50%) of net income.

After the allocation of income between the equity holder and depositors the profit is distributed among the account holders on the basis of predetermined weightages, announced by the Bank at the beginning of the month based on their respective category / tiers. In case of loss, Rab-ul-Maal has to bear the loss in the ratio of its investment.

In case of provisioning, the general and specific provisions created against non-performing financing and diminution in the value of investments as under prudential regulations and other SBP directives shall be borne by the IBIs as Mudarib. However, write - offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.

40.8.4 Mudarib share and HIBA distributed to depositor's pool and specific pool

	30 June 2021 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	3,042,813	1,362,364	44.77%	46,087	3.38%
FCY Pool	36,837	34,215	92.88%	4,405	12.87%
	30 June 2020 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	2,974,417	1,294,726	43.53%	314,145	24.26%
FCY Pool	35,542	32,258	90.76%	3,469	10.75%



40.8.5 Profit rate earned vs. profit rate distributed to the depositors during the period

	(Un-audited) Half year ended	
	30 June 2021	30 June 2020
	(Percentage)	
Profit rate earned	7.24%	9.99%
Profit rate distributed	3.22%	5.82%

41. GENERAL

41.1 Captions in respect of which there are no amounts, have not been reproduced in these consolidated condensed interim financial statements, except for captions of the statement of financial position and profit and loss account.

41.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

41.3 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation. However, there were no material reclassification to report.

42. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 04 August 2021.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MURTAZA H. HABIB
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman